

Company No. 2994067 (England and Wales)

UNITED FOODS INTERNATIONAL PLC
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997



UNITED FOODS INTERNATIONAL PLC

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FOR THE YEAR ENDED 31 DECEMBER 1997

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UNITED FOODS INTERNATIONAL PLC

OFFICERS AND FINANCIAL ADVISORS

DIRECTORS	N J Taylor M J Taylor
SECRETARY	Betty Bailey
REGISTERED OFFICE	Pinnacle House 17-25 Hartfield Road LONDON SW19 3SE
AUDITORS	Windsor Stebbing Marsh Pinnacle House 17-25 Hartfield Road LONDON SW19 3SE
BUSINESS ADDRESS	Black Corner Balcombe Road Horley RH6 9SP
BANKERS	Barclays Bank plc Strand Business Centre Burleigh House P.O.Box 90 LONDON WC2R 0NX
COMPANY NUMBER	2994067 (England and Wales)

UNITED FOODS INTERNATIONAL PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 1997

The directors present their report and the consolidated financial statements for the year ended 31 December 1997.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activities of the company are acting as a holding company and offering administrative services to other group companies.

During 1998 the company acquired a controlling interest in FSP Frische GmbH and the turnover in its trading subsidiary Florida Exports Limited has risen sharply. The directors are confident that the group will be profitable in 1998.

Since 1 January 1998 the issued share capital of the company has been increased to £3 million, consisting of £2 million ordinary shares and £1 million 6% redeemable preference shares. In addition the shareholders have made substantial interest free loans available to the Group.

RESULTS AND DIVIDENDS

The results for the year are set out on page 5.

The directors do not recommend payment of a dividend.

It is proposed that the loss of £196,595 is transferred to reserves.

FIXED ASSETS

Details of movements in fixed assets during the year are set out in note 9 to the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and their interests in the company were as stated below.

	Class of share	Number of shares	
		1997	1996
N J Taylor	Ordinary shares	-	-
M J Taylor	Ordinary shares	-	-
D Shewring	Ordinary shares	-	-
H L Parsons	Ordinary shares	-	-

D Shewring resigned on 31 March 1997. M.J Taylor was appointed and H.L Parsons resigned on 9 May 1997.

H.L.Parsons has a direct interest in one £1 Ordinary share which is held on trust for the International Mushroom Fund and in a further 49,998 £1 Ordinary shares as a trustee of the International Mushroom Fund.

H.L.Parsons has no beneficial interest in the share capital of the company by virtue of either of these holdings.

AUDITORS

Windsor Stebbing Marsh were appointed auditors to the company and in accordance with Section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

UNITED FOODS INTERNATIONAL PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 1997 - Continued

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 judgments and estimates that are reasonable and prudent;
- 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.

This report was approved by the Board on 29/7/98.....

B Bailey
Betty Bailey
Secretary

UNITED FOODS INTERNATIONAL PLC

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF 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 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.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1997 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 .

Windsor Stebbing Marsh

Windsor Stebbing Marsh
Chartered Accountants
Registered Auditor

Date: *29 July 1998*.....
Pinnacle House
17-25 Hartfield Road
LONDON SW19 3SE

UNITED FOODS INTERNATIONAL PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1997

	<u>Notes</u>	<u>1997</u> <u>£</u>	<u>1996</u> <u>£</u>
TURNOVER	2	770,352	91,362
COST OF SALES		(863,331)	(160,597)
GROSS LOSS		(92,979)	(69,235)
Administrative expenses		(48,818)	(162,882)
OPERATING LOSS	3	(141,797)	(232,117)
Other interest receivable and similar income	6	2,660	1,963
Interest payable and similar charges	7	(57,458)	(53,510)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(196,595)	(283,664)
		=====	=====

There are no recognised gains and losses other than those passing through the profit and loss account.

