

Hillsdown International Limited
(Registered Number 1943509)

Annual Report and Accounts

For the Year Ended 31 December 2005



Hillsdown International Limited

Contents	Pages
Directors' Report	1 - 4
Independent Auditors' Report	5 - 6
Profit and Loss Account	7
Balance Sheet	8
Notes to the Financial Statements	9 - 15

Hillsdown International Limited

Directors' report

The directors present their report together with the audited financial statements of the company for the year ended 31 December 2005.

Principal activities and review of business

The principal activity of Hillsdown International Limited is that of an investment holding company.

Results and dividends

The profit for the year was £858,000 (2004: loss of £89,000). An interim dividend of £7,500,000 was paid in the year (2004: nil). The directors do not recommend the payment of a final dividend. The retained profit has been transferred to reserves.

Directors and their interests

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

Name

Paul Leach
Gwynfor Tyley

No directors held interests in shares, share options or debentures of Hillsdown International Limited or any other company in the Premier Foods plc group during the years ended 31 December 2005 and 31 December 2004, except as disclosed below.

Hillsdown International Limited

Directors' report continued

During the year, the directors had interests in share options of Premier Foods plc as follows:

Name of Director	Scheme	Options at 31 December 2004	Options granted during the year	Options at 31 December 2005	Exercise price	Exercise period commencing	Exercise period ending
Paul Leach	Executive Share Option Scheme	50,000	-	50,000	£2.15	2007	2014
	Sharesave Plan	-	1,640	1,640	£2.31	2008	2008
Gwynfor Tyley	Sharesave Plan	-	1,640	1,640	£2.31	2008	2008
	Shadow awards	-	18,654	18,654	£2.15	2007	2014

The exercise of the Executive Share Option Scheme share options and the shadow awards is conditional upon the satisfaction of performance conditions based on total shareholder return and earnings per share of Premier Foods plc as set out in the annual report of Premier Foods plc while the exercise of the share options held under the Sharesave Plan is not subject to any performance conditions.

Hillsdown International Limited

Directors' report continued

In addition, the directors also had interests in the following number of shares awarded under the Long-Term Incentive Plan of Premier Foods plc as detailed below.

Name of Director	Scheme	Awards at 31 December 2004	Awards granted during the year	Awards at 31 December 2005	Award date	End of period when qualifying conditions must be met
Paul Leach	Long-Term Incentive Plan	-	18,390	18,390	2005	2008
Gwynfor Tyley	Long-Term Incentive Plan	-	6,960	6,960	2005	2008

The vesting of these awards is subject to the fulfilment of performance conditions based on total shareholder return and earnings per share of Premier Foods plc as set out in the annual report of Premier Foods plc.

The price at which the ordinary shares under the plan may be acquired upon the exercise of an option shall be £1 in aggregate and the exercise period for these is from 2008 to 2015.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and consistently applied. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2005 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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.

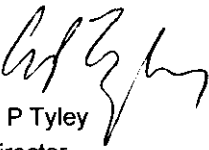
Hillsdown International Limited

Directors' report continued

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).

By order of the Board



G P Tyley
Director

24 May 2006

Hillsdown International Limited

Auditors' report

Independent Auditors' Report to the Members of Hillsdown International Limited

We have audited the financial statements of Hillsdown International Limited, which comprise the Profit and Loss Account, the Balance Sheet and the related notes.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

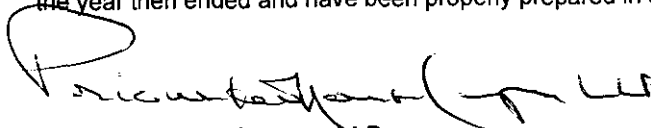
We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Hillsdown International Limited

Auditors' report continued

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 December 2005 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

24 May 2006

Hilldown International Limited

Profit and Loss Account for the Year Ended 31 December 2005

	Note	2005 £000	2004 £000
Rental income		62	52
Administrative expenses		(96)	(96)
Operating loss		(34)	(44)
Dividend income from investment in subsidiary undertakings		733	-
Exceptional income	3	53	-
Profit/(loss) on ordinary activities before interest and taxation	2	752	(44)
Interest receivable and similar charges	4	199	-
Interest payable and similar charges	5	(62)	(72)
Profit/(loss) for the financial year		889	(116)
Tax (charge)/credit on profit/(loss) on ordinary activities	6	(31)	27
Profit/(loss) on ordinary activities after taxation		858	(89)
Dividend paid		(7,500)	-
Retained loss for the financial year	11	(6,642)	(89)

All operations are continuing.

