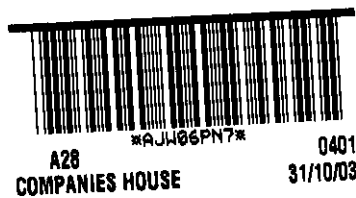


**Hillsdown International Limited**  
**(Registered Number 1943509)**

**Directors' Report and Accounts**

**For the Year Ended 31 December 2002**



## **Hillsdown International Limited**

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# Hillsdown International Limited

## Report of the Directors

The directors present their report together with the audited accounts of the company for the year ended 31 December 2002.

### Principal activities and review of business

The principal activity is that of an investment company.

### Results and dividends

The profit before taxation for the year amounts to £11,378,030 (2001: profit of £1,460,576). The directors do not recommend the payment of a dividend (2001: £nil).

### Directors and their interests

The directors who held office during the year are listed below.

#### Name

P A Leach  
G P Tyley

No directors received emoluments in respect of their services to the company during the year ended 31 December 2002.

None of the directors had any beneficial interest in the shares of the company.

Particulars of the interests in Premier Foods (Holdings) Limited of directors at the end of the year are as follows:

Options for Ordinary Shares of £0.20 each under the terms of the Premier Foods (Holdings) Unapproved Executive Share Option Scheme.

As at 31 December 2002 and at 31 December 2001

G P Tyley	35,000
P A Leach	75,000

The options are exercisable between a number of exercise dates between 31 December 2000 and 3 October 2012 at an exercise price of £1.46.

There were no exercises of options by any director who served during the year

None of the directors had any beneficial interests in the shares of other companies in the Group.

# Hillsdown International Limited

## Report of the Directors (Continued)

### Statement of Directors' Responsibilities

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;
- state whether applicable 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 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.

### Auditors

A written elective resolution of the company has been passed, exempting the company from the obligation to appoint auditors annually in accordance with the terms of Section 386(1) of the Companies Act 1985 (as amended).

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 24 March 2003 and the directors appointed their successor, PricewaterhouseCoopers LLP, as auditors to fill the casual vacancy.

By Order of the Board



G P Tyley  
Director  
20 October 2003

# Hillsdown International Limited

## Independent Auditors' Report to the Members of Hillsdown International Limited

We have audited the financial statements on pages 4 to 10.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are 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 United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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 transactions is not disclosed.


### Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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 of the state of the company's affairs at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors  
London

20 October 2003

# Hillsdown International Limited

## Profit and Loss Account for the Year Ended 31 December 2002

	<i>Note</i>	2002 £	2001 £
Rental income		62,086	62,086
Write off of inter company creditor balances		-	105
Exchange differences		-	1,142
Administration expenses		(97,064)	(103,053)
Dividends received		1,485,000	1,491,131
<b>Operating profit</b>	<b>2</b>	<b>1,450,022</b>	<b>1,451,411</b>
Exceptional items	3	9,986,708	14,500
<b>Profit on ordinary activities before interest and taxation</b>		<b>11,436,730</b>	<b>1,465,911</b>
Net interest payable	4	(58,700)	(5,335)
<b>Profit on ordinary activities before taxation</b>		<b>11,378,030</b>	<b>1,460,576</b>
Tax on profit on ordinary activities	5	28,103	403,820
<b>Profit on ordinary activities after taxation</b>		<b>11,406,133</b>	<b>1,864,396</b>
<b>Retained profit for the financial year</b>	<b>11</b>	<b>11,406,133</b>	<b>1,864,396</b>

There were no recognised gains and losses other than those passing through the profit and loss account and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the period stated above and their historical cost equivalents.

The notes on pages 6 to 10 form part of these accounts.

# Hillsdown International Limited

## Balance Sheet as at 31 December 2002

	Note	2002 £	2001 £
<b>Fixed assets</b>			
Investments	6	-	-
<b>Current assets</b>			
Investments	7	-	565,180
Debtors	8	537,619,932	508,167,519
		537,619,932	508,732,699
<b>Creditors – amounts falling due within one year</b>	9	(87,296,155)	(69,815,055)
<b>Net current assets</b>		450,323,777	438,917,644
<b>Net assets</b>		450,323,777	438,917,644
<b>Capital and reserves</b>			
Called up share capital	10	150,000,000	150,000,000
Profit and loss account	11	300,323,777	288,917,644
<b>Total shareholders' funds</b>	12	450,323,777	438,917,644

The financial statements on pages 4 to 10 were approved by the Board of Directors on 20 October 2003 and signed on its behalf by:



**G P Tyley**  
Director

The notes on pages 6 to 10 form part of these accounts.

# **Hillsdown International Limited**

## **Notes to the Financial Statements**

### **1 Accounting policies**

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been reviewed by the Board of Directors in accordance with Financial Reporting Standard ('FRS') 18 'Accounting policies', is set out below, together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year.

#### **Basis of accounting**

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

#### **Group accounts**

The company has not prepared group accounts as it is a wholly owned subsidiary undertaking of a parent undertaking established under the law of a member state of the European Community, as permitted by Section 228 of the Companies Act 1985.

