

25 March 2008

Uniq PLC
Preliminary Results

Recovery Continues

Uniq, the European chilled convenience food group, today announces preliminary results for the twelve months to 31 December 2007.

Trading Highlights:

- Total Group revenues up 2.9% to £736.1m⁽¹⁾
- UK and France return to profit for the full year 2007
- Northern Europe stabilised performance in 2007
- Operating loss reduced by £7.3m to £3.6m⁽¹⁾
- Significant profit on sale of St. Hubert of £235.3m
- Minsterley impairment charge of £31.1m
- Strengthened balance sheet

Outlook:

- Tougher economic environment
- Increasing opportunities to invest in business
- No final dividend

Commenting on a year of further progress in unlocking the potential of Uniq Geoff Eaton, Chief Executive, Uniq plc said:

"Our progress in 2007 was delivered in the face of increasingly harsh economic circumstances, which have continued into 2008. The significant changes we have made over the last two years have equipped us better to deal with this tougher environment and to continue our recovery."

	31 December 2007 12 months £m	31 December 2006 9 months £m
Revenue	736.1	541.2
Before significant items⁽²⁾		
Operating loss	(3.6)	(12.4)
Profit/(loss) before tax	1.9	(21.9)
Adjusted earnings per share ⁽³⁾	3.5p	(1.2)p
Significant items before tax	189.3	(32.5)
- continuing	(46.0)	(36.6)
- discontinued	235.3	4.1
After significant items		
Operating loss	(45.6)	(49.0)
Loss before tax	(44.1)	(58.5)
Profit/(loss) after discontinued operations and tax	185.0	(32.3)
Basic earnings per share	162.5p	(28.4)p

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¹Where changes on prior year are given they are for the comparable period last year on a constant currency basis

² Significant items are those which, because of size or incidence, require separate disclosure to enable underlying trading performance to be assessed. They amount to £46.0m loss before tax on continuing businesses (£42.0m is charged to operating profit and £4.0m is charged to finance charges) and £235.3m on discontinued businesses relating to the disposal of St Hubert SAS. The £42.0m principally comprises £31.1m impairment cost on the UK business plus restructuring costs in Northern Europe and France.

³ Adjusted EPS excludes significant items, prior year tax credits and exchange gains arising on non-permanent inter-company loans.

Chairman's Statement

In my first Chairman's statement a year ago I outlined the strategy that your Board had adopted to unlock the potential in Uniq. Our first objective was to strengthen the financial position of the group and then to focus on a smaller number of convenience food businesses with the highest potential for significant profit growth and shareholder value creation. I expressed my confidence that the organisational, structural and management changes we had made would set us on a path to recovery. A year later the Uniq recovery is being delivered in a considerably harsher economic environment, with high raw material inflation and concerns about consumer demand. I am pleased to report growing evidence that our major strategic choices were broadly correct, the operating loss for the group has been substantially reduced, and we are working on the further steps necessary to underpin the next phase of the recovery.

The balance sheet was strengthened by the sale of two profitable businesses, St Hubert, the French spreads business and the Belgian salads operation, completed by January 2007 for aggregate gross proceeds of £288m. This enabled us to pay off our bank debt, set aside £87m in a ring-fenced account to substantially offset the deficit in the UK pension fund and have funds to support the recovery of the retained businesses.

The success achieved to date in turning around the retained businesses is a result of the change programme initiated by Geoff Eaton following his appointment as Chief Executive in August 2005. The common themes of change that run across our businesses remain as follows:

- appointment of strong, experienced and entrepreneurial leadership teams;
- decentralisation to profit-accountable and customer-focused business units;
- re-connection with customers and focus on growth through excellent service, quality and innovation;
- extensive cost reduction activities and end to end supply chain management; and
- reinvestment in our brands in France and Northern Europe.

The scale of change required in our businesses has been so extensive that it has taken longer than we would have liked to build the essential foundations for sustained recovery. Progress has been constrained by the time it has taken to build the necessary management capability in all parts of the business. Customers understandably take time to be convinced that the future will be different and while a few were not prepared to wait, the majority have recognised real improvements.

Our largest customer, M&S, representing over 27% of group sales, is undertaking a comprehensive supplier review and we are pleased to report we have been selected as strategic partner in three major growth categories of 'food to go', fish/deli and premium desserts. This is a reflection of the progress we have made in re-establishing high quality relationships with customers. The review is not yet concluded and could have a significant impact on our UK business.

Results and cashflow in 2007

As a result of changing our year end to 31 December in 2006 the statutory period of comparison in these report and accounts remains the 9 months to 31 December 2006. In all the commentary on the trading performance of the operations we make comparison with the full 12 months of 2006 using constant currency. However it is not meaningful to do this for finance income and tax and as a result we make comparison with the 9 month period.

In 2007 we delivered sales growth of 3% to £736.1m, following a flat performance in 2006. This growth combined with improved efficiency has reduced the operating loss from £10.9m for the 12 months of 2006 to £3.6m in 2007, with all of the improvement coming in the second half. The three most challenging parts of the business in 2006 have all shown significant improvement in 2007: the Minsterley site achieved break-even in the final quarter of 2007, albeit including the peak Christmas trading period, the German business reduced losses by over 40% and the decline in Marie frozen sales was turned into growth.

Whilst we have delivered the efficiency improvements at Minsterley in line with our plan we remain short of the volume necessary to return this large site to profit. Consequently we have reassessed the carrying value of the site and written down the assets by £31.1m. We continue to review all options to achieve appropriate returns in our UK desserts business.

The group reported a profit before tax and significant items of £1.9m compared with a loss of £21.9m in the 9 months to 31 December 2006. In addition the group made a net gain on significant items, arising from a gain of £235.3m on the sale of the French spreads business offset by £31.1m impairment of Minsterley, £11.6m relating to Northern Europe and French restructuring and £4.0m of finance costs. After £6.8m of tax, largely relating to the sale of St.Hubert, the total profit for the year was £185.0m.

During 2007 the group had funds inflows of £207.2m resulting from £238.4m of net cash inflow relating to the sale of the French Spreads business offset by the £16.4m costs incurred in significant restructuring projects, £3.8m of special contributions to the UK pension fund and an £11.0m cash outflow from the underlying business. At the year end the group had a net cash balance of £122.0m of which £90.4m (including £3.4m of accrued interest) has been ring-fenced for the UK pension fund, leaving £31.6m to support the recovery.

Dividend

Since the Uniq turnaround commenced in 2005, we have maintained the dividend at a constant level. However, during 2007, the economic environment has become significantly harsher, and we now expect the recovery to take longer than originally envisaged. Reflecting this and to facilitate further investment in the business your board has decided to recommend not paying a final dividend. We remain confident in the long-term potential of your business and expect to re-establish the dividend as soon as profits and cash flow allow.

