

Formwood Group (UK) Limited
(Registered Number 2046126)

Directors' Report and Accounts

For the year ended 31 December 2003



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Formwood Group (UK) Limited

Report of the Directors

The directors present their report together with the audited financial statements of the company for the year ended 31 December 2003.

Business review

The company has not traded during the year and no change is anticipated in 2004.

The results for the year are set out in the profit and loss account on page 4.

Directors and their interests

The directors who held office during the period are listed below:

Name	Date of Resignation (where applicable)
P A Leach	
G P Tyley	
A S Rosen	10 February 2003

No directors received emoluments in respect of their services to the company during the year ended 31 December 2003.

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) Limited Unapproved Executive Share Option Scheme.

As at 31 December 2003 and 2002

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.

Formwood Group (UK) 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 resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By Order of the Board



G P Tyley
Director

12 October 2004

Formwood Group (UK) Limited

Independent Auditors' Report to the Members of Formwood Group (UK) Limited

We have audited the financial statements on pages 4 to 8, which comprise the profit and loss account, the balance sheet and the related notes.

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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

12 October 2004

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
London

Formwood Group (UK) Limited

Profit and Loss Account for the Year Ended 31 December 2003

	<i>Note</i>	2003 £	2002 £
Administrative expenses		<u>7,000</u>	<u>-</u>
Operating profit		7,000	-
Net Interest payable and similar charges	3	<u>(1,451)</u>	<u>(4,296)</u>
Profit/(loss) on ordinary activities before taxation	2	5,549	(4,296)
Tax on profit /(loss) on ordinary activities	4	<u>-</u>	<u>(2,426)</u>
Profit/(loss) for the financial year		5,549	(6,722)
Retained losses brought forward		<u>(5,137,587)</u>	<u>(5,130,865)</u>
Retained losses carried forward	7	<u>(5,132,038)</u>	<u>(5,137,587)</u>

The results relate entirely to discontinued operations.

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 8 form part of these accounts.

Formwood Group (UK) Limited

Balance sheet as at 31 December 2003

	Note	2003 £	2002 £
Creditors: amounts falling due within one year	5	<u>(1,432,038)</u>	<u>(1,437,587)</u>
Net liabilities		<u>(1,432,038)</u>	<u>(1,437,587)</u>
Capital and reserves			
Called up share capital	6	3,700,000	3,700,000
Profit and loss account	7	<u>(5,132,038)</u>	<u>(5,137,587)</u>
Total shareholders' funds	8	<u>(1,432,038)</u>	<u>(1,437,587)</u>

These financial statements on pages 4 to 8 were approved by the Board of Directors on 12 October 2004 and were signed on its behalf by:



G P Tyley
Director

The notes on pages 6 to 8 form an integral part of these accounts.

Formwood Group (UK) 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.

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Future financial support

The financial statements have been prepared on a going concern basis, the validity of which depends upon the company being able to continue to rely on financial support from the parent company, Premier Foods Investments Limited for the foreseeable future.

The directors of Premier Foods Investments Limited have indicated their intention to continue to finance the company and accordingly the directors of the company believe that it is appropriate for the financial statements to be prepared on the going concern basis.

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.

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 investment.

Cash flow statement

At 31 December 2003, 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).

2 Profit/(loss) on ordinary activities before taxation

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

	2003 £	2002 £
Auditors' remuneration	-	-

The company had no employees during the financial year (2002: nil) and did not incur any employee expenses (2002: £nil)

Formwood Group (UK) Limited

Notes to the Financial Statements

3 Net interest payable and similar charges

	2003 £	2002 £
Bank interest payable	(1,451)	(4,296)
	<u>(1,451)</u>	<u>(4,296)</u>

4 Tax on profit/(loss) on ordinary activities

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

	2003 £	2002 £
Tax charge/(credit)		
Current year	-	-
Prior year; Adjustment for over provision	-	2,426
	<u>-</u>	<u>2,426</u>

No tax charge arises for the year because the taxable profit will be Group Relieved but payment will not be made to the surrendering company (2002: £Nil).

5 Creditors: amounts falling due within one year

	2003 £	2002 £
Bank overdraft	-	94,390
Amounts owed to group undertakings	1,432,038	1,336,197
Accruals and deferred income	-	7,000
	<u>1,432,038</u>	<u>1,437,587</u>

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

Formwood Group (UK) Limited

Notes to the Financial Statements

6 Called up share capital

	2003 £	2002 £
Authorised		
Ordinary shares of £1 each	<u>20,000,000</u>	<u>20,000,000</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>3,700,000</u>	<u>3,700,000</u>

7 Reserves

	Profit and Loss Account £
At 1 January 2003	(5,137,587)
Retained profit for the year	<u>5,549</u>
At 31 December 2003	<u>(5,132,038)</u>

8 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Profit/(loss) for the financial year	5,549	(6,722)
Opening shareholders' funds	<u>(1,437,587)</u>	<u>(1,430,865)</u>
Closing shareholders' funds	<u>(1,432,038)</u>	<u>(1,437,587)</u>

9 Ultimate parent undertaking

The immediate parent company is Hilldown International Limited, which is incorporated in the United Kingdom and registered in England and Wales.

At 31 December 2003, 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 Holdings Limited can be obtained from the Company Secretary at 28 The Green, Kings Norton, Birmingham B38 8SD. At 23 July 2004, the ultimate parent company became Premier Foods plc, a company incorporated in Great Britain and registered in England and Wales.

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.