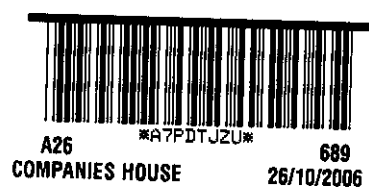


Marlow Foods Holdings Limited
Annual report and accounts
for the year ended 31 December 2005

Registered Number 4562599



Marlow Foods Holdings Limited
Annual report and accounts
for the year ended 31 December 2005
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Marlow Foods Holdings Limited

Directors' report for the year ended 31 December 2005

The directors present their report and the audited financial statements for the year ended 31 December 2005.

Principal activities

The principal trading activity of the group is the manufacture, distribution and sale of Quorn products. The group is involved in the marketing and distribution of Quorn products in the UK, Continental Europe and the United States of America. These activities will continue in the foreseeable future. Quorn and the Quorn logo are registered trade marks of Marlow Foods Limited, a subsidiary undertaking.

Business review

On 6 June 2005 the Company was acquired by Premier Foods Plc.

The business continued trading in the UK, Continental European territories and also the USA through its subsidiary Quorn Foods Inc.

The business has a policy of investing for the future and is well placed to continue to expand its operations.

The profit on ordinary activities after taxation was £6,096,000 (2004: £3,778,000)

Proposed dividend

The directors do not recommend the payment of a dividend.

Research and development

The group conducts research and development into new products for sale under the Quorn brand. All costs are taken to the profit and loss account in the year incurred.

Payment of suppliers

Although it is not group policy formally to comply with the Confederation of British Industry's code of practice on the prompt payment of suppliers, it is group policy to agree appropriate payment terms with all suppliers when agreeing the terms of each transaction, to ensure that those suppliers are made aware of the terms of payment and, subject to their compliance, abide by the terms of payment.

Directors and their interests

The directors who held office during the year are given below:

W R Warburton	(resigned 06/06/2005)
S F Pooler	(resigned 06/06/2005)
N D Hughes	(resigned 06/06/2005)
R E Howell	(resigned 06/06/2005, re-appointed 22/11/2005)
A M Greensmith	(resigned 06/06/2005)
P Leach	(appointed 06/06/2005, resigned 22/11/2005)
P Thomas	(appointed 06/06/2005)
S T Bolton	(appointed 13/07/2005)

Marlow Foods Holdings Limited

At the year end Mr P Thomas was also a director of Premier Foods Plc. His interests in, and options over, the share capital of group companies are disclosed in the financial statement of that company.

The interests of the other directors, who were directors at the year end, in group companies are shown below:

Premier Foods plc Options over ordinary shares of £0.01

	1 January 2005	Options granted during the year	Exercised during the year	31 December 2005	Exercise price per share	Exercise period
S T Bolton	191,834 ⁽¹⁾	-	191,834	-	£0.01	23 July 2005 – 22 July 2014
	144,186 ⁽²⁾	-	-	144,186	£2.15	23 July 2007 – 22 July 2014

- (1) These shares represent rolled-over options granted in respect of the balance of outstanding options under the Premier Foods (Holdings) Limited Employee Share Option Scheme which were exercisable at any time from the first anniversary of Admission. On 13 October 2005, Mr Bolton exercised these options, which were not subject to any performance conditions. On that day the market price was 296.5p and on exercising, Mr Bolton made a profit per share of 295.5p less costs.
- (2) Options granted under the Premier Foods plc Executive Share Option Scheme. The exercise of these options is conditional upon the situation of both EPS and TSR-based performance targets.

Marlow Foods Holdings Limited A Ordinary Shares of £1

	1 January 2005	Sold during the year	31 December 2005
R E Howell	20,000	20,000	-

Long-Term Incentive plan

The following table shows the other directors' interests in the number of shares awarded under the long-term incentive plan. These figures represent the maximum potential award.

	Award Date	Awards held 1 January 2005	Awards during the year	Awards held 31 December 2005	End of period when qualifying conditions must be met
S T Bolton	26 May 2005	-	30,743	30,743	26 May 2008

The vesting of such awards is subject to the fulfilment of performance conditions based on TSR, as measured over a three-year period. TSR measures the growth in share price, as adjusted for reinvested dividends over the performance period. It is the current intention that the vesting of awards granted in 2005 be subject to a minimum requirement that EPS must have exceeded the growth in the UK Retail Prices Index by an average of at least 2% per annum, over the three-year performance period.

On the date of the awards the market price of ordinary shares of Premier Foods plc was 302.5p.