The future

Our businesses are now better prepared for the tougher economic environment we face in 2008. Whilst the short-term outcome carries uncertainties, there remains considerable potential for improvement in profit margins and return on capital employed across the group. I wish to express the Board's gratitude to all our employees for their continuing commitment and dedication to Uniq in what are challenging times for the food industry. I look forward to reporting further progress in unlocking the potential of your company next year.

Chief Executive's Review

2007 was the second year of the Uniq turnaround.

By the start of the year we had reduced the financial risks facing the business by selling two business units at excellent prices and used the proceeds to repay our bank debts and substantially offset the pension fund deficit. Additionally, we had:

- appointed new experienced and entrepreneurial leadership in each of our three divisions and made substantial progress in decentralising accountability and responsibility to the lowest appropriate level;
- reconnected with our customers and started to increase the pace of our organisation;
- delivered some success in cost reduction, lean manufacturing and supply chain management and were managing a number of ongoing cost reduction projects; and
- commenced the long term task of building our brands and innovation capabilities.

During 2007 the economic environment became harsher as we faced unusual adverse weather patterns during the summer, in the second half we saw the start of unprecedented raw material inflation and Christmas and the New Year were overshadowed by doubts about consumer demand following the credit crunch.

Despite all of this, we are pleased with progress as we delivered sales growth, reduced operating losses and, most important of all, we significantly improved our capability across our businesses. We are pursuing an increasing number of opportunities with existing and new customers to build our businesses.

In prior years we have allocated our group costs between the three divisions. This year in order to reflect the separate entrepreneurial business unit structure we have put in place we have separately disclosed our group costs. This will help to explain better the underlying trading of each of our divisions.

Net sales - external	2007					Variance*
	H1	H2	Full	H1	H2	Full
	£m	£m	year			year
			£m			
UK	167.6	177.6	345.2	5.5%	1.3%	3.3%
Northern Europe	101.1	107.5	208.6	1.9%	(2.1)%	(0.2)%
France	91.6	90.7	182.3	4.1%	7.6%	5.8%
Group Continuing	360.3	375.8	736.1	4.1%	1.7%	2.9%
Operating Profit/(loss)	£m	£m	£m	£m	£m	£m
UK	(1.6)	7.5	5.9	0.1	8.6	8.7
Northern Europe	(0.5)	(2.9)	(3.4)	3.0	(2.5)	0.5
France	(1.1)	1.3	0.2	(2.9)	3.2	0.3
Group Costs	(3.4)	(2.9)	(6.3)	(2.7)	0.5	(2.2)
Group Continuing	(6.6)	3.0	(3.6)	(2.5)	9.8	7.3

*Using constant exchange rates

The group costs are essentially the costs of running a PLC and include the cost of the Board, and a small central finance and administration team. The comparative full year figures were favourably impacted by £2.0m of one-off items, namely: £0.9m curtailment gain on unfunded pension obligations and £1.1m with respect to settlement of an insurance claim. Excluding these items group costs have increased slightly to £6.3m.

The UK made a profit for the year of £5.9m - a most encouraging turnaround from a loss of £2.8m in 2006. All of this improvement came through in the second

half with much of it coming from the recovery in performance at Minsterley. In Northern Europe we have reduced the losses in Germany by more than 40%, accelerated growth in Poland and tackled further legacy issues in The Netherlands which caused a material reversal in profitability in the second half. In France we reversed the decline in frozen branded sales, achieved growth overall of 5.8% and delivered a small profit.

UK

Having established the six new business units in 2006 our aim in 2007 was to consolidate the capabilities in each business, start to spread best practice across the division through a small central coaching team, build customer intimacy, control our costs and manage our margins more effectively, while continuing to address the fundamental challenge of delivering improved innovation and premium differentiated growth.

In the M&S supplier review, our selection as strategic partner in the three core categories of 'food to go', fish/deli and premium desserts is a reflection of how far we have progressed in a relatively short time. In such a partnership we would expect to increase our share of M&S business, develop joint business plans, co-invest and co-innovate. We would drive further premium-differentiated growth on top of that already planned through the M&S store investment programme. The supplier review is not yet concluded as we have yet to finalise our commercial discussions. However, we believe this will lead to further investment opportunities.

We have been successful in attracting more high calibre management talent because of the culture we are developing. All of this progress has equipped us better to tackle the tougher economic environment we faced as the year progressed.

Our Northampton 'food to go' operation continues to lead the way in terms of customer intimacy and innovation. We supply M&S and the airline catering market with sandwiches, wraps and other 'food to go' products. We are investing in new capacity to support the double digit growth we project for the next few years. We have a rolling programme of new product introductions and upgrades and have recently introduced a top tier gourmet range in bags. In January 2008 we launched an entirely new product category – the Fresh Salad Wrap, a delicious and healthy Asian style carbohydrate free snack and sales are ahead of our launch plan.

A critical priority for 2007 has been to recover the profit margins in our desserts business through price increases and an extensive programme of productivity improvements. The success of our lean manufacturing initiatives at Minsterley has transformed this site's efficiency and we achieved breakeven in the final quarter with the help of Christmas.

In January we managed a very successful launch of desserts and breakfast products for Tesco and we have improved the profitability of the Müller contract at Paignton, while Evercreech, our premium desserts supplier, was selected as a strategic partner with M&S. Unfortunately, as a result of our robust pricing policy and the Minsterley legacy, we have also lost volume in desserts and have been unable to generate enough new business to be sufficiently confident of building the volumes we need to fill our capacity. Consequently, the overall profitability of our desserts businesses remains unacceptable. We have taken an impairment charge to write down the value of our Minsterley assets and continue to review all options to improve the returns from these businesses.

Pinneys has excellent chef and fish procurement skills, which have resulted in great success in the last year with the M&S Cook! range. In spring 2008 we are launching a new range of chilled fish products for a well known fish brand and our Spalding salad business continues to cut costs to compensate for low volumes.

We have addressed the structural inefficiency in our supply chain, resulting from the changed shape of our business, by exiting the national distribution centre at Gloucester. We are now able to transport product direct from the factories to the customers' regional distribution centres. The result is a faster and more efficient route to market.

Northern Europe

In Northern Europe, prior to 2007 we had successfully decentralised to country focused business units to achieve local accountability with the ability to react to the needs of local markets, customers and consumers. In 2007 we have modified our approach to reflect the scale of our factories and the need to leverage our productivity, innovation and marketing expertise across borders. We also decided to decentralise further within Germany to business units focused on the national Nadler brand, our regional brands Pfennigs and Hopf, the private label/hard discount market and field sales.