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/(loss) on ordinary activities before taxation and the retained (loss) for the period stated above and their historical cost equivalents.

The notes on pages 9 to 15 form part of these financial statements.

Hillsdown International Limited

Balance Sheet as at 31 December 2005

	Note	2005 £000	2004 £000
Fixed assets			
Investments	7	1,569	1,569
Current assets			
Debtors	8	519,825	528,518
Creditors – amounts falling due within one year	9	(66,925)	(68,976)
Net current assets		<u>452,900</u>	<u>459,542</u>
Net assets		<u>454,469</u>	<u>461,111</u>
Capital and reserves			
Called up share capital	10	150,000	150,000
Profit and loss reserve	11	304,469	311,111
Total equity shareholders' funds	12	<u>454,469</u>	<u>461,111</u>

The financial statements on pages 7 to 15 were approved by the Board of Directors on 24 May 2006 and signed on its behalf by:



G P Tyley
Director

The notes on pages 9 to 15 form part of these financial statements.

Hilldown International Limited

Notes to the Financial Statements for the year ended 31 December 2005

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and on a going concern basis in accordance with the Companies Act 1985 and applicable accounting standards.

The company is exempt under Section 229 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it is included in the consolidated financial statements of Premier Foods plc, copies of which are available at Premier Foods plc's registered office, which is at Premier House, Centrium Business Park, Griffiths Way, St. Albans, Hertfordshire AL1 2RE.

The principal accounting policies of the company are set out below.

Rental income

Rental income is recognised on a straight line basis over the lease term.

Dividend income

Dividends are recognised when the right to receive payment is established.

Leasing

Payments under operating leases are charged wholly to the profit and loss account in the period in which they are incurred.

Where a leasehold property has ceased to be used for the purpose of the business, full provision is made for the future rental costs of the property less any sublet income.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at the balance sheet date. These translation differences are dealt with in the profit and loss account.

Taxation

The charge/credit for taxation is based on the profit/loss for the year and takes into account deferred taxation. Financial Reporting Standard 19 "Deferred tax" ("FRS 19") requires full provision to be made for deferred tax arising from timing differences between the recognition of gains and losses in the financial statements and their inclusion in tax computations to the extent that the tax liability or an asset is expected to be payable or recoverable in the foreseeable future.

Hillsdown International Limited

Notes to the Financial Statements for the year ended 31 December 2005

1 Accounting policies continued

Exceptional items

Exceptional items are those that need to be disclosed by virtue of their size or incidence. Such items are included within operating profits 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.

Fixed asset investments

Investments held as fixed assets are stated at cost less any provision required for impairment in their value. An impairment loss is recognised, in the profit and loss account, to the extent that the carrying amount cannot be recovered either by selling the asset or by the discounted future earnings from operating the assets.

Cash flow statement and related party disclosures

The company is a wholly owned subsidiary of Premier Foods plc and is included in the consolidated financial statements of that group, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under Financial Reporting Standard 1 (revised 1996). The company is also exempt under Financial Reporting Standard 8 "Related Party Transactions" ("FRS 8") from disclosing related party transactions with entities that are part of the Premier Foods plc group or investees of the Premier Foods plc group.

2 Profit/(loss) on ordinary activities before interest and taxation

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

	2005 £000	2004 £000
Operating lease rental payments		
- land and buildings	91	91
Net exchange losses on foreign currency	300	100

Audit fees in respect of the company have been borne by another group undertaking. The company did not have any employees during the year. All directors were paid by other group undertakings for their services as a whole and no specific allocation of their remuneration has been made in respect of this company. Retirement benefits are accruing to all directors under a defined benefit scheme operated by another group undertaking.

The company has taken advantage of the exemption available under the Companies Act 1985 not to disclose separately emoluments of the highest paid director on the basis that the aggregate directors' emoluments did not exceed £200,000.

