Northern Foods PLC
15 November 2005

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PRESS RELEASE

NORTHERN FOODS PLC

Interim results for the 26 weeks ended 1 October 2005

FINANCIAL HIGHLIGHTS

- Continuing sales £700.0m (2004: £680.7m); underlying sales* growth 3.4%
- Satisfactory profit performance in difficult trading environment - profit from continuing operations** up 7.0% at £38.4m (2004: £35.9m); profit before tax** up 5.8% at £25.7m (2004: £24.3m)
- Profit for the period £14.4m (2004: loss £7.9m)
- Interim dividend increased to 3.40 pence per share (2004: 3.35 pence per share)

OPERATIONAL HIGHLIGHTS

- Market share gains in key brands - Goodfella's, Fox's, Pork Farms
- Significant new business wins with major retailers
- £10.7m benefit delivered from efficiency programmes, net of upfront programme investment, largely offsetting inflationary cost pressures

- Restructuring of chilled businesses initiated

Chief Executive Pat O'Driscoll said:

'Our programme for the transformation of Northern Foods is well underway. We have made encouraging progress in the last 12 months.

The trading environment remains difficult. Against a background of rising input costs, particularly for energy, we expect the recent period of price deflation to end. We are negotiating with our retail customers to recover input cost inflation. With our GET FIT programme continuing to drive efficiencies, we expect progressively to improve our operating margin over the next 18 months.'

* Underlying sales excludes currency gains of £1.4m, product categories no longer manufactured of £0.5m (2004: £5.4m) and discontinued operations.

** Before exceptional items. Items which are both material and non-recurring are presented as exceptional items within their relevant consolidated income statement category. The separate reporting of exceptional items helps provide a better indication of the group's underlying business performance. Events which may give rise to the classification of items as exceptional include the restructuring of businesses, gains or losses on the disposal of businesses and asset impairments.

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An audio webcast and presentation of the interim results will be available in the investor centre of the Northern Foods website at www.northernfoods.com from 10.45am on Tuesday, 15 November 2005.

OPERATING AND FINANCIAL REVIEW

Overview

During the first half of 2005/06, Northern Foods continued to make good progress in driving sales growth, whilst delivering efficiency savings and operational improvements through our GET FIT programme. Our three year plan to transform the company into an integrated 'One Northern' business continues at pace and the recently strengthened management team is now fully operational and focussed on strategic delivery.

The retail market remained extremely competitive and there are signs that consumers are becoming increasingly cautious. Nevertheless, we have delivered underlying sales growth within our target range of 3 to 4% and we are maintaining and improving our operating margins. Our determination to be the leader in our chosen markets has been reinforced through strong brand performance in the first half and our success in winning important own label business.

Earnings per share before exceptional items from continuing operations rose 5.5%. Accordingly, the board is recommending an increase in the interim dividend to 3.40 pence per share (2004: 3.35 pence per share).

Strategy and organisation

Our strategy is to make Northern Foods the supplier of choice to UK and Irish retailers in added value convenience foods. With a portfolio covering both branded and own label products, we focus on product categories where we bring strong consumer insight, creative product innovation, and excellence in supply chain delivery, which combine to add value to our retailer partnerships.

To support our powerful consumer and customer credentials, our GET FIT programme is also leveraging the benefits of our size and scale to lower costs, to improve efficiencies and cost-competitiveness, and to deliver better ways of working. The management team, now fully in place, is driving progress forward. Delivery of the programme benefits will continue to accelerate in the second half year, with further opportunities to drive revenues, efficiency and profits in 2006/07.

In June 2005 we announced the merging of our two chilled divisions, which is enabling us to reduce costs and improve factory utilisation and operating efficiency. In addition, we have realigned some product responsibilities, in particular moving speciality bread and flour milling from the Frozen division to the newly titled Bakery division.(1) We will now report under a clearer category-based divisional structure, as follows:

Division	Major product categories
Chilled	Savoury pastry, ready meals, sandwiches & pizza
Bakery	Biscuits, cakes & desserts, speciality bread
Frozen	Frozen pizza, meat and meat-free products

This revised structure will drive a stronger category focus, allowing Northern Foods to engage with its customer base more effectively and meet the major trends which are motivating consumer food purchasing - convenience, health and indulgence.

