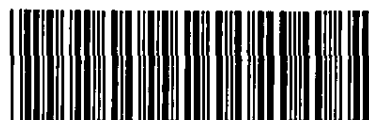


**Premier Financing Limited**  
**(Registered Number 3716362)**

**Annual Report and Accounts**  
**For The Year Ended 31 December 2007**

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# Premier Financing Limited

<b>Index</b>	<b>Page</b>
Directors' Report	1 - 2
Independent Auditors' Report	3 - 4
Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7 - 15

# Premier Financing Limited

## Directors' report

The directors present their report together with the audited financial statements of the company for the year ended 31 December 2007

### Business review and principal activities

The principal activities of Premier Financing Limited are that of a financing and investment holding company. The results for the company show a pre-tax profit of £36.8m (2006 pre-tax loss of £20.4m) for the year. The retained profit has been transferred to reserves.

The directors do not recommend payment of a dividend (2006: £nil).

The company has net assets of £794.5m (2006: £595.1m).

On 30 March 2007, the company disposed of MBM Produce Limited and its subsidiaries to Abbanoy Produce Holdings Limited for a total net consideration of £12.8m.

On 27 December 2007, the company participated in a group business reorganisation and the company's parent undertaking transferred 100% of its shareholding in its subsidiary undertaking, Premier Grocery Products Limited, to the company for £164.0m. Immediately after the share transfer from the parent undertaking, the company transferred 100% of its shareholding in Premier Grocery Products Limited for £164.0m to Hillsdown Ambient Foods Group Limited, which is also a direct wholly owned subsidiary undertaking of the company. Hillsdown Ambient Foods Group Limited issued shares for the settlement of the share transfer and, as a result, the company increased its fixed asset investment in the subsidiary undertaking by £164.0m. Refer to note 7 for further details.

### Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of Premier Foods plc, which includes those of the company, are discussed on note 21 of the group's 2007 annual report which does not form part of this report.

### Key performance indicators

The directors of Premier Foods plc manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Premier Financing Limited. The development, performance and position of Premier Foods plc, which includes the company, is discussed in the group's 2007 annual report which does not form part of this report.

### Creditor payment policy

The company's policy is to determine terms and conditions of payment with suppliers when negotiating each transaction, to ensure that suppliers are made aware of the terms and how disputes are to be settled, and to abide by the terms of payment.

### Directors

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

Paul Leach  
Robert Schofield  
Paul Thomas

# Premier Financing Limited

## Directors' report continued

### Financial risk management

The group is subject to the risks arising from adverse movements in interest rates and foreign currency. The company enters into a variety of derivative financial instruments to manage these risks for the group. The managing of these risks, along with the day-to-day managing of treasury activities is centralised and performed by the group Treasury function. The policy framework governing the managing of these risks is defined by the Treasury Committee of Premier Foods plc which itself is a sub-committee appointed by the directors of Premier Foods plc. These policies are reviewed and approved by the directors of Premier Foods plc annually. The framework for managing of these risks are discussed in note 21 of the group's 2007 annual report, which does not form part of this report.

### 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 2007 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.

Each person who is a director at the date of approval confirms that

- a) so far as the directors are aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- b) the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985.

### Directors' liability

The company has arranged liability insurance covering the directors and officers of the company.

### 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



Paul Thomas  
Director  
21 May 2008

# Premier Financing Limited

## Auditors' report

### Independent auditors' report to the members of Premier Financing Limited

We have audited the financial statements of Premier Financing Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, 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 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### 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 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.

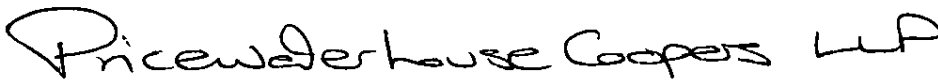
# Premier Financing Limited

## 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 as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



**PricewaterhouseCoopers LLP**

*Chartered Accountants and Registered Auditors*

London

**14** May 2008

# Premier Financing Limited

## Profit and loss account for the year ended 31 December 2007

	<i>Note</i>	<b>2007 £m</b>	<b>2006 £m</b>
Administrative (expenses)/income		(0.4)	0.1
Operating exceptional income/(expense)	3	0.3	(41.3)
Dividend income from investments in subsidiary undertakings		13.0	-
<b>Operating profit/(loss)</b>	<b>2</b>	<b>12.9</b>	<b>(41.2)</b>
<b>Profit/(loss) on ordinary activities before interest and taxation</b>		<b>12.9</b>	<b>(41.2)</b>
Interest receivable and similar income	4	24.1	21.1
Interest payable and similar charges	5	(0.2)	(0.3)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>36.8</b>	<b>(20.4)</b>
Tax charge on profit/(loss) on ordinary activities	6	(1.4)	(6.3)
<b>Profit/(loss) for the financial year</b>		<b>35.4</b>	<b>(26.7)</b>
<b>Retained profit/(loss) for the financial year</b>	<b>12, 13</b>	<b>35.4</b>	<b>(26.7)</b>