#### **Exceptional items**

Exceptional items are those that need to be disclosed by virtue of their size or incidence. Such items are included within operating results unless they represent profits or losses on the sale or termination of an operation, costs of a fundamental reorganisation or restructuring having a material effect on the nature and focus of the company's business, or profits or losses on the disposal of fixed assets.

#### **Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a currency swap. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the contracted rate. All differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings, which are taken directly to reserves to the extent that they are used to finance or provide a hedge against foreign equity investments.

#### **Cash flow statement**

The company is a wholly-owned subsidiary of HMTF Premier Limited and is included in the consolidated financial statements of Premier Foods Investments Limited. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).



# Hillsdown International Limited

## Notes to the Financial Statements

### 2 Profit on ordinary activities before taxation

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

	2002 £	2001 £
Auditors		
-audit services	-	-
-non audit services	-	-

The company did not have any employees during the financial year (2001:nil) and did not incur any employee expenses (2001: £nil).

### 3 Exceptional items

The components of the non-operating exceptional charges/(credits) are as follows:

	2002 £	2001 £
Gain on disposal of investments	(10,417,196)	(14,500)
Loss on disposal of property	430,488	-
	(9,986,708)	(14,500)

### 4 Interest and similar items

	2002 £	2001 £
Bank interest payable	58,700	48,940
Interest on tax receivable	-	(43,605)
Net interest payable/(receivable)	58,700	5,335

### 5 Tax on profit on ordinary activities

The current tax charge/(credit) is based on the profit for the year and comprises:

	2002 £	2001 £
Tax credit		
United Kingdom corporation tax at 30% (2001: 30%)	(28,103)	(26,140)
Adjustment in respect of prior years	-	(377,680)
	(28,103)	(403,820)

# Hillsdown International Limited

## Notes to the Financial Statements

### Tax on profit on ordinary activities (continued)

A reconciliation from the corporation tax calculated from the profit before tax to the actual tax credit is set out below:

	2002 £	2001 £
Profit before taxation	11,378,030	1,460,576
Taxation charge on profit before tax at U.K. corporation tax rate of 30%	3,413,409	438,173
Disallowable exceptional items	(2,996,012)	(4,350)
Other disallowable items	(445,500)	(459,963)
Prior year adjustments	-	(377,680)
<b>Tax credit on profit on ordinary activities</b>	<b>(28,103)</b>	<b>(403,820)</b>

## 6 Investments in fixed assets

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 January 2002	93,853,787
Disposals	(17,247)
<b>At 31 December 2002</b>	<b>93,836,540</b>
<b>Provisions</b>	
At 1 January 2002	93,853,787
Movement on disposals	(17,247)
<b>At 31 December 2002</b>	<b>93,836,540</b>
<b>Net book value</b>	
<b>At 31 December 2002</b>	<b>-</b>
At 31 December 2001	-

The company owns 100% of the issued ordinary share capital of many mostly dormant unlisted companies, which are registered in England.

## 7 Current asset investments

	2002 £	2001 £
Freehold Property	-	565,180

# Hillsdown International Limited

## Notes to the Financial Statements

### 8 Debtors

	2002 £	2001 £
Amounts owed by parent and group undertakings	537,554,221	508,128,051
Group relief	61,653	33,550
Other debtors	4,058	5,918
	<b>537,619,932</b>	<b>508,167,519</b>

Amounts owed by parent and group undertakings are unsecured, interest free and have no fixed repayment date.

### 9 Creditors - amounts falling due within one year

	2002 £	2001 £
Bank overdraft	1,002,987	915,063
Accruals	16,790	15,817
Other creditors	-	260,000
Amounts owed to group undertakings	86,276,378	68,624,175
	<b>87,296,155</b>	<b>69,815,055</b>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

### 10 Called up share capital

	2002 £	2001 £
<b>Authorised</b>		
150,000,000 ordinary shares of £1 each	150,000,000	150,000,000
<b>Allotted, issued and fully paid</b>		
150,000,000 ordinary shares of £1 each	150,000,000	150,000,000

# Hillsdown International Limited

## Notes to the Financial Statements

### 11 Profit and loss account

	2002 £	2001 £
Balance brought forward	288,917,644	287,053,248
Retained profit for the year	11,406,133	1,864,396
Balance carried forward	300,323,777	288,917,644

### 12 Reconciliation of movements in shareholders' funds

	2002 £	2003 £
Opening shareholders' funds	438,917,644	437,053,248
Profit for the financial year	11,406,133	1,864,396
Closing shareholders' funds	450,323,777	438,917,644

### 13 Ultimate parent undertaking and related party transactions

The immediate parent undertaking is Premier Financing Limited, which is incorporated in Great Britain and registered in England and Wales.

The ultimate parent company is HMTF Premier Limited, which is registered in the Cayman Islands. The parent company of the largest group into which the financial statements of this company are consolidated, is Premier Foods Investments Limited which is incorporated in Great Britain and registered in England and Wales. Copies of the financial statements of Premier Foods Investments Limited can be obtained from the Company Secretary at 28 The Green, Kings Norton, Birmingham B38 8SD.

The company has taken advantage of an exemption under the terms of Financial Reporting Standard 8 from disclosing related party transactions (but not balances) with entities that are part of the Premier Foods Investments Limited group.