Marlow Foods Holdings Limited

Employees

Employment of people with disabilities

It is group policy that people with disabilities should have the same consideration as others with respect to recruitment, retention and personal development. Depending on their skills and abilities, they enjoy the same career prospects as other employees and the same scope for realising potential. The group also takes all reasonable steps to ensure that its working environments can accommodate special needs.

Employee involvement

The group maintains an open management style and involves its employees, both in daily decisions which affect them and longer term matters, through regular Employee Forum meetings held at its sites which also allow consultation and a two way exchange. Appropriate Trade Union recognition also applies.

It is fully committed to keeping all its employees informed on a regular basis about the business and its overall performance principally through a monthly process.

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 applied consistently. 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 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).

By order of the Board



C Hines
Secretary

Marlow Foods Holdings Limited

Independent auditors' report to the members of Marlow Foods Holdings Limited

We have audited the group and parent company financial statements (the "financial statements") of Marlow Foods Holdings Limited for the year ended 31 December 2005 which comprise the group profit and loss account, the statement of total recognised gains and losses, the reconciliation of movements in group shareholders' funds, the group and company balance sheets, the accounting policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.

Marlow Foods Holdings Limited

Independent auditors' report to the members of Marlow Foods Holdings Limited (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 group's and the parent company's affairs as at 31 December 2005 and of the group's profit for the year then ended; and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Newcastle-Upon-Tyne
May 24, 2006

Marlow Foods Holdings Limited

Group profit and loss account for the year ended 31 December 2005

	Note	2005 £'000	2004 £'000
Turnover	1	84,237	77,636
Cost of sales		(46,668)	(45,677)
Gross profit		37,569	31,959
Distribution costs		(3,413)	(2,683)
Administrative expenses		(18,411)	(20,044)
Profit on ordinary activities before interest and taxation		15,745	9,232
Interest receivable and similar income	5	332	551
Interest payable and similar charges before exceptional items	6	(3,156)	(5,233)
Exceptional Charges	7	(3,761)	-
Interest payable and similar charges		(6,917)	(5,233)
Profit on ordinary activities before taxation	2	9,160	4,550
Tax on profit on ordinary activities	8	(3,064)	(772)
Profit for the financial year	19	6,096	3,778

All the activities of the group arose from continuing operations.

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

Marlow Foods Holdings Limited

Statement of Group total recognised gains and losses

	2005	2004
	£'000	£'000
For the year ended 31 December		
Profit for the financial year	6,096	3,778
Exchange differences on translation of subsidiary undertakings	(8)	13
Total recognised gains and losses relating to the financial year	6,088	3,791

Reconciliation of movements in Group shareholders' funds

	Group	
	2005	2004
	£'000	£'000
For the year ended 31 December		
Profit for the financial year	6,096	3,778
Exchange differences on translation of subsidiary undertakings	(8)	13
Net addition to shareholders' funds	6,088	3,791
Net proceeds from issue of ordinary share capital	8,000	-
Opening shareholders' funds	3,808	17
Closing shareholders' funds	17,896	3,808

	Company	
	2005	2004
	£'000	£'000
For the year ended 31 December		
Loss for the financial year	(2,963)	(1,146)
Net proceeds from issue of ordinary share capital	8,000	-
Opening shareholders' (deficit)/ funds	(1,075)	71
Closing shareholders' funds/(deficit)	3,962	(1,075)

Marlow Foods Holdings Limited

Group balance sheet as at 31 December 2005

	Note	2005 £'000	2005 £'000	2004 £'000	2004 £'000
Fixed assets					
Tangible assets	9	37,702		39,957	
Goodwill	10	6,229		6,512	
			43,931		46,469
Current assets					
Stocks	12	9,099		7,112	
Debtors	13	13,620		13,553	
Bank and cash		2,608		14,645	
			25,327		35,310
Creditors: amounts falling due within one year	14		(44,819)		(19,056)
Net current assets			(19,492)		16,254
Total assets less current liabilities					62,723
Creditors – Amounts falling due after more than one year	15		-		(52,017)
Provisions for liabilities and charges	16		(6,543)		(6,898)
Net assets			17,896		3,808
Capital and reserves					
Called up share capital	17		1,001		1,000
Share premium account	18		7,999		-
Profit and loss account	19		8,896		2,808
Total equity shareholders' funds			17,896		3,808

