

30 July 2008

**Uniq PLC**  
**Final Results for Half Year Ended 30 June 2008**

***FURTHER PROGRESS IN RECOVERY***

Uniq, the European chilled convenience food group, today announces results for the six months to 30 June 2008. Highlights include:

- underlying sales growth of 1.5%<sup>1</sup> in harsh economic environment;
- continued recovery in France, Germany and Poland;
- implementation of structural solution to desserts in the UK; and
- prepared for uncertain and volatile trading environment.

Commenting on the first half performance and on the outlook for the Group, Geoff Eaton, Chief Executive of Uniq plc, said:

"It has been a tough first half of the year but we are taking action to ensure we are able to meet the challenges ahead and we remain confident of making significant further progress in unlocking the true potential of Uniq."

**Financial Highlights**

	<b>30.06.08</b> <b>6 months</b> <b>£m</b>	<b>30.06.07</b> <b>6 months</b> <b>£m</b>
Revenue	394.5	360.3
<b>Before significant items</b>		
Operating loss	(6.1)	(6.6)
Loss before tax	(4.2)	(3.7)
Adjusted earnings per share <sup>2</sup>	(2.8)p	1.3p
<b>Significant items before tax</b>	<b>5.0</b>	<b>220.0</b>
- continuing	5.0	(14.6)
- discontinued	-	234.6
<b>After significant items</b>		
Operating loss	(1.1)	(17.2)
Profit/(loss) before tax	0.8	(18.3)
Profit after discontinued operations and tax	1.4	209.9
Basic earnings per share	1.2p	184.6p

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

2 Adjusted earnings per share exclude significant items, prior year tax credits and exchange gains and losses arising on non-permanent inter-company loans

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## Half year report – 6 months ended 30 June 2008

As we reach the half way point in our five year recovery plan, we are pleased to report further underlying progress in the first six months of this year. Whilst the results for the period were held back by the challenging economic environment, we have continued to drive operational improvements across the business. The current trading environment has introduced increased uncertainty. However, we have a strong management team to deal with these conditions and a significant agenda of change and improvement across the business.

Revenue for the Half Year was up 1.5% on a constant currency basis<sup>1</sup> at £394.5m, with Northern Europe and France higher than the first half of 2007 and the UK at similar levels. The operating loss before significant items was £6.1m and, while this was a £0.5m improvement, the result was held back by delays in inflation recovery and the performance of the Netherlands salads business. Overall gross margins were reduced by 1.6%, as a result of the delay in recovering cost inflation.

In the UK, we achieved greater success in securing price increases towards the end of the period to repair our margins for the second half. However, inflationary pressures continue and margin management will be an ongoing challenge. We have implemented a further round of cost reduction and continue to increase efficiency through our business improvement programme. Following the review of our desserts business, at the end of April we announced the closure of our desserts facility at Paignton. The recovery of Minsterley has created sufficient capacity to absorb the Paignton volumes and leave adequate room for future growth. The significant saving in overhead costs will start to come through in the last few months of 2008.

In Northern Europe, we continue to make progress in reducing losses in Germany. In the Netherlands, after a disappointing first quarter, our salads business started to show signs of improvement in the second quarter, as the recovery plan gained traction. Our sandwich business had a very good first half with even higher growth expected in the second half. Poland continues to grow strongly and, having strengthened management, we are delivering improving efficiencies in the factory.

In France, we have made progress across all aspects of the business. However, the French retail market has been hit hard by the economic downturn and our brands have done well to maintain market share. We are relatively well placed in such a tough market because of the mix of our business between brands, private label, hard discount and food service.

	2008 £m	2007 £m	Variance <sup>1</sup> %
<b>Net external revenue</b>			
UK	168.6	167.6	0.6
Northern Europe	119.4	116.0	3.0
France	106.5	105.1	1.4
<b>Group Continuing</b>	<b>394.5</b>	<b>388.7</b>	<b>1.5</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Operating profit/(loss)<sup>2</sup></b>			
UK	(3.6)	(1.6)	(2.0)
Northern Europe	(2.0)	(0.5)	(1.5)
France	2.2	(1.1)	3.3
Group Costs	(2.7)	(3.4)	0.7
<b>Group Continuing</b>	<b>(6.1)</b>	<b>(6.6)</b>	<b>0.5</b>

<sup>1</sup> Where % changes on prior year are given they are for the comparable period last year on a constant currency basis

<sup>2</sup> Before significant items

## **UK**

Revenue for the UK was 0.6% better than the prior first half. Strong growth in food to go and fish was held back by the loss of volume in our desserts business in the second half of 2007, a trend which we expect to start to turn positive in the second half of 2008. The operating loss before significant items was £3.6m, which was £2.0m below the first half of 2007, reflecting the delay in recovery of cost inflation and the lost desserts volume.

The trading environment has been tough and we have seen inflationary pressures in commodities such as wheat, milk, cream and energy costs. Consumers have also been hit by rising costs and there is some retail evidence of trading down due to budget constraints.