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

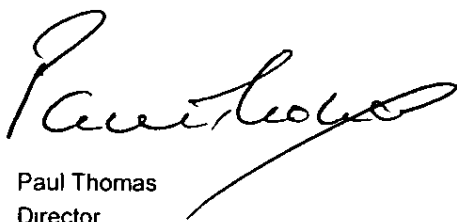
There is no difference between the profit/(loss) on ordinary activities before taxation and the retained profit/(loss) for the year stated above and their historical cost equivalents

# Premier Financing Limited

## Balance sheet as at 31 December 2007

	Note	2007 £m	2006 £m
<b>Fixed assets</b>			
Investments	7	839 4	687 9
<b>Current assets</b>			
Debtors (including £103 6m (2006 £103 6m) due after more than one year)	8	640 6	526 6
		640 6	526 6
<b>Creditors - amounts falling due within one year</b>			
Borrowings	9	(2 4)	(2 3)
Other	9	(673 8)	(607 8)
		(676 2)	(610 1)
<b>Net current liabilities</b>		(35 6)	(83 5)
<b>Total assets less current liabilities</b>		803 8	604 4
<b>Creditors - amounts falling due after more than one year</b>	10	(9 3)	(9 3)
		(9 3)	(9 3)
<b>Net assets</b>		794 5	595 1
<b>Capital and reserves</b>			
Called up share capital	11	83 6	83 6
Share premium account	12	469 5	305 5
Profit and loss reserve	12	(28 3)	(63 7)
Other reserves	12	269 7	269 7
<b>Equity shareholders' funds</b>	13	794 5	595 1

Signed on behalf of the Board of Directors, who approved the financial statements on 21 May 2008



Paul Thomas  
Director

The notes on pages 7 to 15 form part of these financial statements



# Premier Financing Limited

## Notes to the financial statements for the year ended 31 December 2007

### 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 dependant on continuing finance being made available by an intermediate parent undertaking to enable it to continue operating and meet its liabilities as they fall due. The intermediate parent undertaking has agreed to provide sufficient funds to the company for these purposes. The directors consider it is appropriate to prepare the financial statements on a going concern basis.

The company is exempt under Section 228 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, Centrum Business Park, Griffiths Way, St Albans, Hertfordshire AL1 2RE.

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

#### 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 or credit for taxation is based on the profit or loss for the year and takes into account deferred taxation.

Deferred taxation is provided on 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 tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are temporary differences between profits as computed for tax purposes and profits as stated in the financial statements, which arise because certain items of income and expenditure in the financial statements are dealt with in different years for tax purposes. Deferred tax is measured at the rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is not discounted.

Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the timing difference can be utilised. Their carrying value is reviewed at each balance sheet date on the same basis.

#### Exceptional items

Exceptional items are those that need to be disclosed by virtue of their size or incidence. Each of these items relate to events or circumstances that are non-recurring. 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.

# Premier Financing Limited

## Notes to the financial statements for the year ended 31 December 2007

### 1 Accounting policies continued

#### 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 Operating loss

Operating loss is stated after charging

	2007	2006
	£m	£m
Net exchange profits/(losses) on foreign currency	0.1	0.1

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 of the company under a defined benefit scheme. The highest paid director of Premier Foods plc is also a director of the company, whose emoluments are set out in the annual report of that company.

# Premier Financing Limited

## Notes to the financial statements for the year ended 31 December 2007

### 3 Operating exceptional (income)/expense

The principal components of exceptional (income)/expense are as follows

	2007 £m	2006 £m
Operating exceptional expense		
Gain on disposal of subsidiary undertaking	(0.3)	-
Impairment against investment in subsidiary undertaking	-	41.3
	(0.3)	41.3

On 30 March 2007 the company sold its subsidiary undertaking, MBM Produce Limited and its subsidiaries, for a total net consideration of £12.8m. The gain on disposal of subsidiary undertaking of £0.3m has been recognised in the profit and loss account in operating exceptional expenses.