During the year we re-organised our production to focus on low cost centres of excellence. We completed the planned closure of Bremerhaven, so that all fish production is now in Poznan. We transferred potato salad production from Bottrop in Germany to the specialist facility at Losser in the Netherlands, so that Bottrop is now focused on the private label and hard discount market. In parallel with these changes we renegotiated pay and conditions for the German workforce. Taken together these projects will deliver a full annual saving of around £4m of which about 60% came through in 2007.

We were successful in reversing the decline of the Nadler brand in salads through improving the product quality of our core range and reworking the packaging. As a result, branded sales grew by 4.0% in the second half and our market share increased from a 6.6% to 7.3% during the year. The improved product quality also had a beneficial impact on our sales into the own label salad market. While similar attention on market analysis and product improvement has gone into the fish side of the business we have not been able to offset an unexpected 5.5% decline in the overall market for fish marinades. We have maintained the Nadler market share at 11.8% and are developing plans to modernise the product range.

The establishment of Poland as a stand-alone business unit has helped us benefit from this rapidly developing market by delivering sales growth for the year of 33%. Lisner remains the market-leading brand in fish and spreads, with 24.5% and 56.4% market share respectively, and we are establishing a strong number two position in the fast evolving prepared salad market. The combination of high sales growth in the Polish market, the volume transferred from Bremerhaven and a shortage of skilled labour has required us to strengthen management in a number of key functional areas to improve production efficiency and planning. We are well advanced in this.

The Netherlands business deteriorated as a result of the failure to manage the relationship between brand and own label. We remain the clear branded market leader with 26.8% of the market. Our market share of own-label however fell from 16% to 9% as we were not close enough to our key customers. New management which started in August 2007 is already addressing this issue but not before a major fall in profitability in the second half of 2007.

In order to improve the quality of our new product development we have established a food innovation centre for salads in Losser and concentrated our fish expertise in Poland.

France

The achievement of the French team in 2007 has been exceptional. This was the division where we started the change programme last and yet we have seen tremendous progress already across all aspects of the business. We started the year with the St.Hubert spreads business and the Marie convenience foods business sharing one head office, with the branded frozen ready meals business in steep decline and excessive cost in both the head office and the factories. We ended the year having separated out and sold the St.Hubert spreads business, downsized the remaining head office by 20% to 200, turned the frozen branded business into growth and reduced factory headcount by 120. All of this has been achieved while maintaining the excellent growth of the chilled business and turning a loss into small profit.

The restructuring activities have reduced annual costs by £7m of which about two thirds came through in 2007. We have always emphasised the long-term success of this business will depend largely on our ability to build on the inherent strengths of the Marie brand. The comprehensive Marie re-launch has involved a re-positioning of the brand, improvements in recipes, re-launched packaging, a restructuring of discounts and allowances for our customers, a strengthened field sales force and a change in culture within the business to speed up innovation and decision making. To support all this activity we spent £9.6m on media and marketing and plan to build this investment further as the recovery gathers pace.

We had a reasonably high success rate with our new product initiatives during the year in Frozen. The biggest success has been in Individually Quick Frozen (IQF) ready meals for stir frying. We have increased our market share from 17.8% to 20.3%. Also successful were the frozen pizzas where we increased share from 9.5% to 10.2%. Less successful was the market decline seen in quiche (where we are the market leader) and fish ready meals (where we are losing share). The frozen market has maintained flat to modest growth and is highly competitive. While we are pleased with the progress this year in arresting the decline, we do not underestimate the challenge that remains to sustain consistent growth longer- term.

In Chilled we have reached an overall market share of 4.8% again on the back of a strong stream of new products such as the "Fresh and Good" range of ready meals, the Luang international cuisine launched under the Marie umbrella brand and the Weight Watchers expanded range. Our fastest growing chilled segment is ready meals where we enjoy a market share of 21.6%.

The initial focus of attention has been on the branded side of the business. However, we have created a new business unit serving the food service market and we are confident this additional focus will generate exciting growth opportunities, especially in the evolving restaurant catering market. We have also brought our private label and hard discount business under the branded commercial management because we see opportunities to manage the categories more effectively using a coordinated approach.

Pricing in the French market is more regulated than in the UK. However, gradually the law is changing to allow more flexibility in retail pricing with the objective of driving down consumer prices. This is increasing the competitive pressure on suppliers and it causes greater uncertainty around our ability to pass on raw material price increases in a timely manner. In the second half of 2007, this lag effect held back the profit recovery by approximately £2m.

Despite the competitive environment, we are confident all the changes we are managing through the business has created a strong momentum of improvement and that Marie has a bright future.

Outlook

The Board has overseen dramatic changes to the business management and structure over the last two years in order to bring about a recovery across all divisions. We remain confident that these changes will significantly improve both the sales and margin performance throughout the business in the medium-term. We expect the economic climate to be tougher in 2008 than in 2007.

In the UK, the tough economic environment and the lag in inflation recovery has increased the challenge of maintaining profit at last year's level. The M&S supplier review and our desserts review could also have a significant impact and are expected to pave the way for a stronger and more profitable UK business in the medium-term.

In Northern Europe we are making the expected progress on the ground to improve our capability to deliver margin recovery in 2008 which will be weighted to the second half.

In France the foundations of the recovery were laid in 2007 and, although 2008 has started slowly, we remain confident of achieving progress both at sales and profit level.

We are committed to unlocking significant value for shareholders.

Financial Review

The financial review covers the activities of Uniq plc for the 12 months ended 31 December 2007. Comparative data relates to the 9 month period ended 31 December 2006 as a result of the change in year-end last year.

	2007	9 months
	£m	ended 2006
		£m
Operating Loss	(3.6)	(12.4)
Finance charges	5.5	(9.5)
Profit/(Loss) before significant items	<u>1.9</u>	<u>(21.9)</u>
Significant items	(46.0)	(36.6)
Loss before tax	<u>(44.1)</u>	<u>(58.5)</u>
Tax charge	2.4	8.2
Loss from continuing operations	(41.7)	(50.3)
Discontinued operations (net of tax)	<u>226.7</u>	<u>18.0</u>
Profit for the period	<u>185.0</u>	<u>(32.3)</u>
EPS	162.5p	(28.4)p
Adjusted EPS	3.5p	(1.2)p

The operating result of the French Spreads business which was sold on 16 January 2007 is shown under discontinued operations. All comparative data in the review sections are shown for the continuing business on a constant currency basis.

Loss for continuing operations was £41.7m compared to a loss in the prior year of £50.3m. Adjusted earnings per share improved from a loss of 1.2p per share to earnings of 3.5p per share reflecting the improvements shown in both the UK and France.