The cash cost of closing Paignton and transferring business to Minsterley is £8m of redundancy and other one off costs and £12m of capital investment. This project is on schedule and we are pleased to have secured agreement with customers for the transfer of the majority of the Paignton turnover. We estimate the reduction in overhead costs will be more than £11m per annum and that this will be fully realised by the end of 2009.

Sales in desserts, yoghurt and cottage cheese at £75.6m were down 8% on the first half of 2007. Our desserts and yoghurt new product development programme is gaining momentum with both existing and potential new customers. The strengthening of the Euro against sterling and the increase in transport costs has improved UK supply economics relative to the Continent.

The cottage cheese market has been in decline for a number of years and is exposed to the considerable inflation in dairy products. We have a major new product launch in August, building on the inherently healthy characteristics of cottage cheese, which is intended to address this decline.

The momentum in our food to go business continued to build in the first half with sales growth of 13% to £54.1m. We secured 100% exclusivity of the new M&S premium Gourmet to Go range, enhanced our growth through the roll out of the innovative fresh salad wraps and our airline business progressed well despite the harsh climate.

Sales at Pinneys grew 7% to £25.1m, largely due to the success of the M&S fish Cook! range. We have secured an annualised £4m of new business for the second half as a result of the closure of a competitor's factory and continue to explore opportunities to grow the volume through our factory to deliver an acceptable return.

Our salads business at Spalding was flat in the first half. The market we serve remains highly competitive and oversupplied. We have continued to cut costs to improve efficiency and develop new products to diversify the range. We are targeting a number of new business opportunities in the second half while vigorously defending our current volumes.

In addition to the cost benefits arising from the roll out of the Uniq business improvement process developed at Minsterley, the division has reduced salary costs by a further 15%. We expect this to generate annual savings of £3m, starting in the second half, at a one off cost of £2m.

## **Northern Europe**

Revenue in Northern Europe was 3.0% higher than the prior first half, reflecting a slowing of the decline in Germany and the high growth being delivered in Poland and in Netherlands sandwiches. The operating loss before significant items of £2.0m was £1.5m adverse to 2007, entirely due to the deterioration in Netherlands salads, which was reported in the second half of 2007.

The economic background has been tough in all countries other than Poland, where we have experienced healthy growth. Inflation has been particularly severe in vegetable oil and transport costs, which has resulted in a difficult pricing environment. The supply of fish is being affected by rising costs, anticipated quota reductions and rapid consolidation of primary fish processors. Margins in the fish category in the hard discount market have become unsustainably low and we are starting to secure much needed price increases.

In Germany, the decline in sales we have experienced for many years has slowed considerably. In recent months, our Nadler brand has increased market share in salads by 1% to 6.9%, which has been achieved through improved product quality and freshness in our core ranges of meat, cabbage and potato salads. This success has yet to be replicated in fish and we are working on new initiatives to stimulate the market, building on the experience we have gained in the salads market.

The business unit recently created to focus on the hard discount and private label markets in Germany has been successful in winning new business as a result of having a lower cost base and a better understanding of the needs of its customers.

The consolidated result for Germany for the half year was a reduced loss of £2.2m, £0.7m better than the prior half year. Step by step, the radical restructuring of our German operations is positioning each part of the business for a return to profit.

In Poland, sales grew by 20% and we have made good progress in improving efficiency and resolving some of the management and labour issues. The Lisner brand is growing share in each of its markets. We are looking to extend the brand into adjacent sectors and we are currently running a pilot for a range of frozen fish based ready meals. For the half year, the Polish business made a profit of £1.1m which, although slightly down on the first half of 2007, reflects an improvement on the difficult second half.

Sales in the Netherlands salads business were down in the first half, largely because of the loss of private label revenue previously reported in 2007. We have implemented a recovery plan covering all aspects of the business and the new management team have begun to deliver improvements in performance. On the commercial side, the main focus is on balancing the positioning of the brand with the development of private label. The operational inefficiencies of the site in Losser, brought about by the transition to fresher product with fewer additives and the re-launch of the branded range in new pack formats, are being addressed through process improvements and end of line automation.

The sandwich business grew sales by 24% by widening the product range with new products, such as frozen panini, and addressing new markets in Germany.

## **France**

Sales were 1.4% better than last year, which reflects the continued recovery of our business in very challenging markets. Operating profit before significant items was £2.2m which is £3.3m up on the first half of 2007, largely due to the phasing of marketing expenditure.

The economy in France has been hit hard by the downturn in consumer spending. Overall retail sales have declined in each of the first six months. Brand sales have declined faster than private label and hard discounters are growing share at the expense of the supermarkets and hypermarkets.

The second phase of our re-positioning of the Marie brand marketing is well developed, building on Marie's strong association with cuisine, women and humour. The redesigned media campaign will be aired in the summer, ahead of the key "back to school" trading period.

The frozen market, after showing recovery and growth in 2007, has gone into decline in 2008, with volumes falling by 1.5% in the first half. Although frozen sales were down, Marie held its market share at 10.2% over the six month period as a whole and saw it increase in the last two months.