IFRS

All financial information is prepared in accordance with International Financial Reporting Standards (IFRS). The comparative information for the first half 2004/05 and the full year 2004/05 has been restated accordingly.

Sales

We have achieved an encouraging sales performance in a difficult trading environment. Continuing sales in the first half of 2005/06 increased by 2.8% to £700.0m (2004: £680.7m). Underlying sales growth, which excludes the impact of currency gains, product categories no longer manufactured and discontinued operations, was 3.4%, reflecting strong sales in the Bakery and Frozen divisions. Underlying volumes grew by approximately 4% whilst average sales price declined by approximately 0.5%, reflecting a high level of retail promotion activity. Sales to the group's top five customers by value increased in line with the group's overall performance; these customers collectively represent 77% (2004: 77%) of total sales.

Profit and dividends

Profit from operations before exceptional items for continuing operations was 7.0% higher at £38.4m (2004: £35.9m). Profit before tax and exceptional items was 5.8% higher at £25.7m (2004: £24.3m). The Bakery and Frozen divisions performed well; however, profitability in the Chilled division is not at an acceptable level.

Net finance costs increased by £1.6m to £12.7m (2004: £11.1m), due to higher levels of debt resulting from special pension contributions by the company of £40m over the past 12 months.

Pre-tax exceptional items from continuing operations totalled £8.8m (2004: £34.8m). This comprised £3.7m to complete factory and head office rationalisation started in 2004/05, together with £5.1m to implement new manufacturing structures and to consolidate the chilled businesses into a single division. We continue to present items which are both material and non-recurring as exceptional items within their relevant consolidated income statement category. The separate reporting of exceptional items helps provide a better indication of the company's underlying business performance as we go through this period of major business transformation.

The full year effective tax rate is expected to be 20% (2004: 19%), with the company benefiting from the successful resolution of prior year taxation matters and lower Irish tax rates. Profit for the period from continuing operations was £14.4m (2004: loss £4.0m). There were no discontinued operations in 2005/06 (2004: loss £3.9m).

Profit for the period was £14.4m, compared with a loss of £7.9m in the prior period. Earnings per share before exceptional items from continuing operations rose 5.5% to 4.24 pence (2004: 4.02 pence). Basic earnings per share from continuing and discontinued operations was 2.96 pence (2004: loss 1.60 pence). The board is recommending an interim dividend of 3.40 pence per share (2004: 3.35 pence per share) payable on 31 March 2006 to shareholders on the register at 27 January 2006.

Operating performance

Continuing operating margin before exceptional items increased to 5.5% (2004: 5.3%). This reflected the benefits of our efficiency programmes and lower pension charges, offset by higher energy and operating costs which were not fully recovered through selling prices.

Our efficiency programmes have delivered £10.7m of net benefit in the first half year, in line with our stated full year target of £21m to £23m announced in June 2005 and despite a significant investment in up-front programme delivery costs.

The lower pension charge reflects previously announced scheme amendments and the special pension contributions made over the past year. The well publicised impact of higher world oil and gas prices added approximately £2m to first half costs. With energy costs expected to show significant further increases in the second half year, we are negotiating with our retail customers to recover our input cost increases.

Chilled division

The newly integrated Chilled division supplies three principal product categories - savoury pastry, ready meals and sandwiches & pizza. Continuing sales were flat at £369.7m (2004: £369.9m), continuing profit from operations before exceptional items was maintained at £8.8m (2004: £8.8m), as was continuing operating margin before exceptional items at 2.4% (2004: 2.4%). Under very competitive market conditions we increased promotional expenditure which resulted in volume growth of 1% but reduced average selling prices. Whilst profitability is not at an adequate level, encouraging progress is being made in increasing focus on value added product categories, enhancing product innovation, improving manufacturing efficiencies and leveraging stronger commercial relationships.

Sales of sandwiches & pizza grew by 13%. Sales in the ready meals category declined 9% following our decision to exit from some low margin lines associated with the closure of two factories in March/April 2005. Although sales in savoury pastry were 4% lower, the Pork Farms brand continued to perform well.

