

24 May 2004

UNIQ plc

**Announcement of Preliminary Results
for the year ended 31 March 2004**

SIGNIFICANT PROGRESS IN A TOUGH MARKET

	2004	2003	% Change
	<u>£m</u>	<u>£m</u>	
Turnover	949.1	987.6	
- of which continuing businesses ⁽¹⁾	891.8	831.3	+7%
Operating profit ⁽²⁾	35.3	36.0	
- of which continuing businesses ⁽¹⁾	39.5	27.0	+46%
Profit on ordinary activities before tax ⁽²⁾	24.7	26.5	-7%
- before pension finance charge	30.2	24.4	+24%
Goodwill and exceptional items	(40.3)	(9.8)	
(Loss)/profit on ordinary activities before tax	(15.6)	16.7	
(Loss)/earnings per share	(5.2)p	22.2p	
- on adjusted earnings ⁽²⁾	16.7p	17.6p	-5%
Dividend for year	6.7p	5.5p	+22%

(1) excluding the discontinued businesses: UK Poultry, St Ivel Yogurts, St Ivel Spreads, Uniqsauces

(2) before exceptional items, goodwill amortisation and, for adjusted earnings per share, prior year tax credits

- Operating profit growth of 46 percent for continuing businesses
- Strong performance in France with profits almost doubled
- UK market conditions increasingly difficult
- Adjusted earnings per share down 5 percent reflecting £7.6 million increase in FRS 17 pension interest charge
- Completion of purchase of Minsterley desserts business for £16.5 million on 22 May 2004
- Supply chain programme now well underway with £17 million of annual benefit anticipated by 2006/07

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

"This has been a year of significant progress in a very tough retail environment. We have strengthened our teams in the UK and Northern Europe; we have finalised our supply chain improvement plans; we have exited the difficult UK poultry market and most recently we have strengthened our position in UK desserts. While I am confident of our long-term performance, the start of the new financial year will be extremely challenging."

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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 £950 million and the Group employs over 9,000 people at 9 sites in the UK and 20 sites in Continental Europe.

Further details available on Uniq's website: www.uniq.com

UNIQ PLC – PRELIMINARY RESULTS FOR THE YEAR TO 31 MARCH 2004

CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT

BUSINESS OVERVIEW

It has been a year of good progress towards our strategic goals but with variable trading performances across the Group.

Operating profit growth from continuing businesses of 46 percent was due largely to a strong first half performance. In the second half, although the French business continued to perform very strongly there were some disappointing setbacks in the UK.

Management actions have been taken to address the problems in the UK. The loss making Poultry business has been sold, new co-packing arrangements for Cadbury desserts have been secured and the senior management team has been significantly strengthened.

In addition, substantial work has been completed during the year on identifying potential supply chain improvements in both the UK and Northern Europe. We are now embarking on a phased implementation of this programme which by 2006/07 is expected to offer cash savings in excess of £17 million per annum.

Our confidence about the outlook for the business is underlined by an important initiative announced after the year end. The £16.5 million purchase from Northern Foods of their well equipped, but loss making, Minsterley Desserts plant strengthens our position in the largest of our UK product segments and also with our two largest retail customers.

The Minsterley purchase clearly demonstrates the Board's strategic intent to accelerate Uniq's growth in profits by building scale in country, in category and with key customers and by being the lowest cost and most innovative supplier.

FINANCIAL RESULTS

Operating profit from continuing businesses at £39.5 million is 46 percent ahead of the prior year. This result includes a £1.6 million benefit from the 6 percent average strengthening of the Euro. In addition, there is a £4.2 million operating loss from the discontinued UK Poultry business (prior year : £4.3 million profit) that was sold at the year end.

Exceptional costs of £29.4 million principally reflect the loss on disposal of the UK Poultry business and the impact of the restructuring of our Cadbury chilled desserts contract. Adjusted earnings per share, which excludes goodwill, exceptionals and prior year tax credits, has reduced by 5 percent to 16.7 pence. This earnings figure has been negatively impacted by a £7.6 million (6.7 pence per share) increase in the FRS 17 pension interest charge.

Operating cash flow remains very strong, which, combined with the proceeds of the Poultry disposal, reduced net debt at the year end by £29.1 million to £12.5 million.

Good progress has been made this year towards addressing the Group's pension commitments. Management actions have been taken to close or amend schemes, the Company has increased its contributions and after a relatively good year for investment performance the pension deficit has started to reduce.