Chilled market growth has also slowed from double digit in 2007 to flat in the month of June 2008. We have continued to introduce new products into the Marie range and achieved half year on half year growth of 5.8%. Our licensed brand, Weight-watchers, has performed well, with market share moving from 3.6% to 4.4%. Overall, our share of the chilled market has remained stable.

Our hard discount and private label sales, representing 33% of the French total have fallen by 1.1% over the first half of 2007. Our focus on providing solutions for the commercial catering market has started to bear fruit and in the first half we enjoyed growth of 2.5% meaning that this sector now represents 12% of total sales.

### **Significant Items**

Significant items resulted in a profit of £5.0m in the first half. Redundancy and other one off costs in the UK were £7.9m. We expect the cost for the full year to be in the range of £8m to £10m. We took an impairment charge of £15.0m on the assets at Paignton to write them down to recoverable value. We have reversed the impairment for Minsterley booked at the year end, resulting in a credit of £27.9m.

### **Financial Position and Financing**

Shareholders' funds at the half year have reduced to £175.5m, mainly as a result of the increased IAS 19 deficit on the UK pension fund. Our net cash position at the half year was £7.4m (year end £31.6m). We are holding provisions of £3.8m relating to the remaining restructuring in France and Northern Europe, which are expected to be used within the year, and also £6.4m for the restructuring in the UK which will be spent over the next 18 months. We also hold a provision of £16.4m relating to the Wincanton dispute which is being taken to the Court of Appeal in October. We continue to operate satisfactorily within our £40.0m revolving working capital facility.

### **Pensions**

At the half year, the IAS19 deficit had moved from £76.0m to £145.9m, largely reflecting the fall in stock markets. For the main UK pension scheme, the deficit of £122.9m as at 30 June was not fully covered by the secured account which has increased from the year end to £93.0m. The UK pension assets are invested approximately 50:50 between equities and bonds, this mix being required to fund the liabilities in the long term. We continue to explore and monitor options for de-risking the pension liabilities.

### **Strategy Update**

The economic landscape in which we operate has changed dramatically over the last 12 months. We therefore continue to review and test our strategy for unlocking value for shareholders.

Since Geoff Eaton's appointment as chief executive in 2005, the business has come a long way in tackling the structural and operational challenges and the legacy issues inherent in the business at that time.

The main changes implemented have been:

- appointment of experienced entrepreneurial leaders in each of the divisions;
- de-centralisation to achieve local accountability and focus;
- re-engagement with customers;
- cost reduction; and
- re-investment in product quality, innovation and the brands on the Continent.

In 2006, the strategic decision was made to sell two of the most profitable businesses, generating proceeds of £288m to repay banks, secure £87m for the UK pension fund and create funds to support the recovery.

When we commenced the recovery plan, we targeted the achievement of industry average margins in all the businesses within three years. In March 2008, we revised this target to five years and continue to work towards achieving our margin goals in 2010.

While there remains a lot to do, there are a number of positive attributes of our business driving our recovery including:

- a first class food to go business in the UK and a fast developing food to go operation in Northern Europe – both delivering double digit growth;

- a fast growing branded business in Poland, well positioned to benefit from the opportunities in the emerging Eastern European markets;
- strong brand positions on the Continent;
- a leading position in the fragmented chilled convenience market in France, with a 23% share of the largest and fastest growing category, chilled ready meals; and
- a leading position in the UK chilled desserts market, with the benefits of consolidation around a recovered Minsterley.

We believe the current tough trading environment will encourage supplier consolidation that may not have arisen in more benign conditions. The areas where we see the most pressing need for change are fish in Germany, where margins in the hard discount and private label channels are unsustainably low, and fish and salads in the UK, where there is excess capacity and a number of suppliers are only marginally profitable or losing money. In France, we believe consolidation of the fragmented and growing chilled market and the mature frozen market will take place and Marie, as the strongest brand in its two markets, could have an important role to play.

We are reviewing opportunities to strengthen our businesses and evolve our portfolio in order to build value for shareholders in the most pragmatic way. Our decentralised organisation with strong and experienced independent divisional leaders, each supported by a small central team, allows us to handle the significant amount of change required across the group to achieve this increased value.

### **Risk Review**

In this half year report, we have described the factors impacting the business in the short term. The ongoing risks affecting the business were set out in our 2007 annual report on pages 19 and 20, and have not materially changed.

### **Dividend**

At the year end, we decided not to pay a final dividend reflecting the harsh economic conditions and the need to conserve funds for future investment. The situation at the half year has not changed. We remain confident in the long term potential of the business and intend to re-establish the dividend as soon as profits and cash flow allow.

### **Outlook**

The tough and volatile economic conditions are continuing in the second half. We are taking actions across our business in response to these conditions. We believe these actions should be sufficient to maintain the board's expectations for 2008. The structural changes we have put in place underpin our confidence that significant further progress will be made in 2009.

**CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT**  
for the half year ended 30 June 2008

	30.06.08 Unaudited			30.06.07 Unaudited			Year ended 31.12.07 Audited
	Before significant items £m	Significant items (note 5) £m	Total £m	Before significant items £m	Significant items (note 5) £m	Total £m	Total £m
<b>CONTINUING OPERATIONS</b>							
Revenue (note 3)	394.5	-	394.5	360.3	-	360.3	736.1
Cost of sales	(326.5)	-	(326.5)	(296.1)	-	(296.1)	(603.3)
<b>Gross profit</b>	<b>68.0</b>	<b>-</b>	<b>68.0</b>	64.2	-	64.2	132.8
Distribution expenses	(25.1)	-	(25.1)	(22.9)	-	(22.9)	(46.1)
Marketing and media expenses	(7.3)	-	(7.3)	(9.5)	-	(9.5)	(15.6)
Administrative expenses	(41.7)	5.0	(36.7)	(38.4)	(10.6)	(49.0)	(116.7)
<b>Operating loss</b> (note 3)	<b>(6.1)</b>	<b>5.0</b>	<b>(1.1)</b>	(6.6)	(10.6)	(17.2)	(45.6)
Finance income (note 4)	4.5	-	4.5	7.7	-	7.7	10.4
Finance expense (note 4)	(2.6)	-	(2.6)	(4.8)	(4.0)	(8.8)	(8.9)
<b>Profit/(loss) before tax</b>	<b>(4.2)</b>	<b>5.0</b>	<b>0.8</b>	(3.7)	(14.6)	(18.3)	(44.1)
Income tax credit (note 6)	0.6	-	0.6	0.1	2.1	2.2	2.4
<b>Profit/(loss) from continuing operations</b>	<b>(3.6)</b>	<b>5.0</b>	<b>1.4</b>	(3.6)	(12.5)	(16.1)	(41.7)
<b>DISCONTINUED OPERATIONS</b>							
Profit from discontinued operations (net of tax) (note 10)	-	-	-	0.4	225.6	226.0	226.7
<b>Profit for the period</b>	<b>(3.6)</b>	<b>5.0</b>	<b>1.4</b>	(3.2)	213.1	209.9	185.0
<b>Earnings per ordinary share</b> (note 7)							
<b>Basic</b>			<b>1.2p</b>			184.6p	162.5p
Continuing operations			1.2p			(14.2)p	(36.7)p
Discontinued operations			-p			198.8p	199.2p
<b>Diluted</b>			<b>1.2p</b>			184.4p	162.5p
Continuing operations			1.2p			(14.2)p	(36.7)p
Discontinued operations			-p			198.6p	199.2p
Average Euro exchange rate			<b>1.29</b>			1.48	1.46

**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET**

at 30 June 2008

	Note	<b>30.06.08</b> <b>Unaudited</b> £m	30.06.07 Unaudited £m	31.12.07 Audited £m
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		<b>183.3</b>	178.0	162.0
Intangible assets		<b>46.3</b>	47.9	45.3
Restricted cash	11	<b>93.0</b>	85.5	90.4
Deferred tax assets		<b>32.9</b>	25.1	31.7
		<b>355.5</b>	336.5	329.4
<b>Current assets</b>				
Inventories		<b>53.1</b>	46.0	51.1
Trade and other receivables		<b>133.3</b>	117.1	132.8
Cash and cash equivalents		<b>21.7</b>	52.0	33.6
Assets classified as held for sale		<b>2.5</b>	-	2.3
		<b>210.6</b>	215.1	219.8
<b>Total assets</b>		<b>566.1</b>	551.6	549.2
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	14	<b>1.0</b>	1.2	1.1
Retirement benefit obligations	13	<b>145.9</b>	40.6	76.0
Provisions		<b>20.2</b>	19.0	15.8
Deferred tax liabilities		<b>5.6</b>	6.5	5.2
		<b>172.7</b>	67.3	98.1
<b>Current liabilities</b>				
Borrowings	14	<b>13.3</b>	5.4	0.9
Trade and other payables		<b>187.7</b>	166.9	194.3
Provisions		<b>6.4</b>	11.9	8.7
Income tax liabilities		<b>10.5</b>	20.6	12.5
		<b>217.9</b>	204.8	216.4
<b>Total liabilities</b>		<b>390.6</b>	272.1	314.5
<b>Total assets less liabilities</b>		<b>175.5</b>	279.5	234.7
<b>EQUITY</b>				
<b>Shareholders' equity</b>				
Total called up share capital	12	<b>11.5</b>	11.5	11.5
Share premium		<b>0.1</b>	0.1	0.1
Other reserves		<b>(307.8)</b>	(324.6)	(315.3)
Retained earnings		<b>471.7</b>	592.5	538.4
<b>Total equity attributable to equity holders of the company</b>		<b>175.5</b>	279.5	234.7
Closing Euro exchange rate		<b>1.27</b>	1.48	1.36

## CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

for the half year ended 30 June 2008

	30.06.08 Unaudited £m	30.06.07 Unaudited £m	Year ended 31.12.07 Audited £m
<b>Cash flows from operating activities</b>			
Profit before tax	0.8	216.9	191.9
Net finance (income)/costs	(1.9)	1.1	(1.5)
Foreign exchange gain	(0.9)	-	-
Depreciation and amortisation	10.5	11.0	21.7
Goodwill impairment	-	-	2.3
Asset impairment	14.9	2.5	31.6
Reversal of asset impairment (note 5)	(27.9)	-	-
Charge for share-based payments	0.3	0.4	0.6
Profit on disposal of property, plant and equipment	(0.1)	-	-
Profit on disposal of business (note 9)	-	(234.6)	(235.3)
(Loss)/gain on curtailment and settlement on pensions	(1.8)	-	0.9
Difference between pension charge and cash contributions	(0.5)	(3.9)	(6.2)
Increase in working capital	(7.5)	(4.0)	(0.1)
Increase/(decrease) in provisions	1.0	(0.7)	(9.1)
<b>Cash utilised by operations</b>	<b>(13.1)</b>	<b>(11.3)</b>	<b>(3.2)</b>
Interest paid	(0.4)	(1.1)	(1.9)
Interest received	3.2	3.0	6.4
Income tax (paid)/received	(2.1)	2.2	(3.7)
<b>Net cash utilised by operating activities</b>	<b>(12.4)</b>	<b>(7.2)</b>	<b>(2.4)</b>
<b>Cash flows from investing activities</b>			
Disposal of business (note 9)	-	241.2	241.9
Purchase of property, plant and equipment	(10.9)	(9.9)	(23.9)
Proceeds from sale of property, plant and equipment	0.1	0.4	1.4
Purchases of intangible assets	-	-	(1.4)
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(10.8)</b>	<b>231.7</b>	<b>218.0</b>
<b>Cash flows from financing activities</b>			
Proceeds from/(repayment of) borrowings	12.3	(95.8)	(95.0)
Cash included in restricted cash	(2.6)	(85.5)	(90.4)
Equity dividends paid	-	(6.0)	(8.7)
Share options exercised	-	-	0.3
<b>Net cash inflow/(outflow) from financing activities</b>	<b>9.7</b>	<b>(187.3)</b>	<b>(193.8)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(13.5)</b>	<b>37.2</b>	<b>21.8</b>
Cash and cash equivalents at beginning of period	33.6	9.0	9.0
Effect of foreign exchange rate changes	0.9	0.4	2.8
<b>Cash and cash equivalents at end of period</b>	<b>21.0</b>	<b>46.6</b>	<b>33.6</b>
<b>Cash and cash equivalents consist of:</b>			
Cash at bank and in hand	21.7	52.0	33.6
Bank overdrafts	(0.7)	(5.4)	-
	<b>21.0</b>	<b>46.6</b>	<b>33.6</b>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF RECOGNISED INCOME AND EXPENSE**  
for the half year ended 30 June 2008

	<b>30.06.08</b>	30.06.07	Year ended 31.12.07
	<b>Unaudited</b>	Unaudited	Audited
	<b>£m</b>	£m	£m
Actuarial (loss)/gain recognised on the pension schemes	<b>(68.4)</b>	62.4	26.3
Movement on deferred tax relating to pensions			
- on actuarial gain	-	(17.9)	(10.1)
- on contributions paid	-	(1.6)	-
Period movement on hedging items			
- amount recognised in equity during the period	-	(0.1)	(1.1)
Foreign currency translation differences for foreign operations	<b>7.5</b>	0.1	10.4
Net (expense)/income recognised directly in equity	<b>(60.9)</b>	42.9	25.5
Profit for the period	<b>1.4</b>	209.9	185.0
<b>Total recognised income and expense for the period</b>	<b>(59.5)</b>	252.8	210.5
<b>Total equity attributable to equity holders of the company</b>	<b>(59.5)</b>	252.8	210.5

**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
for the half year ended 30 June 2008

**1 Basis of preparation**

Uniq plc (the "company") is a company domiciled in the United Kingdom. The condensed consolidated interim financial statements (interim financial statements) of the company for the half year ended 30 June 2008 comprise the company and its subsidiaries (together referred to as the "group").

The audited consolidated financial statements of the group for year ended 31 December 2007 are available upon request from the company's registered office or at [www.uniq.com](http://www.uniq.com).

These half year financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU. The financial information included in this document is unaudited and does not include all of the information required for full annual financial statements. It should be read in conjunction with the consolidated financial statements of the group for the year ended 31 December 2007. The consolidated financial statements of the group were prepared in accordance with IFRS, International Accounting Standard (IAS) and related IFRIC interpretations in issue, that had been endorsed by the European Commission at 31 December 2007.

These half year financial statements were approved by the board of directors on 30 July 2008.

**2 Accounting policies**

The accounting policies applied by the group in these half year financial statements are the same as those applied by the group in its consolidated financial statements for the year ended 31 December 2007.

**3 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 United Kingdom, Northern Europe and France. Northern Europe consists of Germany, the Netherlands and Poland. Each segment's location of customers and location of assets are similar.

