UNIQ

# Interim Report

Half year ended 1 October 2005

www.uniq.com

# Uniq

Uniq is a European chilled foods business. We manufacture, sell and distribute products for retail grocery chains and food service outlets throughout Europe.

Our quality prepared foods include prepared salads; chilled and frozen ready meals; desserts; sandwiches; dips and dressings; spreads; and smoked and pickled fish.

Our products can be found either as branded or own-label fare in Europe's major retailers and on deli-counters, garage forecourts and airlines.


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# Financial highlights

| | 2005 £m | 2004 £m |
|---|---|---|
| Revenue | **407.8** | 424.4 |
| Operating profit before significant items [1] | **0.2** | 13.1 |
| Operating profit/(loss) | **0.9** | (6.7) |
| Loss before tax | **(1.5)** | (9.5) |
| Dividend for the period | **2.5p** | 2.5p |
| Loss per share on basic earnings | **(1.1)p** | (5.5)p |
| (Loss)/profit per share on adjusted earnings [2] | **(2.7)p** | 6.8p |

[1] Significant items are those items which due to their size or incidence or nature require separate disclosure to enable underlying trading performance to be assessed. At this half year they amount to a net credit of £0.7m, all of which is credited to operating profit, principally relating to the Group's Supply Chain and 'Fit for Purpose' programmes and the profits on the Nordic and property disposals.

[2] Adjusted earnings per share exclude significant items and prior year tax items.

› Group result deteriorated significantly compared with first half of last year due to:
- Loss of focus in the UK on customer needs and mounting losses at Minsterley
- Northern Europe poor summer and increased market pressure
- Phasing of new product initiatives in Southern Europe

› New Chief Executive appointed 1 August 2005
- Decisive action taken to improve UK profitability
- Initiatives in Northern Europe to increase focus on national markets
- Southern Europe business entering second half with strong momentum

› Interim dividend maintained reflecting Board expectation of recovery in second half

# Report to shareholders
## for the 26 weeks ended 1 October 2005

## Introduction

This is my first opportunity to address all our shareholders as your new Chief Executive, a role I was appointed to on 1 August 2005. I have joined your Company at an interesting and challenging time. My initial impressions are that Uniq has strong potential, but also faces serious short-term issues requiring immediate action. I am pleased to report that we have made swift progress in positioning the Company to achieve that potential and I am confident that the changes we are making will deliver a more profitable future.

My main priority over the next six months is to bring about a marked improvement in the profitability of our UK business, which I believe has the potential for significant growth and development. I have already taken decisive action to change both the senior management of this Division, and the way we operate and interact with our customers.

I am also working closely with our Northern European management to strengthen our market focus, where in the first half of this year we saw the combined effect of increasing competitor activity and a poor summer reducing the demand for our products, which prevented us from achieving year-on-year growth in this market.

Our Southern European business has continued to perform in line with our expectations, and I am encouraged by the strength and further potential of our St Hubert and Marie brands.

## Operating performance

The financial result in the first half was poor. This was driven by an unacceptable performance from Minsterley in the UK and some difficult trading conditions in Northern Europe, with actions being taken to address these issues in the second half of this year.

In Southern Europe, sales in France, excluding the effect of the withdrawal from the yogurt market, rose by just over 2 percent. In a competitive market we have grown our market shares in health spreads and chilled and delivered a better performance in frozen. We completed the restructuring of the sales force to integrate sales of chilled and frozen convenience foods. New products launched during the summer have been well received. We are working on a number of projects to build multi functional teams in the factories, to speed up our time to market in New Product Development and to develop our category management.

Northern Europe has performed below our expectation with sales down 3 percent on a like for like basis against last year, due principally to a poor summer and increased competitor activity in a challenging German market. At the end of October we reorganised the Division to create market focused, profit accountable teams supported by regional integrated operations incorporating purchasing and New Product Development. We believe this change will increase the focus on national market profitability and deliver more integrated management of the Supply Chain. While this change is being implemented we have slowed down other cost rationalisation programmes and associated implementation costs. We have now completed the transfer of all our Northern European fish manufacturing from Germany to Poland on schedule and we expect to see the benefits of this transfer during the second half of the year. We successfully divested the underperforming Nordic business for £9.5 million. The assets and goodwill of Subliem BVBA were acquired for £2.7 million and the integration and site closure into our Belgium facility was completed in line with our plan.

The trading performance in the UK was unacceptable with a first half operating loss before significant items of £9.6 million. The main cause of this loss was Minsterley where the business was unable to manage a large increase in business in conjunction with the commissioning of new IT systems.

A broader issue faced in the UK was that the organisation was not sufficiently aligned with customers. I appointed Rick Turnbull as the new Divisional Managing Director and we are devolving responsibility to six new entrepreneurially-led,

customer-focused, profit-accountable business units. These are:

- three desserts businesses (Evercreech, Minsterley and Paignton) with different customer focus;
- Northampton sandwiches and dips;
- Spalding prepared salads; and
- Annan fish and ready meals.

The decision to keep Evercreech open underlines its importance as an engine of growth in premium desserts and cottage cheese. Following a period of consultation, the new organisational structure was launched on 1 November. Central purchasing is being divisionalised, with the UK moving to a centre-led structure with devolved buying. These UK reorganisations have resulted in a reduction of around 75 jobs, saving circa £5 million per annum at a one-off cost of circa £2 million. I am confident this new organisation will deliver much improved service and support for our customers, recovery in profitability and better growth.

As reported at the last year end the Group had commenced a ‘Fit for Purpose’ programme to change its organisational structure to be in line with its needs. The changes in the UK and Northern Europe have taken this principle to a new level. However the costs of achieving the improvements in the business are being rigorously challenged and I believe the £14.5 million of cash costs previously estimated for 2005/06 will be underspent.

At the centre we have strengthened the team with some important appointments. We are introducing a new financial control culture to support more autonomy and entrepreneurialism in the businesses. We also plan to redesign and simplify our incentive plans to encourage greater focus on profitable growth and higher returns on capital.

