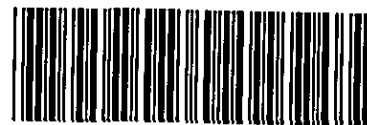


COMPANY REGISTRATION NUMBER 03841804

MONDELEZ UK R&D LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
TO 29 DECEMBER 2012

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MONDELEZ UK R&D LIMITED

FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012

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MONDELEZ UK R&D LIMITED

DIRECTOR'S REPORT

PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012

The director has pleasure in presenting his annual report and the audited financial statements of the company for the period from 1 January 2012 to 29 December 2012

Principal activities and business review

The principal activities of the company during the period were the provision of research and development services to fellow subsidiary companies within the Mondelez group

Due to the straightforward nature of the business the company's directors are of the opinion that a detailed analysis using Key Performance Indicators is not necessary for an understanding of the development, performance or position of the business

On 1 October 2012 Kraft Foods Inc completed the separation of its global business into two separately listed US entities. The Kraft Foods North American grocery business became a new US listed entity Kraft Foods Group Inc and the remaining Kraft Foods global snacks business was renamed Mondelez International Inc. As a result of this change, the ultimate parent company is now Mondelez International Inc. On 29 April 2013 Kraft Foods UK R&D Limited was renamed Mondelez UK R&D Limited

Results and dividends

The profit for the period amounted to £692,000 (2011 - £1,458,000). The director has not recommended a dividend.

The net assets of the company increased to £36,845,000 (2011 - £36,150,000)

Principal risks, uncertainties and future outlook

As the company provides services to fellow subsidiaries within the Mondelez group it has limited exposure to price risk, credit risk, liquidity risk and cash flow risk. These are not considered to be material for the assessment of the assets, liabilities and financial position of the company.

As a subsidiary of Mondelez International Inc the directors also consider the business risk and uncertainties to be minimal and are further detailed in the financial statements of the ultimate parent company which are publicly available.

The directors expect the business to continue in line with the current year.

Directors

The directors who served the company during the period and to the date of the financial statements being approved unless otherwise stated were as follows:

J Graham
D Shearman

J Billingham was appointed as a director on 1 March 2013
J O'Shea was appointed as a director on 1 March 2013
J Graham resigned as a director on 28 February 2013

MONDELEZ UK R&D LIMITED

DIRECTOR'S REPORT *(continued)*

PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012

Statement of director's responsibilities

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director 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 director is 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Disclosure of information to auditors

In so far as the director is aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information needed by the company's auditor in connection with preparing their report and to establish that the auditors are aware of that information.

Donations

The company did not make any charitable or political donations during the current or previous period.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

MONDELEZ UK R&D LIMITED

DIRECTOR'S REPORT *(continued)*

PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012

Employment policies and involvement

It is the company's policy to ensure that no employee or job applicant is treated less favourably than another on the grounds of religion, sexual orientation, disability, race, creed, colour, nationality, ethnic or national origins, sex or marital status

The company recognises the need to create and support a flexible working environment, incorporating where possible, family friendly policies

The company believes in and supports the development of a working environment which encourages employee involvement in the business. Information about the company and its business is provided to all employees on matters likely to be of concern to them in team briefings, an annual report and by other communications

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting

Signed by



D Shearman

Director

Approved by the director on 5 July 2013

MONDELEZ UK R&D LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MONDELEZ UK R&D LIMITED

PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012

We have audited the financial statements of Mondelez UK R&D Limited for the period from 1 January 2012 to 29 December 2012 which comprise the Profit and Loss Account, Balance Sheet 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 director and auditors

As explained more fully in the Statement of Director's Responsibilities set out on page 2, the director is 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.

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 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 annual report and financial statements to identify material inconsistencies with the audited financial statements. 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 29 December 2012 and of its profit for the period 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

MONDELEZ UK R&D LIMITED

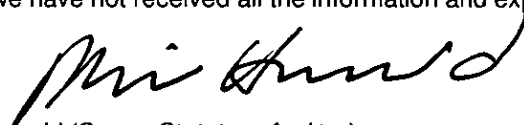
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MONDELEZ UK R&D LIMITED *(continued)*

PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012

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 director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Phil Harrold (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
Birmingham

8 July 2013

MONDELEZ UK R&D LIMITED

PROFIT AND LOSS ACCOUNT

PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012

	Note	Period from 1 Jan 12 to 29 Dec 12 £000	Period from 12 Dec 10 to 31 Dec 11 £000
Turnover	2	39,386	26,663
Administrative expenses		(39,014)	(26,898)
Operating profit/(loss)	3	372	(235)
Interest receivable and similar income	6	14	51
Interest payable and similar charges	7	(2)	1
Profit/(loss) on ordinary activities before taxation		384	(183)
Tax on profit/(loss) on ordinary activities	8	308	1,641
Profit for the financial period		692	1,458

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the period as set out above

There is no material difference between the profit (loss) on ordinary activities before taxation and the profit (loss) for the financial year stated above and their historical cost equivalents

The notes on pages 8 to 21 form part of these financial statements.