Significant items

The following significant items (before tax) were recognised in the period:

	£m
Minsterley impairment	(31.1)
Northern Europe restructuring	(8.5)
French restructuring	(3.1)
Other	0.7
Finance charges	<u>(4.0)</u>
	(46.0)
Business disposals	<u>235.3</u>

As a result of losses in Minsterley, an impairment test was carried out on the net asset value of the site. While we have made significant progress in improving efficiency, our confidence in achieving net volume gains has been reduced by the tough market environment. As a result we have written down goodwill and assets by £31.1m.

The restructuring in Northern Europe includes the closure of a fish production plant in Bremerhaven, which was completed in January 2008 and the restructure of production capacity between plants. Following these changes all fish processing for the German market has been transferred to our Poznan factory in Poland and German potato salad production has moved from Germany into our Losser factory in the Netherlands. The £8.5m cost above includes £2.7m of asset write downs.

Within France, further restructuring costs were incurred in the period linked to creating a separate Marie business and the social plan that commenced at the end of the prior financial period. This restructuring is now complete although the final cash payments will flow out over the next 18 months.

Other significant items include the finalisation of the transfer of all members of the Netherlands defined benefit pension scheme into an industry wide pension scheme and the release of acquisition balances relating to previous group reorganisations.

As a result of our early repayment of debt and the replacement of our banking facility we wrote off £4.6m of the remaining bridging finance arrangement costs and we benefited from £0.6m from early settlement of an interest rate swap. These two items have together been treated as a £4.0m significant finance charge.

During the period the group sold its French Spreads business and its remaining Spanish business. This realised a gain on disposal of £226.3m after £9.0m of tax. The profit from discontinued operations of £226.7m includes £0.4m operating profit after tax up until date of disposal.

Financing

The sale of Spreads triggered the maturity of our bridging banking facility. We replaced this facility with an unsecured £40m working capital facility which expires in March 2010. Excluding the significant finance expense mentioned above, our finance charges can be broken down into three component parts, namely:

	£m
Interest received on restricted cash	3.7
Net interest on bank balances/loans	1.6
Other non-cash finance charges	0.2
Net finance income before significant items	5.5

Net interest on bank balances/loans is broken down into interest receivable £2.7m and interest payable (£1.1m) in the financial statements. Other non-cash finance charges are made up of: IAS 19 pension interest £0.7m, Foreign exchange gains £1.0m, discounting on Wincanton provision (£1.1m), finance leases (£0.1m) and the amortisation of finance arrangement costs of (£0.3m).

Taxation

The tax charge on continuing operations before significant items amounts to £0.6m and is a composite of the rates in the countries in which we do business. In the UK we charge profits at the corporate rate of 28% although we will not pay tax for several years because of tax losses and deferred tax allowances carried forward from prior years totalling £135m, worth approximately £44m at current tax rates. In addition, as and when the funds secured for the UK pension fund are paid into the fund this will be deductible for tax purposes. In France we will charge and pay tax on the income and operating costs of the continuing businesses at a corporate rate of 34%. In Germany the benefit of tax losses has not been recognised, reflecting the current uncertainty in the level of future

taxable profits over brought forward losses totalling £38m and worth approximately £12m. Included in significant items is a tax charge of £9.0m attributable to the gain on disposal of the Spreads business and a tax credit of £3.0m attributable to the reorganisation costs associated with continuing operations.

Pensions

In November 2007 we agreed the Scheme Specific Funding position for the 31 March 2006 valuation with the trustees of the main UK pension scheme. As part of this agreement we agreed to hold £87.0m in a ring-fenced account secured for the benefit of the main UK pension fund. We also agreed that we expected that this sum, together with investment performance over time, would be sufficient to fund the pension scheme. In terms of the agreement we are not obliged to make any additional contributions to the scheme over and above the £87.0m that has already been set aside for the pension. We are obliged to pay the cash over to the scheme when it is tax efficient to do so or in 2017 at the latest. The interest on the £87.0m rolls up within the account and is not available to fund the trading of the company. Additionally we have to obtain trustee approval if we wish to borrow secured funds greater than £25m or sell any business with a value greater than £25m.

Main UK scheme: The IAS19 deficit at £52.3m has decreased by £32.2m versus last year despite changing the assumption on longevity to align our assumptions with Scheme Specific funding which increased the liability by £9.0m. This is a result of favourable changes between the two period ends and the discount rate used to amortise the liabilities. The pension deficit, as measured by IAS 19, is extremely sensitive to short term changes in market conditions; a 0.1% change in the discount rate changes the liabilities by around £12m and a 5% change in the market value of equity investments changes the net deficit by around £19m. The other major determinant of the deficit is the assumption used on longevity. In all our calculations we are using "Medium Cohort" assumptions in common with almost all major funds, if we were to apply "Long Cohort" assumptions the liability would increase by circa £30m. High level estimates of the buyout cost of the scheme have been sought. These indicate that while the buyout premium above IAS 19 could be as much as £200m, given the rapidly evolving nature of the buyout market, the premium could be substantially lower.

Other UK schemes: In addition to the main scheme, the UK operates an unfunded overcap scheme, two small legacy schemes (which are in the process of being run-down) as well as paying medical benefits to certain past employees. The outstanding liability on these schemes amounts to £5.3m.

Overseas schemes: During the year the Netherlands transferred its remaining liability over to the industry wide scheme and closed the scheme. This diversifies the risk and removes the IAS19 liability from the balance sheet. It is now accounted for as a defined contribution scheme. All remaining European schemes are unfunded.

The IAS19 service charge recognised in the profit and loss account amounted to £3.4m which compared with £3.0m in the prior 9 month period.

The net pension finance credit in the period was £0.7m and compared to £0.4m in the prior year. This amount is impacted by the balance between the relative mix of bonds and equity and of liabilities at the start of the financial year.

Financial position

On receipt of the Spreads proceeds we repaid our existing borrowings and set aside cash in favour of the main UK pension fund. This has resulted a turnaround from a net debt position of £83.4m in 2006 to a net cash position of £31.6m, excluding £90.4m (including accumulated interest) set aside for the main UK pension fund. At 31 December 2007 we are holding provisions for the French and Northern European restructuring amounting to £6.3m, which are expected to be utilised in 2008 and £17.1m in respect of the onerous element of the Wincanton contract, part of which is subject to litigation.

Funds flow

	2007
	£m
Operating profit	(3.6)
Depreciation	21.6
Purchase & Disposal of fixed assets	(23.9)
(Increase)/decrease in working capital	4.2
OPERATING CASHFLOW	(1.7)
Interest	4.5
Tax & Dividends	(12.4)
Other	(1.4)
Underlying cash outflow	(11.0)
Discontinued operations	238.4
Provisions & significant items	(16.4)
Special pension contribution	(3.8)
Total cashflow	207.2
Restricted cash	(90.4)
FX and non cash movements	(1.8)
Total funds flow	115.0
Opening net debt	(83.4)
Closing net cash	31.6

During the period the group (including discontinued operations) showed an operating cash outflow of £1.7m. The major cash flows were below the operating level. Major inflows were the proceeds on disposals of £241.9m offset by discontinued operating cashflows of £3.5m up until date of disposal and interest received (including on restricted cash) of £4.5m. These were offset by cash included in restricted cash, spend on provisions and significant items, tax and dividends.