	30 .06.08						
	Unaudited						
	United Kingdom £m	Northern Europe £m	France £m	Eliminations & corporate £m	Con- tinuing operations £m	Dis- continued operations £m	Con- solidated £m
<b>Revenue</b>							
External revenue	168.6	119.4	106.5	-	394.5	-	394.5
Inter-segment revenue	-	0.3	0.5	(0.8)	-	-	-
Total segment revenue	<b>168.6</b>	<b>119.7</b>	<b>107.0</b>	<b>(0.8)</b>	<b>394.5</b>	<b>-</b>	<b>394.5</b>
<b>Result</b>							
Segment result before significant items	(3.6)	(2.0)	2.2	(2.7)	(6.1)	-	(6.1)
Significant items	5.0	-	-	-	5.0	-	5.0
Segment result after significant items	<b>1.4</b>	<b>(2.0)</b>	<b>2.2</b>	<b>(2.7)</b>	<b>(1.1)</b>	<b>-</b>	<b>(1.1)</b>
Interest expense					(2.6)	-	(2.6)
Interest income					4.5	-	4.5
Income tax credit					0.6	-	0.6
Profit for the period					<b>1.4</b>	<b>-</b>	<b>1.4</b>

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							30.06.07 Unaudited
	United Kingdom £m	Northern Europe £m	France £m	Eliminations & corporate £m	Con- tinuing operations £m	Dis- continued operations £m	Con- solidated £m
<b>Revenue</b>							
External revenue	167.6	101.1	91.6	-	360.3	2.5	362.8
Inter-segment revenue	1.1	2.1	0.7	(3.9)	-	-	-
<b>Total segment revenue</b>	<b>168.7</b>	<b>103.2</b>	<b>92.3</b>	<b>(3.9)</b>	<b>360.3</b>	<b>2.5</b>	<b>362.8</b>
<b>Result</b>							
Segment result before significant items	(1.6)	(0.5)	(1.1)	(3.4)	(6.6)	0.6	(6.0)
Significant items	-	(7.5)	(3.1)	-	(10.6)	-	(10.6)
<b>Segment result after significant items</b>	<b>(1.6)</b>	<b>(8.0)</b>	<b>(4.2)</b>	<b>(3.4)</b>	<b>(17.2)</b>	<b>0.6</b>	<b>(16.6)</b>
Interest expense					(8.8)	-	(8.8)
Interest income					7.7	-	7.7
Income tax credit/(expense)					2.2	(0.2)	2.0
Profit from discontinued operations (net of tax)					-	225.6	225.6
<b>(Loss)/profit for the period</b>					<b>(16.1)</b>	<b>226.0</b>	<b>209.9</b>

							Year ended 31.12.07 Audited
	United Kingdom £m	Northern Europe £m	France £m	Eliminations & corporate £m	Con- tinuing operations £m	Dis- continued operations £m	Con- solidated £m
<b>Revenue</b>							
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)	-	-	-
<b>Total segment revenue</b>	<b>346.5</b>	<b>209.2</b>	<b>183.1</b>	<b>(2.7)</b>	<b>736.1</b>	<b>2.5</b>	<b>738.6</b>
<b>Result</b>							
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)
<b>Segment result after significant items</b>	<b>(25.2)</b>	<b>(12.8)</b>	<b>(2.9)</b>	<b>(4.7)</b>	<b>(45.6)</b>	<b>0.6</b>	<b>(45.0)</b>
Interest expense					(8.9)	-	(8.9)
Interest income					10.4	-	10.4
Income tax credit/(expense)					2.4	(0.2)	2.2
Profit from discontinued operations (net of tax)					-	226.3	226.3
<b>(Loss)/profit for the period</b>					<b>(41.7)</b>	<b>226.7</b>	<b>185.0</b>

**4 Finance income and expenses**

	<b>30.06.08 Unaudited £m</b>	30.06.07 Unaudited £m	Year ended 31.12.07 Audited £m
<b>Finance income</b>			
Interest on bank balances	<b>0.6</b>	1.3	2.7
Interest on restricted cash	<b>2.6</b>	1.7	3.7
Foreign exchange gains - other	<b>1.3</b>	3.8	3.3
Net pension finance income	-	0.9	0.7
	<b>4.5</b>	7.7	10.4
<b>Finance expense</b>			
Interest on bank loans	<b>(0.4)</b>	(0.5)	(1.1)
Interest on finance leases	<b>(0.1)</b>	(0.1)	(0.1)
Discount on long term provisions	<b>(0.5)</b>	(0.6)	(1.1)
Foreign exchange losses on non-permanent intercompany loans	<b>(0.4)</b>	(3.6)	(2.3)
Net pension finance expense	<b>(1.1)</b>	-	-
Amortisation of finance arrangement costs	<b>(0.1)</b>	-	(0.3)
	<b>(2.6)</b>	(4.8)	(4.9)
Significant finance costs	-	(4.0)	(4.0)
	<b>(2.6)</b>	(8.8)	(8.9)