MONDELEZ UK R&D LIMITED

BALANCE SHEET

29 DECEMBER 2012

	Note	29 Dec 12 £000	31 Dec 11 £000
Fixed assets			
Intangible assets	9	4,070	4,290
Tangible assets	10	<u>20,597</u>	<u>19,810</u>
		<u>24,667</u>	<u>24,100</u>
Current assets			
Debtors	11	24,743	36,297
Cash at bank		<u>—</u>	<u>8</u>
		24,743	36,305
Creditors: Amounts falling due within one year	12	<u>(12,247)</u>	<u>(23,195)</u>
Net current assets		12,496	13,110
Total assets less current liabilities		<u>37,163</u>	<u>37,210</u>
Provisions for liabilities			
Other provisions	13	<u>(318)</u>	<u>(1,060)</u>
Net assets		<u>36,845</u>	<u>36,150</u>
Capital and reserves			
Called up share capital	16	15,024	15,024
Profit and loss account	17	<u>21,821</u>	<u>21,126</u>
Total shareholders' funds	17	<u>36,845</u>	<u>36,150</u>

These financial statements were approved and signed by the director and authorised for issue on 5 July 2013



D Shearman

Director

Company Registration Number 03841804

The notes on pages 8 to 21 form part of these financial statements.

MONDELEZ UK R&D LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards

The financial statements are also prepared on the going concern basis and in accordance with the Companies Act 2006. The principal accounting policies which have been applied consistently throughout the period are set out below

The 2012 "Financial Year" is represented by the period from 1 January 2012 to 29 December 2012

Consolidation

The company was, at the end of the period, a wholly-owned subsidiary of Mondelez International Inc, another company incorporated outside the EEA and in accordance with Section 401 of the Companies Act 2006, is not required to produce, and has not published, consolidated financial statements

Cash flow statement

The director has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent, Mondelez International Inc, publishes a consolidated cash flow statement

Related parties transactions

The company is a wholly owned subsidiary of Mondelez International Inc, the consolidated financial statements of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members of the Mondelez group

Turnover

Turnover represents the value of invoiced and accrued research and development services to fellow subsidiary companies in the Mondelez group of companies

Intangible assets

Purchased goodwill arises where the purchase consideration exceeds the value of the underlying net assets

Purchased goodwill is capitalised in the year in which it arises and amortised over its useful economic life

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Goodwill - 20 years

MONDELEZ UK R&D LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012

1 Accounting policies *(continued)*

Tangible fixed assets

Tangible fixed assets are stated at historic cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Improvements	-	shorter of useful economic life and lease term
Plant & Machinery	-	3 - 20 years

Capital work in progress is not depreciated.

Impairment

The company carries out an impairment review of its intangible and tangible assets when a change in circumstances or situation indicates that those assets may have suffered an impairment loss. Impairment is measured by comparing the carrying amount of the asset with the recoverable amount of the associated income generating unit on a value-in-use basis. Value-in-use is calculated by discounting the expected future cash flows.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company is a participating employer in the Kraft Foods Retirement Benefits Plan and Cadbury Pension Fund, both group operated defined benefit schemes for the benefit of the majority of its employees. The assets of the schemes are held separately from those of the company in independently administered funds. As the company is not able to separately identify its share of the assets and liabilities of the group schemes it accounts for contributions as if they were to a defined contribution pension scheme. Contributions to the scheme are charged to the profit and loss account in the period to which they relate.

Provisions for liabilities

Provisions are recognised where there is a legal or constructive obligation to transfer economic benefits as a result of a past event. The effect of the time value of money on the provisions are not discounted unless material.