In addition, new business with sales of £30m per annum has been secured with Asda, to supply a range of ready meals from September 2005. With production across multiple sites, this win demonstrates the positive impact of integration in the business, both for sales growth and manufacturing efficiencies.

Bakery division

The Bakery division now covers three principal product categories - biscuits, cakes & desserts, and speciality breads. The division enjoyed a strong first half, with continuing sales rising 6.9% to £214.6m (2004: £200.7m). Underlying sales rose 6.9%, with volumes 8.5% higher, and average sales prices 1.6% lower. Profit before exceptional items from continuing operations rose 9.8% to £19.1m (2004: £17.4m) and continuing operating margin before exceptional items increased to 8.9% (2004: 8.7%).

Strong sales saw the Fox's brand achieve the number two position in the UK biscuit market, whilst retaining its premium positioning. New innovation, such as the Officially Low Fat snack range, proved particularly successful. Overall biscuit category sales grew 10%.

The cakes & desserts category also enjoyed good growth with sales up 12%. Own label cake volume improved, benefiting from an earlier new business win. Own label Melting Middle puddings sales grew very substantially on the back of customer TV advertising support. The speciality bread category, which includes muffins and croissants, saw sales up 1%.

Frozen division

The Frozen division operates in the UK and Ireland across the frozen pizza category and in a number of smaller categories (including pastry, fish, meat and meat-free products). The division continued to make good progress in very competitive market conditions in the first half year. Continuing sales rose 5.1% to £115.7m (2004: £110.1m). Underlying sales rose 3.8%, with average sales prices broadly flat. Profit before exceptional items from continuing operations rose 8.2% to £10.5m (2004: £9.7m) and continuing operating margin before exceptional items improved to 9.1% (2004: 8.8%).

Sales in the frozen pizza category grew 6% in the first half year. The Goodfella's pizza brand continues its market leadership. The range is currently being extended through the launch of Solos, an innovative single serve stone-baked pizza targeted at the rapidly growing individual market.

Across the remaining Frozen sub-categories (including the Dalepak, Ross, Holland's and Donegal Catch brands) sales grew 1.7%. Lower sales of meat products under the Dalepak and Ross brands were offset by sales growth in other areas.

Cash generation and balance sheet

To drive shareholder value creation, we place a strong focus on cash management and selective capital investment. Despite a seasonal increase in working capital ahead of Christmas shipments, free cash flow(2) was an outflow of only £7.9m (2004: outflow £12.3m).

Capital expenditure remained tightly controlled at £30.2m (2004: £29.6m), with targeted expansion in the growth areas of biscuits, frozen pizza and ready meals, complemented by a sharp focus on driving efficiency improvements in the Chilled division. The first half saw the commissioning of the £16m stone-bake pizza line in Ireland to support the launch of Solos.

With cash spend on exceptional items at £17.0m and a special pension contribution of £20.0m, net debt increased to £399.2m (2004: £379.7m). Net assets at the balance sheet date were £142.6m (2004: £113.1m).

Pensions

In the last financial year we announced action to address the deficit on the principal pension scheme. Over the past 12 months the after tax pension deficit has decreased by over one-third to £104.7m (2004: £160.2m). This excludes any gain or loss on actuarial experience since 2 April 2005 which is calculated only at each year end. Two special contribution payments of £20m each have been made to the scheme, one in the second half of 2004/05 and one in the first half of 2005/06. A further £10m special contribution is committed for 2006/07. The scheme trustees are currently undertaking their periodic actuarial valuation as at 31 March 2005 and the company expects shortly to agree a new contribution rate for 2006/07 onwards.

Outlook

Our programme for the transformation of Northern Foods is well underway. We have made encouraging progress in the last 12 months.

The trading environment remains difficult. Against a background of rising input costs, particularly for energy, we expect the recent period of price deflation to end. We are negotiating with our retail customers to recover input cost inflation. With our GET FIT programme continuing to drive efficiencies, we expect progressively to improve our operating margin over the next 18 months.

