

UB GROUP LIMITED

Report and Financial Statements

For the 52 Weeks Ended

2 January 2016



Strategic report

The directors present their strategic report and accounts for the 52 week period ended 2 January 2016.

During the year the company transitioned from previously extant UK GAAP to FRS 101 -Reduced Disclosure Framework and has taken advantage of the disclosure exemptions allowed under this standard. The Company's ultimate parent undertaking in the UK, UMV Developments Limited, was notified of and did not object to the use of the EU-adopted IFRS disclosure exemptions. There are no material adjustments as a result of the Company's transition to FRS 101.

Principal activity, review of the business, future developments and going concern

The principal activity of the Company was to act as an investment holding Company for the UMV Developments Limited Group ("Group"). No change in this activity is intended.

The profit for the year after taxation amounted to £0.4m (year ended 03 January 2015 loss £0m).

At the balance sheet date UB Group Limited had net assets of £171.4m (03 January 2015 – net assets of £171.0m).

Principal risks and uncertainties

The Company is exposed to business risks, including fluctuations in the revenues and operating results of subsidiary undertakings, adversely impacting the carrying value of the Company's investments in subsidiary undertakings.

The key risks to which the business is exposed are summarised as follows:

- The Company's strategy is to increase its cash flow and profitability of subsidiary undertakings by implementing initiatives aimed at achieving cost savings and generating profitable branded growth. If it is unsuccessful at implementing its strategy it may be unable to comply with the financial covenants under its senior facilities agreement held at a UMV Global Foods Holdings level.
- The subsidiary undertakings of the Company operate in highly competitive markets, and their failure to compete effectively might adversely affect the results of their operations. They compete primarily on the strength of their brands, the quality of their products, product innovation and price. Their ability to compete effectively requires continuous efforts in sales and marketing of its existing products, developing new products and cost rationalisation.
- Expenditures increasing without a commensurate increase in revenues of the subsidiary undertakings, and rapid changes in market conditions, could result in poor operating results;
- The average selling prices of United Biscuit products could decrease rapidly, which may negatively impact revenues and gross margins;
- The ability of the UB Group Limited subsidiary undertakings to pass increases in raw materials and energy costs on to their customers could adversely affect the results of its operations. Many of their raw materials and energy costs are volatile and supplies are affected by government policies, the actions of its suppliers, currency movements, political upheavals and acts of God. Consequently, unexpected increases in raw material and energy costs or a material or prolonged supply disruption could adversely affect the results of the subsidiary undertakings and therefore the carrying value of the investment within UB Group Limited.

The risks described above are managed within the wider UMV Developments Limited group rather than at a legal entity level such as UB Group Limited. The directors of the Company regularly review the overall performance of the business as a proxy for monitoring the financial performance of UB Group Limited

Financial risk management objectives

The Company's primary financial risk management objective is to monitor the operating results of subsidiary undertakings, which may adversely impact the carrying value of the Company's investments in subsidiary undertakings. Other objectives include monitoring its cash flow to ensure it can service its future debt obligations.

Key performance Indicators

The Company has several key performance measures used internally to monitor and challenge performance and to assist investment decisions. The key performance indicators are:

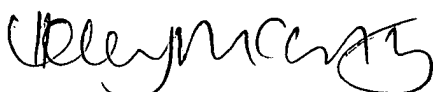
	<i>Period ended 2 January 2016 £m</i>	<i>Period ended 3 January 2015 £m</i>
Investments in subsidiary undertakings	80.8	76.8
Net assets	171.4	171.0
Profit on ordinary activities before tax	0.4	0

The increase in profit on ordinary activities before tax is principally due to an increase in interest income attributable to subsidiary undertakings.

Going concern

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and principal risk and uncertainties are described above.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.



On behalf of the board

Helen McCarthy - Director

28 April 2016

Registered Office: 50 Lothian Road, Festival Square, Edinburgh EH3 9BY

Directors' report

The directors present their report and the accounts for the fifty-two weeks ended 2 January 2016.