Movement in Shareholders' funds

	2007
	£m
Opening balance	29.4
Loss for period (excl gain on disposals)	(41.7)
Gain on business disposals	226.7
Dividends	(5.9)
Net actuarial gain (after tax)	16.2
Other (mainly exchange)	10.0
	234.7

Shareholders' funds increased by £205.3m to £234.7m, the majority of which is as a result of the profit for the year of £185.0m, a net actuarial gain (after tax) of £16.2m offset by a dividend paid of £5.9m. The majority of the £10.0m other increase is as a result of the closing €/£ exchange rate moving from 1.47 in the prior year to 1.36 in the current year.

Business performance measurement

The group measures its performance using a series of KPIs both financial and non financial. The financial KPIs are: sales growth; gross margin percentage; operating profit percentage and return on capital. The non financial KPIs vary according to the business unit.

Senior management are remunerated with both bonuses based on group and divisional financial performance and by share incentives, more details of which are included in the remuneration report.

Financial risk

The group is subject to financial risks, but has procedures and controls in place to mitigate these risks. The groups major financial risks identified can be split as follows:

Market risk- Market risk can be broken down into currency risk and interest rate risk. The group has formal procedures and policies to mitigate these risks.

Credit risk- The majority of the group's customers are large, established retail organisations with a good credit record. As a result the group does not have significant concentrations of credit risk.

Liquidity risk- During the year the group has been in a net cash position and therefore liquidity risk has been low. Although we will start to utilise a portion of the £40m working capital facility in 2008 liquidity risk remains low due to our controls around cash management.

Income statement

for the year ended 31 December 2007

	Year ended 31 Dec 2007			9 months ended 31 Dec 2006		
	Before Significant items £m	Sig- nificant items (note 2) £m	Total £m	Before Sig- nificant items £m	Significant items (note 2) £m	Total £m
CONTINUING OPERATIONS						
Revenue (note 1)	736.1	-	736.1	541.2	-	541.2
Cost of sales	(603.3)	-	(603.3)	(449.6)	(1.7)	(451.3)
Gross profit	132.8	-	132.8	91.6	(1.7)	89.9
Distribution expenses	(46.1)	-	(46.1)	(34.7)	-	(34.7)
Marketing and media expenses	(15.6)	-	(15.6)	(11.1)	-	(11.1)
Administrative expenses	(74.7)	(42.0)	(116.7)	(58.2)	(38.0)	(96.2)
Other operating income	-	-	-	-	3.1	3.1
Operating loss (note 1)	(3.6)	(42.0)	(45.6)	(12.4)	(36.6)	(49.0)
Finance income	8.1	-	8.1	2.2	-	2.2
Finance expenses	(2.6)	(4.0)	(6.6)	(11.7)	-	(11.7)
Profit/(loss) before tax	1.9	(46.0)	(44.1)	(21.9)	(36.6)	(58.5)
Income tax (expense)/credit	(0.6)	3.0	2.4	5.9	2.3	8.2
Profit/(loss) from continuing operations	1.3	(43.0)	(41.7)	(16.0)	(34.3)	(50.3)
DISCONTINUED OPERATIONS						
Profit from discontinued operations (net of tax) (note 7)	0.4	226.3	226.7	13.9	4.1	18.0
Profit/(loss) for the period (note 1)	1.7	183.3	185.0	(2.1)	(30.2)	(32.3)
Profit/(loss) attributable to equity holders of the company	1.7	183.3	185.0	(2.1)	(30.2)	(32.3)
Earnings per ordinary share (note 3)						
Basic and diluted						
			162.5p			(28.4)p
Continuing operations			(36.7)p			(44.2)p
Discontinued operations			199.2p			15.8p
Average Euro exchange rate			1.46			1.47

Balance sheet
at 31 December 2007

	31 Dec 2007 £m	31 Dec 2006 £m
ASSETS		
Non-current assets		
Property, plant and equipment	162.0	184.8
Intangible assets	45.3	46.2
Restricted cash (note 5)	90.4	-
Deferred tax assets	31.7	45.0
	329.4	276.0
Current assets		
Inventories	51.1	47.3
Trade and other receivables	132.8	123.7
Cash and cash equivalents	33.6	9.0
Assets classified as held for sale	2.3	22.7
	219.8	202.7
Total assets	549.2	478.7
LIABILITIES		
Non-current liabilities		
Borrowings (note 8)	1.1	91.3
Retirement benefit obligations (note 9)	76.0	107.8
Derivative financial liabilities	-	1.0
Provisions	15.8	12.6
Deferred tax liabilities	5.2	6.4
	98.1	219.1
Current liabilities		
Borrowings (note 8)	0.9	1.1
Trade and other payables	194.3	178.1
Provisions	8.7	18.4
Income tax liabilities	12.5	12.0
Liabilities associated with assets classified as held for sale	-	20.6
	216.4	230.2
Total liabilities	314.5	449.3
Total assets less liabilities	234.7	29.4
EQUITY		
Shareholders' equity		
Total called up share capital	11.5	11.5
Share premium	0.1	0.1
Other reserves	(315.3)	(324.6)
Retained earnings	538.4	342.4
Total equity attributable to equity holders of the company (note 10)	234.7	29.4
Closing Euro exchange rate	1.36	1.48