(1) The comparatives in the segmental analysis have been restated accordingly
(2) Free cash flow is net cash (used in) / from operating activities, adjusted for cash spend on exceptional items and special pension contributions, less net capital expenditure, plus interest received.

15 November 2005

Consolidated income statement
for the 26 weeks ended 1 October 2005

	(unaudited)			(unaudited)		
	Before exceptional items 26 weeks 2005 £m	Exceptional items 26 weeks 2005 £m	Total 26 weeks 2005 £m	Before exceptional items 26 weeks 2004 £m	Exceptional items 26 weeks 2004 £m	Total 26 weeks 2004 £m
Continuing operations:						

Revenue	700.0	-	700.0	680.7	-	680.7	1,
Profit from operations	38.4	(8.8)	29.6	35.9	(34.8)	1.1	
Net finance costs	(12.7)	-	(12.7)	(11.1)	-	(11.1)	(
Profit/(loss) before taxation	25.7	(8.8)	16.9	24.8	(34.8)	(10.0)	
Taxation	(5.1)	2.6	(2.5)	(4.9)	10.9	6.0	
Profit/(loss) for the period from continuing operations	20.6	(6.2)	14.4	19.9	(23.9)	(4.0)	
Discontinued operations:							
Revenue	-	-	-	27.4	-	27.4	
Loss from operations	-	-	-	(0.5)	-	(0.5)	
(Loss)/profit on sale of discontinued operations	-	-	-	-	(4.6)	(4.6)	
Taxation	-	-	-	0.3	0.9	1.2	
(Loss)/profit for the period from discontinued operations	-	-	-	(0.2)	(3.7)	(3.9)	
Profit/(loss) for the period	20.6	(6.2)	14.4	19.7	(27.6)	(7.9)	

The result for the period is all attributable to equity holders of the parent.

Earnings/(loss) per

share (pence)

From continuing operations:		
Basic	2.96	(0.81)
Diluted	2.95	(0.81)
From continuing and discontinued operations:		
Basic	2.96	(1.60)
Diluted	2.95	(1.60)

Consolidated balance sheet
as at 1 October 2005

	(unaudited)	(unaudited)	
	1 October 2005 £m	2 October 2004 £m	2 April 2005 £m
Non-current assets			
Goodwill	65.4	66.5	65.4
Other intangible assets	7.2	7.6	7.8
Property, plant and equipment	607.7	614.2	610.9
Deferred tax assets	45.0	69.8	52.0
	725.3	758.1	736.1
Current assets			
Inventories	85.7	85.2	64.2

Trading investments	9.9	11.5	9.8
Trade and other receivables	209.2	189.1	171.3
Cash and cash equivalents	16.8	40.3	25.5
	321.6	326.1	270.8
Non-current assets classified as held for sale	-	18.2	-
Total assets	1,046.9	1,102.4	1,006.9
Current liabilities			
Trade and other payables	(246.8)	(219.1)	(229.1)
Current tax liabilities	(13.8)	(15.0)	(14.7)
Bank loans and overdrafts	(11.1)	(18.7)	(7.8)
Provisions	-	(12.7)	-
	(271.7)	(265.5)	(251.6)
Non-current liabilities			
Bank loans	(330.0)	(330.0)	(270.0)
Convertible bonds	(84.8)	(82.8)	(83.8)
Retirement benefit obligation	(148.1)	(228.4)	(171.2)
Deferred tax liabilities	(56.1)	(63.1)	(60.4)
Accruals and deferred income	(13.6)	(15.1)	(14.3)
	(632.6)	(719.4)	(599.7)
Liabilities directly associated with non-current assets classified as held for sale	-	(4.4)	-
Total liabilities	(904.3)	(989.3)	(851.3)
Net assets	142.6	113.1	155.6

Equity			
Share capital	127.9	127.2	127.6
Share premium account	62.8	60.5	62.3
Capital redemption reserve	23.6	23.6	23.6
Reserve for own shares	(38.6)	(38.6)	(38.6)
Foreign exchange reserve	2.4	3.6	2.9
Other reserves	21.5	21.6	21.5
Retained earnings	(57.0)	(84.8)	(43.7)
Total equity	142.6	113.1	155.6