MONDELEZ UK R&D LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012

1 Accounting policies *(continued)*

Taxation

Current tax for the current and prior periods is provided at the amount expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax 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

(i) 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 the 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

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange gains and losses on settled transactions are reported in the profit and loss account. Monetary assets and liabilities in foreign currencies have been expressed in sterling at the rates ruling at the end of the period, except when covered by an open foreign exchange contract in which case the rate of exchange specified in the contract is used, and any gains or losses reported in the profit and loss account

Share-based payments

Equity-settled share-based payment transactions for employee services received are measured at fair value and recognised as an expense spread over the service periods for share awards expected to vest. The fair value is measured by reference to the number and market value of the equity instruments at the date of grant. At each balance sheet date the company revises its estimates of the number of awards that are expected to vest and recognises the impact in the income statement with a corresponding adjustment to equity

Recharges made to the company when the share awards have vested are recognised when paid and accounted for as a decrease in equity. Equity-settled share-based payment transactions for employee services received are measured at fair value and recognised as an expense spread over the service periods for share awards expected to vest. The fair value is measured by reference to the number and market value of the equity instruments at the date of grant. At each balance sheet date the company revises its estimates of the number of awards that are expected to vest and recognises the impact in the income statement with a corresponding adjustment to equity

Recharges made to the company when the share awards have vested are recognised when paid and accounted for as a decrease in equity

Financial instruments

The company has no derivative financial instruments. Financial assets and liabilities are measured at historical cost

MONDELEZ UK R&D LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company

3. Operating profit/(loss)

Operating profit/(loss) is stated after charging

	Period from 1 Jan 12 to 29 Dec 12 £000	Period from 12 Dec 10 to 31 Dec 11 £000
Amortisation of intangible assets	220	110
Depreciation of owned fixed assets	2,312	2,612
Auditors' remuneration		
- as auditor	-	-
Operating lease costs		
- Plant and equipment	275	7
- Property leases	225	257

Audit fees for the company are borne on behalf of the UK group by a fellow subsidiary undertaking and included in a service charge to the company. An estimated allocation of the audit fee for the year is £10,000 (2011 - £10,000) and includes audit related services in relation to reporting to the entity's ultimate parent company.

MONDELEZ UK R&D LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012

4. Employee information

The average number of staff employed by the company during the financial period amounted to

	Period from 1 Jan 12 to 29 Dec 12 No	Period from 12 Dec 10 to 31 Dec 11 No
Number of research and development staff	385	254
Number of administrative staff	9	8
	<u>394</u>	<u>262</u>

The aggregate payroll costs of the above were

	Period from 1 Jan 12 to 29 Dec 12 £000	Period from 12 Dec 10 to 31 Dec 11 £000
Wages and salaries	20,305	15,775
Social security costs	1,979	1,280
Other pension costs	2,592	1,905
Equity-settled share-based payments	3	81
	<u>24,879</u>	<u>19,041</u>

Other pension costs comprise contributions by the company to the Kraft Foods Retirement Benefits Plan and the Cadbury Pension Fund, both group operated defined benefit schemes of which Mondelez UK Limited and Mondelez UK Holdings & Services Limited (formally Cadbury Holdings Limited) are the sponsoring employers. With respect to the defined benefit schemes the contributions they receive are based upon the pension cost of the schemes members across the Mondelez group of companies as a whole. Due to the impact of historic group restructuring and transfers of pension scheme members between group companies, the company is unable to separately identify its share of the underlying assets and liabilities of the schemes on either a consistent or reasonable basis therefore accounts for the schemes as defined contribution plans.

Kraft Foods Retirement Benefits Plan

The latest full actuarial valuation of the pension plan was carried out as at 1 April 2010 using the projected unit method. At 29 December 2012 the company actuary estimated the Kraft Foods Retirement Benefits Plan had a deficit of £69,059,000 (2011 - £72,206,000) under the projected unit method.

Cadbury Pension Fund

The latest full actuarial valuation of the pension fund was carried out as at 5 April 2010 using the projected unit credit method. At 29 December 2012 the company actuary estimated the Cadbury Pension Fund had a deficit of £387,300,000 (2011 - £312,500,000) under the projected unit credit method.