UNITED FOODS INTERNATIONAL PLC

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 1997

	Notes	1997 £	1996 £
FIXED ASSETS			
Tangible assets	9	4,522	6,363
CURRENT ASSETS			
Stocks	10	162,845	536,334
Debtors	11	188,517	114,315
Cash at bank and in hand		222,096	8,805
		<u>573,458</u>	<u>659,454</u>
CREDITORS: amounts falling due within one year	12	<u>(1,014,608)</u>	<u>(905,850)</u>
NET CURRENT LIABILITIES		<u>(441,150)</u>	<u>(246,396)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(436,628)</u>	<u>(240,033)</u>
CREDITORS: amounts falling after more than one year	13	<u>(224,988)</u>	<u>(224,988)</u>
		<u>£ (661,616)</u>	<u>£ (465,021)</u>
CAPITAL AND RESERVES			
Called up share capital	14	50,000	50,000
Profit and loss account	15	<u>(711,616)</u>	<u>(515,021)</u>
SHAREHOLDERS' FUNDS (EQUITY INTERESTS)	16	<u>£ (661,616)</u>	<u>£ (465,021)</u>

The financial statements were approved by the Board on 29/7/98....

N J Taylor
Director

Nancy Taylor

UNITED FOODS INTERNATIONAL PLC

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 1997

	£	<u>1997</u>	£	£	<u>1996</u>	£
NET CASH IN/OUTFLOW FROM OPERATING ACTIVITIES			247,745		(133,066)	
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE						
Interest received		2,660			1,963	
Interest paid		(57,458)			(53,510)	
NET CASH IN/OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(54,798)		(51,547)	
CAPITAL EXPENDITURE						
Payments to acquire tangible assets		(283)			-	
NET CASH IN/OUTFLOW FROM CAPITAL EXPENDITURE			(283)		-	
NET CASH IN/OUTFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING			192,664		(184,613)	
FINANCING						
INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		£ 192,664			£ (184,613)	

UNITED FOODS INTERNATIONAL PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 1997

1. <u>RECONCILIATION OF OPERATING LOSS TO</u>		<u>1997</u>	<u>1996</u>	
<u>NET CASH IN/OUTFLOW) FROM OPERATING ACTIVITIES</u>		<u>£</u>	<u>£</u>	
Operating loss		(141,797)	(232,117)	
Depreciation of tangible assets		2,124	2,121	
Decrease in stocks		373,489	37,973	
Increase in debtors		(74,202)	(3,743)	
Increase in creditors due within one year		88,131	62,700	
<u>NET CASH IN/OUTFLOW) FROM OPERATING ACTIVITIES</u>		<u>£ 247,745</u>	<u>£ (133,066)</u>	
2. <u>ANALYSIS OF NET DEBT/FUNDS</u>		<u>1996</u>	<u>1997</u>	
	<u>£</u>	<u>Cash flow</u> <u>£</u>	<u>Other non</u> <u>cash changes</u> <u>£</u>	<u>£</u>
Net cash:				
Cash at bank and in hand	8,805	213,291		222,096
Bank overdrafts	(779,373)	779,373		-
	<u>(770,568)</u>	<u>992,664</u>		<u>222,096</u>
Debt:				
Debt due within one year	-	(800,000)	-	(800,000)
Loans due after one year	(224,988)	-	-	(224,988)
	<u>(224,988)</u>	<u>(800,000)</u>	<u>-</u>	<u>(1,024,988)</u>
Current asset investments	-	-		-
Balance at 31 December 1997	<u>£ (995,556)</u>	<u>£ 192,664</u>	<u>£ -</u>	<u>£ (802,892)</u>
3. <u>RECONCILIATION OF NET CASH FLOW TO</u>		<u>1997</u>	<u>1996</u>	
<u>MOVEMENT IN NET DEBT</u>		<u>£</u>	<u>£</u>	
Increase/(Decrease) in cash in the year		992,664	(153,140)	
Cash flow from increase in debt/lease financing		(800,000)	(31,473)	
Change in net debt resulting from cash flows		<u>192,664</u>	<u>(184,613)</u>	
Movement in net funds in the year		192,664	(184,613)	
Opening net debt		(995,556)	(810,943)	
Closing net debt		<u>£ (802,892)</u>	<u>£ (995,556)</u>	

UNITED FOODS INTERNATIONAL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997

1. ACCOUNTING POLICIES

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and include the results of the company's operations as indicated in the directors' report, all of which are continuing.

1.2 Turnover

Turnover represents amounts receivable for goods and services provided stated net of Value Added Tax and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Office equipment	-	20% Straight line
Fixtures, fittings and equipment	-	20% Straight line

1.4 Stock

Stock is valued at the lower of cost and net realisable value.