## Strategic direction

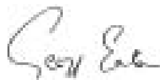
Our short-term priorities are clear and urgent. We are adapting our organisation to ensure each business is best placed to succeed in its environment. We expect to build our portfolio through acquisition and consider divestment whenever this would best serve the shareholders. We are not just recovering the position in the UK; we are building the infrastructure and culture for the future.

## Dividend

Your Board has given due consideration to the level of its interim dividend. It has decided to hold the dividend at last year’s level of 2.5 pence per share, despite the poor first half trading performance, reflecting the Board’s expectation of recovery in the second half and the Group’s longer-term prospects.

## Outlook

We have taken decisive action in the last three months to change the direction and profitability of the business. Although the scale of the changes in the UK are such that we cannot be certain about the timing of recovery, the Board remains confident of achieving a significant improvement in profitability in the second half of this year. We anticipate that the improvement coupled with further planned management actions will also provide good momentum into the next financial year.



Geoff Eaton
Chief Executive

# Business review
## for the 26 weeks ended 1 October 2005

| Operating profit/(loss) | 2005/06 £m | 2004/05 £m |
|---|---|---|
| Southern Europe | 9.0 | 9.7 |
| Northern Europe | 0.8 | 4.6 |
| United Kingdom | (9.6) | (1.2) |
| **Total before significant items** | **0.2** | **13.1** |
| Significant items | 0.7 | (19.8) |
| **Total after significant items** | **0.9** | **(6.7)** |

For the Group the effect of a stronger Euro has increased operating profit by £0.1m in the period.

### Financial results summary

Turnover of £407.8 million was 4 percent down compared with the previous half year, of which 2 percent reflects the disposal of our Nordic business in August 2005 and the result of lower sales from our Spanish business as a result of a fire in May 2005. Operating profit at £0.2 million compared to £13.1 million principally reflected the ongoing unacceptable performance of the UK and the tough trading environment in Northern Europe.

This year's first half results have additionally been positively impacted by the benefit of £0.7 million of significant items, reflecting a combination of the write back of prior year items no longer required (Evercreech £4.9 million, Devizes £1.1 million), the profit on business disposal (Nordic £1.6 million) and the £1.0 million profit on sale of assets offset by the ongoing Supply Chain project cost (£2.6 million), the 'Fit for Purpose' costs (£3.7 million) and costs associated with pursuing strategic opportunities committed to before the arrival of the new Chief Executive (£1.6 million).

Net finance charges (excluding the IAS 19 pension related interest, and a net IAS 39 gain arising on the translation of foreign currency transactions and balances) increased compared to last half year to £2.1 million reflecting higher debt levels during the period.

### Significant items

The 'Supply Chain' project under its existing format is nearing completion. We have closed four of five factories in line with our plan and decided to keep Evercreech open. Against the original planned cash cost of £25 million we will now only spend circa £14 million, with £12 million spent to date and up to £2 million to come in the second half to complete the Minsterley integration and fish project in Northern Europe. The position at the half year reflects the write back of costs previously planned to be spent. These include the Evercreech closure and the write back of cash costs previously provided in respect of the Devizes site which have been avoided following the lease assignment of the site.

At the Group's last year end we reported on the creation of a 'Fit for Purpose' programme, which was designed to reduce overhead costs across the businesses. This project anticipated cash costs of £14.5 million in 2005/06 as part of an overall £30 million to be spent over three years. At this half year we have only spent £2.8 million and expect to significantly underspend versus the original £14.5 million. We have taken a decision to slow down expenditure on this cost saving programme until we are clear that the new local management teams are in a position to ensure that the savings are targeted at the right areas and will result in an improved operating margin.

### Southern Europe

Operating profit fell by 7 percent to £9.0 million reflecting pressure on margins. While volumes remained stable, the effect of the price pressure reduced overall sales by 4 percent to £118.6 million, although underlying sales increased by 2 percent excluding the effect of the fire in Spain and the exit from the yogurt market. Operating margins remained stable at 8 percent reflecting good cost control and product mix management. Overall the investment in marketing was slightly down on last year. This was principally as a result of the phasing of media but, over the full year, spend is expected to be at a similar level to last year. The performances of the Spreads and Chilled sectors continued to deliver results in line with expectation and although the Frozen sector was significantly behind last year, there have been some encouraging signs of recovery over the last quarter.

Spreads & Health In a market that declined by 4 percent, Spreads sales grew at 4 percent, through continuing to focus on dynamic health orientated categories. As a consequence, a record market share of 31 percent was achieved in the period. The anti-cholesterol yogurt range was withdrawn in August 2005 as this new market had failed to develop as expected.

Frozen The total Frozen business maintained stable volumes during the half year. Sales were 5 percent lower due to price pressure and a continuing move to private label. Our branded market share has seen a gradual recovery since the early months of the year with a number of new product launches arriving at the end of the summer. The initial sales levels of these new products are encouraging.

Chilled A good performance increased sales by 10 percent as a result of a number of successful product innovations and an effective advertising campaign for the Marie brand plus the growth of the licensed WeightWatchers range since its launch last October.

Spain Having suffered a serious fire at the Madrid factory, sales at £4.8 million were close to 50 percent below the level of last year. Manufacturing has now re-commenced within rented premises and the local management are working hard to recover lost customers and sales. The results for the half year include anticipated insurance proceeds of £0.7 million for loss of profits and £1.7 million for increased costs of working. The financial effects of the fire are fully covered by the Group's insurance policies.

## Northern Europe

Operating profit fell to £0.8 million from £4.6 million in the previous year (which included the £1.6 million one-off benefit from changes made to our Dutch pension scheme arrangements). The results reflect a difficult trading environment which was caused by both the effects of a poor summer and increased competitor activity. Overall sales at £118.3 million from our ongoing businesses were 3 percent below last year arising mainly from Germany due to the effect of prior year contract and distribution losses and a poor summer for salads in the Netherlands.

During the period we completed the disposal of the Nordic business to Rieber & Son ASA for a consideration of £9.5 million (€14 million).