Information required to be disclosed in the Directors' report but instead disclosed within the Strategic report consists of a going concern statement and future developments.

Results and dividends

The profit for the period is shown in the Income Statement on page 8. No dividend was paid or proposed during the period (2014: £nil).

Directors

The directors who served during the period were:

Name	Date of appointment
Helen McCarthy	17 April 2012
Simon Alan Rose	13 July 2005
Mark Oldham (*)	31 March 2001
Jeffrey Van der Eems (**)	18 March 2013

(*) Mark Oldham served as Company Secretary for the Financial Year Ended 2 January 2016.

(**) Jeffrey Van der Eems resigned on 11 March 2016.

Directors' interests

No director had interests in the share capital of either the Company or other UK registered Group companies. 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.

Directors' statement as to disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

On behalf of the board



Helen McCarthy - Director

28 April 2016

Statement of directors' responsibilities in relation to the financial statements

The directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they 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 these 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in financial statements;
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 Auditor's Report to the Member of UB Group Limited

We have audited the financial statements UB Group Limited for the fifty two week period ended 2 January 2016 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance sheet, the Statement of Changes in Equity and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 2 January 2016 and of its profit for the fifty two week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report to the Member of UB Group Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Joe Yglesia (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Reading

28 April 2016

Income Statement

For the period 4 January 2015 to 2 January 2016

	Notes	2015 £'000	2014 £'000
Other income/(expenses)		51	(58)
Loss on ordinary activities before and after taxation	3		
Interest income	5	372	94
Profit on ordinary activities before tax		423	36
Tax charge on loss on ordinary activities	6	-	-
Profit for the financial year after tax		423	36

All amounts relate to continuing activities.

Statement of Comprehensive Income

For the period ending 2 January 2016

	Notes	2015 £'000	2014 £'000
Profit for the financial year		423	36
Total comprehensive expense for the period		<u>423</u>	<u>36</u>

Balance sheet

As at 2 January 2016

	Notes	2015 £'000	2014 £'000
Fixed assets			
Investment in subsidiaries	7	<u>80,828</u>	<u>76,828</u>
		<u>80,828</u>	<u>76,828</u>
Current assets			
Amounts owed by Group undertakings repayable on demand		<u>90,555</u>	<u>94,202</u>
		<u>90,555</u>	<u>94,202</u>
Creditors: amounts falling due within one year			
Tax payable		-	(6)
Provisions for liabilities and charges	8	<u>-</u>	<u>(20)</u>
		<u>-</u>	<u>(26)</u>
Net current assets		<u>90,555</u>	<u>94,176</u>
Total assets less current liabilities		<u>171,383</u>	<u>171,004</u>
Creditors: amounts falling due after more than one year			
Provisions for liabilities and charges	8	-	(44)
Net assets		<u>171,383</u>	<u>170,960</u>
Capital and reserves			
Called up share capital	9	11,000	11,000
Share premium		155,096	155,096
Retained earnings		<u>5,287</u>	<u>4,864</u>
Total equity		<u>171,383</u>	<u>170,960</u>

The financial statements of UB Group Limited (registered number SC064218) were approved by the Board and signed on its behalf on 28 April 2016



Helen McCarthy - Director

Statement of Changes in Equity

	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Total Equity £'000
At 29 December 2013	11,000	155,096	4,828	170,924
Profit for the financial year	-	-	36	36
At 3 January 2015	11,000	155,096	4,864	170,960
Loss for the financial year	-	-	423	423
At 2 January 2016	11,000	155,096	5,287	171,383

1 Authorisation of Financial Statements and statement of compliance with FRS 101

The financial statements of UB Group Limited (the "Company") for the fifty two week period ended 2 January 2016 were authorised for issue by the board of directors on 28 April 2016 and the balance sheet was signed on the board's behalf by Helen McCarthy. UB Group Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand.

