

Unichips Holdings (UK) Limited
Directors' report and consolidated financial
statements
for the year ended 31 December 2009

Registered number: 2582231



Unichips Holdings (UK) Limited

Directors' report and consolidated financial statements for the year ended 31 December 2009

Contents

Directors' report for the year ended 31 December 2009	1
Independent auditors' report to the members of Unichips Holdings (UK) Limited	3
Consolidated profit and loss account for the year ended 31 December 2009	5
Consolidated balance sheet as at 31 December 2009	6
Company balance sheet as at 31 December 2009	7
Consolidated cash flow statement for the year ended 31 December 2009	8
Notes to the financial statements for the year ended 31 December 2009	9-16

Unichips Holdings (UK) Limited

Directors' report for the year ended 31 December 2009

The directors present their report and the audited financial statements of the company and the group for the year ended 31 December 2009

Small Company Exemption

The directors' report has been prepared taking advantage of the small companies exemption in section 415A of the Companies Act 2006

Review of the business

The group's principal activities are the manufacture and sale of potato crisps and snacks

Results and dividends

The group's loss for the year was £363,000 (2008 loss £397,000), which has been taken to reserves. The directors do not propose the payment of a dividend (2008 £nil). The directors anticipate that current operating levels will be maintained.

The financial statements have been prepared on a going concern basis as the directors have received confirmation from the ultimate parent undertaking that it will continue to provide the necessary funding to enable the group and the company to meet their liabilities as they fall due for a period of not less than 12 months from the date of approving these financial statements.

Directors and their interests

The directors who held office during the year, and up to the date of this report, were as follows

A Vitaloni

A Cozzi

The only director with a notifiable interest in the shares of the company was A Vitaloni who held a beneficial interest in one £1 ordinary share throughout the year.

Statement of directors' responsibilities in respect of the annual report and financial statements

The directors are responsible for preparing the annual 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 group and parent company 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 group and the company and of the profit or loss of the group 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 accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Unichips Holdings (UK) Limited

Directors' report for the year ended 31 December 2009 (continued)

Statement of directors' responsibilities in respect of the annual report and financial statements (continued)

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

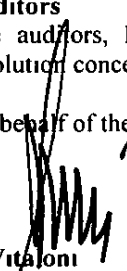
Auditors and disclosure of information to auditors

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the group's auditors in connection with preparing their report) of which the group's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the Board



A Vitaloni
Director
2010

Unichips Holdings (UK) Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNICHIPS HOLDINGS (UK) LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Unichips Holdings (UK) Limited for the year ended 31 December 2009 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement set out on page 1 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 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 group's and parent 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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2009 and of the group's loss and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of Matter – Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the basis of preparation. The financial statements have been prepared on a going concern basis and the validity of this depends on the continued support of the company's parent company by providing adequate loan facilities. This condition indicates the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include any adjustments that would result from a failure to obtain such continued support.

Opinion on other matter prescribed by the Companies Act 2006

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

Unichips Holdings (UK) Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNICHIPS HOLDINGS (UK) 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

Martin Cowie

Martin Cowie (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Edinburgh
6 September
2010

Unichips Holdings (UK) Limited

Consolidated profit and loss account for the year ended 31 December 2009

		2009	2008
	Notes	£'000	£'000
Turnover	2	4,889	4,996
Cost of sales		(4,851)	(5,016)
Gross profit / (loss)		38	(20)
Distribution costs		(69)	(67)
Administrative expenses		(328)	(308)
Operating loss		(359)	(395)
Net interest payable	3	(4)	(2)
Loss on ordinary activities before taxation	4	(363)	(397)
Taxation	7	-	-
Loss for the year	18	(363)	(397)

The group has no recognised gains or losses other than the loss for the year. All operations are continuing.

There is no difference between the loss on ordinary activities before taxation and the loss for the year stated above, and their historical cost equivalents.