Germany/Poland Sales fell by 5 percent mainly as a result of contract and distribution losses in the second half of last year with the position being made worse by the impact of a poor summer and the timing of Easter. Our branded share of the salad business fell reflecting the growth of discounters and loss of distribution in some key accounts. Poland however continued to make good progress on the back of both branded and discount lines.

Netherlands As a salad only business, the Netherlands is sensitive to the weather which has been particularly poor this past summer. This plus the lack of an Easter weekend in the financial period contributed to reducing our year-on-year sales by 11 percent. However we have started seeing the benefit of our restructuring activities initiated during the year, which has reduced the impact of lower sales on the bottom line.

Belgium Sales grew by 18 percent to £17.2 million due largely to the effects of the Subliem acquisition in April 2005. Excluding this acquisition underlying sales grew by 9 percent.

Sandwiches Sales at £5.9 million grew by 2 percent reflecting increased marketing support.

## United Kingdom

With the poor overall performance of the UK business, this Division's loss increased from £1.2 million to £9.6 million, on total sales down 1 percent to £160.6 million. This reduction in sales includes both the benefit of the Minsterley acquisition (prior period four months), and the new Tesco business both of which have been more than offset by the loss of salad business at our Spalding site as reported at the Group's year end.

Desserts The desserts business consists of three key manufacturing sites at Evercreech, Paignton and Minsterley. It delivered an 8 percent sales increase over the period but suffered significantly from the underperformance of the Minsterley site.

In the first four months of owning Minsterley the site lost £1.3 million, which increased to £2.1 million over the next six months and then rose to £6.7 million in the six months to the end of September 2005 (site loss is before the allocation of total Divisional overheads of £12.6 million). The dramatic deterioration in performance in the last six months principally relates to operational issues. With the combination of system changes, product transfers (from Newton Abbott) and the cost of servicing business wins being the main causal factors.

Under the leadership of the new UK Managing Director, we have already reduced waste and reduced labour costs by reducing headcount by more than 100 and improved service levels to be in line with our other dessert sites. As a result the rate of loss has already improved significantly on the trend of the first half year.

Sandwiches A very good performance was delivered with sales growing to £42.8 million, an underlying increase of 11 percent. The headline growth was only 2 percent because of the effect of the closure of Devizes and the effect of the airline catering dispute between British Airways and Gate Gourmet.

# Business review continued
## for the 26 weeks ended 1 October 2005

The improved trading resulted mainly from the re-ranging with Marks & Spencer and the new skillet cardboard packaging both of which have improved sales.

Fish Sales fell 5 percent to £23.5 million principally reflecting the loss of business last year and our decision to exit the Carrefour export business. The business has reduced its cost base through the closure of the Finnarts Bay site and, with cost restructuring at Annan we are well placed for future opportunities.

Salads Following last year's loss of the J Sainsbury salad contract, we have seen a significant restructuring of the Spalding site with operating costs being reduced by 34 percent to £2.6 million and with new business wins from Morrisons and Iceland the site has moved back into profit.

## Financial position

The Group's debt has increased by £45.2 million in the first half. In part this reflects the planned increase in capital expenditure at Minsterley, a seasonal outflow on working capital and the payment on significant restructuring and provisions, with the level of debt being higher than anticipated due to the poor trading performance.

We expect an inflow of funds in the second half on the back of our confidence in achieving significant improvement in profitability. As a result we expect to have headroom with respect to the Group's banking covenants. We have recently approached our banking group to discuss our facility (which matures in October 2006) and proposed to them that it would be appropriate, in the context of the planned recovery, to extend the current facilities for up to one year. Following feedback from our banks we anticipate completing this extension in the next few months, and at the same time, ensuring that we have sufficient flexibility to deal with a delay in the timing of recovery.

## Pensions

The Group adopted FRS 17 in its accounts in March 2003, in order to help ensure that the Group pension position was more clearly understood. Consistent with this philosophy, we have now decided to update the valuation at the interim stage, given the materiality of the pension issue for the Group.

The valuation of the Group's pension schemes updated for accounting purposes at the half year has movements as shown in the table below.

UK schemes The overall funding requirement of the Group's main UK scheme has decreased by £5.8 million compared to March 2005. Returns generated by the fund's assets exceeded expectations on the back of strong equity market performance. This has, however, been more than offset by changes in the underlying financial assumptions, principally to reflect the sharp decline in corporate bond rates over the six months to September 2005. This has resulted in a downward revision of the discount rate used from 5.5 percent at March 2005 to 5.1 percent at September 2005. The decrease in the pension liability reflects the increased level of additional contributions made to the scheme, which increased from £8.5 million per annum in 2004/05 to £15.0 million per annum in 2005/06. These factors result in a gross liability under IAS 19 of £115.8 million.

Overseas schemes As with the UK scheme the Group's overseas schemes have also been impacted by declining bond rates increasing the gross funding requirement at September 2005.

| **Pension schemes** | 31 March 2005 £m | Additional contributions £m | Investment returns £m | Charges in discount rate £m | Others £m | 1 October 2005 £m |
|---|---|---|---|---|---|---|
| UK pension schemes | (121.6) | 7.5 | 37.0 | (42.0) | 3.3 | **(115.8)** |
| Overseas pension schemes | (20.3) | – | – | (5.6) | 1.1 | **(24.8)** |
| **Gross funding requirement** | **(141.9)** | **7.5** | **37.0** | **(47.6)** | **4.4** | **(140.6)** |
| Gross deferred tax | 43.6 | | | | | **43.3** |
| **Net funding requirement** | **(98.3)** | | | | | **(97.3)** |

# Independent review report to Uniq plc

Introduction We have been engaged by the Company to review the financial information set out on pages 8 to 20 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Listing Rules of the Financial Services Authority. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities The interim report, including the financial information contained therein, is the responsibility of and has been approved by the Directors. The Directors are responsible for preparing the interim report in accordance with the Listing Rules which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual financial statements except where any changes, and the reasons for them, are disclosed.

As disclosed in note 1 to the financial information, the next annual financial statements of the Group will be prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted for use in the European Union.