As at 1 January 2007 the book investment in MBM Produce Limited, was £53.8m and the based on the estimated consideration, an impairment of £41.3m was recognised for the year ended 31 December 2006.

### 4 Interest receivable and similar income

	2007 £m	2006 £m
Interest receivable from group undertakings	24.1	21.1
<b>Total interest receivable and similar income</b>	<b>24.1</b>	<b>21.1</b>

### 5 Interest payable and similar charges

	2007 £m	2006 £m
Interest payable on bank loans and overdrafts	0.2	0.2
Interest payable to a parent undertaking	-	0.1
<b>Total interest payable and similar charges</b>	<b>0.2</b>	<b>0.3</b>

# Premier Financing Limited

## Notes to the financial statements for the year ended 31 December 2007

### 6 Tax on profit on ordinary activities

Analysis of charge in the year

	2007 £m	2006 £m
<b>Current tax charge</b>		
United Kingdom corporation tax		
Current year	1 4	6 3
	<u>1 4</u>	<u>6 3</u>

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

	2007 £m	2006 £m
<u>Profit/(loss) on ordinary activities before taxation</u>	<u>36 8</u>	<u>(20 4)</u>
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the U K of 30% (2006 30%)	(11 0)	6 1
Effects of		
Prior year adjustments	9 6	-
Provision against investment in subsidiary undertaking not deductible for tax purposes	-	(12 4)
<u>Current tax charge</u>	<u>(1 4)</u>	<u>(6 3)</u>

The company did not recognise a deferred tax asset in respect of corporation tax losses of £5 8m (2006 £9 3m) due to the unpredictability of future profit streams

# Premier Financing Limited

## Notes to the financial statements for the year ended 31 December 2007

### 7 Fixed asset investments

	£m
<b>Unlisted shares in subsidiary undertakings</b>	
<b>Cost</b>	
At 1 January 2007	747.4
Additions	328.0
Disposal	(236.0)
<b>Provision</b>	
At 1 January 2007	(59.5)
Charge in year	
Disposal of subsidiary undertakings	59.5
At 31 December 2007	-
<b>Net book value</b>	
At 31 December 2007	839.4
At 31 December 2006	687.9

On 30 March 2007, the company sold its subsidiary undertaking, MBM Produce Limited and its subsidiaries, for a total net consideration of £12.8m. The gain on disposal of subsidiary undertaking of £0.3m has been recognised in the profit and loss account in operating exceptional expenses.

On 27 December 2007, the company participated in a group business reorganisation and the company's parent undertaking transferred 100% of its shareholding in its subsidiary undertaking, Premier Grocery Products Limited, to the company and as a result, fixed asset investment increased by £164.0m. Immediately after the share transfer from the parent undertaking, the company transferred 100% of its shareholding in its subsidiary undertaking, Premier Grocery Products Limited for £164.0m to Hilldown Ambient Foods Group Limited, which is also a direct wholly owned subsidiary undertaking of the company. No gain or loss was recognised from the share transfer.

On 27 December 2007, the subsidiary undertaking, Hilldown Ambient Foods Group Limited issued 100 shares for settlement of the share transfer of Premier Grocery Products Limited, from the parent undertaking. As a result, the company increased its fixed asset investment in subsidiary undertaking by £164.0m.

The following represent the subsidiary undertakings of Premier Financing Limited at the year end. In each case Premier Financing Limited owns directly 100% of the entire ordinary share capital of the subsidiary undertakings except for HL Foods Limited, which the company owns indirectly.

# Premier Financing Limited

## Notes to the financial statements for the year ended 31 December 2007

### 7 Fixed asset investments continued

Subsidiary undertakings	Country of incorporation or registration and principal operations	Business
<b>Grocery products</b>		
Cauldron Foods Limited	England & Wales	Manufacture and distribution of vegetable based products
Chivers Hartley Limited	England & Wales	Spreads and pickles manufacturing
HL Foods Limited	England & Wales	Food canning and processing
Marlow Foods Holdings Limited	England & Wales	Meat-free products manufacturing
Premier Ambient Products (UK) Limited	England & Wales	Pickles, vinegar, spreads, desserts and jelly manufacturing
Premier International Foods UK Limited	England & Wales	Hot and cold beverages manufacturing
Premier Grocery Products Limited	England & Wales	Manufacturing and distribution of soups, meat and other foods products
Hillsdown Ambient Foods Group Limited	England & Wales	Investment holding

All principal subsidiary undertakings have the same year end as Premier Financing Limited. The companies listed above are those that principally affect the results and assets of the company. The directors consider that to give full particulars of subsidiary undertakings would lead to a statement of excessive length. A full list of subsidiary undertakings is available from the Company Secretary.