Consolidated cash flow statement
for the 26 weeks ended 1 October 2005

	(unaudited)	(unaudited)	
	26 weeks 2005 £m	26 weeks 2004 £m	52 weeks 2005 £m
Profit from operations	29.6	0.6	42.6
Adjustments for:			
Depreciation of property, plant and equipment and amortisation of intangible assets	31.6	33.2	65.0
Exceptional impairment of property, plant and equipment	(0.6)	15.1	15.0
Loss/(gain) on disposal of property, plant and equipment	0.1	(0.2)	(4.6)

Exceptional impairment of intangible assets	-	-	1.1
Loss on derivative financial instruments	-	0.9	1.0
(Decrease)/increase in retirement benefit obligation	(23.1)	0.6	(18.6)
Other non-cash movements	(0.7)	(0.8)	(1.5)
Operating cash flow before movement in working capital	36.9	49.4	100.0
Movement in working capital	(39.3)	(32.2)	(1.7)
Cash (used in)/from operations	(2.4)	17.2	98.3
Interest paid	(12.0)	(11.3)	(22.6)
Taxation paid	(0.7)	(0.3)	(1.4)
Net cash (used in)/from operating activities	(15.1)	5.6	74.3
Investing activities:			
Interest received	0.1	0.1	0.3
Purchase of property, plant and equipment	(30.2)	(29.6)	(62.6)
Disposal of property, plant and equipment	-	0.4	17.6
Purchase of trading investments	(4.2)	(16.3)	(16.4)
Disposal of trading investments	4.1	19.7	21.5
Acquisition of businesses	-	(1.1)	(1.1)
Disposal of businesses	-	19.3	34.6
Grants received	0.3	0.8	0.9
Net cash used in investing activities	(29.9)	(6.7)	(5.2)
Financing activities:			
Dividends paid	(27.7)	(27.5)	(43.8)
Increase in amounts drawn on revolving credit facility	60.0	70.0	10.0
Increase in/(repayment of) borrowings	2.4	(29.1)	(24.4)
Issue of equity share capital	0.8	0.6	2.8

Purchase of own shares	-	(24.2)	(24.2)
Net cash from/(used in) financing activities	35.5	(10.2)	(79.6)
Net decrease in cash and cash equivalents	(9.5)	(11.3)	(10.5)
Cash and cash equivalents at start of period	24.2	34.2	34.2
Effect of foreign exchange rates	(0.1)	0.5	0.5
Cash and cash equivalents at end of period	14.6	23.4	24.2

Cash and cash equivalents comprises:

Cash and cash equivalents	16.8	40.3	25.5
Bank overdrafts	(2.2)	(16.9)	(1.3)
	14.6	23.4	24.2

Reconciliation of net cash flow to movements in net debt
for the 26 weeks ended 1 October 2005

	(unaudited)	(unaudited)	
	26 weeks 2005 £m	26 weeks 2004 £m	52 weeks 2005 £m
Net decrease in cash and cash equivalents	(9.5)	(11.3)	(10.5)
Increase/(decrease) in trading investments	0.1	(3.4)	(5.1)
Increase in amounts drawn on revolving credit			

facility	(60.0)	(70.0)	(10.0)
(Increase in)/repayment of borrowings	(2.4)	29.1	24.4
Effect of foreign exchange rates	(0.1)	0.5	0.5
Movements in net debt in the period - cash and cash equivalents	(71.9)	(55.1)	(0.7)
Amortisation of bond	(1.0)	(1.0)	(2.0)
Other movements	-	0.4	0.4
Movements in net debt in the period	(72.9)	(55.7)	(2.3)
Net debt at start of period	(326.3)	(324.0)	(324.0)
Net debt at end of period	(399.2)	(379.7)	(326.3)

Consolidated statement of recognised income and expense
for the 26 weeks ended 1 October 2005

	(unaudited) 26 weeks 2005 £m	(unaudited) 26 weeks 2004 £m	52 weeks 2005 £m
Currency translation differences	(0.5)	3.6	2.9
Actuarial gains on defined benefit pension schemes	-	-	38.0
Taxation on actuarial gains taken directly to equity	-	-	(11.9)
Net (expense)/income recognised directly in equity	(0.5)	3.6	29.0
Profit/(loss) for the period	14.4	(7.9)	22.8
Total recognised income and expense for the period	13.9	(4.3)	51.8

Total recognised income and expense for the period is all attributable to equity holders of the parent.