The accounting policies that have been adopted in preparing the financial information are consistent with those that the Directors currently intend to use in the next annual financial statements. There is, however, a possibility that the Directors may determine that some changes to these policies are necessary when preparing the full annual financial statements for the first time in accordance with those IFRSs as adopted for use in the European Union. This is because, as disclosed in note 1, the Directors have anticipated that certain standards, which have yet to be formally adopted for use in the EU, will be so adopted in time to be applicable to the next annual financial statements.

Review work performed We conducted our review in accordance with guidance contained in Bulletin 1999/4 *Review of interim financial information* issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the 26 weeks ended 1 October 2005.

KPMG Audit Plc
Chartered Accountants
Arlington Business Park
Theale
Reading
Berkshire RG7 4SD
14 November 2005

# Group income statement

## for the 26 weeks ended 1 October 2005

| Unaudited | 2005 Before significant items £m | 2005 Significant items (note 6) £m | 2005 Total £m | 2004 Before significant items £m | 2004 Significant items (note 6) £m | 2004 Total £m | Total 31 March 2005 £m |
|---|---|---|---|---|---|---|---|
| **Revenue** (note 3) | 407.8 | | 407.8 | 424.4 | | 424.4 | 879.0 |
| Cost of sales | (322.9) | 6.1 | (316.8) | (323.8) | (26.7) | (350.5) | (703.2) |
| **Gross profit** | 84.9 | 6.1 | 91.0 | 100.6 | (26.7) | 73.9 | 175.8 |
| Distribution expenses | (26.3) | – | (26.3) | (25.4) | – | (25.4) | (60.2) |
| Marketing and media expenses | (9.5) | – | (9.5) | (11.6) | – | (11.6) | (24.1) |
| Administrative expenses | (48.9) | (8.0) | (56.9) | (50.5) | (0.2) | (50.7) | (158.0) |
| Other operating income | – | 2.6 | 2.6 | – | 7.1 | 7.1 | 8.6 |
| **Operating profit/(loss) before financing costs** (note 3) | 0.2 | 0.7 | 0.9 | 13.1 | (19.8) | (6.7) | (57.9) |
| Finance income (note 5) | 1.7 | | 1.7 | 0.6 | | 0.6 | 1.4 |
| Other finance costs (note 5) | (3.0) | | (3.0) | (2.1) | | (2.1) | (4.9) |
| Net pension finance costs | (1.1) | | (1.1) | (1.3) | | (1.3) | (2.2) |
| Total finance costs | (4.1) | | (4.1) | (3.4) | | (3.4) | (7.1) |
| **Loss before tax** | (2.2) | 0.7 | (1.5) | 10.3 | (19.8) | (9.5) | (63.6) |
| Income tax credit/(charge) (note 8) | (0.9) | 1.1 | 0.2 | (2.6) | 5.9 | 3.3 | (13.4) |
| **Loss for the period** | (3.1) | 1.8 | (1.3) | 7.7 | (13.9) | (6.2) | (77.0) |
| **(Loss)/earnings per ordinary share** (note 9) | | | | | | | |
| Continuing operations | | | (1.1)p | | | (11.8)p | (75.4)p |
| Discontinued operations | | | – | | | 6.3p | 7.6p |
| Basic and diluted | | | (1.1)p | | | (5.5)p | (67.8)p |
| Proposed dividend per share (note 10) | | | 2.5p | | | 2.5p | 7.0p |
| Average Euro exchange rate | | | 1.47 | | | 1.49 | 1.46 |

# Group balance sheet

## at 1 October 2005

| Unaudited | Notes | 2005 £m | 2004 £m | 31 March 2005 £m |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | | **183.6** | 183.9 | 182.8 |
| Intangible assets | | **116.9** | 157.3 | 118.2 |
| Deferred tax assets | | **49.5** | 74.2 | 47.7 |
| | | **350.0** | 415.4 | 348.7 |
| **Current assets** | | | | |
| Inventories | | **49.8** | 53.3 | 52.7 |
| Trade and other receivables | | **145.8** | 146.8 | 142.6 |
| Cash and cash equivalents | | **15.9** | 21.0 | 28.9 |
| | | **211.5** | 221.1 | 224.2 |
| **Total assets** | | **561.5** | 636.5 | 572.9 |
| **Equity and liabilities** | | | | |
| **Shareholders' equity** | 11 | | | |
| Total called up share capital | | **11.5** | 11.6 | 11.6 |
| Share premium | | **0.1** | 0.1 | 0.1 |
| Other reserves | | **(328.2)** | (326.6) | (324.5) |
| Retained earnings | | **409.1** | 492.3 | 419.6 |
| **Total equity** | | **92.5** | 177.4 | 106.8 |
| **Liabilities** | | | | |
| **Current liabilities** | | | | |
| Interest bearing borrowings | | **8.4** | 1.9 | 5.0 |
| Trade and other payables | | **189.2** | 186.2 | 191.9 |
| Provisions | | **6.1** | 16.4 | 15.6 |
| Current tax liabilities | | **17.1** | 22.7 | 21.3 |
| | | **220.8** | 227.2 | 233.8 |
| **Non-current liabilities** | | | | |
| Interest bearing borrowings | | **81.5** | 57.9 | 52.7 |
| Retirement benefit obligations | 13 | **140.6** | 152.4 | 141.9 |
| Derivative financial liabilities | | **2.1** | – | – |
| Other payables | | **2.3** | 3.8 | 14.2 |
| Provisions | | **12.2** | 6.7 | 13.8 |
| Deferred tax liabilities | | **9.5** | 11.1 | 9.7 |
| | | **248.2** | 231.9 | 232.3 |
| **Total liabilities** | | **469.0** | 459.1 | 466.1 |
| **Total equity and liabilities** | | **561.5** | 636.5 | 572.9 |
| Closing Euro exchange rate | | **1.47** | 1.47 | 1.46 |