Unichips Holdings (UK) Limited

Consolidated balance sheet as at 31 December 2009

	Notes	2009 £'000	2008 £'000
Fixed assets			
Tangible assets	8	153	135
Current assets			
Stock	10	508	418
Debtors	11	733	661
Cash at bank and in hand		45	91
Total current assets		1,286	1,170
Current liabilities			
Creditors amounts falling due within one year	12	(3,235)	(2,618)
Net current liabilities		(1,949)	(1,448)
Total assets less current liabilities		(1,796)	(1,313)
Creditors: amounts falling due after one year	13	(1,135)	(1,255)
Net liabilities		(2,931)	(2,568)
Capital and reserves			
Called up share capital	16	1,200	1,200
Profit and loss account – deficit	18	(4,131)	(3,768)
Total shareholder's deficit	19	(2,931)	(2,568)

The financial statements on pages 5 to 16 were approved by the board of directors on 06/09/2010 and were signed on its behalf by


A Vitaloni
Director

REGISTERED NUMBER 2582231

Unichips Holdings (UK) Limited

Company balance sheet as at 31 December 2009

	Notes	2009 £'000	2008 £'000
Fixed assets			
Investments in subsidiaries	9	-	-
Capital and reserves			
Called-up share capital	16	1,200	1,200
Profit and loss account – (deficit)	17	(1,200)	(1,200)
Total shareholder's funds		-	-

The financial statements on pages 5 to 16 were approved by the board of directors on 06/07/2010 and were signed on its behalf by


A Vitantonio
Director

REGISTERED NUMBER 2582231

Unichips Holdings (UK) Limited

Consolidated cash flow statement for the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
Net cash inflow from operating activities	21	24	146
Returns on investments and servicing of finance			
Bank interest received		1	4
Interest paid on bank loans, overdrafts and other loans		(5)	(6)
Net cash outflow from returns on investments and servicing of finance		(4)	(2)
Cash outflow from capital expenditure			
Purchase of tangible fixed assets		(66)	(54)
Net cash outflow from capital expenditure		(66)	(54)
(Decrease) / increase in cash in the year	22	(46)	90

Unichips Holdings (UK) Limited

Notes to the financial statements

for the year ended 31 December 2009

1 Accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom

Going concern basis

The financial statements have been prepared on a going concern basis as the directors have received confirmation from the ultimate parent undertaking that it will continue to provide the necessary funding to enable the group and the company to meet their liabilities as they fall due for a period of not less than 12 months from the date of approving these financial statements

Basis of preparation of consolidated financial statements

The consolidated financial statements of the group include the financial statements of the company and its subsidiaries, which are all made up to 31 December 2009

Deferred taxation

Deferred taxation is recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more tax in the future, or a right to pay less tax in the future

An asset is not recognised if the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities are not discounted

Stock

Stock is stated at the lower of cost and net realisable value

Fixed assets

Tangible fixed assets are stated at cost and are depreciated on a straight-line basis at annual rates estimated to write off their cost over the term of their useful economic lives as follows

Leasehold improvements	5%	straight line
Plant and machinery	5-20%	straight line

Foreign exchange

Transactions undertaken in foreign currencies are translated into Sterling using exchange rates ruling at the date of the transaction. Balances denominated in foreign currencies are translated at the rate of exchange at the balance sheet date. Exchange differences arising are included in the profit and loss account

Investments

The company's investment in subsidiaries is stated at cost. Provision is made to the extent that the directors believe that there has been a permanent diminution in the value of the investments

Related party disclosures

The group has taken advantage of the exemption conferred in Financial Reporting Standard 8 "Related Party Disclosures" from the need to disclose transactions with other companies which owned by the group

Finance and operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term. There are no assets held under finance leases

Unichips Holdings (UK) Limited
Notes to the financial statements
for the year ended 31 December 2009 (continued)

2 Turnover

Turnover represents the invoiced value of sales of potato crisps and snacks excluding Value Added Tax
 Turnover is recognised on despatch of potato crisps and snacks