MONDELEZ UK R&D LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012

5. Director's remuneration

The director's aggregate remuneration in respect of qualifying services were

	Period from 1 Jan 12 to 29 Dec 12 £000	Period from 12 Dec 10 to 31 Dec 11 £000
Remuneration receivable	<u>454</u>	<u>563</u>

Remuneration of highest paid director:

	Period from 1 Jan 12 to 29 Dec 12 £000	Period from 12 Dec 10 to 31 Dec 11 £000
Total remuneration (excluding pension contributions)	<u>318</u>	<u>434</u>

The number of directors who accrued benefits under company pension schemes was as follows

	Period from 1 Jan 12 to 29 Dec 12 No	Period from 12 Dec 10 to 31 Dec 11 No
Defined benefit schemes	<u>1</u>	<u>2</u>

The number of directors who exercised share options and received shares under a long term incentive scheme during the period were as follows

	Period from 1 Jan 12 to 29 Dec 12 No	Period from 12 Dec 10 to 31 Dec 11 No
Directors who exercised share options	<u>1</u>	<u>2</u>
Directors who received shares under a long term incentive scheme	<u>1</u>	<u>2</u>

6 Interest receivable and similar income

	Period from 1 Jan 12 to 29 Dec 12 £000	Period from 12 Dec 10 to 31 Dec 11 £000
Interest on loans to group undertakings	<u>14</u>	<u>51</u>

7. Interest payable and similar charges

	Period from 1 Jan 12 to 29 Dec 12 £000	Period from 12 Dec 10 to 31 Dec 11 £000
Interest on loans from group undertakings	<u>2</u>	<u>(1)</u>

MONDELEZ UK R&D LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012

8. Tax on profit on ordinary activities

(a) Analysis of charge in the period

	Period from 1 Jan 12 to 29 Dec 12 £000	Period from 12 Dec 10 to 31 Dec 11 £000
Current tax:		
Current period UK Corporation tax	1	-
Adjustment in respect of previous periods	11	-
Total current tax	<u>12</u>	<u>-</u>
Deferred tax:		
Origination and reversal of timing differences	(610)	(1,618)
Adjustments in respect of previous periods	318	28
Effect of change of tax rate on opening balance	(28)	(51)
Total deferred tax	<u>(320)</u>	<u>(1,641)</u>
Tax on profit/(loss) on ordinary activities	<u>(308)</u>	<u>(1,641)</u>

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 24 50% (2011 - 26 50%)

	Period from 1 Jan 12 to 29 Dec 12 £000	Period from 12 Dec 10 to 31 Dec 11 £000
Profit/(loss) on ordinary activities before taxation	<u>384</u>	<u>(183)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of tax	94	(48)
Expenses not deductible for tax purposes	85	176
Capital allowances for period in excess of depreciation	565	710
Short term timing differences	33	-
Adjustments in respect of previous periods	11	-
Group relief not paid for	(776)	(734)
Other timing differences	-	(104)
Total current tax (note 8(a))	<u>12</u>	<u>-</u>

MONDELEZ UK R&D LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012

8. Tax on profit on ordinary activities *(continued)*

(c) Factors that may affect future tax charges

On 17 July 2012, The Finance Act 2012 was enacted and reduced the rate of UK Corporation tax from 26% to 24% with effect from 1 April 2012 along with a further reduction to 23% with effect from 1 April 2013. The deferred tax balances at 31 December 2012 have accordingly been provided at 23%.

In addition to the changes in rates of Corporation tax disclosed within the note on taxation a number of further changes to the UK Corporation tax system were announced in the March 2013 UK Budget Statement. Legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 is expected to be included in the Finance Act 2013. A further reduction to the main rate is also proposed to reduce the rate to 20% from 1 April 2015, and is expected to be included in the Finance Act 2013. Neither of these rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The effect of the changes expected to be enacted in the Finance Act 2013 would be to further reduce the deferred tax liability provided at the balance sheet date by an additional £41,500. This £41,500 decrease in the deferred tax liability would increase profit by £41,500 and increase other comprehensive income by £Nil. This decrease in the deferred tax liability is due to the reduction in the corporation tax rate from 23 per cent to 20 per cent with effect from 1 April 2015.

9. Intangible fixed assets

	Goodwill
	£000
Cost	
At 1 January 2012 and 29 December 2012	4,400
Amortisation	
At 1 January 2012	110
Charge for the period	220
At 29 December 2012	330
Net book value	
At 29 December 2012	4,070

Goodwill is being amortised on a straight-line basis over twenty years, being the period over which the directors estimate that the values of the underlying businesses acquired are expected to exceed the values of the underlying assets.