# Group cash flow statement
## for the 26 weeks ended 1 October 2005

| Unaudited | Notes | 2005 £m | 2004 £m | 31 March 2005 £m |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Cash (utilised by)/generated from operations | 12 | **(18.7)** | 10.8 | 33.8 |
| Interest paid | | **(2.6)** | (1.8) | (4.8) |
| Interest received | | **0.6** | 0.5 | 1.4 |
| Income tax (paid)/received | | **(6.4)** | 0.3 | 0.4 |
| **Net cash (utilised by)/generated from operating activities** | | **(27.1)** | 9.8 | 30.8 |
| **Cash flows from investing activities** | | | | |
| Acquisition of business | 7 | **(2.7)** | (19.1) | (19.3) |
| Disposal of business | | **9.3** | (1.8) | – |
| Purchases of property, plant and equipment | | **(21.0)** | (10.5) | (25.5) |
| Proceeds from sale of property, plant and equipment | | **2.7** | 1.1 | 11.3 |
| Purchases of intangible assets | | **(1.2)** | (0.2) | (5.8) |
| **Net cash outflow from investing activities** | | **(12.9)** | (30.5) | (39.3) |
| **Cash flows from financing activities** | | | | |
| Proceeds from borrowings | | **29.3** | 15.1 | 9.8 |
| Equity dividends paid | | **(5.1)** | (5.0) | (7.8) |
| **Net cash inflow from financing activities** | | **24.2** | 10.1 | 2.0 |
| **Net decrease in cash and cash equivalents** | | **(15.8)** | (10.6) | (6.5) |
| Cash and cash equivalents at beginning of year | | **24.2** | 30.4 | 30.4 |
| Effect of foreign exchange rate changes | | **(0.4)** | (0.1) | 0.3 |
| **Cash and cash equivalents at end of period** | | **8.0** | 19.7 | 24.2 |
| **Cash and cash equivalents consist of:** | | | | |
| Cash at bank and in hand | | **15.9** | 21.0 | 28.9 |
| Bank overdrafts | | **(7.9)** | (1.3) | (4.7) |
| | | **8.0** | 19.7 | 24.2 |

# Group statement of recognised income and expenditure

## for the 26 weeks ended 1 October 2005

| Unaudited | 2005<br>£m | 2004<br>£m | 31 March<br>2005<br>£m |
|---|---|---|---|
| Loss for the period | **(1.3)** | (6.2) | (77.0) |
| Actuarial loss recognised on the pension schemes | **(5.2)** | (17.6) | (10.2) |
| Movement on deferred tax relating to actuarial loss on pensions | **(0.3)** | 4.6 | (2.2) |
| Transition adjustments on adoption of IAS39 | **(1.4)** | – | – |
| Period movement on hedging items | **0.4** | – | – |
| Currency translation differences | **(1.6)** | 3.9 | 5.7 |
| **Total recognised income and expenditure for the period** | **(9.4)** | (15.3) | (83.7) |

# Notes to the interim financial statements

## for the 26 weeks ended 1 October 2005

## 1. Basis of preparation

A. EU law (IAS Regulation EC 1606/2002) requires that the next annual consolidated financial statements of the Group, for the year ending 31 March 2006, be prepared in accordance with accounting standards adopted for use in the European Union (EU) further to the IAS Regulation (EC 1606/2002) ('accounting standards adopted by the EU').

This financial information comprising the consolidated interim IFRS balance sheet of the Company and its subsidiaries, at 1 October 2005, and the consolidated IFRS income statement for the period ended 1 October 2005 has been prepared on the basis of the recognition and measurement requirements of IFRSs in issue that either are adopted by the EU and will be effective (or available for early adoption) at 31 March 2006 or are expected to be adopted and effective (or available for early adoption) at 31 March 2006, the Group's first annual reporting date at which it is required to use accounting standards adopted by the EU. Based on these recognition and measurement requirements, management has made assumptions about the accounting policies expected to be applied when the first annual financial statements are prepared in accordance with accounting standards adopted by the EU for the year ending 31 March 2006.

The accounting policies followed in the interim financial report are the same as those published on 30 September 2005 by the Group within the 2005 IFRS restatement which is available on the Group's website, www.uniq.com, except for the adoption of IAS 39 'Financial Instruments: recognition and measurement' and IAS 32 'Financial Instruments: presentation and disclosure' which have been applied prospectively from 1 April 2005. The accounting policy adopted by the Group relating to IAS 39 and IAS 32 is detailed in note 2. In accordance with the exemption available under IFRS 1, comparative information for IAS 39 for the half year ended 25 September 2004 and the year ended 31 March 2005 has been prepared in accordance with UK GAAP.

Management has assumed that the following IFRSs issued by the International Accounting Standards Board and IFRIC Interpretations issued by the International Financial Reporting Interpretations Committee will be adopted by the EU such that they will be available for use in the annual IFRS financial statements for the year ending 31 March 2006:

- amendment to IAS 19: Actuarial Gains and Losses, Group Plans and Disclosures;

- amendment to IAS 39: Financial Instruments: Recognition and Measurement – Fair Value Option.

In addition, the accounting standards adopted by the EU that will be effective (or available for early adoption) in the annual financial statements for the year ending 31 March 2006 are still subject to change and to additional interpretations and therefore cannot be determined with certainty. Accordingly, the accounting policies for 2006 will only be finally determined when the annual financial statements are prepared for the year ending 31 March 2006.

B. The financial information included in this document is unaudited and does not comprise statutory accounts within the meaning of Section 240 of the Companies Act 1985. The statutory accounts for the year ended 31 March 2005 prepared in accordance with UK GAAP have been filed with the Registrar of Companies. The auditors have reported on the 2005 accounts; their report was unqualified and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985.

# Notes to the interim financial statements

for the 26 weeks ended 1 October 2005

## 1. Basis of preparation continued

C. Use of underlying measures. IAS 1 prescribes the basis of presenting the financial statements including the format of the income statement and states key lines that should be disclosed. It also requires additional line items and headings to be presented on the face of the income statement when such presentation is relevant to an understanding of the entity's financial performance. Uniq believes that items that were previously referred to as 'exceptional items' under UK GAAP should still be separately identified to assist in understanding the financial performance of the Group. Such items will be included within 'significant items' under IFRS.