STRATEGY

Our strategy is to be the most exciting and efficient provider of chilled food solutions to our customers across Europe, creating growth through innovation and synergy. It places great emphasis on achieving scale with our existing customers and within our existing categories. This critical mass is essential in achieving the growth potential we see in our key markets across Europe.

Revenue growth will be driven by the success of our innovation programme and the impact of synergy benefits we have identified within the business. While we achieved a great deal in the last year in delivering close to a 50 percent improvement in operating profit, the underlying sales growth at 3 percent in constant currency was less satisfactory.

A disappointing second half performance in the UK, caused by a tougher UK marketplace and some business losses, was the key factor behind the below target sales growth. Some of the lost business was given up on price, but in other areas we believe that it can be regained in the longer term through working more closely with our customers. These issues are being addressed through changes in structure and our supply chain project.

STRUCTURE

This year we have reorganised our Northern European and UK Divisions along functional lines to mirror the French model, which was introduced nearly two years ago, and is now proving so successful. We have also appointed an Innovation Director in each of our three operating businesses. These individuals lead teams who ensure we can deliver the exciting new products our customers and consumers demand from us. The extension of our Ilô brand into drinking yogurt is good evidence of their output.

In the UK we have reinforced our management team with the appointment of a new Managing Director and a new Commercial Director. This will enable us to react more effectively to the increasing pace of change required to be successful in our marketplace.

SUPPLY CHAIN

During the year we built on the success of our European purchasing initiative by incorporating a major supply chain review of our UK and Northern European operations. Our French business was already delivering significant benefits from such a productivity plan. In Northern Europe we have taken two factories out of our network and transferred their volume to other, more efficient sites. The next part of this project will be of more significant scale and involve the expansion of our Polish fish processing plant in Poznan. This will allow us to transfer some production from our German plant in Bremerhaven during 2005. We anticipate this project will deliver benefits of at least £3 million per annum by 2006/07 following capital investment of around £5 million and one off implementation cash costs of a similar amount.

In the UK the factory configuration has undergone a thorough review, to which the newly acquired Minsterley operation has been added. As a result, since the year end, we have initiated projects to exit three sites over the next two years. We also have embarked on a major project to upgrade our operational planning, forecasting and customer service systems. We will invest around £20 million of capital expenditure over the next two years in these projects and incur one off implementation cash costs of around £20 million to deliver benefits commencing in October 2004 and reaching their anticipated full potential of £14 million per annum in 2006/07.

These are essential productivity improvements to support our future growth plans. We know from experience that it takes meticulous project management to ensure effective transition. This is why, in both the UK and Northern Europe, we have installed talented teams to oversee the projects.

PURCHASING

Our centralised purchasing function is now well established and extending its reach to cover indirect as well as direct purchases. It has kept inflation on raw material costs below that of the general marketplace and delivered an estimated further benefit of £8 million in the year. However, the pressure on raw material prices in the UK was more significant than the Continent. While overall we saw a small decrease in costs we suffered a near 2 percent rise in the UK, biased to the second half.

DIVIDEND

The Board has recommended a final dividend of 4.4 pence per share, up 16 percent on last year. This brings the total for the year to 6.7 pence, an increase of 22 percent. This increase is consistent with the Board's long term progressive dividend policy. The final dividend of 4.4 pence per share, if approved by shareholders, will be paid on 3 August 2004 to those on the register at close of business on 25 June 2004.

OUTLOOK

We start the new financial year addressing the challenge presented by the trend of a deteriorating UK performance in the second half of last year. In the UK we also have to absorb a full year profit impact of £1 million from the change in the Cadbury branded desserts licensing agreement and the Minsterley purchase is dilutive in our first year of ownership. It will not be until the second half that we would expect to mitigate the effect of recent volume losses in the UK.

We expect continued success this year from the French business, although higher media and promotional spend will be needed to maintain our competitive position. In Northern Europe we anticipate steady but not dramatic progress.

The Board is confident that the short term issues in the UK are being addressed and the future outlook for the Group remains positive.

OPERATING AND FINANCIAL REVIEW

Note: Unless otherwise stated, operating profit refers to operating profit from continuing operations, excluding goodwill and exceptional items. References to constant currency have been calculated by applying the 2003/04 average exchange rates to 2002/03 local currency amounts.

GROUP RESULTS

Turnover from continuing businesses was £892 million, up 7 percent compared to last year and up 3 percent at constant currency, which was ahead of comparable sales growth in the previous financial year.

Operating profit was £39.5 million compared to £27.0 million last year. This improvement includes a £1.6 million benefit from the strengthening of the Euro. The operating loss from the UK poultry business, which was disposed of in March 2004, was £4.2 million compared to a £4.3 million profit last year.