### 8 Debtors

	2007 £m	2006 £m
<b>Amounts falling due within one year</b>		
Amounts due from group undertakings	604.9	479.7
Amounts due from parent undertakings	33.2	46.9
Other debtors	2.5	-
<b>Total debtors</b>	<b>640.6</b>	<b>526.6</b>

Amounts due from group and parent undertakings are unsecured, interest free and have no fixed date of repayment except for amounts totalling £463.6m (2006: £447.0m) which bear interest at 3.5% – 5.25% per annum. Included within amounts due from group undertakings is an amount of £103.6m (2006: £103.6m) due in more than one year.

# Premier Financing Limited

## Notes to the financial statements for the year ended 31 December 2007

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

	2007 £m	2006 £m
<b>Borrowings due within one year</b>		
Secured overdrafts	2.4	2.3
	2.4	2.3
<b>Other</b>		
Accruals and other creditors	0.1	0.3
Corporation tax payable	25.8	24.4
Amounts due to group undertakings	647.9	310.4
Amounts due to parent undertakings	-	272.7
	673.8	607.8
<b>Total creditors - amounts falling due within one year</b>	<b>676.2</b>	<b>610.1</b>

Amounts due to group and parent undertakings are unsecured, interest free and have no fixed date of repayment except for an amount totalling £2.0m (2006: £2.0m) which bears interest at 5.6% per annum and for an amount of £9.3m (2006: £9.3m) due to a group undertaking which is repayable in 2009 (see note 10)

### 10 Creditors – amounts falling due after more than one year

	2007 £m	2006 £m
Amounts due to a group undertaking (note 9)	9.3	9.3
<b>Total creditors – amounts falling due after more than one year</b>	<b>9.3</b>	<b>9.3</b>

### 11 Called up share capital

	2007 £m	2006 £m
<b>Authorised</b>		
100,000,000 (2006: 100,000,000) ordinary shares of £1 each	100.0	100.0
<b>Allotted, issued and fully paid</b>		
83,651,503 (2006: 83,651,403) ordinary shares of £1 each	83.6	83.6

#### Share issue

On 27 December 2007, the company issued 100 ordinary £1 shares for a premium of £1,639,596 per ordinary share for the settlement of the share transfer of Premier Grocery Products Limited

# Premier Financing Limited

## Notes to the financial statements for the year ended 31 December 2007

### 12 Reserves

	Share premium account £m	Profit and loss reserve £m	Other reserves £m
At 1 January 2007	305.5	(63.7)	269.7
Movements in the year			
Issue of shares	164.0	-	-
Retained profit for the financial year	-	35.4	-
At 31 December 2007	469.5	(28.3)	269.7

### 13 Reconciliation of movements in shareholders' funds

	£m	£m
At 1 January	595.1	621.8
Movements in the year		
Issue of shares	164.0	-
Profit/(loss) for the financial year	35.4	(26.7)
At 31 December	794.5	595.1

### 14 Related party transactions

The company is a subsidiary undertaking of Premier Foods plc, which prepares consolidated financial statements made available to the public. In accordance with the exemptions available to such undertakings under FRS 8, no disclosure of related party transactions within the Premier Foods plc group ("the group") has been made in these financial statements.

### 15 Contingent liabilities and guarantees

The company has undertaken to provide continuing financial support to finance the future operations of its subsidiary undertakings.

On 16 March 2007, the Premier Foods Group entered into a £2.1 billion term and revolving credit facility. The facility was amended on 29 February 2008 to provide greater covenant headroom for the remainder of its financing period. The final maturity date of the above arrangements is 14 March 2012. This facility is guaranteed by the principal operating entities on the Group and Premier Financing Limited.



## **Premier Financing Limited**

### **Notes to the financial statements for the year ended 31 December 2007**

#### **16 Parent undertakings**

The immediate parent undertaking is Premier Brands Foods Limited, a company incorporated in England and Wales. Its 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 at Premier House, Centrum Business Park, Griffiths Way, St Albans, Hertfordshire AL1 2RE.

#### **17 Events after the balance sheet date**

There have been no post balance sheet events.