MONDELEZ UK R&D LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012

10. Tangible fixed assets

	Leasehold improvements	Plant and machinery	Work in progress	Total
	£000	£000	£000	£000
Cost				
At 1 January 2012	11	29,634	3,749	33,394
Additions	–	110	3,023	3,133
Disposals	–	(58)	–	(58)
Transfers	179	3,362	(3,541)	–
At 29 December 2012	190	33,048	3,231	36,469
Depreciation				
At 1 January 2012	2	13,582	–	13,584
Charge for the period	6	2,306	–	2,312
On disposals	–	(24)	–	(24)
At 29 December 2012	8	15,864	–	15,872
Net book value				
At 29 December 2012	182	17,184	3,231	20,597

11 Debtors

	29 Dec 12 £000	31 Dec 11 £000
Amounts owed by group undertakings	21,862	32,356
Other debtors	513	1,438
Prepayments and accrued income	2,368	2,503
	24,743	36,297

Amounts owed by group undertakings include non-trading balances which are unsecured, earn interest at the London Mean Rate less 0.25% and are repayable on demand

12 Creditors: Amounts falling due within one year

	29 Dec 12 £000	31 Dec 11 £000
Trade creditors	3,212	2,871
Amounts owed to group undertakings	2,518	14,314
Other taxation and social security	360	303
Other creditors	584	825
Accruals and deferred income	5,573	4,882
	12,247	23,195

MONDELEZ UK R&D LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012

13. Other provisions

	Reorganisation Provisions £000	Deferred taxation £000	Total £000
Original balance brought forward prior year	-	2,279	2,279
Profit and Loss Account movement arising during the period	422	(1,641)	(1,219)
Balance carried forward	422	638	1,060
Profit and Loss Account movement arising during the period	(422)	(320)	(742)
Balance carried forward current year	-	318	318

The reorganisation provision relates to the costs of the European integration in respect of the company's on-going focus on establishing and maintaining operating efficiency

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	29 Dec 12 £000	31 Dec 11 £000
Excess of taxation allowances over depreciation on fixed assets	547	747
Other timing differences	(229)	(109)
	<u>318</u>	<u>638</u>

14. Share-based payments

On 1st October 2012 Kraft Foods Inc (KFT) completed the separation of its North American grocery business and its global snacks business into two separately listed entities Kraft Foods Group (KRFT) and Mondelez International (MDLZ). In the Spin-Off, the Company chose to follow the Shareholder Approach for the treatment of any outstanding (unvested and vested but not yet exercised) stock options and/or (unvested and not forfeited) restricted deferred stock awards held by employees. All outstanding KFT Awards were adjusted and converted into Awards into shares in both Mondelez International (MDLZ) and Kraft Foods Group (KRFT). The adjusted Awards retained the same terms and conditions as the previous Awards.

Performance Incentive Plan

Under a Performance Incentive Plan eligible employees of the company are granted a "Deferred Stock Unit Award" (the "Award") with respect to a number of shares (the "Deferred Shares") of Common Stock. The employee does not have the right to vote the Deferred Shares or receive dividends but is entitled to receive cash payments in lieu of dividends otherwise payable. The Awards are non transferable and may not be assigned, hypothecated or otherwise pledged. The Awards granted to eligible employees have no performance criteria attached to them other than the requirement that the employee remains in employment of the Kraft Foods Inc group from award date to vesting date. If an employee moves within the Kraft Foods Inc group then an inter-group reallocation is made and the charge for the Award is time apportioned. The Awards generally vest on the third anniversary of the grant date.

MONDELEZ UK R&D LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012

14 Share-based payments *(continued)*

Movements in the total number of deferred shares and their weighted-average grant date fair values (WAFV) are as follows

	29 Dec 12		31 Dec 11	
	Number of shares	WAFV	Number of shares	WAFV
Opening balance	14,460	£18 48	12,660	£17 52
Granted	8,120	£23 74	4,600	£19 69
Vested	(5,730)	£17 25	(2,800)	£15 39
Forfeited	(710)	£18 83	-	-
Inter-group reallocation	1,790	£19 69	-	-
Closing KFT balance at spin off 1 10 12	<u>17,930</u>	£21 36		
Converted balance at spin off 1 10 12	23,887	£15 53		
Forfeit	-	-		
Inter-group reallocation	-	-		
Closing balance at balance sheet date	<u>23,887</u>	£15 33	<u>14,460</u>	£18 48

The fair value of deferred stock is determined based on the number of shares granted and the market value at date of grant. The total charge for the period relating to employee share-based payments under this plan was £86,000 (2011 - £136,000), all of which related to equity-settled share-based payment transactions.