Finance charges more than halved this year from £11.6 million to £5.1 million, due mainly to the annualised impact of prior year disposals but also to cash generation from the underlying business and a lower interest rate following the renegotiation of our facilities in October 2003.

Profit before tax and before the pension finance charge was £30.2 million, which was 24 percent ahead of last year. After pension finance costs, profit before tax was £24.7 million, 7 percent below last year. The pension finance charge of £5.5 million this year compares to a credit of £2.1 million last year.

Adjusted earnings per share reduced by 5 percent to 16.7 pence per share.

EXCEPTIONAL ITEMS

The exceptional loss for the year of £29.4 million comprised the loss on disposal of the UK Poultry business of £21.0 million (which included £12.1 million of remaining goodwill allocated as part of the Terranova acquisition in 1999) and a £10.5 million asset write off following the restructuring of our Cadbury chilled desserts contract. The remaining exceptional credit of £2.1 million related to businesses previously disposed.

TAXATION

This year's tax credit on ordinary activities of £3.4 million reflects the benefits from £9.2 million of tax credits relating to tax losses and prior year items. The Group's underlying tax charge remained at 25 percent, the same as last year, although it reduces to 23 percent if allowance is made for the impact of the FRS 17 finance charge.

LOSS AFTER TAXATION

After goodwill amortisation, exceptional items and tax, the Group reported a loss of £5.9 million, compared to a profit of £25.1 million last year.

UNIQ PREPARED FOODS

Operating profits from continuing business at £12.8 million were 33 percent ahead of last year, with sales up 5 percent. The result was achieved due to a strong first half performance. However as the year progressed, in common with other food manufacturers, our UK business has been impacted adversely by increased input prices and further margin pressure from the major food retailers. Progress was also held back by a loss of some important customer contracts during a period of significant management restructuring.

Overall the business losses in the second half of the year were extremely disappointing following the progress in the first half. This has been exacerbated by the loss of a further £5 million of J Sainsbury dips business from the start of the new financial year. The organisational restructuring is now largely complete and the new leadership team has already had some successes. However, it will take some time to recover from the setbacks in 2003/04. The transfer of Devizes production and rationalisation of our Desserts facilities will contribute to future recovery and we expect to realise initial benefits from these projects during the second half of 2004/05.

Sandwiches & Salads

Overall sales grew by 7 percent. Performance at Northampton was most encouraging as double digit sales growth continued driven particularly by wraps which grew by 50 percent in the year. We increased our production efficiency by installing a second automated sandwich line during the year and are planning to extend this programme further. Following our supply chain review we have decided to concentrate sandwich production at Northampton. The possible future options for the Devizes site are under review. Salad sales performance in the year was flat with growth in snack salads and salad bar categories being offset by lower volumes in pot salads. Business gains with KFC and losses with J Sainsbury in the second half will broadly net out on an annualised basis, while the new automated line at Spalding has additional capacity for future growth.

Desserts

The Desserts business turnover increased by 5 percent compared to the prior year. A strong first half was due mainly to new business won at Newton Abbot since the start up of the plant in the prior year. Volumes at the Paignton factory were lower than last year due mainly to the loss of part of the Asda trifles range earlier in the year. Cadbury sales were 7 percent ahead of last year, but Evercreech sales were disappointing in the second half and we are working to revitalise the healthy eating segment. As part of the supply chain project, which now includes the Minsterley site, we will be reconfiguring production of our desserts business to optimise efficiency. Consultation concerning the possible closure of Newton Abbot in 2004/05 and Evercreech in 2005/06 has commenced.

Meal Solutions

The meal solutions business had a disappointing year with sales broadly in line with the prior year. This was due to a combination of the impact of the salmon "health scare" in the last quarter and some loss of business (£3 million annualised) with J Sainsbury. These factors offset first half gains resulting from higher fish prices and successful new product launches. The impact of the health scare on consumer confidence depressed volumes in the final quarter by 15 percent compared to the prior year. Since then we have seen some recovery in volumes. We have continued to invest in the Annan factory and are well placed to take advantage of new opportunities.

SOUTHERN EUROPE

On a constant currency basis, operating profit of £21.0 million increased by 74 percent from the prior year on sales which were 3 percent higher. This strong performance reflects the benefits of good product innovation, combined with lower costs in purchasing, manufacturing and particularly in distribution as we rationalised the logistics platforms used by the Chilled and Spreads businesses.