Cash flow statement

for the year ended 31 December 2007

	Year ended 31 Dec 2007 £m	9 months ended 31 Dec 2006 £m
CONTINUING OPERATIONS		
Cash flows from operating activities		
Loss before tax	(44.1)	(58.5)
Net finance (income)/costs	(1.5)	9.5
Depreciation and amortisation	21.6	15.9
Goodwill impairment	2.3	28.6
Asset impairment	31.6	-
Charge for share-based payments	0.6	0.6
Gains/(losses) on curtailment and settlements on pensions	0.9	(3.1)
Difference between pension charge and cash contributions	(6.2)	(12.4)
(Increase)/decrease in inventory	(0.7)	0.2
(Increase)/decrease in accounts receivable	(0.8)	(23.1)
Increase in accounts payable	5.7	9.4
Decrease/(increase) in working capital	4.2	(13.5)
Decrease in provisions	(9.1)	(2.0)
Cash generated from/(utilised by) operations	0.3	(34.9)
Interest paid	(1.9)	(14.1)
Interest received	6.4	1.8
Income tax (paid)/received	(3.7)	0.7
Net cash generated from/(utilised by) operating activities	1.1	(46.5)
Cash flows from investing activities		
Purchases of property, plant and equipment	(23.9)	(15.5)
Proceeds from sale of property, plant and equipment	1.4	0.8
Purchases of intangible assets	(1.4)	(0.4)
Net cash outflow from investing activities	(23.9)	(15.1)
Cash flows from financing activities		
(Repayment of)/proceeds from borrowings	(95.0)	2.9
Cash included in restricted cash	(90.4)	-
Equity dividends paid	(8.7)	(5.1)
Share options exercised	0.3	0.1
Net cash outflow from financing activities	(193.8)	(2.1)
DISCONTINUED OPERATIONS		
Net cash from operating activities	(3.5)	17.0
Net cash from investing activities	241.9	35.1
Net cash from discontinued operations	238.4	52.1
Net increase/(decrease) in cash and cash equivalents	21.8	(11.6)
Cash and cash equivalents at beginning of period	9.0	19.6
Effect of foreign exchange rate changes	2.8	1.0
Cash and cash equivalents at end of period	33.6	9.0
Cash and cash equivalents consist of:		
Cash at bank and in hand	33.6	9.0
Bank overdrafts	-	-
	33.6	9.0

Statement of recognised income and expense
for the year ended 31 December 2007

	Year ended 31 Dec 2007 £m	9 months ended 31 Dec 2006 £m
Actuarial gain recognised on the pension schemes	26.3	0.1
Movement on deferred tax relating to pensions		
- on actuarial gain	(10.1)	(0.1)
- excess tax relief on contributions paid	-	(4.6)
Period movement on hedging items		
- amount recognised in equity during the period	(1.1)	(0.6)
- amount removed from equity and included in the income statement	-	(0.9)
Foreign currency translation differences for foreign operations	10.4	(0.1)
Net income/(expense) recognised directly in equity	25.5	(6.2)
Profit/(loss) for the period	185.0	(32.3)
Total recognised income and expense for the period	210.5	(38.5)
Attributable to equity holders of the company	210.5	(38.5)

Notes to the financial statements
for the year ended 31 December 2007

1 Segmental analysis summary
Geographic Segment

The primary segment reporting format is determined to be the geographical segments as the group's risks and rates of return are affected predominantly by the location of its customers. The group has three geographical segments, namely the UK, Northern Europe and France. Northern Europe consist of Germany, Netherlands and Poland. Each segment's location of customers and location of assets are similar.

Segment result for the prior period has been restated showing the group costs separately. Previously, this was allocated to the segments on the basis of their segment revenue.

	for the year ended 31 December 2007						
	United Kingdom	Northern Europe	France	Eliminations & Corporate	Continuing operations	Discontinued operations	Consolidated
	£m	£m	£m	£m	£m	£m	£m
Revenue							
External revenue	345.2	208.6	182.3	-	736.1	2.5	738.6
Inter-segment revenue	1.3	0.6	0.8	(2.7)	-	-	-
Total segment revenue	346.5	209.2	183.1	(2.7)	736.1	2.5	738.6
Result							
Segment result before significant items	5.9	(3.4)	0.2	(6.3)	(3.6)	0.6	(3.0)
Significant items	(31.1)	(9.4)	(3.1)	1.6	(42.0)	-	(42.0)
Segment result after significant items	(25.2)	(12.8)	(2.9)	(4.7)	(45.6)	0.6	(45.0)
Interest expense					(6.6)	-	(6.6)
Interest income					8.1	-	8.1
Income taxes					2.4	(0.2)	2.2
Profit from discontinued operations (net of tax)					-	226.3	226.3
(Loss)/profit for the period					(41.7)	226.7	185.0

	9 months ended 31 December 2006 (restated)						
	United Kingdom	Northern Europe	France	Eliminations & Corporate	Continuing operations	Discontinued operations	Consolidated
	£m	£m	£m	£m	£m	£m	£m
Revenue							
External revenue	258.0	160.0	123.2	-	541.2	78.4	619.6
Inter-segment revenue	2.6	2.1	0.7	(5.4)	-	-	-
Total segment revenue	260.6	162.1	123.9	(5.4)	541.2	78.4	619.6
Result							
Segment result before significant items	(1.8)	(1.7)	(3.9)	(5.0)	(12.4)	21.1	8.7
Significant items	(1.7)	(25.5)	(9.4)	-	(36.6)	-	(36.6)
Segment result after significant items	(3.5)	(27.2)	(13.3)	(5.0)	(49.0)	21.1	(27.9)
Interest expense					(11.7)	-	(11.7)
Interest income					2.2	-	2.2
Income taxes					8.2	(7.2)	1.0
Profit from discontinued operations (net of tax)					-	4.1	4.1
(Loss)/profit for the period					(50.3)	18.0	(32.3)

Notes to the financial statements
for the year ended 31 December 2007

2 Significant items

	Year ended 31 December 2007 £m	9 months ended 31 December 2006 £m
Northern Europe restructuring	(8.5)	-
French restructuring	(3.1)	(9.4)
Pension curtailment (loss)/gain	(0.9)	3.1
Reversal of acquisition creditors	1.6	-
Goodwill impairment	(2.3)	(28.6)
Impairment of assets	(28.8)	-
Minsterley reorganisation costs	-	(1.7)
	(42.0)	(36.6)
Significant finance costs	(4.0)	-
	(46.0)	(36.6)
Tax credit on significant items	3.0	2.3
Continuing operations	(43.0)	(34.3)
Discontinued operations (net of tax)	226.3	4.1
	183.3	(30.2)

Northern Europe restructuring

During the year, various restructuring programmes were announced to address the under performance of the German operations. As a result, the factory in Bremerhaven was closed and fish and potato production was transferred to other factories in Northern Europe. The costs incurred include redundancy payments and the impairment of assets.

French restructuring

During the year, the group committed to further costs in respect of the reorganisation of the Marie Convenience business subsequent to the separation from the divested Spreads business. This followed the initial plans regarding the social plan that had been announced and provided for in 2006.

Pension curtailment loss

During the period the transfer of the Dutch pension scheme to an industry wide fund was finalised.

Reversal of acquisition creditors

This comprises the release of acquisition balances relating to previous group reorganisations.

Goodwill impairment

Goodwill relating to the Minsterley site in the United Kingdom was identified to be in excess of its carrying value, and was written down to zero.

Impairment of assets

This represents certain buildings and plant and equipment impaired at the Minsterley site.

Significant finance costs

The finance item represents the cost of £4.6m of the remaining bridging finance arrangement fees and £0.6m profit on the early settlement of an interest rate swap.

Discontinued operations

This comprises the gain on the sale of St Hubert SAS which completed on 16 January 2007 and the loss on the sale of Natural Food SA on 7 June 2007. Further details on the gain and loss are disclosed in note 7.

