

Company registered no: 1494105

UB FOODS US LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED
28 DECEMBER 2002



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UB Foods US Limited

Directors' Report

The directors present their report and the financial statements for the fifty-two weeks ended 28 December 2002.

Directors

The directors who served during the year were:

M Dale (resigned 28 February 2002)
B Meunier
D Murphy
AGM Ritchie
I Haslegrave
M Oldham
S Furst

Principal activity, review of the business and future developments

The principal activity of the Company is to act as an investment holding Company for the United Biscuits Group. No change in this activity is intended. Full details of the performance of the United Biscuits Group are set out in the report and financial statements of United Biscuits Group (Investments) Limited, copies of which may be obtained from its registered office: Hayes Park, Hayes End Road, Hayes, Middlesex, UB4 8EE.

Profit and appropriations

The profit for the period is shown in the profit and loss account on page 5. The directors do not recommend the payment of a dividend for the period (2001: nil).

Directors and their interests

The names of the present directors are as stated above. No director, other than those shown below, had interests in the share capital of either the Company or other group companies. Those holding interests in the share capital of the ultimate UK parent company, United Biscuits Group (Investments) Limited, were as follows:

	'M' shares as at 28 December 2002	'E' shares as at 28 December 2002	'M' shares as at 29 December 2001	'E' shares as at 29 December 2001
AGM Ritchie	26,587	-	26,587	-
S Furst	-	425	-	425
M Oldham	-	425	-	425
I Haslegrave	-	213	-	213

The share capital of United Biscuits Group (Investments) Limited is divided into three classes of share. The 'M' shares were issued in the prior year to senior management and they entitled holders to one vote per share at shareholders' meetings. The 'E' shares were issued in the prior year to certain other employees and do not contain any voting rights. Further details of the scheme are given in the Notes to the financial statements of United Biscuits Group (Investments) Limited.

UB Foods US Limited

Directors' Report (continued)

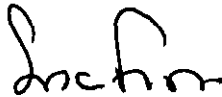
No director had, during the period or at the end of the period, any material interest in any contract of significance to the Company's business.

During the period the Company maintained liability insurance for its directors and officers

Auditors

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

On behalf of the board

 1/4/03

Director

Registered Office:

Hayes Park
Hayes End Road
Hayes
Middlesex UB4 8EE

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report to the Members of UB Foods US Limited

We have audited the Company's financial statements for the period ended 28 December 2002 which comprise the Profit and Loss Account, Balance Sheet, Reconciliation of movements in shareholders' funds, Statement of Total Recognised gains and losses and the related notes 1 to 14. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 28 December 2002 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young 1/4/03

Ernst & Young LLP
Registered Auditor
London

UB Foods US Limited
Profit and Loss Account

For the 52 weeks ended 28 December 2002

	Notes	2002 £'000	2001* restated £'000
Administrative expenses		(12)	(19)
Foreign exchange gain/(loss)		4,884	(2,285)
Operating profit/(loss)	3	4,872	(2,304)
Disposal of China subsidiary	4	38,212	-
Profit arising on disposal of joint venture		-	11,436
Release of provision established on disposal of businesses in prior years		-	1,228
Profit/(loss) arising on the disposal of subsidiaries	5	25,090	(106)
Profit before interest		68,174	10,254
Net Interest Income	6	13,052	15,311
Profit on ordinary activities before tax		81,226	25,565
Tax (charge)/credit on profit on ordinary activities	7	(1,290)	1,527
Retained profit for the financial year		79,936	27,092

All activities relate to continuing operations

*Restated on adoption of FRS 19

UB Foods US Limited
Statement of total recognised gains and losses

For the 52 weeks ended 28 December 2002

	2002	2001*
	£'000	restated £'000
Profit for the financial year	79,936	27,092
Total recognised gains for the year	79,936	27,092
Prior year adjustment on adoption of FRS 19	1,290	
Total recognised gains since previous year end	81,226	

*Restated on adoption of FRS 19

UB Foods US Limited
Balance Sheet

As at 28 December 2002

	Notes	2002 £'000	2001 £'000
Current assets			
Debtors	8	429,686	387,085
Creditors: amounts falling due within one year	9	38,431	75,766
Net current assets		<u>391,255</u>	<u>311,319</u>
Capital and reserves			
Called up equity share capital	10	1,000	1,000
Share premium account	11	135,715	135,715
Profit and loss account	11	254,540	174,604
Shareholders' funds		<u>391,255</u>	<u>311,319</u>

Approved by the Board and signed on its behalf.

Director. 1/4/03

Director

1 Accounting policies

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards, including Financial Reporting Standard (FRS19) "Deferred taxation" which applied for the first time this year. The adoption of FRS 19 has resulted in a change in accounting policy for deferred taxation and as a result deferred tax is now recognised in accordance with the accounting policy described below.

This change in accounting policy has been accounted for as a prior year adjustment and previously reported figures have been restated accordingly. The effect on the profit and loss account has been to increase the tax credit by £1.3 million (2001: increased tax charge of £1.3 million) and the balance sheet effect is to decrease deferred tax asset by £1.3 million (2001: increase of £1.3 million). In applying FRS 19, deferred tax assets have not been calculated on a discounted basis. FRS 19 has no impact on cash flows.