1.5 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the accounting date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2. TURNOVER

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the U.K.

3. OPERATING LOSS

Operating loss is stated after charging:

	<u>1997</u> £	<u>1996</u> £
Depreciation of tangible assets	2,124	2,121
Auditors' remuneration	3,500	3,500
	<u> </u>	<u> </u>

UNITED FOODS INTERNATIONAL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997 - Continued

4. EMPLOYEES

Number of employees

There were no employees during the year apart from the directors.

Wages and salaries	4,840	27,214
Social security costs	-	2,686
	<u>£ 4,840</u>	<u>£ 29,900</u>

5. DIRECTORS' EMOLUMENTS

	<u>1997</u> £	<u>1996</u> £
Emoluments for qualifying services	<u>4,840</u>	<u>20,550</u>

6. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>1997</u> £	<u>1996</u> £
Bank interest received	2,660	1,274
Other interest received	-	689
	<u>£ 2,660</u>	<u>£ 1,963</u>

7. INTEREST PAYABLE

	<u>1997</u> £	<u>1996</u> £
On bank loans and overdrafts	57,458	53,510
	<u>£ 57,458</u>	<u>£ 53,510</u>

UNITED FOODS INTERNATIONAL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997 - Continued

8. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The parent company has not presented its own profit and loss account, as permitted by Section 228(7) of the Companies Act 1985. The amount of the consolidated profit / (loss) after taxation attributable to shareholders dealt with in the accounts of the parent and subsidiary undertakings is as follows:

	<u>1997</u> £	<u>1996</u> £
Parent undertaking	2,186	(3,352)
Subsidiary undertaking	(198,781)	(280,312)
	<u>£(196,595)</u>	<u>£ 283,664</u>

9. TANGIBLE ASSETS

	Office equipment £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 January 1997	9,260	1,347	10,607
Additions	-	283	283
	<u>9,260</u>	<u>1,630</u>	<u>10,890</u>
At 31 December 1997			
Depreciation			
At 1 January 1997	3,705	539	4,244
Charge for year	1,852	272	2,124
	<u>5,557</u>	<u>811</u>	<u>6,368</u>
At 31 December 1997			
Net book values			
At 31 December 1997	£ 3,703	£ 819	£ 4,522
	<u>£ 3,703</u>	<u>£ 819</u>	<u>£ 4,522</u>
At 31 December 1996	£ 5,555	£ 808	£ 6,363
	<u>£ 5,555</u>	<u>£ 808</u>	<u>£ 6,363</u>

10. STOCKS

	<u>1997</u> £	<u>1996</u> £
Finished goods and goods for resale	162,845	536,334
	<u>162,845</u>	<u>536,334</u>

UNITED FOODS INTERNATIONAL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997 - Continued

11.	<u>DEBTORS</u>	<u>1997</u> £	<u>1996</u> £
	Trade debtors	93,636	17,927
	Other debtors	92,191	95,398
	Prepayments and accrued income	2,690	990
		<u>£ 188,517</u>	<u>£ 114,315</u>
12.	<u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	<u>1997</u> £	<u>1996</u> £
	Bank loans and overdrafts	800,000	779,373
	Trade creditors	142,209	55,070
	Taxes and social security costs	33,777	2,447
	Other creditors	502	64,927
	Accruals and deferred income	38,120	4,033
		<u>£1,014,608</u>	<u>£ 905,850</u>
13.	<u>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</u>	<u>1997</u> £	<u>1996</u> £
	Loans		
	Wholly repayable within five years	1,024,988	224,988
	Included in current liabilities	(800,000)	-
		<u>£ 224,988</u>	<u>£ 224,988</u>
14.	<u>SHARE CAPITAL</u>	<u>1997</u> £	<u>1996</u> £
	Authorised		
	2,000,000 Ordinary shares of £1 each	2,000,000	2,000,000
	Allotted, called up and fully paid		
	50,000 Ordinary shares of £1 each	50,000	50,000

UNITED FOODS INTERNATIONAL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997 - Continued

15. PROFIT AND LOSS ACCOUNT

	<u>1997</u> £	<u>1996</u> £
Accumulated losses at 1 January 1997	(515,021)	(231,357)
Retained loss for the year	(196,595)	(283,664)
Accumulated losses at 31 December 1997	<u>£ (711,616)</u>	<u>£ (515,021)</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1997</u> £	<u>1996</u> £
Loss for the year	(196,595)	(283,664)
Opening shareholders' funds	(465,021)	(181,357)
Closing shareholders' funds	<u>£ (661,616)</u>	<u>£ (465,021)</u>

17. POST BALANCE SHEET EVENTS

On 21 January 1998 United Foods International PLC allotted a further 1,950,000 ordinary £1 shares at par increasing its ordinary share capital to £2,000,000. On 27 February 1998 the company increased its authorised share capital to £5,000,000 and on the same day issued £1,000,000 6% non cumulative preference shares 2008.