Significant items are those which, because of size or incidence or nature require separate disclosure to enable underlying trading performance to be assessed. They principally relate to the Group's Supply Chain and 'Fit for Purpose' programmes and profits on the Nordic and property disposals.

## 2. Accounting policies

**Financial Instruments**

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

**A. Trade receivables** Trade receivables do not carry any interest and are stated at cost as reduced by appropriate allowances for estimated irrecoverable amounts.

**B. Bank borrowings** Interest bearing bank loans and overdrafts are recorded at the proceeds received. Finance charges are accounted for on an accrual basis to the income statement using the effective interest rate method, and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

**C. Trade payables** Trade payables are not interest bearing and are stated at cost.

**D. Derivative financial instruments and hedge accounting** Uniq's Treasury function is responsible for managing certain financial risks to which the Group is exposed. The Board reviews the levels of exposure and approves Treasury policies covering the use of financial instruments required to manage these risks. The Group does not use derivative financial instruments for speculative trading purposes.

Derivatives are initially accounted and measured at fair value on the date a derivative contract is entered into and subsequently measured at fair value. The accounting treatment of derivatives classified as hedging instruments depends on their designation, which occurs on the date that the derivative contract is committed to. The Group designates derivatives as:

- a hedge of the exposure to changes in fair value of an asset or liability ('fair value hedge');
- a hedge of the exposure to variability in cashflows that are attributable to a particular risk associated with a recognised asset or liability, or of a highly probable forecasted transaction, or the foreign exchange risk of a firm commitment which could affect the profit or loss ('cash flow hedge');
- a hedge of a net investment in a foreign entity or operation;
- a hedge of variable interest rate debt ('cash flow hedge').

# Notes to the interim financial statements
## for the 26 weeks ended 1 October 2005

### 2. Accounting policies continued

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecasted transaction, any gain or loss on the derivative financial instrument is recognised directly in equity. When the forecasted transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. For cash flow hedges, other than those covered by the preceding policy statement, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss. When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

For an effective hedge of an exposure to changes in the fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with the corresponding entry in the income statement. Gains or losses from remeasuring the corresponding hedging instrument are recognised in the income statement.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting and any portion deemed ineffective are recognised in the income statement as they arise.

Where the Group hedges net investments in foreign entities through currency borrowing, the gains or losses on the retranslation of the borrowings (up to the opening net investment) are recognised in equity. If the Group uses derivatives as the hedging instrument, the effective portion of the hedge is recognised in equity with any ineffective portion being recognised in the income statement. Gains and losses accumulated in equity are recycled through the income statement on disposal of the foreign entity.

In order to qualify for hedge accounting, the Group is required to document in advance the relationship between the item being hedged and the hedging instrument. The Group is also required to document and demonstrate an assessment of the relationship between the hedged item and the hedging instrument, which shows that the hedge will be highly effective on an ongoing basis and that it has been highly effective retrospectively. The effectiveness testing is reperformed at each quarter to ensure that the hedge remains highly effective.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting or the Group revokes designation of the hedging relationship. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the highly probable forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement for the period. If the forecast transaction is no longer ‘highly probable’ then the cumulative gain or loss on the hedging instrument recognised in equity is retained and further gains or losses are taken to the income statement.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts, they have the same terms as the host contract, meet the definition of a derivative, and the host contracts are not carried at fair value with unrealised gains or losses reported in the income statement.

# Notes to the interim financial statements
## for the 26 weeks ended 1 October 2005

## 3. Summary segmental analysis

| | Revenue | | | Operating profit/(loss) before significant items, interest and taxation | | | Operating profit/(loss) before interest and taxation | | |
|---|---|---|---|---|---|---|---|---|---|
| | **2005 £m** | 2004 £m | 31 March 2005 £m | **2005 £m** | 2004 £m | 31 March 2005 £m | **2005 £m** | 2004 £m | 31 March 2005 £m |
| **By geographic segment** | | | | | | | | | |
| United Kingdom | **160.6** | 163.0 | 325.2 | **(9.6)** | (1.2) | (5.5) | **(6.8)** | (24.4) | (84.2) |
| Southern Europe | **118.6** | 123.3 | 272.9 | **9.0** | 9.7 | 24.8 | **8.6** | 9.5 | 23.5 |
| Northern Europe – excl. Nordic | **118.3** | 122.0 | 250.8 | **1.1** | 4.9 | 9.8 | **(2.2)** | 1.4 | 2.7 |
| Nordic salads | **10.3** | 16.1 | 30.1 | **(0.3)** | (0.3) | (0.8) | **1.3** | (0.3) | (8.5) |
| Northern Europe | **128.6** | 138.1 | 280.9 | **0.8** | 4.6 | 9.0 | **(0.9)** | 1.1 | (5.8) |
| Continuing operations | **407.8** | 424.4 | 879.0 | **0.2** | 13.1 | 28.3 | **0.9** | (13.8) | (66.5) |
| Discontinued operations | **–** | – | – | **–** | – | – | **–** | 7.1 | 8.6 |
| | **407.8** | 424.4 | 879.0 | **0.2** | 13.1 | 28.3 | **0.9** | (6.7) | (57.9) |

The Nordic salads business was disposed on 1 August 2005.

The discontinued operation in 2004 represents the profit on disposal of the Wootton Bassett site.

## 4. Insurance claims

On 25 May 2005, the sandwich production facility in Madrid, Spain, was destroyed by fire. The assets destroyed, increased cost of working and loss of profits are all covered by the Group's insurance policies.

The half year results reflect a £0.7m anticipated refund for loss of profits and a debtor of £4.5m representing amounts due from the insurers.

## 5. Finance income and other finance costs

Finance income of £1.7m includes £0.3m relating to the discounting of long term debtors and a net foreign exchange gain of £0.8m arising on the translation of foreign currency transactions and balances. Other finance costs of £3.0m comprise interest charges of £2.6m and a charge of £0.4m relating to the discounting on long term provisions.