Notes to the financial statements
for the year ended 31 December 2007

3 Earnings per share ("EPS")

Basic and diluted EPS

Basic EPS is calculated on the basis of the weighted average of 113.8m (31 December 2006: 113.6m) ordinary shares in issue and a profit for the year of £185.0m (31 December 2006: loss of £32.3m). At year-end there are no potential ordinary shares that have a dilutive effect on continuing operations.

Potential ordinary shares which may dilute EPS in the future include share options and performance incentive plan shares granted by the company. This was not included in the calculation of dilutive EPS as they were anti-dilutive for the current period.

Adjusted EPS

Adjusted EPS is shown by reference to profit/(loss) before significant items and related tax. It also excludes tax on prior year items and exchange gains and losses on non-permanent intercompany loans. 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:

	Year ended 31 December 2007	9 months ended 31 December 2006
	£m	£m
Adjusted Basic and diluted EPS on total group		
Profit/(loss) for the period	185.0	(32.3)
Significant items on continuing operations	46.0	36.6
Significant items on discontinued operations	(235.3)	(4.1)
Exchange gains on non-permanent intercompany loans	2.3	1.2
Adjusted total	(2.0)	1.4
Related tax	6.0	(2.3)
Exclude tax charge on prior year items	-	(0.5)
Adjusted profit/(loss)	4.0	(1.4)
	Pence per share	Pence per share
Adjusted basic and diluted EPS on total group	3.5	(1.2)

4 Dividends

	Year ended 31 Dec 2007	9 months ended 31 Dec 2006	Year ended 31 Dec 2007	9 months ended 31 Dec 2006
	Pence per share	Pence per share	£m	£m
Dividends paid by Uniq plc:				
- Interim dividend	2.5	2.5	2.8	2.8
- Final dividend	2.75	4.5	3.1	5.1
	5.25	7.0	5.9	7.9
Interim dividend	2.5	2.5	2.8	2.8
Proposed final dividend	-	2.75	-	3.1
	2.5	5.25	2.8	5.9

5 Restricted Cash

An amount of £84.5m, which was equal to the main UK fund's net IAS 19 pension deficit as at 31 December 2006, was placed into a secure account in favour of that pension fund. An additional £2.5m of the historic £15m additional contributions was paid into this account together with interest earned of £3.4m, bringing the total in the account to £90.4m. This cash together with pension out performance was agreed as a funding arrangement with the Scheme's trustees. We are obliged to pay over the restricted cash to the pension fund by 31 March 2016 or earlier, if it is tax efficient to do so.

Notes to the financial statements
for the year ended 31 December 2007

6 Business Disposals

During the period, the group disposed of two businesses, St Hubert SAS and Natural Food SA. The sale of St Hubert SAS to Dairy Crest plc completed on 16 January 2007 for a gross consideration of £248.4m. The sale of Natural Food SA was completed on 7 June 2007 for a gross consideration of £0.4m. In 2006, the group disposed of two businesses, Uniq Belgium NV and Andros Food SA.

	St Hubert SAS £m	Natural Food SA £m	Year ended 31 Dec 2007 Total £m	9 months ended 31 Dec 2006 Total £m
Property, plant and equipment	4.9	0.3	5.2	2.3
Intangible assets	-	-	-	29.5
Working capital	1.0	0.1	1.1	2.9
Provisions	(0.7)	-	(0.7)	(0.1)
Tax	1.0	-	1.0	(2.4)
Net assets disposed	6.2	0.4	6.6	32.2
Gross cash consideration received	248.4	0.4	248.8	38.0
Disposal costs	(6.8)	(0.1)	(6.9)	(1.7)
	241.6	0.3	241.9	36.3
Gain/(loss) on disposal before tax	235.4	(0.1)	235.3	4.1

7 Discontinued Operations

Profits attributable to the discontinued operations were as follows:

	Year ended 31 Dec 2007 £m	9 months ended 31 Dec 2006 £m
Results of discontinued operations		
Revenue	2.5	78.4
Expenses	(1.9)	(57.3)
Operating profit	0.6	21.1
Income tax expense	(0.2)	(7.2)
Profit after tax before significant items	0.4	13.9
Significant items	226.3	4.1
Business Disposal	235.3	4.1
Tax on business disposal	(9.0)	-
Profit for the period	226.7	18.0

8 Borrowings

	31 Dec 2007				
	Cash and over- drafts £m	Borrowings due within one year £m	Borrowings due after one year £m	Borrowings £m	Net cash/(debt) £m
Analysis of net cash/(debt)					
Opening balance	9.0	(1.1)	(91.3)	(92.4)	(83.4)
Effect of foreign exchange rate changes	2.8	-	-	-	2.8
Cashflow	21.8	0.2	94.8	95.0	116.8
Non cash movements	-	-	(4.6)	(4.6)	(4.6)
Closing balance	33.6	(0.9)	(1.1)	(2.0)	31.6

With the completion of the sale of St Hubert SAS, the company's £160m facility expired and was replaced by a revolving £40m working capital facility that expires in March 2010. Interest is paid on the facility at a rate of 0.95% above LIBOR. At year-end, the facility had not been utilised.

Notes to the financial statements
for the year ended 31 December 2007

9 Retirement benefit obligations

Assumptions	UK						Overseas		
	31 Dec	31 Dec	31 March	31 Dec	31 Dec	31 March			
	2007	2006	2006	2007	2006	2006			
	%	%	%	%	%	%			
Inflation	3.3	3.0	2.9	1.6	1.8	1.9			
Pension increases	3.2	3.0	2.9	1.5	2.3	1.9			
Salary growth									
- Standard	4.8	4.5	4.4	2.5	2.7	2.7			
- Senior Management	6.3	6.0	5.9	2.6	2.7	2.7			
Discount rate	6.0	5.3	5.1	5.3	4.4	4.7			
Expected return for:									
- equities	7.6	7.5	7.4	8.0	8.0	7.5			
- bonds	4.7	4.6	4.4	5.0	5.0	5.0			
- other	4.4	4.3	4.2	5.0	5.0	5.0			

During the year the mortality assumptions for the UK schemes were changed from PA92MC+1 to PA92MC. These assumptions allow for future improvements according to the medium cohort projections, based on each individual's year of birth, with an adjustment to the underlying rates of mortality of +10% for those who left before 2000. The longevity assumptions are therefore:

	31 Dec 2007 Years	31 Dec 2006 Years
Life expectancy of a male aged 65 in 2007 (pre 2000 leaver)	21.2	20.9
Life expectancy of a male aged 65 in 2007 (post 2000 leaver)	21.9	20.9
Life expectancy of a male aged 65 in 2027 (pre 2000 leaver)	22.3	22.0
Life expectancy of a male aged 65 in 2027 (post 2000 leaver)	23.0	22.0

Sensitivity analysis of the main UK pension fund		31 Dec 2007 Approximate change in Defined Benefit £m
Life expectancy	- 1 year longer/(shorter)	19.0
Discount rate	- increase/(decrease) of 0.1%	12.0
Inflation	- increase/(decrease) of 0.1%	9.0
Mortality	- change from PA92MC to PA92LC	30.0

Notes to the financial statements
for the year ended 31 December 2007

The tables below sets out the fair value of assets, the present value of the IAS 19 liabilities and the deficit of assets below the IAS 19 liabilities (which equals the net pension deficit). The fair value of the schemes' assets is not intended to be realised in the short term and may be subject to significant changes before realisation. The present value of the schemes' liabilities is derived from cash flow projections over long periods and is thus inherently uncertain.