UNITED FOODS INTERNATIONAL PLC

PARENT COMPANY BALANCE SHEET
AS AT 31 DECEMBER 1997

	Notes	1997 £	1996 £
FIXED ASSETS			
Investments	1	498,004	498,004
CURRENT ASSETS			
Cash at bank and in hand		-	9,009
		-	9,009
CREDITORS: amounts falling due within one year	2	(227,844)	(239,039)
NET CURRENT LIABILITIES		(227,844)	(230,030)
TOTAL ASSETS LESS CURRENT LIABILITIES		270,160	267,974
CREDITORS: amounts falling after more than one year	3	(224,988)	(224,988)
		£ 45,172	£ 42,986
CAPITAL AND RESERVES			
Called up share capital	4	50,000	50,000
Profit and loss account	5	(4,828)	(7,014)
SHAREHOLDERS' FUNDS (EQUITY INTERESTS)	6	£ 45,172	£ 42,986

The financial statements were approved by the Board on 29 July 1998.

N J Taylor
Director

Nancy Taylor

UNITED FOODS INTERNATIONAL PLC

NOTES TO THE PARENT COMPANY BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 1997

1.	<u>FIXED ASSET INVESTMENTS</u>	<u>1997</u> £	<u>1996</u> £
	Subsidiary undertakings	498,004	498,004
	Investment in subsidiary undertakings		
	Cost		Shares £
	At 1 January 1997 & at 31 December 1997		498,004
	Net Book Values		
	At 31 December 1997		£ 498,004
	At 31 December 1996		£ 498,004

In the opinion of the directors the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Florida Exports Limited blends and sells organic and pesticide free orange juice from Florida, United States of America. Organic Juices Limited and Organic Foods International were dormant throughout the year and have remained so subsequent to the year end.

2.	<u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	<u>1997</u> £	<u>1996</u> £
	Amounts owed to group undertaking	224,844	237,539
	Accruals and deferred income	3,000	1,500
		£ 227,844	£ 239,039

3.	<u>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</u>	<u>1997</u> £	<u>1996</u> £
	Loans		
	Wholly repayable within five years	224,988	224,988

UNITED FOODS INTERNATIONAL PLC

NOTES TO THE PARENT COMPANY BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 1997 - Continued

4.	<u>SHARE CAPITAL</u>	<u>1997</u> £	<u>1996</u> £
	Authorised		
	2,000,000 Ordinary shares of £1 each	2,000,000	2,000,000
		<u> </u>	<u> </u>
	Allotted, called up and fully paid		
	50,000 Ordinary shares of £1 each	50,000	50,000
		<u> </u>	<u> </u>
5.	<u>PROFIT AND LOSS ACCOUNT</u>	<u>1997</u> £	<u>1996</u> £
	Accumulated losses at 1 January 1997	(7,014)	(3,662)
	Retained profit for the year	2,186	(3,352)
		<u> </u>	<u> </u>
	Accumulated losses at 31 December 1997	£ (4,828)	£ (7,014)
		<u> </u>	<u> </u>
6.	<u>RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</u>	<u>1997</u> £	<u>1996</u> £
	Profit for the year	2,186	(3,352)
	Opening shareholders' funds	42,986	46,338
		<u> </u>	<u> </u>
	Closing shareholders' funds	£ 45,172	£ 42,986
		<u> </u>	<u> </u>

7. POST BALANCE SHEET EVENTS

On 21 January 1998 the company allotted a further 1,950,000 ordinary £1 shares at par increasing its ordinary share capital to £2,000,000. On 27 February 1998 the company increased its authorised share capital to £5,000,000 and on the same day issued £1,000,000 6% non cumulative preference shares 2008.