# Notes to the interim financial statements
## for the 26 weeks ended 1 October 2005

### 6. Significant items

| | **2005 £m** | 2004 £m | 31 March 2005 £m |
|---|---|---|---|
| Continuing operations | **0.7** | (26.9) | (94.8) |
| Discontinued operations | **–** | 7.1 | 8.6 |
| | **0.7** | (19.8) | (86.2) |
| Taxation credit on significant items | **1.1** | 5.9 | 2.6 |
| | **1.8** | (13.9) | (83.6) |

Significant items in 2005 relating to continuing operations comprise the following:

(a) £3.4m net credit resulting from the ongoing Group Supply Chain project costs. Specific costs relating to this project include: Minsterley integration costs of £1.4m; factory closure costs of £4.9m, provided at 30 September 2004, relating to the Evercreech factory that have been reversed due to the subsequent decision to continue production at this facility; £1.1m of costs, provided at 30 September 2004, in respect of rent and make-good costs for the Devizes factory which are no longer required and have therefore been reversed; £1.2m relating to the business integration costs of the Subliem BVBA acquisition.

(b) £3.7m relating to the Group's 'Fit for Purpose' programme, announced at 31 March 2005, which is to rationalise the cost base and focus on the growth of the three core business divisions.

(c) The profit on disposal of fixed assets, of £1.0m, in respect of the Newton Abbott site which was closed in May 2005 and represents the excess of the disposal proceeds over the book value of the site, net of selling costs.

(d) £1.6m relating to the costs associated with pursuing strategic opportunities.

(e) £1.6m relating to the profit on disposal of the Nordic salads business. The business was disposed of on 1 August 2005 for £9.5m.

### 7. Acquisition of business

On 18 April 2005 the Group acquired the Subliem BVBA salads business for £2.7m. The allocation of the purchase consideration is as follows:

| | Book value at acquisition £m | Fair value adjustments £m | Fair value £m |
|---|---|---|---|
| Property, plant and equipment | 1.9 | (0.7) | 1.2 |
| Working capital | 0.2 | – | 0.2 |
| Net assets acquired at fair value | 2.1 | (0.7) | 1.4 |
| Goodwill on acquisition | | | 1.3 |
| **Cost of acquisition** | | | **2.7** |

# Notes to the interim financial statements

for the 26 weeks ended 1 October 2005

## 8. Income tax

The taxation charge on the loss before significant items for the 26 weeks ended 1 October 2005 is £0.9m (2004: £2.6m) comprising; UK £2.1m credit, Continental Europe £3.0m charge. The charge represents the full year effective tax rate on current year profits of 35% and a £1.5m charge to write off the benefit of UK tax losses pending further evidence of the availability of future taxable profits. The significant taxation credit of £1.1m (2004: £5.9m) is in respect of significant items charged against operating profit. No tax arises on the sale of the Newton Abbott site or the disposal of the Nordic salads business.

## 9. (Loss)/earnings per share

**Basic and diluted (loss)/earnings per share**

Basic earnings per ordinary share is calculated on the basis of the weighted average of 113.5m (2004: 113.4m) ordinary shares in issue and a loss for the financial period of £1.3m (2004: £6.2m). There were no dilutive potential shares in the current financial period (2004: Nil).

**Adjusted (loss)/earnings per share**

Adjusted earnings per share is shown by reference to earnings before significant items and related tax. It also excludes prior year items. Adjusted earnings per share 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:

| | **2005 £m** | 2004 £m | 31 March 2005 £m |
|---|---|---|---|
| Loss before tax | **(1.5)** | (9.5) | (63.6) |
| Significant items | **(0.7)** | 19.8 | 86.2 |
| (Loss)/profit before tax and significant items | **(2.2)** | 10.3 | 22.6 |
| Related taxation | **(0.9)** | (2.6) | (16.0) |
| Exclude taxation charge on prior year items | **–** | – | 10.4 |
| **(Loss)/earnings before significant items and prior year tax items** | **(3.1)** | 7.7 | 17.0 |
| **Adjusted (loss)/earnings per ordinary share** | **(2.7)p** | 6.8p | 15.0p |

## 10. Dividends

The dividend charge against reserves in the first half is the 2005 final dividend of 4.5p per share.

At 30 September 2005, the 2005 interim dividend had not been approved by the Board and as such was not included as a liability. The interim dividend is payable on 3 January 2006 to shareholders on the register at the close of business on 2 December 2005.

# Notes to the interim financial statements

## for the 26 weeks ended 1 October 2005

## 11. Shareholders' equity

| | Share capital £m | Share premium £m | Merger reserve £m | Hedging reserves £m | Translation reserves £m | Retained earnings £m | Total £m |
|---|---|---|---|---|---|---|---|
| At 31 March 2005 (as reported) | 11.6 | 0.1 | (330.2) | – | 5.7 | 419.6 | 106.8 |
| Transition adjustments to IFRS (IAS 39) | – | – | – | (2.5) | – | 1.1 | (1.4) |
| At 1 April 2005 (restated) | 11.6 | 0.1 | (330.2) | (2.5) | 5.7 | 420.7 | 105.4 |
| Loss for the period | – | – | – | – | – | (1.3) | (1.3) |
| Redemption of preference shares | (0.1) | – | – | – | – | – | (0.1) |
| Share based compensation charge | – | – | – | – | – | 0.3 | 0.3 |
| Dividends | – | – | – | – | – | (5.1) | (5.1) |
| Gains and losses deferred in equity | – | – | – | 0.4 | – | – | 0.4 |
| Net actuarial loss on pension schemes | – | – | – | – | – | (5.5) | (5.5) |
| Currency translation differences | – | – | – | – | (1.6) | – | (1.6) |
| **At end of period** | **11.5** | **0.1** | **(330.2)** | **(2.1)** | **4.1** | **409.1** | **92.5** |

As noted in the basis of preparation in note 1, IAS 39 and IAS 32 came into effect on 1 April 2005 and the Group took the exemption not to restate comparatives. As a result of these standards, financial instruments have been recognised or revalued in the opening balance sheet at 1 April 2005 decreasing reserves by £1.4m. This £1.4m net adjustment comprises fair value adjustments on transition arising on interest rate swaps (£2.5m debit), a credit in respect of unamortised interest rate swap premiums of £0.9m and fair value adjustments to forward contracts (£0.2m credit).