The Company generally presents its financial information based on 13 periods of four calendar weeks. As a result, a normal fiscal year consists of 52 weeks, a first fiscal quarter of four periods (16 weeks) and three fiscal quarters each consisting of three periods (12 weeks). Every five or six years, the final period is lengthened to five weeks, in which case, the fourth quarter consists of 13 weeks and the fiscal year consists of 53 weeks. Unless the context indicates otherwise, "2014" means the 53 week period ended 3 January 2015 or the financial position as at 3 January 2015 and "2015" means the 52 week period ended 2 January 2016 or the financial position as at 2 January 2016.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of UMV Developments Limited.

The results of UB Group Limited are included in the consolidated financial statements of UMV Developments Limited which are available from United Biscuits, Hayes End Road, Hayes, UB4 8EE.

The principal accounting policies adopted by the Company are set out in note 2.

2 Accounting policies

Basis of preparation

The financial statements are prepared on the historical cost basis of accounting, modified to include revaluation to fair value of certain financial instruments as outlined below, and in accordance with applicable accounting standards. The Company is exempt from producing group financial statements, under s400 of the Companies Act 2006 as its ultimate Parent company in the UK, UMV Developments Limited, has produced group financial statements for the period from 4 November 2014 to 2 January 2016. These financial statements solely relate to UB Group Limited.

The Company transitioned from previously extant UK GAAP to FRS 101 for all periods presented. There are no material adjustments as a result of this transition.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 2 January 2016.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirement of IFRS 7 Financial Instruments: Disclosures;
- b) the requirements of paragraphs 91 – 99 of IFRS 13 Fair Value Measurement;
- c) the requirements of paragraphs 10(d), 10(f) and 134 -136 of IAS 1 Presentation of Financial Statements;
- d) the requirements of IAS 7 Statement of Cash Flows;
- e) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- f) the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transactions is wholly owned by such a member.
- g) the requirements of IFRS 1 First-time Adoption of International Financial Reporting Standards paragraphs 6 to 21 to present an opening statement of financial position at transition.

2 Accounting policies (continued)

Interest income

Interest income is recognised as interest accrues.

Onerous leasehold contracts

Provision is made for all onerous contracts where unavoidable costs exceed anticipated income.

Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

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.

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

Investments

Investments are stated at cost unless; in the opinions of the directors there has been a permanent diminution in value, in which case an appropriate adjustment is made.

3 Operating profit

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

4 Directors' Emoluments and Staff Costs

Directors' emoluments

The directors' of the Company were paid by United Biscuits (UK) Limited by whom they are employed. The directors received no remuneration in respect of qualifying services to the subsidiary company.

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

5 Financial income and expenses

	2015 £'000	2014 £'000
Interest income:		
Interest due fellow subsidiary undertakings	372	94
	<u>372</u>	<u>94</u>

6 Tax on loss on ordinary activities

The current tax credit on the loss on ordinary activities for the year 2015 is lower than the average rate of corporation tax in the UK of 20.25% (2014 – 21.5%). The differences are reconciled below:

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation	423	36
Tax charge at UK statutory rate of 20.25% (2014: 21.5%)	86	8
UK transfer pricing adjustment	1,295	1,538
Group relief claimed	(1,381)	(1,546)
Total tax charge	<u>-</u>	<u>-</u>

7 Investments**Investments in subsidiary undertakings:**

	2015 £'000	2014 £'000
Cost brought forward	76,828	33,746
Additions	<u>4,000</u>	<u>43,082</u>
Cost carried forward	<u>80,828</u>	<u>76,828</u>

During the period ended 2 January 2016, the Company subscribed for additional shares, to the value of £4 million, in its investment in United Biscuits Cyprus Limited.

On 10 February 2014 the Company acquired 70% of the shares in A&P Foods, a biscuits manufacturer in Nigeria for consideration of circa £38million.

During 2014, the Company also subscribed for additional shares, to the value of £5 million, in its investment in United Biscuits Cyprus Limited.

On 1 February 2016 the company acquired the remaining 30% of the shares in A&P Foods for circa £22 million.

