

Company registered no: SC26184

United Biscuits (Holdings) Limited

Report and Financial Statements

For the 52 Weeks Ended

31st December 2005



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United Biscuits (Holdings) Ltd

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)
JP van der Eems (appointed 2 September 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.

Loss and appropriations

The loss 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	-	-
JP van der Eems	-	15,000	-	-

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.

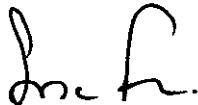
United Biscuits (Holdings) Ltd

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:

50, Lothian Road
Festival Square
Edinburgh
EH3 9BY

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 United Biscuits (Holdings) 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 15. 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.

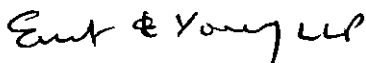
Basis of audit opinion

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 loss 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

United Biscuits (Holdings) Ltd

Profit and Loss Account

For the 52 weeks ended 31 December 2005

	Notes	2005 £'000	2004 £'000
Administrative expenses		(18)	(10)
Other income		-	70
(Loss)/profit on ordinary activities before taxation	3	(18)	60
Net interest payable	4	(3,578)	(3,018)
Loss on ordinary activities before taxation		(3,596)	(2,958)
Taxation	5	1,261	912
Retained loss for the financial year		(2,335)	(2,046)

All amounts relate to continuing activities.

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

United Biscuits (Holdings) Ltd

Balance Sheet

As at 31 December 2005

	Notes	2005 £'000	2004 £'000
Fixed assets			
Investments in subsidiaries	6	1,153,962	1,153,962
Current assets			
Debtors	7	202	16
Cash at bank		-	4,999
		<u>202</u>	<u>5,015</u>
Creditors: amounts falling due within one year	8	456,396	453,922
Net current liabilities		(456,194)	(448,907)
Total assets less current liabilities		697,768	705,055
Creditors: amounts falling due after more than one year	9	-	4,816
Provisions for liabilities and charges	10	16	152
Net assets		<u>697,752</u>	<u>700,087</u>
Capital and Reserves			
Called up share capital	11	220,945	220,945
Share premium	12	129,369	129,369
Capital reserve	12	313,773	313,773
Profit and loss account	12	33,665	36,000
Total shareholder's funds		<u>697,752</u>	<u>700,087</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.

Investments

Fixed asset investments are stated at cost unless, in the opinion of the directors, there has been a permanent diminution in value, in which case an appropriate adjustment is made.

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.

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.

United Biscuits (Holdings) Ltd
Notes to the financial statements

2 Directors and employees

AGM Ritchie, S Furst, M Oldham, JP van der Eems 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 has no employees.

3 (Loss)/profit on ordinary activities before taxation

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

4 Interest

	2005 £'000	2004 £'000
Interest payable		
Fellow subsidiary undertakings	3,630	3,085
Third Party interest charge	-	3
	<u>3,630</u>	<u>3,088</u>
Interest receivable		
Bank deposit	52	70
	<u>52</u>	<u>70</u>
Net interest payable	<u>3,578</u>	<u>3,018</u>

5 Tax credit

	2005 £'000	2004 £'000
Current tax	(1,261)	(912)
Deferred tax	-	-
	<u>(1,261)</u>	<u>(912)</u>

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

	2005 %	2004 %
Statutory rate	(30.0)	(30.0)
UK transfer pricing adjustments	(233.7)	-
Group relief not paid for	228.8	-
Other items	(0.1)	(0.8)
Effective current tax rate	<u>(35.0)</u>	<u>(30.8)</u>

United Biscuits (Holdings) Ltd
Notes to the financial statements

6 Investments in subsidiaries

£'000

Cost

As at 31 December 2005 and 1 January 2005

1,159,116

Provisions

As at 31 December 2005 and 1 January 2005

(5,154)

Net book value at 31 December 2005 and 1 January 2005

1,153,962

Details of the Company's principal subsidiary undertakings at 31 December 2005 are set out below:

<i>Name of Company</i>	<i>Country of incorporation</i>	<i>Principal activity</i>
Held directly:		
UB Foods US Limited	UK *	Holding company
UB Overseas Limited	UK *	Holding company
UB Investments plc	UK *	Holding company
McVitie & Price Limited	UK *	Holding company

* Registered in England

* Registered in Scotland

At 31 December 2005 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.

7 Debtors

	2005 £'000	2004 £'000
Amounts receivable from fellow subsidiary companies	19	16
Other debtors	183	-
	202	16

United Biscuits (Holdings) Ltd
Notes to the financial statements

8 Creditors: amounts falling due within one year

	2005 £'000	2004 £'000
Amounts due to fellow subsidiary companies	456,276	453,807
Other creditors	120	115
	<u>456,396</u>	<u>453,922</u>

9 Creditors amounts falling due after more than one year

	2005 £'000	2004 £'000
Amounts due to fellow subsidiary companies	-	4,816
	<u>-</u>	<u>4,816</u>

10 Provision for liabilities and charges

	2005 £'000	2004 £'000
Balance at 2 January 2005	152	275
Amounts utilised	(136)	(123)
Balance at 31 December 2005	<u>16</u>	<u>152</u>

Provision has been made by the Company for pension benefits in respect of a former director.

United Biscuits (Holdings) Ltd
Notes to the financial statements

11 Share capital

	Number 000's	Ordinary Shares £'000
Ordinary share capital		
Authorised		
At 31 December 2005 and 1 January 2005	<u>900,000</u>	<u>261,000</u>
Issued, called-up and fully paid		
At 31 December 2005 and 1 January 2005	<u>761,878</u>	<u>220,945</u>

12 Reconciliation of shareholder's funds and movements on reserves

	Share capital £'000	Share premium £'000	Revaluation Reserve £'000	Profit & Loss account £'000	Total £'000
At 2 January 2005	220,945	129,369	313,773	36,000	700,087
Loss for the year	-	-	-	(2,335)	(2,335)
At 31 December 2005	<u>220,945</u>	<u>129,369</u>	<u>313,773</u>	<u>33,665</u>	<u>697,752</u>

13 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).

14 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.

15 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.