Reconciliation of movements in total equity

for the 26 weeks ended 1 October 2005

	(unaudited) 26 weeks 2005 £m	(unaudited) 26 weeks 2004 £m	52 weeks 2005 £m
Total recognised income and expense for the period	13.9	(4.3)	51.8
Equity dividends	(27.7)	(27.9)	(43.8)
New equity share capital subscribed	0.8	0.6	2.8
Cost of executive share options	-	-	0.1
Repurchase of own shares	-	(24.2)	(24.2)
Movements in total equity in the period	(13.0)	(55.8)	(13.3)
Total equity at start of period	155.6	168.9	168.9
Total equity at end of period	142.6	113.1	155.6

Notes to the interim financial information

1. Basis of preparation and accounting policies

The interim financial information for the 26 weeks ended 1 October 2005, including comparative financial information, has been prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed or expected to be endorsed by the European Commission (EC) as at the group's first IFRS annual reporting date, 1 April 2006. The IFRS that will be effective or available for adoption as at 1 April 2006 are subject to review and amendment by the International Accounting Standards Board and endorsement and review by the EC.

The group has adopted all IFRS in issue with the exception of IAS 34 'Interim Financial Reporting' which is not mandatory for UK groups.

The group previously prepared its annual and interim consolidated accounts under UK General Accepted Accounting Principles (UK GAAP). As part of the transition to IFRS, on 10 October 2005, Northern Foods published the restatement of comparative financial information under IFRS for the 52 weeks ended 2 April 2005 and for the 26 weeks ended 2 October 2004. This is available from the company's website at
www.northernfoods.com
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IFRS 1 'First time adoption of International Financial Reporting Standards' permits those companies adopting IFRS for the first time to take certain exemptions from the full requirements of IFRS in the transition period. The group has taken advantage of the following exemptions:

- Business combinations

  The group has opted not to restate business combinations that took place prior to the date of transition to IFRS.

- Fair value as deemed cost

  The group has opted to use a previous revaluation of a property made under UK GAAP as deemed cost.

- Employee benefits

The group has opted to recognise in equity all cumulative actuarial gains and losses at the date of transition. The group has also opted to account for pension benefits under the amendment to IAS19 issued in December 2004 in which all actuarial gains and losses are recognised in the Statement of Recognised Income and Expense. This is consistent with the previous UK GAAP treatment under FRS 17 'Retirement Benefits', the effect of which has been disclosed previously in the Annual report.

- Cumulative exchange differences

  The group has opted to set to zero cumulative exchange differences at the date of transition. On subsequent disposal of a foreign subsidiary, exchange differences arising after the date of transition are recycled through the income statement.

- Share-based payments

  The group has opted to apply IFRS 2 'Share-based Payments' only to equity-settled share-based awards granted on or after 7 November 2002, which have not vested by the later of the date of transition to IFRS (4 April 2004) and 1 January 2005.

The accounting policies adopted by the group are as published in the announcement of 10 October 2005 which dealt with the restatement of the group's results under IFRS.

The interim financial information has been prepared on the historical cost basis, except for the revaluation of certain financial instruments.

The financial information included within this statement does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The accounts for the 52 weeks ended 2 April 2005, which were prepared in accordance with UK GAAP, have been filed with the Registrar of Companies. They contained an unqualified audit report and did not include a statement under Section 237 (2) or (3) of the Companies Act 1985. The restatement of the information under IFRS for the 52 weeks ended 2 April 2005, which does not constitute statutory accounts, also contained an unqualified audit report.

The interim report for the 26 weeks ended 1 October 2005 was approved by the directors on 15 November 2005. It has not been audited. The interim report has been reviewed by the auditors and their independent review report is included in this document.