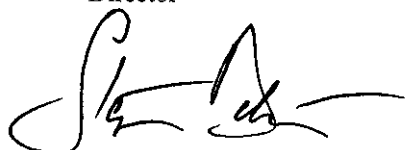
Marlow Foods Holdings Limited

Company balance sheet as at 31 December 2005

	Note	2005 £'000	2005 £'000	2004 £'000	2004 £'000
Fixed assets					
Investment	11		5,659		5,659
Current assets					
Debtors	13	29,779		49,072	
Cash at bank		-		2,862	
			29,779		51,934
Creditors: amounts falling due within one year	14		(31,476)		(6,651)
Net current assets			(1,697)		45,283
Total assets less current liabilities					50,942
Creditors – Amounts falling due after more than one year	15		-		(52,017)
Net assets/(liabilities)			3,962		(1,075)
Capital and reserves					
Called up share capital	17		1,001		1,000
Share premium account	18		7,999		-
Profit and loss account	19		(5,038)		(2,075)
Total equity shareholders' funds/ (deficit)			3,962		(1,075)

The financial statements on pages 5 to 21 were approved by the board of directors on May 24, 2006 and were signed on its behalf by:

S T Bolton
Director



Marlow Foods Holdings Limited

Accounting policies

These financial statements are prepared under the historical cost convention. The accounting policies set out below are in accordance with applicable accounting standards.

Basis of consolidation

The group accounts comprise a consolidation of the accounts of Marlow Foods Holdings Limited and its subsidiary undertakings.

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to the 31 December 2005. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

As permitted by Section 230(3) of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The parent company's loss for the financial period was £2,963,000 (2004: £1,146,000)

Under Financial Reporting Standard No 1 (Revised 1996), the company is exempt from the requirement to prepare a cash flow statement on the grounds that its cash flows are included within the consolidated financial statements of its ultimate parent undertaking.

In the company's financial statements, investments in subsidiary undertakings are stated at cost.

Tangible Fixed Assets:

Tangible fixed assets are included in the balance sheet at cost or valuation. All fixed assets are reviewed for impairment when there are indications that carrying value may not be fully recoverable. Subsequent expenditure is added to the carrying value of the asset when it is probable that incremental future economic benefits will transfer to the Group. All other subsequent expenditure is expensed in the period it is incurred.

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	40 years
Leasehold land and buildings	-	Life of lease
Plant and machinery	-	3 to 21 years

No depreciation is provided on freehold land.

Goodwill

Goodwill represents the excess of the fair value of the consideration of acquisitions of subsidiary undertakings or businesses over the fair value of the identifiable net assets acquired.

For acquisitions goodwill is capitalised as an intangible asset and amortised through the profit and loss account on a straight line basis over its estimated economic life up to a maximum of 20 years.

Marlow Foods Holdings Limited

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. Profit and loss accounts of such undertakings are consolidated at the average rate of exchange during the period. Gains and losses arising on translation are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

Financial instruments

Premiums paid on interest rate cap agreements taken out are charged to the profit and loss account as incurred. Amounts receivable in respect of interest rate cap and swap agreements are recognised in the interest receivable income on an accruals basis. The interest differential amounts on interest rate swaps are accrued until settlement date and are recognised as an adjustment to interest income.

Pension costs and post-retirement benefits

The group operates a stakeholder pension scheme through Friends Provident, life assurance cover is also provided. Company contributions of £1,162,000 to the fund have been charged to the profit and loss account as incurred.

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the period in which it is incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Taxation

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 that result in an obligation to pay more, or a right to pay less tax in the future have occurred at the balance sheet date. Deferred tax assets are recognised only to the extent that they are considered more likely than not to be recoverable in the future. Deferred tax is provided on an undiscounted basis.

Turnover

In November 2003 The Accounting Standards Board issued an amendment to Financial Reporting Standard 5 'Reporting the substance of transactions' in the form of Application Note G – Revenue Recognition. The Group's accounting policy for turnover is in accordance with the Application Note. Turnover represents the amounts (excluding value added tax) derived from the provision of goods to customers during the year, net of trade discounts, promotional activities and rebates.