Now that the business recovery in France has been achieved the focus for 2004/05 is on top line growth, through the development of new convenience ranges and continued extension of the health offering into related products. The positive momentum established in the business will nevertheless be offset by investment behind promotional and marketing expenditure both to defend against competitive pressures particularly in the Frozen sector and to support the brand extensions.

Spreads & Health

The Spreads business continued to benefit from the growth in the health segment with sales 9 percent up on the prior year. St Hubert Oméga sales more than doubled while Ilô grew by 64 percent. Market share increased to 30 percent from 27 percent last year. The second half benefited from the extension of the cholesterol-lowering Ilô brand into yogurts, manufacture of which is being carried out by a third party. Subsequent to the year end the brand has been further extended into drinking yogurts to compete in the active health market. The growth in the health segment has impacted the core Spreads business to a limited extent, although we continue to support our remaining brands which are in slight decline, in line with the market.

Frozen

The Frozen business overall experienced a 5 percent decline in net sales. Following the disappointing first half when the extremely hot summer and aggressive competitive media activity adversely impacted sales, more normal trends returned in the second half with the overall market returning to a broadly flat position. The move towards own label has also continued, which now makes up 43 percent of the market by volume, compared to 39 percent last year. Our retail branded business has been impacted by this trend, although is responding with a new media strategy, increased promotions and new ranges such as the launch of the first 'fast-cook' family sized microwaveable meals. The other sectors of the Frozen business (Food Service, export and own label) made steady progress.

Chilled

Sales in chilled convenience foods grew by 7 percent which was broadly in line with a market in which growth slowed compared to the prior year, partly due to the exceptionally hot summer. Our new product launches and media support helped us to respond to some very aggressive promotional activity by our main competitor.

Spain

Sales grew by 19 percent with net business wins in both salads and sandwiches. The business however recorded a loss during the year as the infrastructure is not yet in place to support the rapid growth, particularly in sandwiches which now represent around half of the sales. A new management team was appointed in the second half of the year to take the business to its next stage of development.

NORTHERN EUROPE

On a constant currency basis, operating profit of £5.7 million was £1.3 million down on the prior year on a 1 percent increase in turnover. Operating profit included £2.7 million of redundancy and other one off costs related to the acceleration of the change programme during the year (£2.1 million last year) as we introduced a new management structure to secure synergies across the six countries within this division. Turnover was impacted by a 20 percent fall in fish raw material prices in Germany and the cessation of sandwich distribution from the Netherlands into Germany and Denmark which was loss-making. Removing these distortions, net sales in the underlying business were up 5 percent in the year.

The trading environment in Northern Europe remains tough, but the new management team is well equipped to move forward. A number of initiatives are now underway and the process of managed change is progressing well. In particular the supply chain project is gaining momentum and we see the potential for considerable efficiency benefits.

Germany/Poland

Germany/Poland experienced extremely encouraging double digit volume growth in the year, however the increase in net sales value for the year was constrained to 2 percent due mainly to the reduction in average selling prices of fish reflecting a reduction in input costs. In the lower margin discount sector there were business wins, although turnover was impacted by further pricing pressure in existing business. The retail branded salad business saw modest growth in volumes but maintained price levels despite the stagnant German economy. Retail salad market share was also maintained, supported by a media campaign in the first half. Sales in the small Polish market were extremely encouraging.

Benelux

Sales were up 3 percent in Benelux. After a strong first half the salad business lost some ground, particularly in the Netherlands, although this was due partly to the impact of a price war between the major Dutch retailers but also the growing consumer trend towards the hard discount sector. Growth trends in Belgium have also slowed. The first phase of the supply chain project has commenced. The small loss-making Tegelen factory in the Netherlands was disposed of in February. The Eeklo salad site in Belgium was successfully rationalised into the main Turnhout factory in April 2004.

Nordic

Net sales were down 6 percent on last year as the effect of the transition from wholesalers to direct-to-customer distribution in Sweden continued to impact business performance. Performance of the remaining business has been broadly flat and the new local management team have put in place a number of initiatives designed to ensure a return to profitable growth.

Sandwiches

The management actions taken during the financial year have seen the sandwich business return to break even in the second half through a combination of product rationalisation (a reduction of around 50 percent achieved in the number of product lines) and the termination of business with non-profitable customers. Overall sales were down 18 percent due to the planned exit from Germany and Denmark. This business is now well placed to grow profitably through volume gains and the new year has begun with a new supply agreement in the petrol forecourt sector.