Turnover originates entirely in the UK and is analysed by destination as follows

	2009	2008
	£'000	£'000
UK	1,143	915
Continental Europe	3,746	4,081
	4,889	4,996

3 Net interest payable

	2009	2008
	£'000	£'000
Interest payable	(5)	(6)
Bank interest receivable	1	4
Net interest payable	(4)	(2)

4 Loss on ordinary activities before taxation

The loss on ordinary activities before taxation is stated after charging/(crediting)

	Notes	2009	2008
		£'000	£'000
Staff costs	5	1,485	1,544
Auditor's remuneration – audit services		14	14
Auditors' remuneration – taxation services		5	7
Depreciation			
- owned assets		48	61
Hire of vehicles – operating leases		4	4

The company audit fee was £2,000 (2008 £2,000)

5 Staff costs and employee numbers

	2009	2008
	£'000	£'000
Wages and salaries	1,404	1,460
Social security costs	81	84
	1,485	1,544

Unichips Holdings (UK) Limited
Notes to the financial statements
for the year ended 31 December 2009 (continued)

5 Staff costs and employee numbers (continued)

The average number of persons employed by the group during the year was -

	2009	2008
	Number	Number
Manufacturing	64	69
General and administration	10	10
	74	79

6 Directors' emoluments

Neither of the directors received any emoluments for services provided to the group during the year (2008 £nil)

7 Taxation

The taxation charge for the year comprises

	2009	2008
	£	£
Current tax		
UK corporation tax at 28.0% (2008 28.5%)	-	-
	2009	2008
The tax assessed for the year differs from the standard rate of corporation tax in the UK of 28.0% (2008 28.5%) The differences are explained below		
	£	£
Loss on ordinary activities before taxation	(363)	(397)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.0% (2008 28.5%)	(102)	(113)
Effects of		
Expenses not deductible for tax purposes	25	32
Accelerated capital allowances/other timing differences	77	81
Current tax charge	-	-

A number of changes to the UK corporation tax system were announced in the June 2010 Budget Statement. The Finance (No 2) Act 2010 is expected to include legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

See note 14 for details of deferred tax.

Unichips Holdings (UK) Limited
Notes to the financial statements
for the year ended 31 December 2009 (continued)

8 Tangible fixed assets

Group	Leasehold improvements £'000	Plant and machinery £'000	Total £'000
Cost			
At 1 January 2009	44	1,348	1,392
Additions	29	37	66
Disposals	-	(28)	(28)
At 31 December 2009	73	1,357	1,430
Accumulated depreciation			
At 1 January 2009	34	1,223	1,257
Charge for the year	7	41	48
Disposals	-	(28)	(28)
At 31 December 2009	41	1,236	1,277
Net book value			
At 31 December 2009	32	121	153
At 31 December 2008	10	125	135

9 Investments

	£'000
Company – at 31 December 2008 and 2009	
Cost at date of acquisition	1,200
Provision for permanent diminution in value	(1,200)
	-

The company's investments comprise its shareholdings in two wholly owned subsidiaries, Highlander Snacks Limited and San Carlo Food Group Limited. Highlander Snacks Limited is registered in Scotland and its principal activity is the manufacture and sale of potato crisps and snacks. San Carlo Food Group Limited is registered in England and does not currently trade.

Unichips Holdings (UK) Limited
Notes to the financial statements
for the year ended 31 December 2009 (continued)

10 Stock

	2009	2008
Group	£'000	£'000
Raw materials	465	397
Finished goods	43	21
	508	418

11 Debtors

	2009	2008
Group	£'000	£'000
Trade debtors	191	134
Amounts owed by group undertakings	494	483
Other debtors	33	29
Prepayments	15	15
	733	661

Amounts owed by group undertakings do not attract interest and are repayable on demand

12 Creditors: amounts falling due within one year

	2009	2008
Group	£'000	£'000
Trade creditors	670	519
Amounts owed to group undertakings	2,377	1,938
Other taxes and social security	27	30
Accruals and deferred income	161	131
	3,235	2,618