	31 December 2007			31 December 2006		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
Fair value of assets:						
- Equities	377.6	-	377.6	358.4	-	358.4
- Bonds and gilts	222.9	-	222.9	246.2	-	246.2
- Other	15.2	0.1	15.3	1.1	18.8	19.9
Fair value of plan assets	615.7	0.1	615.8	605.7	18.8	624.5
Defined benefit obligation:						
Funded	(668.0)	(0.1)	(668.1)	(690.7)	(22.0)	(712.7)
Wholly unfunded	(8.5)	(15.2)	(23.7)	(3.3)	(16.3)	(19.6)
Present value of defined benefit obligation	(676.5)	(15.3)	(691.8)	(694.0)	(38.3)	(732.3)
Net liability in balance sheet	(60.8)	(15.2)	(76.0)	(88.3)	(19.5)	(107.8)

	31 December 2007			31 December 2006		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
Movement in deficit during the period:						
Opening balance	(88.3)	(19.5)	(107.8)	(101.8)	(23.3)	(125.1)
Current service cost	(3.0)	(0.5)	(3.5)	(2.6)	(0.4)	(3.0)
Past service cost	-	0.1	0.1	-	-	-
Curtailements and settlement	-	0.8	0.8	-	3.1	3.1
Contributions	6.9	-	6.9	14.0	-	14.0
Net finance credit/(charge)	1.4	(0.7)	0.7	0.7	(0.3)	0.4
Benefits paid	1.2	0.7	1.9	0.7	0.5	1.2
Actuarial gain/(loss)	21.0	5.3	26.3	0.7	(0.6)	0.1
Transferred to held for sale	-	-	-	-	0.5	0.5
Exchange	-	(1.4)	(1.4)	-	1.0	1.0
Closing balance	(60.8)	(15.2)	(76.0)	(88.3)	(19.5)	(107.8)

10 **Shareholders' equity**

	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Trans- lation reserve £m	Retained earnings £m	Total £m
At 1 January 2007	11.5	0.1	(330.2)	1.1	4.5	342.4	29.4
Profit for the period	-	-	-	-	-	185.0	185.0
Share-based compensation charge	-	-	-	-	-	0.4	0.4
Share options exercised	-	-	-	-	-	0.3	0.3
Dividends	-	-	-	-	-	(5.9)	(5.9)
Gains and losses deferred in equity	-	-	-	(1.1)	-	-	(1.1)
Net actuarial gain on pension schemes (net of tax)	-	-	-	-	-	16.2	16.2
Exchange	-	-	-	-	10.4	-	10.4
At 31 December 2007	11.5	0.1	(330.2)	-	14.9	538.4	234.7

Notes to the financial statements for the year ended 31 December 2007

11 Accounting Policies

Accounting convention and basis of preparation

Uniq plc is a company incorporated in the UK. The group financial statements consolidate those of the company and its subsidiaries (together referred to as the group). The parent company financial statements present information about the company as a separate entity and not about its group.

Both the parent company financial statements and the group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards (IFRS). In publishing the parent company financial statements here together with the group financial statements, the company has taken advantage of the exemption in s230 of the Companies Act 1985 not to present its individual income statement and related notes that form a part of these approved financial statements.

The financial statements are prepared on the historical cost basis except for certain financial instruments that are stated at their fair values.

These consolidated financial statements have been prepared in accordance with IFRS, International Accounting Standards (IAS) and related IFRIC interpretations in issue, that have been endorsed by the European Commission and are effective at 31 December 2007, or where the group has chosen to early adopt at 31 December 2007 ('adopted IFRS').

New accounting policies and future requirements

The following standards or interpretations, issued by the IASB or the IFRIC came into effect during the year and have been adopted by the group:

Amendment to IAS 1 Presentation of Financial Statements Capital Disclosures

IFRS 7 - Financial Instruments: Disclosures

IFRIC 8 - Scope of IFRS 2

IFRIC 9 - Re-assessment of Embedded Derivatives

IFRIC 10 - Interim Financial Reporting and Impairment

The standards listed above did not have a significant effect on the consolidated results or financial position of the group or the company.

The following standards or interpretations, issued by the IASB or the IFRIC, have been adopted by the European Commission, but only become effective for accounting periods after 31 December 2007:

IFRS 8 – Operating Segments, introduce the management approach to segment reporting. IFRS 8 which becomes mandatory for the group's 2009 financial statements, will require disclosure of segment information based on the internal reports regularly reviewed by the Chief Operating Decision Maker in order to assess each segment's performance. Under the current reporting standard, the group is presenting the information in the same way as it does to the Chief Operating Decision Maker.

IFRIC 11 *IFRS 2* – Group and Treasury Share Transactions, requires a share-based payment arrangement in which an entity receives goods and services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments are obtained. IFRIC 11 will become mandatory for the group's 2008 financial statements, with retrospective application. The group and the company do not currently believe the adoption of this interpretation will have a significant effect on the consolidated results or financial position.

Financial year

The financial statements are prepared to reflect trading up to the Saturday nearest to the accounting reference date. This year's income statement covers the 52-week period ended 29 December 2007. Last year's income statement covered the 39 weeks ended 30 December 2006.

Notes to the financial statements
for the year ended 31 December 2007

- 12 The financial information set out in the preliminary announcement does not constitute the group's statutory accounts for the year ended 31 December 2007 and nine months ending 31 December 2006. The statutory accounts for the period ended 31 December 2007 have been audited and will be delivered to the Registrar for Companies following the company's Annual General Meeting.

The financial information for the nine month period ending 31 December 2006 has been derived from the statutory accounts for the period ended 31 December 2006 and has been delivered to the Registrar of Companies. The auditors have reported on the accounts for the period ended 31 December 2006; 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 15 May in the lecture theatre of Citrix Systems UK Ltd, Chalfont Park House, Chalfont Park, Gerrards Cross, Bucks SL9 0DZ.