DISCONTINUED BUSINESS

The loss from discontinued businesses in the year of £4.2 million represented the UK Poultry business which made a profit of £4.3 million in the prior year (including the final instalment of an old insurance claim of £1.5 million). The significant deterioration in performance of the UK Poultry business was due mainly to the combined impact of the loss of a major contract with Burger King and higher input costs following Avian 'flu outbreaks. Given our lack of scale we decided to exit this business, which we achieved at the end of the year. Prior year profit from discontinued businesses also included £4.7 million relating to the disposed St Ivel and Uniqsauces businesses.

FINANCIAL POSITION

The Group's net debt reduced in the year by £29.1 million, from £41.6 million to £12.5 million. Significant cash flows during the year included operating inflows of £50.8 million (prior year £52.0 million) and net proceeds of £11.8 million on the sale of the UK Poultry business. These inflows were partially offset by £24.9 million capital expenditure, the increase in special pension contributions to £8.0 million in the financial year and dividends of £6.8 million.

We successfully renegotiated our banking facilities during the year, and on 16 October 2003 signed a new £120 million three-year multi-currency revolving credit facility.

Shareholders' funds decreased from £195.3 million to £193.3 million mainly due to the actuarial gain in the Group's pension schemes which is offset principally by the loss for the financial year.

PENSIONS

Under FRS 17 the accounts show a net pension deficit of £93.7 million at 31 March 2004 compared to £112.8 million last year. The deficit has reduced in the year due to a combination of the improvement in equity markets and increase in company contributions. These benefits have been partially offset by an increase in the net present value of liabilities caused by a reduction in the bond yield assumption and increase in the inflation assumption used in the FRS 17 valuation.

It is the Group's policy to carry out an annual review with the Trustees of the main UK defined benefit scheme, which is closed to new members. During the year, as reported at the interim stage, on advice from the Group's actuaries the Board increased the Company's extra cash contributions to the scheme to £8.5 million in the year from 1 January 2004.

The FRS 17 pension charge to operating profit of £7.1 million compares to a charge of £9.4 million last year. These amounts include charges relating to discontinued businesses. The underlying pension charge to operating profit was £1.1 million less than in the prior year due mainly to the changing membership profile in the UK scheme.

The net pension finance charge under FRS 17 is based on assumptions relating to the pension fund at the start of the financial year. Due to the large deficit in the fund in April 2003, combined with revised assumptions about future liabilities and returns from assets compared to the previous year, we have reported a charge of £5.5 million compared to a credit of £2.1 million last year. We expect the charge to reduce in 2004/05 based on the assumptions used at 31 March 2004.

GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2004

	Before goodwill and except- ional items £m	Goodwill and except- ional items (note 3) £m	2004 Total £m	Before goodwill and except- ional items £m	Goodwill and except- ional items (note 3) £m	2003 (restated) Total £m
Turnover (note 1)						
Continuing operations	891.8		891.8	831.3		831.3
Discontinued	57.3		57.3	156.3		156.3
	949.1		949.1	987.6		987.6
Operating profit (note 1)						
Continuing operations	39.5	(18.5)	21.0	27.0	(11.5)	15.5
Discontinued	(4.2)	(0.8)	(5.0)	9.0	(0.8)	8.2
	35.3	(19.3)	16.0	36.0	(12.3)	23.7
Non operating items (note 3)						
Discontinued operations						
- (Loss)/profit on disposal of Businesses	-	(21.0)	(21.0)	-	2.5	2.5
(Loss)/profit on ordinary activities before finance costs	35.3	(40.3)	(5.0)	36.0	(9.8)	26.2
Finance costs	(5.1)	-	(5.1)	(11.6)	-	(11.6)
Net pension finance (costs)/ Income	(5.5)	-	(5.5)	2.1	-	2.1
(Loss)/profit on ordinary activities before taxation	24.7	(40.3)	(15.6)	26.5	(9.8)	16.7
Taxation	3.4	6.3	9.7	(3.1)	11.5	8.4
(Loss)/profit on ordinary activities after taxation	28.1	(34.0)	(5.9)	23.4	1.7	25.1
Dividends (note 12)			(7.6)			(6.2)
Retained (loss)/profit for the financial year (note 10)			(13.5)			18.9
Earnings per ordinary share (note 4)						
- on basic and diluted earnings			(5.2)p			22.2p
- on adjusted earnings			16.7p			17.6p
Average Euro exchange rate			1.45			1.54