2. Segmental analysis

	(unaudited)	(unaudited)	
	26 weeks	26 weeks	52 weeks
	2005	2004	2005
Turnover	£m	£m	£m
Continuing operations:			
Chilled	369.7	369.9	764.6
Bakery	214.6	200.7	427.8
Frozen	115.7	110.1	223.7
	700.0	680.7	1,416.1
Discontinued operations:			
Chilled	-	26.9	32.2
Frozen	-	0.5	0.5
	-	27.4	32.7
Total	700.0	708.1	1,448.8

Profit/(loss) from operations before exceptional items

Continuing operations:			
Chilled	8.8	8.8	25.3
Bakery	19.1	17.4	37.8
Frozen	10.5	9.7	22.9
	38.4	35.9	86.0
Discontinued operations:			
Chilled	-	(0.4)	(0.1)
Frozen	-	(0.1)	(0.1)
	-	(0.5)	(0.2)
Total	38.4	35.4	85.8

Net operating assets	(unaudited) 1 October 2005 £m	(unaudited) 2 October 2004 £m	2 April 2005 £m
Continuing operations:			
Chilled	329.8	336.6	332.3
Bakery	256.5	260.6	231.1
Frozen	128.5	118.5	112.8
	714.8	715.7	676.2
Discontinued operations:			
Chilled	-	13.8	-

	-	13.8	-
Total	714.8	729.5	676.2

2. Segmental analysis (continued)

Analysis of net assets	(unaudited) 1 October 2005 £m	(unaudited) 2 October 2004 £m	2
Goodwill, other intangibles, property, plant and equipment	680.3	688.3	
Inventories	85.7	85.2	
Receivables	209.2	189.1	
Payables and provisions	(260.4)	(246.9)	(2
Net non-current assets classified as held for sale	-	13.8	
Net operating assets	714.8	729.5	
Current tax	(13.8)	(15.0)	(
Net deferred tax	(11.1)	6.7	
Retirement benefit obligation	(148.1)	(228.4)	(1
Trading capital employed	541.8	492.8	
Net borrowings	(399.2)	(379.7)	(3
Net assets	142.6	113.1	

3. Exceptional items

	(unaudited)	(unaudited)	
	26 weeks 2005 £m	26 weeks 2004 £m	52
Continuing operations:			
Exceptional items from operations	(8.8)	(34.8)	(
Taxation	2.6	10.9	
	(6.2)	(23.9)	(
Discontinued operations:			
(Loss)/profit on sale of discontinued operations	-	(4.6)	
Taxation	-	0.9	
	-	(3.7)	
Total	(6.2)	(27.6)	(

Exceptional items from operations comprise £3.7m relating to the completion of factory an head office rationalisation started in 2004/05 and £5.1m relating to the implementation o new manufacturing structures and the consolidation of the chilled businesses into a singl division.

Items which are both material and non-recurring are presented as exceptional items within their relevant consolidated income statement category. The separate reporting of exceptional items helps to provide a better indication of the group's underlying business performance. Events which may give rise to the classification of items as exceptional ite include the restructuring of businesses, gains or losses on the disposal of businesses an asset impairments.

4. Taxation

	(unaudited)	(unaudited)	
	26 weeks 2005 £m	26 weeks 2004 £m	52
Current taxation:			
Taxation before exceptional items	2.6	3.6	
Taxation on exceptional items	(2.8)	(5.6)	
	(0.2)	(2.0)	
Deferred taxation:			
Taxation before exceptional items	2.5	1.0	
Taxation on exceptional items	0.2	(6.2)	
	2.7	(5.2)	
Total	2.5	(7.2)	

4. Taxation (continued)

The taxation charge before exceptional items for the 26 weeks ended 1 October 2005 has be
calculated on the basis of the estimated effective tax rate for the full year. This is lower than the standard UK corporation tax rate of 30% due to successful resolution of prior year tax matters and lower Irish tax rates.