Included in 2007 in Foreign exchange gains – other is the gain made on foreign exchange contracts relating to the business disposals in 2007.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the half year ended 30 June 2008

### 5 Significant items

	30.06.08 Unaudited £m	30.06.07 Unaudited £m	Year ended 31.12.07 Audited £m
<b>Continuing operations</b>			
UK restructuring	(22.9)	-	-
Minsterley impairment reversal	27.9	-	-
Northern Europe restructuring	-	(7.5)	(8.5)
French restructuring	-	(3.1)	(3.1)
Pension curtailment loss	-	-	(0.9)
Reversal of acquisition creditors	-	-	1.6
Minsterley impairment	-	-	(31.1)
	<b>5.0</b>	<b>(10.6)</b>	<b>(42.0)</b>
Significant finance costs	-	(4.0)	(4.0)
	<b>5.0</b>	<b>(14.6)</b>	<b>(46.0)</b>
Tax credit on significant items	-	2.1	3.0
Continuing operations	<b>5.0</b>	<b>(12.5)</b>	<b>(43.0)</b>
Discontinued operations (net of tax)	-	225.6	226.3
	<b>5.0</b>	<b>213.1</b>	<b>183.3</b>

#### UK restructuring

In April 2008, we announced the decision to close our desserts site at Paignton. The costs incurred for the closure of Paignton are £15.0m for fixed asset impairment, redundancy costs of £4.5m, inventory written down to the value of £0.9m, and other reorganisation costs of £1.4m. Further restructuring costs relating to redundancies across other UK sites were incurred totalling £1.1m

#### Minsterley impairment reversal

As a result of our review of current market conditions, the impairment on Minsterley has been fully reversed.

#### Northern Europe restructuring

Various restructuring programmes were announced to address the underperformance 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 included redundancy payments and the impairment of assets of £2.7m.

#### French restructuring

The group committed to 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

The transfer of the Dutch pension scheme to an industry wide fund was finalised in 2007.

#### Reversal of acquisition creditors

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

#### Minsterley impairment

As a result of the continuing losses at the Minsterley site an impairment test was carried out to assess the carrying value of the assets. This resulted in the writedown of the assets to recoverable amount being the fair value less costs of disposal. Goodwill of £2.3m was written off and the fixed assets were impaired by £28.8m.

#### 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.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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### 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.

## 6 Income tax

The tax credit on the loss before significant items for continuing operations is £0.6m (30 June 2007: £0.1m). The credit represents the corporate income tax rate applicable to the results in the countries in which the group operates except Germany where credit for losses has not been recognised.

	<b>30.06.08</b>	30.06.07	Year ended 31.12.07
	<b>Unaudited</b>	Unaudited	Audited
	<b>£m</b>	£m	£m
UK corporation tax	-	-	-
Overseas tax	<b>(0.6)</b>	-	3.3
Deferred tax			
- pension costs	-	(0.2)	(0.2)
- other timing differences	<b>1.2</b>	1.4	(3.7)
Prior year items	-	(1.1)	-
Tax on continuing operations	<b>0.6</b>	0.1	(0.6)
Tax on significant items	-	2.1	3.0
Continuing operations	<b>0.6</b>	2.2	2.4
Tax on discontinued operations	-	(9.2)	(9.2)
	<b>0.6</b>	(7.0)	(6.8)

## 7 Earnings per share ('EPS')

### Basic and diluted EPS

Basic earnings per ordinary share is calculated on the basis of the weighted average of 113.9m (30 June 2007: 113.7m) ordinary shares in issue and a profit for the financial period of £1.4m (30 June 2007: £209.9m). At the period 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 earnings per share is calculated on loss before significant items and related tax as adjusted by tax on prior year items and exchange gains and losses on non-permanent inter-company loans. 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:

	<b>30.06.08</b>	30.06.07	Year ended 31.12.07
	<b>Unaudited</b>	Unaudited	Audited
	<b>£m</b>	£m	£m
<b>Adjusted basic and diluted EPS on total group</b>			
Profit for the period	<b>1.4</b>	209.9	185.0
Significant items on continuing operations	<b>(5.0)</b>	14.6	46.0
Significant items on discontinued operations	-	(234.6)	(235.3)
Exchange losses on non-permanent inter-company loans	<b>0.4</b>	3.6	2.3
Adjusted total	<b>(3.2)</b>	(6.5)	(2.0)
Related tax	-	6.9	6.0
Exclude tax on prior year items	-	1.1	-
Adjusted (loss)/profit	<b>(3.2)</b>	1.5	4.0
	<b>Pence per share</b>	Pence per share	Pence per share
Adjusted basic and diluted EPS on total group	<b>(2.8)</b>	1.3	3.5

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the half year ended 30 June 2008

### 8 Dividends

No dividend is proposed for the current period.

Dividend charged against reserves for the year ended December 2007, was 5.25p per share.

The dividend charged against reserves in the first half of 2007 is the final dividend for the 9 months ended 31 December 2006 of 2.75p per share.