## 12. Reconciliation of loss before tax to operating cash flows

| | **2005 £m** | 2004 £m | 31 March 2005 £m |
|---|---|---|---|
| Loss before tax | **(1.5)** | (9.5) | (63.6) |
| Net finance costs | **2.4** | 2.8 | 5.7 |
| Depreciation | **12.1** | 13.0 | 26.6 |
| Goodwill write-down and impairment | **–** | 4.7 | 48.5 |
| Asset write-down and impairment | **0.6** | 9.2 | 17.2 |
| Charge for share based payments | **0.3** | 0.3 | 0.6 |
| Profit on disposal of property, plant and equipment | **(1.0)** | (7.1) | (8.6) |
| Profit on disposal of business | **(1.6)** | – | – |
| Difference between pension charge and cash contributions | **(7.2)** | (6.7) | (10.6) |
| (Increase)/decrease in working capital | **(11.3)** | (6.9) | 3.1 |
| (Decrease)/increase in provisions | **(11.5)** | 11.0 | 14.9 |
| Cash (utilised by)/generated from operations | **(18.7)** | 10.8 | 33.8 |

# Notes to the interim financial statements

## for the 26 weeks ended 1 October 2005

### 13. Retirement benefit obligations

| | **2005 £m** | 2004 £m | 31 March 2005 £m |
|---|---|---|---|
| **Movement in liability in the period** | | | |
| Balance at the beginning of the year | **(141.9)** | (139.6) | (139.6) |
| Movement in the period: | | | |
| Current and past service costs | **(2.7)** | (3.3) | (6.3) |
| Curtailments and settlements | **–** | 2.8 | 2.1 |
| Contributions | **9.8** | 6.8 | 14.7 |
| Other finance costs | **(1.1)** | (1.3) | (2.2) |
| Actuarial loss | **(5.2)** | (17.6) | (10.2) |
| Exchange adjustment | **0.5** | (0.2) | (0.4) |
| **Balance at the end of the period** | **(140.6)** | (152.4) | (141.9) |

### 14. Comparative data restated in accordance with the transition to IFRS

To comply with the requirements of reporting the first set of interim results following transition to IFRS, a reconciliation of the loss under UK GAAP for the 26 weeks to 25 September 2004 to the loss under IFRS for that period is set out below.

IFRS also requires a reconciliation of shareholders' equity under UK GAAP at 30 September 2004 to shareholders' equity under IFRS at that date which is also set out below.

| | Notes | 26 weeks ended 25 September 2004 £m |
|---|---|---|
| **Reconciliation of loss for the period** | | |
| Loss for the period under UK GAAP | | (11.0) |
| Goodwill amortisation | a | 5.0 |
| Inventory | b | (0.4) |
| Leases | c | 0.1 |
| Taxation: effect on items (b) and (c) | | 0.1 |
| **Loss for the period under IFRS** | | **(6.2)** |

# Notes to the interim financial statements
## for the 26 weeks ended 1 October 2005

### 14. Comparative data restated in accordance with the transition to IFRS continued

| | Notes | 26 weeks ended 25 September 2004 £m |
|---|---|---|
| **Reconciliation of shareholders' equity** | | |
| Shareholders' equity under UK GAAP | | 168.5 |
| Goodwill amortisation | a | 5.0 |
| Inventory | b | (0.8) |
| Leases | c | 0.2 |
| Exchange differences | d | 1.6 |
| Dividends | e | 2.8 |
| Share based payments | f | 0.1 |
| Employee benefits | g | (2.2) |
| Income tax | h | 1.7 |
| Reclassification | i | 0.5 |
| **Shareholders' equity under IFRS** | | **177.4** |

#### Notes
(a) UK GAAP requires goodwill to be amortised over its expected useful economic life. Under IFRS, goodwill is no longer amortised but held at carrying value on the balance sheet and tested annually for impairment.
(b) Under IAS 2 inventory must be measured at the lower of cost and net realisable value with cost formulae, such as standard cost, allowed where the results approximate actual cost. Under UK GAAP certain entities in the Group measured stock at standard cost which did not approximate actual cost.
(c) The requirements of IAS 17 do not differ greatly from UK GAAP, however a number of leases that were previously classified as operating leases are now required to be accounted for as finance leases.
(d) Under IAS 21, goodwill arising on the acquisition of a foreign operation must be treated as an asset of that operation and therefore translated at the closing rate at the balance sheet date on consolidation. Uniq had denominated the whole of the goodwill arising on the Terranova acquisition, in 1999, relating to the Group's European operations in Sterling. From transition date all goodwill relating to the Group's European operations will be denominated in Euro.
(e) Under UK GAAP, the dividend payable is recognised in the income statement when it is proposed. Under IFRS, the dividend charge is not recognised in the income statement but is recognised directly in reserves and only in the period that it is approved by the shareholders/Directors.
(f) Under UK GAAP, a liability has been recognised for schemes where shares are awarded based on the intrinsic value of the awards. Under IFRS, the balance sheet entry is based on the fair value of the share awards and results in a credit to equity for the equity-settled awards.
(g) A number of employee benefit obligations, relating to Uniq's European operations, were previously not required to be accounted for under UK GAAP. With the introduction of IAS 19 these obligations are now required to be recorded.
(h) Under IFRS deferred tax is recognised on differences between balance sheet values and the tax values of assets and liabilities whereas under UK GAAP deferred tax was recognised on timing differences. As a result deferred tax assets have increased. The corporation tax liability has also been amended for the impact of IFRS adjustments affecting profit before tax.
(i) Under IFRS the liability for equity-settled share awards has been reclassified to equity from payables.

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