5. Dividends

(unaudited) (unaudited)

Equity dividends on ordinary shares	26 weeks 2005 £m	26 weeks 2004 £m	52
Amounts recognised in the period:			
Final dividend for the 52 weeks ended 2 April 2005 of 5.70p (2004: 5.60p)	27.7	27.9	
Proposed interim dividend for the 52 weeks ended 1 April 2006 of 3.40p (2004: 3.35p)	-	-	
Total	27.7	27.9	

The proposed interim dividend of £16.5m (2004: £15.9m) was approved by the board on 15 November 2005 and accordingly has not been included as a liability as at 1 October 2005.

6. Earnings per share

Earnings and earnings per share	Earnings 26 weeks 2005 £m (unaudited)	Earnings per share 26 weeks 2005 pence	Earnings 26 weeks 2004 £m (unaudited)	Earnings per share 26 weeks 2004 pence	Earnings 52 weeks 2005 £m	Earni per sh 52 we 2 pe
Continuing operations:						
Earnings used for calculation of basic earnings per share	14.4	2.96	(4.0)	(0.81)	20.7	4
Exceptional items	6.2	1.28	23.9	4.83	29.9	6
Earnings used for calculation						

of basic earnings per share before exceptional items	20.6	4.24	19.9	4.02	50.6	10
Earnings used for calculation of diluted earnings per share	14.4	2.95	(4.0)	(0.81)	20.7	4
Continuing and discontinued operations:						
Earnings used for calculation of basic earnings per share	14.4	2.96	(7.9)	(1.60)	22.8	4
Exceptional items	6.2	1.28	27.6	5.58	27.5	5
Earnings used for calculation of basic earnings per share before exceptional items	20.6	4.24	19.7	3.98	50.3	10
Earnings used for calculation of diluted earnings per share	14.4	2.95	(7.9)	(1.60)	22.8	4
Number of shares		Number of shares million		Number of shares million		Number sha mill
Weighted average number of shares		510.9		508.7		50
Own shares held		(21.9)		(11.1)		(16
Shares held in Employee share ownership trust		(3.1)		(3.1)		(3
Weighted average number of shares used for calculation of basic earnings per share and earnings per share before						

exceptional items	485.9	494.5	48
Savings-related share options	1.1	-	
Executive share options	0.3	(0.2)	
Long term incentive plans	0.2	-	
Deferred share plan	0.1	-	
Weighted average number of shares used for calculation of diluted earnings per share	487.6	494.3	49

7. Pension costs

	(unaudited)	(unaudited)	
	26 weeks 2005 £m	26 weeks 2004 £m	52
Deficit in scheme at start of period	(171.2)	(227.8)	(2
Current service cost	(9.8)	(10.6)	(
Expected return on pension scheme assets	21.7	18.1	
Interest on pension scheme liabilities	(19.7)	(19.5)	(
Ongoing contributions	10.9	11.4	
Special contributions	20.0	-	
Actuarial gain	-	-	
Deficit in scheme at end of period	(148.1)	(228.4)	(1
Related deferred tax asset	43.4	68.2	
Net pension deficit at end of period	(104.7)	(160.2)	(1

The pension deficit at the end of the period does not include any allowances for growth in assets or changes in the discount rate during the period.

Independent review report to Northern Foods plc

Introduction

We have been instructed by the company to review the financial information for the 26 weeks ended 1 October 2005 which comprises the consolidated income statement, consolidated statement of recognised income and expense, consolidated balance sheet, consolidated cash flow statement and related notes 1 to 7, together with the reconciliation of net cash flow to movements in net debt and the reconciliation of movements in total equity. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

International Financial Reporting Standards

As disclosed in note 1, the next annual financial statements of the group will be prepared in accordance with IFRS as adopted for use in the EU. Accordingly, the interim report has been prepared in accordance with the recognition and measurement criteria of IFRS and the disclosure requirements of the Listing Rules. The accounting policies are consistent with those that the directors intend to use in the annual financial statements. There is, however, a possibility that the directors may determine that some changes to these policies are necessary when preparing the full annual financial statements for the first time in accordance with IFRS as adopted for use in the EU.

Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the 26 weeks ended 1 October 2005.

Deloitte & Touche LLP
Chartered Accountants
Leeds

15 November 2005

Neither an audit nor a review provides assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular whether any changes may have occurred to the financial information since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.