Marlow Foods Holdings Limited

Notes to the financial statements for the year ended 31 December 2005

1 Analysis of turnover

	2005	2004
	£'000	£'000
<hr/>		
By geographical market		
Europe	80,901	74,468
United States of America	3,336	3,168
	84,237	77,636
<hr/>		

2 Profit on ordinary activities before taxation

	2005	2004
	£'000	£'000
<hr/>		
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Auditors' remuneration:		
Audit	38	30
Other services	5	19
Depreciation of owned tangible fixed assets	4,024	3,977
Amortisation of goodwill	283	408
Research and development expenditure	1,201	1,287
Loss on sale of tangible fixed assets	27	39
<hr/>		

Marlow Foods Holdings Limited

3 Remuneration of directors

Included within staff costs (note 4) are the following amounts in respect of directors' emoluments:

	2005 £'000	2004 £'000
Aggregate emoluments	371	349
Company contributions to pension schemes	42	39
	413	388

Retirement benefits are accruing to 2 directors under a money purchase pension scheme.

Highest paid director

	2005 £'000	2004 £'000
Total amount of emoluments	76	151
Company contributions to pension schemes	10	20
	86	171

4 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	2005 Number	2004 Number
Administration	72	71
Sales and marketing	24	24
Production	220	204
Research and technical	40	41
	356	340

Marlow Foods Holdings Limited

The aggregate payroll costs of these persons were as follows:

	2005	2004
	£'000	£'000
Wages and salaries	9,937	8,993
Social security costs	1,046	945
Other pension costs	1,162	1,207
	12,145	11,145

5 Interest receivable and similar income

	2005	2004
	£'000	£'000
Short term deposits	220	487
Interest rate swaps - receivable	112	64
	332	551

6 Interest payable and similar charges

	2005	2004
	£'000	£'000
Bank interest	919	2,624
Loan note interest	883	1,989
Amortisation of deferred finance costs	272	620
Interest on loans from parent undertaking	1,082	-
	3,156	5,233

Marlow Foods Holdings Limited

7. Exceptional interest and similar charges

The following exceptional item was recorded in the year ended 31 December 2005:

Amortisation cost £3,761,000

As a result of the company's acquisition by Premier Foods plc on 6 June 2005, the company repaid its existing loan notes earlier than originally planned. The remaining balance of the unamortised debt issuance costs which had been capitalised and offset against the carrying value of the loan notes was written off against profits.

8 Tax on profits on ordinary activities

(a) Analysis of the tax charge/(credit) for the year:

	2005	2004
	£'000	£'000
Current tax		
UK corporation tax for the year	3,422	2,076
Adjustment in respect of prior years	(3)	(58)
	3,419	2,018
Deferred taxation (see note 16)		
Origination and reversal of timing differences	(416)	(1,225)
Adjustment in respect of previous years	61	(21)
Tax charge on profit on ordinary activities	3,064	772

Marlow Foods Holdings Limited

(b) Factors affecting the tax charge for the current year:

The current tax charge for the current year is different than the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	2005	2004
	£'000	£'000
Profit on ordinary activities before taxation	9,160	4,550
Profit on ordinary activities multiplied by standard rate of corporation tax in UK of 30% (2003: 30%)	2,748	1,365
Effects of:		
Expenses and consolidation adjustments not deductible for tax purposes	292	(589)
Capital allowances for period less than depreciation	492	1,236
Other timing differences	17	(143)
Unutilised overseas trading losses	(127)	207
Adjustment in respect of prior years	(3)	(58)
Total current tax charge	3,419	2,018

(c) Factors that may affect future tax charges:

There are no factors that are expected to significantly affect the taxation charge in future years.

Marlow Foods Holdings Limited

9 Tangible fixed assets

Group	Freehold land and buildings £'000	Plant and machinery £'000	Assets in course of construction £'000	Total £'000
Cost				
At 1 January 2005	11,468	86,641	160	98,269
Additions	-	-	1,938	1,938
Disposals	-	(1,133)	-	(1,133)
Reclassification of assets	103	1,851	(1,954)	-
At 31 December 2005	11,571	87,359	144	99,074
Depreciation				
At 1 January 2005	2,931	55,381	-	58,312
Charge for year	317	3,707	-	4,024
On disposals	-	(964)	-	(964)
At 31 December 2005	3,248	58,124	-	61,372
Net book value				
At 31 December 2005	8,323	29,235	144	37,702
At 31 December 2004	8,537	31,260	160	39,957

The gross book value of freehold land and buildings includes £953,000 (2004: £957,000) of land not being depreciated.