MONDELEZ UK R&D LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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14. Share-based payments *(continued)*

Executive share option scheme

The company has a share option scheme for eligible employees (including directors). Options are granted at an exercise price equal to the market value of the underlying stock on the date of grant. Share options generally become exercisable one-third each year on the first anniversary of the grant date and have a maximum term of ten years. The options are settled in equity once exercised.

If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are not transferrable and are forfeited if the employee leaves the company before the options are exercised. If an employee moves within the Kraft group then an inter-group re-allocation is made on a time apportioned basis.

Details of the number of share options and the weighted average exercise price (WAEP) during the period are as follows:

	29 Dec 12		31 Dec 11	
	Number of shares	WAEP	Number of shares	WAEP
Opening balance	126,057	£17.67	235,921	£16.65
Options exercised	(29,390)	£17.52	(134,856)	£17.80
Options cancelled/forfeited	(32,520)	£17.61	(64,464)	£13.85
New options issued in period	48,240	£24.20	29,350	£19.69
Inter-group reallocation	18,028	£12.68	60,106	£19.69
Closing KFT balance 1 10 12	130,415	£19.27		
Converted balance at spin off 1 10 12	173,872	£14.46		
Options exercised	(3,200)	£13.60		
Options cancelled/forfeited	-	-		
Inter-group reallocation	-	-		
Closing balance at balance sheet date	170,672	£15.01	126,057	£17.67
Exercisable at the end of the period	65,444	£13.26	49,266	£15.28

The weighted-average Black-Scholes fair value assumptions were as follows:

Risk-free interest rate	1.15%
Expected life	6 years
Expected volatility	18.19%
Expected dividend yield	3.08%
Fair value at grant date	£3.04

MONDELEZ UK R&D LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012

14 Share-based payments *(continued)*

For options outstanding at the end of the period the range of exercise prices and their weighted average remaining life in years (WARL) are as follows

Range of exercise prices	29 Dec 12		31 Dec 11	
	Number of shares	WARL	Number of shares	WARL
£0.01 - £5.00	10,160	6.14	-	-
£10.01 - £15.00	74,435	7.18	37,441	6.10
£15.01 - £20.00	60,474	8.37	88,616	8.52
£20.01 - £25.00	25,603	8.65	-	-
Closing balance	<u>170,672</u>	<u>7.76</u>	<u>126,057</u>	<u>7.80</u>

The weighted average share price during the period for options exercised over the period was £24.64 (2011 - £21.99). The total charge for the period relating to employee share-based payments under this plan was £44,000 (2011 - £25,000), all of which related to equity-settled share-based payment transactions.

15. Lease commitments

At 29 December 2012 the company had annual commitments under non-cancellable operating leases as set out below

	29 Dec 12		31 Dec 11	
	Land and buildings £000	Other items £000	Land and buildings £000	Other items £000
Operating leases which expire				
Within 1 year	-	10	-	10
Within 2 to 5 years	<u>265</u>	<u>220</u>	<u>265</u>	<u>174</u>
	<u>265</u>	<u>230</u>	<u>265</u>	<u>184</u>

16. Share capital

Authorised share capital:

	29 Dec 12 £000	31 Dec 11 £000
100,000,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	29 Dec 12		31 Dec 11	
	No	£000	No	£000
15,024,453 Ordinary shares of £1 each	<u>15,024,453</u>	<u>15,024</u>	<u>15,024,453</u>	<u>15,024</u>

MONDELEZ UK R&D LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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17. Reconciliation of shareholders' funds and movement on reserves

	Called up share capital	Profit and loss account	Total shareholders' funds
	£000	£000	£000
Balance brought forward	15,024	21,126	36,150
Profit for the period	–	692	692
Equity settled share based payments	–	3	3
Balance carried forward	<u>15,024</u>	<u>21,821</u>	<u>36,845</u>

18. Ultimate parent company

At 29 December 2012 the immediate parent company was Mondelez UK Limited. Kraft Foods Schweiz Holdings GmbH, a company incorporated in Switzerland, is the parent company of the smallest group to consolidate these financial statements.

At 29 December 2012 the company's ultimate parent company and controlling party was Mondelez International Inc, incorporated in the United States of America. This is the parent company of the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements of Mondelez International Inc are available on application from the Company Secretary, Cadbury House, Sanderson Road, Uxbridge, UB8 1DH.