

Company registered no: 1494105

UB Foods US Limited

Report and Financial Statements

For the 52 Weeks Ended

31st December 2005



UB Foods US Limited

Directors' Report

The directors present their report and the financial statements for the fifty-two weeks ended 31 December 2005.

Directors

The directors who served during the year were:

B Meunier	
AGM Ritchie	(resigned 2 September 2005)
S Furst	
M Oldham	
S Rose	(appointed 28 April 2005)

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 a dividend for the period (2004: 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 31 December 2005	'E' shares as at 31 December 2005	'M' shares as at 1 January 2005	'E' shares as at 1 January 2005
AGM Ritchie	39,531	7,056	26,587	-
S Furst	-	820	-	425
M Oldham	-	1,000	-	425
S Rose	-	145	-	-

The share capital of United Biscuits Group (Investments) Limited is divided into three classes of share. The 'M' shares were issued in 2001 to senior management and they entitle holders to one vote per share at shareholders' meetings. The 'E' shares were issued 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.

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.

UB Foods US Limited

Directors' Report (continued)

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



Director

18 April 2006

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 year ended 31 December 2005, which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 13. 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

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions 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.

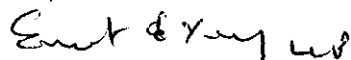
Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company as at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
London

19 April 2006

UB Foods US Limited

Profit and Loss Account

For the 52 weeks ended 31 December 2005

	Notes	2005 £'000	2004 £'000
Other income	3	1,007	-
Foreign exchange (loss)/gain		(3,129)	1,797
Operating (loss)/profit	4	(2,122)	1,797
(Loss)/profit before interest		(2,122)	1,797
Net interest income	5	19,575	15,920
Profit on ordinary activities before taxation		17,453	17,717
Taxation	6	-	-
Retained profit for the financial year		17,453	17,717

All amounts relate to continuing activities.

There were no recognised gains or losses other than those disclosed above.

UB Foods US Limited

Balance Sheet

As at 31 December 2005

	Notes	2005 £'000	2004 £'000
Current assets			
Debtors	7	446,651	430,224
Creditors: amounts falling due within one year	8	71	1,097
Net assets		<u>446,580</u>	<u>429,127</u>
 Capital and Reserves			
Called up share capital	9	1,000	1,000
Share premium	10	135,715	135,715
Profit and loss account	10	309,865	292,412
Total shareholder's funds		<u>446,580</u>	<u>429,127</u>

Approved by the Board and signed on its behalf on 18 April 2006.



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. The Company is exempt from producing group financial statements, under S228 of the Companies Act 1985, as its parent company as at 31 December 2005, United Biscuits Group (Investments) Limited 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 transaction. All differences are taken to the profit and loss account.

Fixed asset investments

Investments are revalued each year to reflect their underlying net assets at the balance sheet date. The gains and losses arising are taken to the revaluation reserve, other than impairments in which case they are taken to the profit and loss account.

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.

Cash flow statement

The company has not produced a cash flow statement as the parent company as at 31 December 2005, United Biscuits Group (Investments) Limited, has prepared a consolidated cash flow statement.

UB Foods US Limited
Notes to the financial statements

2 Directors and employees

AGM Ritchie, S Furst, M Oldham and S Rose'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 Other income

During the year, £1.0 million was recognised in connection with an adjustment to the purchase price of Keebler Company, a business sold to Inflo Holdings Corporation in 1996.

4 Operating (loss)/profit

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

5 Net interest income

	2005 £'000	2004 £'000
Interest receivable		
Interest receivable from fellow subsidiaries	<u>19,575</u>	<u>15,920</u>

6 Taxation

There is no tax charge for the current and prior years.

The statutory rate of tax of 30% is reconciled to the effective rate of current tax as follows:

	2005 %	2004 %
Statutory rate	30.0	30.0
UK transfer pricing adjustment	21.9	-
Group relief not paid for	(50.2)	(30.0)
Other items	(1.7)	-
Effective current tax rate	<u>0.0</u>	<u>0.0</u>

At 31 December 2005, the Company had tax losses carried forward of approximately £179 million (2004: £179 million) on which deferred tax has not been provided. It is not anticipated that any of these losses will be able to be offset against profits arising within the next year.

UB Foods US Limited
Notes to the financial statements

7 Debtors

	2005 £'000	2004 £'000
Amounts receivable from fellow subsidiary companies	446,651	430,206
Other debtors	-	18
	<u>446,651</u>	<u>430,224</u>

Included within debtors are amounts falling due after more than one year of £82,678 (2004: £105,496).

8 Creditors: amounts falling due within one year

	2005 £'000	2004 £'000
Other creditors	71	1,097
	<u>71</u>	<u>1,097</u>

9 Share capital

	Number 000's	Ordinary Shares £'000
Ordinary share capital		
Authorised		
At 31 December 2005 and 1 January 2005	<u>25,000</u>	<u>25,000</u>
Issued, called-up and fully paid		
At 31 December 2005 and 1 January 2005	<u>1,000</u>	<u>1,000</u>

10 Reconciliation of shareholder's funds and movements on reserves

	Share capital £'000	Share premium £'000	Profit & Loss account £'000	Total £'000
Opening shareholder's funds	1,000	135,715	292,412	429,127
Profit for the year	-	-	17,453	17,453
Closing shareholder's funds	<u>1,000</u>	<u>135,715</u>	<u>309,865</u>	<u>446,580</u>

11 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 31 December 2005 was £576.1 million (2004: £637.0 million).

12 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.

13 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.