GROUP BALANCE SHEET

AT 31 MARCH 2004

	2004 £m	2003 £m (restated)
Fixed assets		
Intangible assets: goodwill	154.1	177.3
Tangible fixed assets	192.0	224.4
	<u>346.1</u>	<u>401.7</u>
Current assets		
Stocks	52.8	63.3
Debtors	152.0	151.5
Cash and deposits	33.8	30.1
	<u>238.6</u>	<u>244.9</u>
Creditors - amounts falling due within one year		
Borrowings and finance leases	3.4	43.1
Other creditors	237.8	249.7
	<u>241.2</u>	<u>292.8</u>
Net current liabilities	<u>(2.6)</u>	<u>(47.9)</u>
Total assets less current liabilities	343.5	353.8
Creditors - amounts falling due after more than one year		
Borrowings and finance leases	42.9	28.6
Provisions for liabilities and charges	<u>13.6</u>	<u>17.1</u>
Net assets excluding pension liabilities	287.0	308.1
Pension liabilities	93.7	112.8
	<u>193.3</u>	<u>195.3</u>
Net assets including pension liabilities		
Capital and reserves		
Equity share capital	11.5	11.5
Non-equity share capital	0.1	0.1
Total called up share capital	11.6	11.6
Share premium account	0.1	0.1
Merger reserve	(330.2)	(330.2)
Reserve for own shares	(4.8)	(5.1)
Profit and loss account	516.6	518.9
	<u>193.3</u>	<u>195.3</u>
Shareholders' funds (note 10)	193.3	195.3
Closing Euro exchange rate	1.50	1.46

GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2004

	£m	2004 £m	£m	2003 £m
Cash inflow from operating activities (note 6)		50.8		52.0
Returns on investments and servicing of finance				
Net interest paid		(4.7)		(11.1)
Taxation				
UK corporation and overseas tax received		1.4		4.2
Capital expenditure				
Purchase of tangible fixed assets	(24.9)		(23.3)	
Sale of other tangible fixed assets	1.4		1.4	
Net cash outflow from capital expenditure		(23.5)		(21.9)
Acquisitions and disposals				
Disposal of businesses (note 5)		11.8		131.2
Equity dividends paid		(6.8)		(3.6)
Net cash inflow before use of liquid resources and financing		29.0		150.8
Management of liquid resources		4.3		8.4
Financing (note 8)		(26.4)		(162.7)
Increase/(decrease) in net cash in the year (note 9)		6.9		(3.5)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2004

	2004	2003 (restated)
	£m	£m
(Loss)/profit for the financial year	(5.9)	25.1
Actuarial gain/(loss) recognised on the pension schemes	18.6	(110.3)
Movement on deferred tax relating to actuarial gain/(loss) on pensions	(4.4)	38.8
Currency translation differences on foreign currency net investments	(3.0)	4.2
	<hr/>	<hr/>
Total recognised gains and losses for the year	5.3	(42.2)
Prior year adjustment	1.9	<hr/>
	<hr/>	<hr/>
Total recognised gains and losses since last annual report	7.2	<hr/>

RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 MARCH 2004

	2004	2003 (restated)
	£m	£m
(Loss)/profit for the financial year	(5.9)	25.1
Dividends	(7.6)	(6.2)
	<hr/>	<hr/>
Retained (loss)/profit for the financial year	(13.5)	18.9
Currency translation differences on foreign currency net investments	(3.0)	4.2
Goodwill on disposals previously written off	-	57.8
Share options exercised	0.3	-
Other recognised gains and losses relating to pensions	14.2	(71.5)
	<hr/>	<hr/>
Net (reduction)/increase in shareholders' funds	(2.0)	9.4
Shareholders' funds at beginning of year (as previously stated)	198.5	189.3
Prior year adjustment (note 11)	(3.2)	(3.4)
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Shareholders' funds at beginning of year (as restated)	195.3	185.9
	<hr/>	<hr/>
Shareholders' funds at end of year	193.3	195.3
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

1 ANALYSIS OF RESULTS

	Turnover		Operating profit before goodwill amortisation, exceptional items and taxation		Operating profit/(loss) before taxation and interest	
	2004	2003	2004	2003	2004	2003
	£m	£m	£m	(restated) £m	£m	(restated) £m
United Kingdom	319.3	303.7	12.8	9.6	(2.6)	3.5
Rest of Europe						
- Southern Europe	274.1	249.2	21.0	11.1	23.1	11.7
- Northern Europe	298.4	278.4	5.7	6.3	0.5	0.3
Continuing operations	891.8	831.3	39.5	27.0	21.0	15.5
UK Poultry	57.3	67.7	(4.2)	4.3	(5.0)	3.5
Uniq St Ivel	-	88.6	-	4.7	-	4.7
Discontinued operations	57.3	156.3	(4.2)	9.0	(5.0)	8.2
	949.1	987.6	35.3	36.0	16.0	23.7
By geographical area						
United Kingdom	376.6	460.0	8.6	18.6	(7.6)	11.7
Rest of Europe	572.5	527.6	26.7	17.4	23.6	12.0
	949.1	987.6	35.3	36.0	16.0	23.7

