

Registered No. 26184

UNITED BISCUITS (HOLDINGS) PLC

INTERIM ACCOUNTS

FOR

THE 20 WEEKS ENDED

23 MAY 1998



United Biscuits (Holdings) Plc

Profit & Loss Account

for the 20 weeks ended 23 May 1998

		1998
Notes		£m
2	Investment income	150.0
	Other income from subsidiary undertakings	0.1
	Gain on revaluation of investments held by the ESOP Trust	2.2
	Administrative expenses	(0.4)
3	Interest payable and similar charges	(6.5)
	Gain on sale of investments	0.3
Profit on ordinary activities before tax		145.7
4	Tax credit/(charge) on profit on ordinary activities	-
Profit attributable to shareholders		145.7
	Dividends	-
10	Balance to reserves	145.7

There were no recognised gains or losses other than the profit for the year disclosed above.

United Biscuits (Holdings) Plc

Balance Sheet

as at 23 May 1998

Notes	1998 £m
Fixed assets	
5 Investment in subsidiary undertakings	514.3
Investment in ESOP Trust	14.0
	528.3
Current assets	
Amounts due from subsidiary undertakings	661.4
6 Debtors	0.1
4 Deferred tax	13.2
Cash	1.1
	675.8
Creditors: amounts falling due within one year	
Amounts due to subsidiary undertakings	383.5
Taxation	13.1
Dividends	37.2
Accruals and deferred income	0.5
	434.3
Net current assets	241.5
Total assets less current liabilities	769.8
Creditors: amounts falling due after more than one year	
7 Loans	8.9
8 Provisions for liabilities and charges	1.4
	10.3
Net assets	759.5
Capital and reserves	
9 Called up equity share capital	132.7
10 Share premium account	270.1
10 Capital reserve	158.0
10 Profit and loss account	198.7
Shareholder's funds	759.5

Signed on behalf of the board 15 July 1998


J.A. Warren
Director

United Biscuits (Holdings) Plc

Notes to the interim accounts at 23 May 1998

In a Circular to shareholders dated 6 April 1998, the Directors set out their proposal to return capital of £150m to shareholders of the Company. The proposal was subsequently approved by shareholders at the Company's Annual General Meeting on 5 May 1998. The return of capital is to proceed after the close of business on 17 July 1998.

The interim accounts have been prepared for the purposes of demonstrating that the Company has sufficient distributable reserves to make such a return of capital, and set out the financial position of the Company as at 23 May 1998, the nearest practicable date to the return of capital. Accordingly, comparative figures have not been presented.

The interim accounts have been prepared in accordance with section 272 of the Companies Act 1985.

1 Accounting policies

Basis of accounting

The accounts are prepared on the historical cost basis of accounting in accordance with applicable accounting standards.

Taxation

Deferred taxation is provided on all timing differences of a material amount except where no liability is likely to arise in the foreseeable future. Advance corporation tax is carried forward provided that it is expected to be offset against corporation tax liabilities on the profits of the next accounting period.

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 being taken to the profit and loss account.

Investment income

Income is recognised when dividends are proposed by subsidiary undertakings and when received for all other investments.

Investments

Provision is made against the value of the Company's investments to reflect any post acquisition deficits.

Employee Share Ownership Plan (ESOP)

Shares of the Company held to the order of the ESOP Trust are shown on the balance sheet as investments held at directors' valuation based on their market value at the balance sheet date. Any losses, and any gains to the extent that they represent the reversal of previous revaluation losses, are taken to the profit and loss account. The corresponding borrowings used to finance the share purchases are recorded as borrowings of the Company. Dividend income, interest expense and costs of the Trust are recorded within the appropriate captions in the profit and loss account.

United Biscuits (Holdings) Plc

Notes to the interim accounts at 23 May 1998 (continued)

2 Investment income

	1998 £m
Dividends from subsidiary undertakings	<u>150.0</u>

3 Interest payable and similar charges

	1998 £m
Interest payable and similar charges	
Other loans not wholly repayable within five years	0.3
Fellow subsidiary undertakings	4.3
Exchange differences on retransaction of foreign currency loans with subsidiary undertakings	<u>2.0</u>
	<u>6.6</u>
Interest receivable	
Bank Deposits	<u>0.1</u>
Net interest payable and similar charges	<u>6.5</u>

United Biscuits (Holdings) Plc

Notes to the interim accounts at 23 May 1998 (continued)

4 Taxation

	1998 £m
Tax credit/(charge) on profit on ordinary activities:	
Deferred tax	-
Tax credit on UK dividends received	-
Adjustment in respect of prior years - deferred tax	=
	=

	Other timing differences	Total
	£m	£m
Deferred Tax:		
At 4 January 1998 and 23 May 1998	<u>13.2</u>	<u>13.2</u>

None of the tax liability is payable within one year of the balance sheet date. The potential liability for deferred tax which has not been provided is nil.