Interest is not payable on amounts owed to group undertakings and are repayable on demand

13 Creditors - amounts falling due after more than one year

	2009	2008
Group	£'000	£'000
Amounts owed to group undertakings	0	120
Shareholder's loan (note 15)	1,135	1,135
	1,135	1,255

Unichips Holdings (UK) Limited
Notes to the financial statements
for the year ended 31 December 2009 (continued)

14 Deferred taxation

The full potential unrecognised deferred tax asset at 28% (2008 28%) for all timing differences is as follows

	2009	2008
Group	£'000	£'000
Accelerated capital allowances	(98)	(86)
Tax losses carried forward	(876)	(811)
	(974)	(897)

The deferred tax assets have not been recognised as, in the opinion of the directors, their future recoverability is uncertain. The deferred tax assets would be recoverable in the event of the group having sufficient future profits to absorb tax losses.

15 Shareholder's loan

The loan is payable to Unichips Finanziaria SPA, the ultimate parent company. It bears interest at 2¹/₄% and has no fixed repayment date. Interest payable was waived in 2008 and 2009 and the directors have received confirmation from the ultimate parent company that the loan will not be required to be repaid within twelve months from the date on which these financial statements are signed.

16 Share capital

	2009	2008
Group and company	£'000	£'000
Authorised:		
1,500,000 ordinary £1 shares	1,500	1,500
Allotted, issued and fully paid:		
1,200,002 ordinary £1 shares	1,200	1,200

17 Company profit and loss account

As permitted by Section 408 of the Companies Act 2006, Unichips Holdings (UK) Limited has not presented its own profit and loss account. The company made neither a profit nor a loss during the year (2008 £nil).

Unichips Holdings (UK) Limited
Notes to the financial statements
for the year ended 31 December 2009 (continued)

18 Profit and loss account

	2009	2008
Group	£	£
At 1 January	(3,768)	(3,371)
Loss for the financial year	(363)	(397)
At 31 December	(4,131)	(3,768)

19 Reconciliation of movements in shareholder's funds

	2009	2008
Group	£'000	£'000
Loss for the financial year	(363)	(397)
Opening shareholder's funds - deficit	(2,568)	(2,171)
Closing shareholder's funds - deficit	(2,931)	(2,568)

20 Operating lease commitments

At 31 December 2009 the group had annual commitments under non-cancellable operating leases expiring as follows -

	2009	2008
Motor vehicles	£'000	£'000
Between 2 and 5 years	4	4

21 Reconciliation of operating loss to net cash inflow from operating activities

	2009	2008
	£'000	£'000
Operating loss	(359)	(395)
Depreciation of tangible fixed assets	48	61
Increase in stocks	(90)	(29)
(Increase) / decrease in debtors	(72)	28
Increase in creditors	497	481
Net cash inflow from continuing operations	24	146

Unichips Holdings (UK) Limited
Notes to the financial statements
for the year ended 31 December 2009 (continued)

22 Reconciliation of net cash flow to movement in net debt

	2009	2008
	£'000	£'000
(Decrease) / increase in cash in the year	(46)	90
Net debt at 1 January	(1,044)	(1,134)
Net debt at 31 December	(1,090)	(1,044)

23 Analysis of net debt

	1 January 2009	Cash flows	31 December 2009
	£'000	£'000	£'000
Net cash			
Cash at bank	91	(46)	45
Debt			
Loan from group undertaking	(1,135)	-	(1,135)
Net debt	(1,044)	(46)	(1,090)

24 Outstanding commitments

At 31 December 2009 the group had outstanding potato and oil purchase contracts with a value of £345,000 (31 December 2008 £774,000) All contracts were settled subsequent to the year end

25 Parent undertaking

The parent undertaking of the smallest group of which the company is a member is Unichips International BV which is incorporated in the Netherlands The ultimate parent undertaking is Unichips Finanziaria SPA which is incorporated in Italy