2 ANALYSIS OF NET ASSETS

	Net assets		Capital expenditure	
	2004	2003	2004	2003
	£m	(restated) £m	£m	£m
Continuing operations	323.2	343.6	22.6	22.3
Discontinued operations - UK Poultry	(1.3)	38.7	1.8	2.7
- Uniq St Ivel	10.0	10.0	-	1.2
	331.9	392.3	24.4	26.2
Provisions, tax and dividends	(32.4)	(42.6)		
Trading capital employed	299.5	349.7		
Net debt	(12.5)	(41.6)		
Net assets excluding pension liabilities	287.0	308.1		
Pension liabilities	(93.7)	(112.8)		
Total net assets	193.3	195.3		

3 GOODWILL AND EXCEPTIONAL ITEMS

	Goodwill amorti- sation 2004 £m	Except -ional items 2004 £m	Total 2004 £m	Goodwill amorti- sation 2003 £m	Except -ional items 2003 £m	Total 2003 £m
Operating items						
Continuing operations (a)	(10.1)	(8.4)	(18.5)	(10.2)	(1.3)	(11.5)
Discontinued operations	(0.8)	-	(0.8)	(0.8)	-	(0.8)
	(10.9)	(8.4)	(19.3)	(11.0)	(1.3)	(12.3)
Non operating items						
Discontinued operations (b)	-	(21.0)	(21.0)	-	2.5	2.5
	(10.9)	(29.4)	(40.3)	(11.0)	1.2	(9.8)
Taxation credit on exceptional items (c)	-	6.3	6.3	-	11.5	11.5
	(10.9)	(23.1)	(34.0)	(11.0)	12.7	1.7

- a Net exceptional costs in continuing operations of £8.4m comprise a £10.5m asset write off offset by a credit of £2.1m relating to a final payment on liquidation of a subsidiary whose business had previously been disposed. The asset write off of £10.5m represents the result of an impairment review carried out under FRS 11 following the change in the Group's contractual relationship for the production of Cadbury chilled desserts. The discount rate used for the impairment review was 9%.
- b The net exceptional loss in discontinued operations relates to a loss on sale of the UK Poultry business.
- c The taxation credit of £6.3m includes £3.2m relating to the exceptional impairment charge. The balance relates to the business disposed of during the year and prior year items.

4 EARNINGS PER ORDINARY SHARE

BASIC AND DILUTED EARNINGS PER SHARE

Earnings per ordinary share is calculated on the basis of the weighted average of 113.3m (2003: 113.2m) ordinary shares in issue during the year and the loss for the financial year of £5.9m (2003 profit restated: £25.1m). The effect of dilutive potential shares on earnings per share was not material.

ADJUSTED EARNINGS PER SHARE

Adjusted earnings per share is shown by reference to earnings before goodwill amortisation, exceptional items and related tax. It also excludes prior year tax items. Adjusted EPS is presented as the Directors consider that this gives valuable additional information about the ongoing earnings performance of the Group, and is calculated as follows:

	2004 £m	2003 (restated) £m
(Loss)/profit before tax	(15.6)	16.7
Goodwill amortisation	10.9	11.0
Exceptional items (note 3)	29.4	(1.2)
Profit before tax, goodwill amortisation and exceptional items	24.7	26.5
Related taxation	3.4	(3.1)
Exclude taxation credit on prior year items	(9.2)	(3.5)
Earnings before goodwill amortisation, exceptional items and prior year tax items	18.9	19.9

5 BUSINESS DISPOSALS

	2004 £m	2003 £m
Cash flows in respect of disposals comprise:		
Fixed assets	12.7	48.5
Working capital	5.8	6.6
Provisions	2.2	16.3
Net assets disposed at book and fair value	20.7	71.4
Goodwill	12.1	57.8
Total cost of disposals	32.8	129.2
(Loss)/gain on disposals	(21.0)	2.0
Cash consideration on disposals	11.8	131.2

The disposal in 2004 represents the sale of the UK Poultry business to Grampian Country Food Group on 31 March 2004 for £11.8m. Prior year disposals comprise the sales of St Ivel Yogurts, St Ivel Spreads and Uniqsauces.