If the revalued assets were restated on the historical cost basis, the amounts would be:

	Group £'000
Plant and machinery	
At cost	83,759
Aggregated depreciation	(58,124)
Net book value based on historic cost	25,635

Marlow Foods Holdings Limited

10 Goodwill

Cost	£'000
At 1 January 2005	6,512
Amortisation charge for year	(283)
Net book amount 31 December 2005	6,229

11 Fixed asset investment

	Shares in subsidiary undertakings £'000
Cost and net book value	
At January 1 and 31 December 2005	5,659

The subsidiaries, all of which are included within the consolidation and are wholly owned, are as follows:

Subsidiary undertaking	Country of registration or incorporation	Principal activity	Class/percentage of shares held
Marlow Foods Limited	England	Manufacture of Quorn products	Ordinary 100%
Held by subsidiary undertakings			
Quorn Foods Inc.	United States	Distributor of Quorn products	Ordinary 100%

In the opinion of the directors the investments in the company's subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet.

12 Stocks

	Group	
	2005	2004
	£'000	£'000
Raw materials and consumables	2,779	1,517
Work in progress (including intermediate product)	2,677	2,240
Finished goods and goods for resale	3,643	3,355
	9,099	7,112

Marlow Foods Holdings Limited

13 Debtors

	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Trade debtors	12,396	11,984	-	-
Inter-company debtors	-	-	29,779	49,072
Other debtors	892	933	-	-
Prepayments and accrued income	332	636	-	-
	13,620	13,553	29,779	49,072

14 Creditors: amounts falling due within one year

	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Bank loans	-	3,625	-	3,625
Amounts owed to Group undertakings	31,476	-	31,476	-
Trade creditors	4,691	3,899	-	-
Corporation tax	2,165	1,081	-	-
Taxation and social security	379	366	-	-
Other creditors	33	3,089	-	2,996
Accruals and deferred income	6,075	6,996	-	30
	44,819	19,056	31,476	6,651

15 Creditors: amounts falling due after more than one year

	Group	
	2005	2004
	£'000	£'000
Bank loans	-	32,900
Loan notes : 8% unsecured loan stock 2011	-	23,150
	-	56,050
Less: unamortised finance costs	-	(4,033)
	-	52,017

Marlow Foods Holdings Limited

All bank loans were settled upon sale of business from Montagu private Equity Limited to Premier Foods Plc as at 6 June 2005. The remaining balance (£3,761,000) of unamortised deferred finance costs was written off as an exceptional item at that date (see note 2).

16 Provisions for liabilities and charges

	Group
	Deferred taxation
	£'000
At 1 January 2005	6,898
Utilised in the year	(355)
At 31 December 2005	6,543

17 Called up share capital

	2005	2004
	£'000	£'000
Authorised:		
2,000,000 (2004: 1,000,000) ordinary shares of £1 each	2,000	1,000
Allotted and fully paid:		
1,000,800 (2004: 1,000,000) ordinary shares of £1 each	1,001	1,000

During the year the authorised share capital was increased by 1,000,000 £1 Ordinary shares and 800 £1 Ordinary shares were issued to a fellow subsidiary of Premier Foods plc.

18 Share premium account

	Group and Company
	2005 £'000
At 1 January 2005	-
Premium on ordinary shares issued	7,999
At 31 December 2005	7,999

The company received a consideration of £8,000,000, settled through the forgiveness of intercompany borrowing from a fellow subsidiary of Premier Foods plc, in respect of 800 £1 ordinary shares issued.

Marlow Foods Holdings Limited

19 Profit and loss account

	Group	Company
	2005	2005
	£'000	£'000
At 1 January 2005	2,808	(2,075)
Profit/(Loss) for the year	6,096	(2,963)
Foreign currency translation differences on assets/liabilities of subsidiaries	(8)	-
At 31 December 2005	8,896	(5,038)

20 Commitments

Contracted capital commitments at the end of the financial period, for which no provision has been made, were £35,000 and capital commitments not contracted were £1,255,000.

21 Contingencies

Upon acquisition by Premier Foods plc, the company received an assessment in respect of PAYE and NI assessed on deemed compensation to the former owners of the company on the disposal of their shares. The directors of the company believe that it is not probable that the assessment will give rise to any liability. No reliable estimate of the fair value of any potential exposure is possible at the date of this report. The case will be reviewed by the company on a regular basis.

22 Related party disclosures

Transactions with other companies within the Marlow Foods Holdings Limited group are not disclosed as the company has taken advantage of the exemption available under Financial Reporting Standard 8 "Related Party Disclosures".

23 Ultimate Parent Undertaking

The Company's immediate and ultimate parent, from 6 June 2005, is Premier Foods plc.

The consolidated financial statements of this company are available to the public and may be obtained from

Premier Foods plc
Premier House
Centrium Business Park
Griffiths Way
St Albans
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