5 Investment in subsidiary undertakings

	1998 £m
Shares in subsidiary undertakings, at cost	519.5
Less: Provision against investments in subsidiary undertakings	<u>(5.2)</u>
	<u>514.3</u>
Movement in shares in subsidiaries during the period:	
At 4 January 1998	37.5
Additions	<u>482.0</u>
At 23 May 1998	<u>519.5</u>

United Biscuits (Holdings) Plc

Notes to the interim accounts at 23 May 1998 (continued)

5 Investment in subsidiary undertakings (continued)

Details of the Company's principal subsidiary undertakings at 23 May 1998 are set out below:

Principal subsidiary undertakings	Activities and operations	Country of incorporation
Held directly:		
UB Investments plc	Holding company	UK+
Held indirectly:		
United Biscuits (UK) Limited	Food manufacturer	UK+
UB Frozen & Chilled Foods Limited	Food manufacturer	UK+
Koninklijke Verkade NV	Food manufacturer	Netherlands
Oxford Biscuits A/S	Biscuit marketer	Denmark
UB Snack Foods GmbH	Snack manufacturer	Germany
Gyori Keks Kft (99.9%)	Food manufacturer	Hungary
UB Snack Foods Spa	Snack marketer	Italy
ZPC SAN SA (99.9%)	Biscuit manufacturer	Poland
Fazer Keksit OY (70%)	Biscuit manufacturer	Finland
Biscuiterie Nantaise SA	Biscuit manufacturer	France
United Biscuits (China) Limited (90%)	Biscuit manufacturer	China
United Biscuits Asia Pacific Ltd	Biscuit marketer	Hong Kong
Keebler Company (Malaysia) Sdn Bhd	Snack manufacturer	Malaysia
Keebler Company (Singapore) Pte Ltd	Snack marketer	Singapore

+Registered in England

United Biscuits (Holdings) Plc

Notes to the interim accounts at 23 May 1998 (continued)

5 Investment in subsidiary undertakings (continued)

At 23 May 1998, except as noted above, all the above subsidiary undertakings were wholly owned. The Company also held investments in other subsidiaries, which were either dormant or not significant.

The directors are of the opinion that the aggregate value of the Company's investment in its subsidiary undertakings was not less than the amount at which it was included in the balance sheet.

6 Debtors

	1998 £m
Prepayments and accrued income (all due within one year)	<u>0.1</u>

7 Loans

	1998 £m
ESOP Trust facility	<u>8.9</u>
Repayable as follows:	
Over two years and under five years	<u>8.9</u>

United Biscuits (Holdings) Plc

Notes to the interim accounts at 23 May 1998 (continued)

8 Provision for liabilities and charges

	Other Provisions £m	Total £m
At 4 January 1998 and 23 May 1998	<u>1.4</u>	<u>1.4</u>

Other provisions represents obligations for pension benefits in respect of a former director.

9 Called up equity share capital

	1998 £m
Authorised, allotted, called up and fully paid at 23 May 1998 530,692,894 ordinary shares of 25p each	<u>132.7</u>

10 Reconciliation of movements in shareholder's funds

	Called up equity share capital £m	Share premium £m	Capital reserve £m	Profit and loss account £m	1998 Total £m
At 4 January 1998	132.7	270.1	167.2	43.8	613.8
Profit attributable to shareholders	-	-	-	145.7	145.7
Reserves transfer	-	-	(9.2)	9.2	-
At 23 May 1998	<u>132.7</u>	<u>270.1</u>	<u>158.0</u>	<u>198.7</u>	<u>759.5</u>

11 Contingent liabilities

	1998 £m
Guarantees by the Company of subsidiaries' borrowings (mainly foreign currency)	193.7
Guarantees by the Company of former subsidiaries' borrowings	<u>59.1</u>
	<u>252.8</u>

The Company has guaranteed the Commercial Paper borrowings of a former subsidiary pending assumption of the guarantee by the purchaser.