Hillsdown International Limited

Notes to the Financial Statements for the year ended 31 December 2005

3 Exceptional income

The principal component of the non-operating exceptional income is as follows:

	2005 £000	2004 £000
Write back of provision for receivable from group undertakings	53	-

4 Interest receivable and similar income

	2005 £000	2004 £000
Interest receivable from a group undertaking	199	-
	199	-

5 Interest payable and similar charges

	2005 £000	2004 £000
Interest payable on bank overdrafts	62	72

Hillsdown International Limited

Notes to the Financial Statements for the year ended 31 December 2005

6 Tax (charge)/credit on profit/(loss) on ordinary activities

Analysis of tax (charge)/credit in the year

	2005 £000	2004 £000
Current tax credit		
United Kingdom corporation tax at 30% (2004: 30%)	(31)	27
	(31)	27

A reconciliation from the corporation tax calculated from the profit/(loss) on ordinary activities before taxation to the actual tax (charge)/credit is set out below:

	2005 £000	2004 £000
Profit/(loss) on ordinary activities before taxation	889	(116)
Profit/(loss) on ordinary activities before taxation multiplied by the standard rate of corporation tax in the U.K. of 30.0% (2004: 30.0%)	(267)	35
Effects of:		
Non-taxable income/(non deductible expenses)	236	(8)
Tax (charge)/credit on profit /(loss) on ordinary activities	(31)	27

A deferred tax asset of £26.6m in respect of capital losses has not been recognised as it is not known when these will be utilised. There is no other unprovided deferred tax.

Hillsdown International Limited

Notes to the Financial Statements for the year ended 31 December 2005

7 Fixed asset investments

Unlisted shares in subsidiary undertakings – at cost

	2005 £000	2004 £000
Cost		
At 1 January and 31 December	78,019	78,019
Provisions		
At 1 January and 31 December	(76,450)	(76,450)
Net book value		
At 31 December	1,569	1,569

The company owns the entire issued ordinary share capital of a number of inactive unlisted companies registered in England and Wales. None of these subsidiary undertakings principally affects the results and assets of the company and they all have the same year end as Hillsdown International Limited.

A full list of subsidiary undertakings will be annexed to the company's next annual return. The directors consider that to give full particulars of subsidiary undertakings would lead to a statement of excessive length.

8 Debtors

	2005 £000	2004 £000
Amounts falling due within one year		
Amounts owed by parent and group undertakings	519,798	528,456
Group relief recoverable	-	35
Other debtors	27	27
	519,825	528,518

Amounts owed by parent and group undertakings are unsecured, interest free and have no fixed repayment date, except for an amount of approximately £3,226,000 (2004: £nil) which is charged at an interest rate of 6.17% (2004: nil).

Hillsgdown International Limited

Notes to the Financial Statements for the year ended 31 December 2005

9 Creditors - amounts falling due within one year

	2005 £000	2004 £000
Bank overdrafts	-	1,375
Corporate tax payable	31	-
Accruals	-	20
Amounts owed to group undertakings	66,894	67,581
Total creditors falling due within one year	66,925	68,976

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

10 Called up share capital

	2005 £000	2004 £000
Authorised		
150,000,000 ordinary shares of £1 each	150,000	150,000
Allotted, issued and fully paid		
150,000,000 ordinary shares of £1 each	150,000	150,000

11 Reserves

	2005 £000	2004 £000
Profit and loss reserve		
At 1 January	311,111	311,200
Loss for the year	(6,642)	(89)
At 31 December	304,469	311,111

Hillsdown International Limited

Notes to the Financial Statements for the year ended 31 December 2005

12 Reconciliation of movements in shareholders' funds

	2005 £000	2004 £000
At 1 January	461,111	461,200
Loss for the financial year	(6,642)	(89)
At 31 December	454,469	461,111

13 Contingent liabilities and pledge of assets

The company has entered into a guarantee and debenture which effectively means all of its assets are charged in favour of the security agent acting on behalf of the lending banks to Premier Foods Investments Limited, an intermediate parent undertaking.

14 Operating lease commitments

Annual commitments under non-cancellable operating leases in respect of land and buildings:

	2005 £000	2004 £000
Leases expiring:		
Within one year	-	-
Between two and five years	-	-
After five years	91	91
	91	91

15 Parent undertakings

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

The ultimate parent undertaking and controlling party is Premier Foods plc, a company incorporated in England and Wales, which is the parent undertaking of the smallest and largest group to consolidate financial statements.

Copies of the consolidated financial statements of Premier Foods plc are available at the company's registered office, which is Premier House, Centrium Business Park, Griffiths Way, St. Albans, Hertfordshire AL1 2RE.