6 RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	2004 £m	2004 £m	2003 £m	2003 (restated) £m
Operating profit		16.0		23.7
Depreciation		29.6		33.2
Goodwill amortisation		10.9		11.0
Exceptional asset impairment		10.5		-
Difference between pension charge and cash contributions		(8.6)		(0.7)
Decrease in stocks	3.6		2.4	
Decrease/(increase) in debtors	10.9		(17.2)	
(Decrease)/increase in creditors	(14.3)		17.5	
Decrease in provisions		(7.8)		(17.9)
Cash inflow from operating activities		50.8		52.0

7 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2004 £m	2003 £m
Increase/(decrease) in net cash	6.9	(3.5)
Decrease in borrowings	26.4	162.7
Decrease in short term deposits	(4.3)	(8.4)
Decrease in net debt resulting from cash flows	29.0	150.8
Currency translation differences	0.1	(7.7)
Decrease in net debt in the year	29.1	143.1
Net debt at beginning of year	(41.6)	(184.7)
Net debt at end of the year	(12.5)	(41.6)

8 ANALYSIS OF CASH FLOWS FROM FINANCING

	2004 £m	2003 £m
Decrease in unsecured loan stock	(40.5)	(32.7)
Increase/(decrease) in long term borrowings	14.1	(130.0)
Net cash outflow from financing activities	(26.4)	(162.7)

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	7.7	7.8	0.2	15.7
Overdrafts	(2.4)	(0.9)	(0.1)	(3.4)
	5.3	6.9	0.1	12.3
Borrowings due within one year	(40.7)	40.7	-	-
Borrowings due after one year	(28.6)	(14.3)	-	(42.9)
	(69.3)	26.4	-	(42.9)
Short term deposits	22.4	(4.3)	-	18.1
Net debt	(41.6)	29.0	0.1	(12.5)

10 SHARE CAPITAL AND RESERVES

	Share capital £m	Share premium £m	Merger reserve £m	Reserve for own shares £m	Profit and loss account £m	Total £m
At 31 March 2003 (as reported)	11.6	0.1	(330.2)	-	517.0	198.5
Prior year adjustment	-	-	-	(5.1)	1.9	(3.2)
At 31 March 2003 (restated)	11.6	0.1	(330.2)	(5.1)	518.9	195.3
Retained loss for the year	-	-	-	-	(13.5)	(13.5)
Net actuarial gain on pension schemes	-	-	-	-	14.2	14.2
Share options exercised	-	-	-	0.3	-	0.3
Exchange	-	-	-	-	(3.0)	(3.0)
At end of year	11.6	0.1	(330.2)	(4.8)	516.6	193.3

The prior year adjustment relates to the adoption of UITF 38 (see note 11).

The reserve for own shares represents the Employee Share Ownership Trust ('ESOT') which was established in June 1997 and has been reclassified as a deduction from reserves under UITF 38. Previously this was classified as an investment.

11 PRIOR YEAR ADJUSTMENT

The Group has adopted UITF 38 in these financial statements. The adoption of UITF 38 has had the following impact on the accounts:

	2004	2003
	£m	£m
Increase in operating profit before exceptional items	0.2	0.2
Increase in retained profit	0.2	0.2
Decrease in net assets	(3.0)	(3.2)

12 DIVIDENDS

Subject to shareholders' approval at the AGM, the final dividend of 4.4p per share is proposed to be paid on 3 August 2004 to shareholders on the register of shareholders at 25 June 2004.

13 POST BALANCE SHEET EVENT

On 22 May 2004 Uniq Prepared Foods Ltd acquired the Minsterley desserts business from Northern Foods Plc for £16.5m. The Minsterley business made an operating loss of £3.8m in the year to 31 March 2004 on sales of £58.6m. The net asset value of the assets acquired, prior to any adjustments for fair value, was £19.8m, which includes £2.2m of negative working capital which is subject to an adjustment based on completion accounts.

14 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 implemented Urgent Issues Task Force Abstract 38, 'Accounting for ESOP Trusts' ('UITF 38'), in these financial statements. The comparative figures have been restated accordingly and the impact is explained further in note 11.

15 FINANCIAL INFORMATION

The financial information set out in the preliminary announcement does not constitute the Group's statutory accounts for the years 2003 and 2004. The statutory accounts for the year ended 31 March 2004 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 2003 has been derived from the statutory accounts for 2003 which have been delivered to the Registrar of Companies. The auditors have reported on the accounts for the year ended 31 March 2003; 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 at 12 noon on 22 July 2004, at the Insurance Hall, 20 Aldermanbury, London EC2V 7HY.