

Premier Foods Investments No. 1 Limited
(Registered Number 5014179)

Annual Report and Accounts
For The Year Ended 31 December 2006



Premier Foods Investments No. 1 Limited

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Premier Foods Investments No. 1 Limited

Directors' report

The directors present their report together with the audited financial statements of the company for the year ended 31 December 2006

Business review and principal activities

The principal activities of the company are that of an investment holding company

The company did not trade during the year ended 31 December 2006

The results for the company show a pre-tax profit of £nil million (2005 £nil million) for the year

The directors do not recommend payment of a dividend

The company has net assets of £362.5m (2005 £362.5m)

Principal risk 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 include those of the company, are discussed on pages 44 – 45 of the group's annual report which does not form part of this report.

Key performance indicators ("KPIs")

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 Foods Investments No. 1 Limited. The development, performance and position of Premier Foods plc, which includes the company, is discussed on pages 45 – 49 of the group's annual report which does not form part of this report.

Directors and their interests

The directors who held office during the period are listed below

Name of Director

Robert Schofield

Paul Thomas

No directors received emoluments in respect of their services to the company during the year ended 31 December 2006 and 31 December 2005. No directors held interests in shares, share options or debentures of Premier Foods Investments No. 1 Limited during the year ended 31 December 2006. The interests of Robert Schofield and Paul Thomas in the ultimate parent undertaking, Premier Foods plc, is shown in the annual report of that company.

Premier Foods Investments No. 1 Limited

Directors' report (continued)

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 to 31 December 2006 and that applicable accounting standards have been followed.

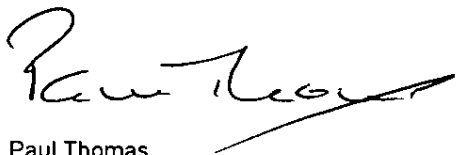
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

18 May 2007

Premier Foods Investments No. 1 Limited

Auditors' report

Independent Auditors' Report to the Members of Premier Foods Investments No. 1 Limited

We have audited the financial statements of Premier Foods Investments No. 1 Limited for the year ended 31 December 2006 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

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 report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also 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 Foods Investments No. 1 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 2006 and of its result 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

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers LLP', is written over the printed name of the firm.

18 May 2007

Premier Foods Investments No. 1 Limited

Profit and loss account for the year ended 31 December 2006

	<i>Note</i>	2006 £m	2005 £m
Administrative expenses		-	-
Operating profit	2	-	-
Profit on ordinary activities before taxation		-	-
Tax charge on profit on ordinary activities	3	-	-
Profit for the financial period	9	-	-

All operations are continuing

There were no recognised gains and losses 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

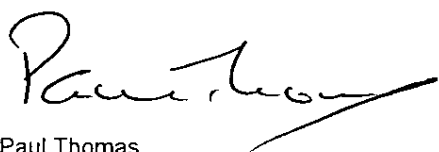
The notes on pages 7 to 11 form part of these financial statements

Premier Foods Investments No. 1 Limited

Balance Sheet as at 31 December 2006

	Note	2006 £m	2005 £m
Fixed assets			
Investments	4	362.5	362.5
Current assets			
Debtors	5	-	9.4
Creditors – amounts falling due within one year	6	-	(9.4)
Net assets		362.5	362.5
Capital and reserves			
Called up share capital	7	1.0	1.0
Share premium account	8	151.0	151.0
Profit and loss reserve	8	7.1	7.1
Other reserves	8	203.4	203.4
Equity shareholders' funds	9	362.5	362.5

Signed on behalf of the Board of Directors, who approved the financial statements on 18 May 2007



Paul Thomas
Director

The notes on pages 7 to 11 form part of these financial statements

Premier Foods Investments No.1 Limited

Notes to the financial statements for the period ended 31 December 2006

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 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, Centrium 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 for taxation is based on the profit for the period 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.

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 profit

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 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 Foods Investments No.1 Limited

Notes to the financial statements for the period ended 31 December 2006

3 Tax on profit on ordinary activities

There is no tax charge in the year as there was no profit during the year or prior year

Premier Foods Investments No.1 Limited

Notes to the financial statements for the period ended 31 December 2006

4 Fixed asset investments

	2006 £m	2005 £m
Unlisted shares in subsidiary undertakings - at cost		
At 31 December 2006 and 2005	362.5	362.5

The following represents the principal undertakings of Premier Foods Investments No. 1 Limited at the period end. In each case Premier Foods Investments No. 1 Limited owns indirectly 100% of the entire share capital of the subsidiary except for Premier Foods Investments Limited which is a wholly owned subsidiary undertaking. All subsidiary undertakings have the same year end as Premier Foods Investments No. 1 Limited. The companies listed below 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.

Subsidiary undertakings	Country of incorporation or registration and principal operations	Business
Grocery products		
Cauldron Foods Limited	England & Wales	Manufacturing and distribution of vegetable based products
Chivers Hartley Limited	England & Wales	Spreads and pickle 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	Manufacture and distribution of soups, meat and other food products
Premier Grocery Products Ireland Limited	England & Wales	Manufacture and distribution of soups, meat and other food products
Erin Foods Limited	England & Wales	Manufacture and distribution of soups, meat and other food products
Erin Foods Manufacturing Ltd	England & Wales	Manufacture and distribution of soups, meat and other food products
Fresh produce		
MBM Produce Limited	England & Wales	Potato processing and grading
Monument (GB) Limited	England & Wales	Supply and distribution of fresh vegetables
Other		
Premier Brands Foods Limited	England & Wales	Investment holding
Premier Financing Limited	England & Wales	Financing and investment holding
Premier Foods (Holdings) Limited	England & Wales	Financing and investment holding
Premier Foods Investments Limited	England & Wales	Financing and investment holding

Premier Foods Investments No.1 Limited

Notes to the financial statements for the period ended 31 December 2006

5 Debtors

	2006 £m	2005 £m
Amount falling due within one year		
Amount due from a parent undertaking	-	9 4
	-	9 4

6 Creditors – amounts falling due within one year

	2006 £m	2005 £m
Other		
Amount due to a group undertaking	-	9 4
	-	9 4

7 Called up share capital

	2006 £m	2005 £m
Authorised		
1,000,200 ordinary shares of £1 each	1 0	1 0
Allotted, issued and fully paid		
1,000,200 ordinary shares of £1 each	1 0	1 0

8 Reserves

	Share premium account £m	Profit and loss reserve £m	Other reserves £m	Total £m
At 31 December 2006 and 2005	151 0	7 1	203 4	361 5

Premier Foods Investments No.1 Limited

Notes to the financial statements for the period ended 31 December 2006

9 Reconciliation of movements in shareholders' funds

	2006 £m	2005 £m
At 1 January and 31 December	362.5	362.5

10 Contingent liabilities and pledge of assets

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

In addition, 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, the directly held subsidiary undertaking

11 Parent undertakings

The company's immediate parent undertaking is Premier Foods Investments No 2 Limited, a company incorporated in England and Wales

The company's ultimate parent undertaking 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

12 Events after balance sheet date

On 30 March 2007 the company sold its indirect subsidiary undertaking, MBM Produce Limited and its subsidiaries, for a cash consideration of £12.5m

In addition, Chivers Ireland Limited, a leading supplier of preserves to Ireland's retail grocery and foodservice markets was acquired for £21.0m on 19 January 2007 by Premier Foods (Holdings) Limited, a subsidiary