Details of Group undertakings

At 2 January 2016 all the subsidiaries of UB Group Limited listed below were wholly owned, except where indicated.

Subsidiary	Country of incorporation and Operation	Activity
The Derwent Valley Food Group	England	Dormant company
United Biscuits Nigeria Ltd	Nigeria	Trading company
International Biscuits Company ¹	Saudi Arabia	Biscuit manufacturer
A&P Foods Limited ¹	Nigeria	Biscuit manufacturer
Derwent Valley Foods Ltd	England	Dormant company
Derwent Valley (Sales) Ltd	England	Dormant company
The Quality of Life (NE) Ltd	England	Dormant company
The Quality of Life Ltd	England	Dormant company
Sisterson Foods Ltd	England	Dormant company
Anglo-Oriental Foods Ltd	England	Dormant company
The Ultimate Snack Food Co Ltd	England	Dormant company

^{1.} As at the period end, the Company held 65% and 70% of the shares in International Biscuits Company and A&P Foods respectively.

8 Provisions for onerous contracts

	Provision for surplus property rental lease commitments £'000
At 29 December 2013	79
Utilised during the year	(15)
At 3 January 2015	64
At 4 January 2016	64
Credited during the year	(53)
Utilised during the year	(11)
At 2 January 2016	-

The provision for onerous contracts principally related to the cost of surplus leasehold properties, where unavoidable costs exceed anticipated income.
The lease commitments came to an end during 2015.

9 Share capital

	Number '000	Ordinary Shares (1) £'000
Ordinary share capital		
Authorised	11,000	11,000
As at 2 January 2016 and 3 January 2015:	<u>11,000</u>	<u>11,000</u>
Issued, called up and fully paid		
As at 2 January 2016 and 3 January 2015	<u>11,000</u>	<u>11,000</u>

(1) Represents authorised, issued, called up and fully paid ordinary shares of £1 each.

10 Related party transactions

The Company has taken advantage of the exemptions laid out in the FRS 101, "Related Party Transactions" not to disclose transactions with entities that are part of the UMV Developments Limited group, on the grounds that the consolidated financial statements of the group are publicly available.

During the period the Company entered into the following transactions with International Biscuits Company and A&P Foods, companies in which the Company held, at the year end, 65% and 70% of the ordinary share capital respectively:

2015

	Sales to related party £'000	Purchases from related party £'000	Amounts owed from related party £'000	Amounts owed to related party £'000
A&P Foods	-	-	-	-
International Biscuits Company Ltd	-	-	10,975	-

2014

	Sales to related party £'000	Purchases from related party £'000	Amounts owed from related party £'000	Amounts owed to related party £'000
A&P Foods	-	-	-	-
International Biscuits Company Ltd	-	-	11,907	-

11 Events after balance sheet date

In February 2016 the Company exercised its put option and purchased the remaining 30% of the shares in A&P Foods, a Nigerian biscuit manufacturing company, for circa £22 million.

12 Ultimate parent company

At both 2 January 2016 and 3 January 2015 the company's ultimate parent company was Yildiz Holdings, A.S., a company incorporated in Turkey. In the period before 3 November 2014 the company's ultimate parent company was United Biscuits LuxCo S.C.A.

For results for the period to 2 January 2016 the largest group in which the Company's financial statements are included is Yildiz Holdings Limited and the smallest group is UMV Developments Limited.

13 Transition to FRS 101

For all periods up to and including the year ended 3 January 2015, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 2 January 2016, are the first the Company has prepared in accordance with FRS 101.

Accordingly, the Company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2015 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the Company has started from an opening balance sheet as at 29 December 2013, the Company's date of transition to FRS101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101. There are no material adjustments as a result of this transition.

On transition to FRS 101, the company has applied the requirements of paragraphs 6-33 of IFRS 1 "First time adoption of International Financial Reporting Standards".

Refer to the Accounting Policies for details of the exemptions that the Company has applied.