### 9 Business disposals

In the prior 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.

	<b>30.6.08</b>			30.6.07	Year ended 31.12.07
	<b>Unaudited</b>	St Hubert SAS	Natural Food SA	Unaudited	Audited
	<b>£m</b>	£m	£m	Total £m	Total £m
Property, plant and equipment	-	4.9	0.3	5.2	5.2
Working capital	-	1.0	0.1	1.1	1.1
Provisions	-	(0.7)	-	(0.7)	(0.7)
Tax	-	1.0	-	1.0	1.0
Net assets disposed	-	6.2	0.4	6.6	6.6
Cash consideration received	-	248.4	0.4	248.8	248.8
Disposal costs	-	(7.5)	(0.1)	(7.6)	(6.9)
	-	240.9	0.3	241.2	241.9
Gain/(loss) on disposal before tax	-	234.7	(0.1)	234.6	235.3

### 10 Discontinued operations

Profits attributable to the discontinued operations in the prior period were as follows:

	<b>30.6.08</b>		Year ended 31.12.07
	<b>Unaudited</b>	30.06.07 Unaudited	Audited
		£m	£m
Revenue	-	2.5	2.5
Expenses	-	(1.9)	(1.9)
Operating profit	-	0.6	0.6
Income tax expense	-	(0.2)	(0.2)
Profit after tax before significant items	-	0.4	0.4
Significant items	-	225.6	226.3
Business disposal	-	234.6	235.3
Tax on business disposal	-	(9.0)	(9.0)
Profit for the period	-	226.0	226.7

### 11 Restricted cash

This is cash which is part of the funding arrangement agreed 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 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**12 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	<b>29.4</b>
Profit for the period	-	-	-	-	-	209.9	<b>209.9</b>
Share-based compensation charge	-	-	-	-	-	0.4	<b>0.4</b>
Dividends	-	-	-	-	-	(3.1)	<b>(3.1)</b>
Gains and losses deferred in equity	-	-	-	(0.1)	-	-	<b>(0.1)</b>
Net actuarial loss on pension schemes (net of tax)	-	-	-	-	-	42.9	<b>42.9</b>
Exchange	-	-	-	-	0.1	-	<b>0.1</b>
<b>At 30 June 2007</b>	<b>11.5</b>	<b>0.1</b>	<b>(330.2)</b>	<b>1.0</b>	<b>4.6</b>	<b>592.5</b>	<b>279.5</b>
At 1 January 2008	11.5	0.1	(330.2)	-	14.9	538.4	<b>234.7</b>
Profit for the period	-	-	-	-	-	1.4	<b>1.4</b>
Share-based compensation charge	-	-	-	-	-	0.3	<b>0.3</b>
Net actuarial loss on pension schemes	-	-	-	-	-	(68.4)	<b>(68.4)</b>
Exchange	-	-	-	-	7.5	-	<b>7.5</b>
<b>At 30 June 2008</b>	<b>11.5</b>	<b>0.1</b>	<b>(330.2)</b>	<b>-</b>	<b>22.4</b>	<b>471.7</b>	<b>175.5</b>

**13 Retirement benefit obligations**

	<b>30.06.08</b> <b>Unaudited</b> £m	30.06.07 Unaudited £m	31.12.07 Audited £m
<b>Movement in liability in the period</b>			
Balance at the beginning of the period	<b>(76.0)</b>	(107.8)	(107.8)
Current and past service costs	<b>(1.8)</b>	(1.7)	(3.4)
Curtailments and settlements	-	-	0.8
Contributions	<b>1.8</b>	5.6	6.9
Net finance (charge)/ credit	<b>(1.1)</b>	0.9	0.7
Benefits paid	<b>0.5</b>	-	1.9
Actuarial (loss)/gain	<b>(68.4)</b>	62.4	26.3
Exchange	<b>(0.9)</b>	-	(1.4)
<b>Balance at the end of the period</b>	<b>(145.9)</b>	(40.6)	(76.0)

For the purposes of these half year financial statements, a roll forward valuation was obtained and a full actuarial valuation will be obtained for the year end financial statements.

**14 Borrowings**

	<b>30.06.08</b> <b>Unaudited</b> £m	30.06.07 Unaudited £m	31.12.07 Audited £m
<b>Current liabilities</b>			
Finance lease liabilities	<b>(0.7)</b>	-	(0.9)
Overdraft	<b>(0.7)</b>	(5.4)	-
Bank loan	<b>(11.9)</b>	-	-
	<b>(13.3)</b>	(5.4)	(0.9)
<b>Non-current liabilities</b>			
Finance lease liabilities	<b>(1.0)</b>	(1.2)	(1.1)

The bank loan relates to drawings under our revolving £40m working capital facility that expires in March 2010. Interest on the bank loan is paid at a rate of 0.95% above LIBOR.

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**15 Other matters**

The OFT is in the early stages of a well publicised enquiry into UK retail pricing. The company is co-operating fully with the OFT in its investigation.

There are no material related party transactions other than between the company and its subsidiaries.