The Company is exempt from producing group financial statements, under S228 of the Companies Act 1985, as its parent company as at 28 December 2002, United Biscuits Group (Investments) Ltd has produced group financial statements.

Foreign currency translations

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Cash flow statement

The Company has not produced a cash flow statement as the parent company as at 28 December 2002, United Biscuits Group (Investments) Limited, has prepared a consolidated cash flow statement complying with FRS1 Cash flow statements (revised 1996).

Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- provision is made for gains which have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a commitment to dispose of the replacement assets. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will again be rolled over into further replacement assets;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

UB Foods US Limited
Notes to the financial statements

2 Directors and Employees

M Ritchie, S Furst, M Oldham and I Haslegrave's remuneration was paid by United Biscuits (UK) Limited by whom they are employed. Other directors receive their remuneration from United Biscuits Group (Investments) Limited. The directors do not believe that it is practicable to apportion their remuneration between their services as directors of the Company and their services as directors of the holding and fellow subsidiaries.

The Company, as an investment holding company, has no employees.

3 Operating profit/(loss)

The auditor's remuneration is borne by United Biscuits (UK) Limited

4 Disposal of investment in subsidiaries

	2002 £'000
Proceeds received	38,212
Net book value of investment	-
Profit on disposal of subsidiaries	<u>38,212</u>

The above disposal of the company's operations in China was completed on 25th March 2002.

5 Profit/(loss) arising on the disposal of subsidiaries

£25.1 million was received in connection with an adjustment to the purchase price of Keebler Company, a business sold to Inflo Holdings Corporation in 1996.

6 Interest

	2002 £'000	2001 £'000
Interest income from fellow subsidiary undertakings	13,052	14,851
Interest income from joint venture	-	291
Bank deposit interest	-	169
	<u>13,052</u>	<u>15,311</u>

UB Foods US Limited
Notes to the financial statements

7 Taxation on profit on ordinary activities

	2002	2001*
	£'000	restated £'000
UK Corporation tax charge at 30.0%	-	-
Adjustment in respect of prior years	-	237
Total current tax	-	237
Deferred Tax	<u>(1,290)</u>	<u>1,290</u>
Tax on profit on ordinary activities	<u>(1,290)</u>	<u>1,527</u>

There is no tax charge for the current and prior years. Taxable profits will be sheltered in full by Group relief from other group companies, for which no payment is to be made.

*Restated on adoption of FRS 19

8 Debtors

	2002	2001*
	£'000	restated £'000
Amounts due from other group companies	142,500	142,500
Amounts due from fellow subsidiary companies	286,938	242,808
Deferred tax (other timing differences)	-	1,290
Other debtors	248	487
	<u>429,686</u>	<u>387,085</u>

Included within debtors are amounts falling due after more than one year of £229,991 (2001: £225,113).

*Restated on adoption of FRS 19

9 Creditors

	2002	2001
	£'000	£'000
Amounts due to fellow subsidiary companies	37,287	37,287
Other creditors	1,144	38,479
	<u>38,431</u>	<u>75,766</u>

UB Foods US Limited
Notes to the financial statements

10 Share capital

	28th December 2002 £'000	29th December 2001 £'000
Authorised ordinary shares - 25 million of £1 each	<u>25,000</u>	<u>25,000</u>
Allotted, called up and fully paid shares - 1 million of £1 each	<u>1,000</u>	<u>1,000</u>

11 Reconciliation of movements in shareholders' funds

	Share Capital £'000	Share Premium £'000	Profit and Loss Account £'000	Total £'000
At 1 January 2001	1,000	135,715	147,512	284,227
Profit for the year	-	-	25,802	25,802
At 29 December 2001 as previously reported	1,000	135,715	173,314	310,029
Prior year adjustment to reflect the adoption of FRS 19			1,290	1,290
At 29 December 2001 as restated	<u>1,000</u>	<u>135,715</u>	<u>174,604</u>	311,319
Profit for the year	-	-	79,936	79,936
At 28 December 2002	<u>1,000</u>	<u>135,715</u>	<u>254,540</u>	391,255

12 Inter-group cross-guarantee

The Company, together with other subsidiary undertakings in the United Biscuits Group, has cross-guaranteed the Group's Senior Credit Facility which is held by Regentrealm Limited, an investment company within the United Biscuits group. The amount outstanding under the facility as at 28 December 2002 was £453.7 million (2001: £522.9million).

13 Related party transactions

The Company has taken advantage of the exemptions laid out in the Financial Reporting Standard 8, "Related Party Transactions" not to disclose transactions with entities that are part of the group, on the grounds that consolidated financial statements of the group are publicly available.

14 Ultimate parent company

The Company's ultimate UK parent undertaking is United Biscuits Group (Investments) Limited. It has included the Company in its group financial statements, copies of which are available from its registered office: Hayes Park, Hayes End Road, Hayes, Middlesex, UB4 8EE.

In the directors' opinion, the Company's ultimate parent undertaking is United Biscuits (Equity) Limited which is incorporated in the Cayman Islands.