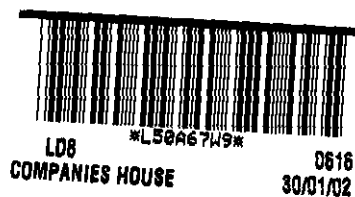


**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001
FOR
MARIGOLD HEALTH FOODS LIMITED**



MARIGOLD HEALTH FOODS LIMITED

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for the Year Ended 31 March 2001.**

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MARIGOLD HEALTH FOODS LIMITED

COMPANY INFORMATION
for the Year Ended 31 March 2001

DIRECTORS:	D B R Swinstead P J Tobin
SECRETARY:	D B R Swinstead
REGISTERED OFFICE:	102 Camley Street London NW1 0PF
REGISTERED NUMBER:	1300295 (England and Wales)
AUDITORS:	Bennett & Co. Registered Auditors 16 / 18 Upland Road Dulwich London SE22 9GG
BANKERS:	Bank of Scotland St James's Gate 14-16 Cockspur Street London SW1Y 5BL
SOLICITORS:	Solomon Taylor & Shaw 3 Coach House Yard Hampstead High Street London NW3 1QD

MARIGOLD HEALTH FOODS LIMITED

REPORT OF THE DIRECTORS for the Year Ended 31 March 2001

The directors present their report with the financial statements of the company for the year ended 31 March 2001.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of marketing and distribution of vegetarian and vegan foods, drinks, nutritional supplements and other animal-free products.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

Interim dividends per share were paid as follows:

£5.3305	- 10 April 2000
£3.7313	- 14 August 2000
£8.2623	- 16 October 2000
£8.2623	- 15 February 2001
<hr/>	
£25.5864	
<hr/>	

The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 March 2001 will be £96,000.

FIXED ASSETS

The leasehold property was subject to a charge secured over the company's fixed and current assets. The charge was extinguished on 28th December 2001 by payment of the outstanding balance of the loan plus interest thereon.

DIRECTORS

The directors during the year under review were:

D B R Swinstead
P J Tobin

The beneficial interests of the directors holding office on 31 March 2001 in the issued share capital of the company were as follows:

	31.3.01	1.4.00
Ordinary shares £1 shares		
D B R Swinstead	1,876	1,876
P J Tobin	1,876	1,876

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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.

MARIGOLD HEALTH FOODS LIMITED

REPORT OF THE DIRECTORS
for the Year Ended 31 March 2001

AUDITORS

The auditors, Bennett & Co., will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



Approved and signed by
D B R Swinstead - SECRETARY

Dated: 28th January 2002

MARIGOLD HEALTH FOODS LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF MARIGOLD HEALTH FOODS LIMITED

We have audited the financial statements of MARIGOLD HEALTH FOODS LIMITED for the year ended 31 March 2001 on pages five to seventeen. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

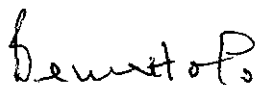
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Bennett & Co.
Registered Auditors
16 / 18 Upland Road
Dulwich
London SE22 9GG

29 January 2002 Dated:

MARIGOLD HEALTH FOODS LIMITED

PROFIT AND LOSS ACCOUNT
for the Year Ended 31 March 2001

		31.3.01	31.3.00
	Notes	£	£
TURNOVER		8,086,600	6,585,229
Cost of sales		(6,465,891)	(5,321,282)
GROSS PROFIT		1,620,709	1,263,947
Distribution costs		(721,632)	(552,659)
Administrative expenses		(378,174)	(308,023)
		520,903	403,265
Other operating income		1,540	1,378
OPERATING PROFIT	3	522,443	404,643
Interest receivable and similar income		12,512	6,474
		534,955	411,117
Interest payable and similar charges	4	(15,310)	(18,855)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		519,645	392,262
Tax on profit on ordinary activities	5	(132,306)	(89,608)
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		387,339	302,654
Dividends	6	(96,000)	(80,000)
		291,339	222,654
Retained profit brought forward		658,571	435,917
RETAINED PROFIT CARRIED FORWARD		£949,910	£658,571

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

MARIGOLD HEALTH FOODS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the Year Ended 31 March 2001

	31.3.01	31.3.00
	<u>£</u>	<u>£</u>
PROFIT FOR THE FINANCIAL YEAR	387,339	302,654
Revaluation of leasehold property	-	263,829
	<u> </u>	<u> </u>
TOTAL RECOGNISED GAINS AND LOSSES		
RELATING TO THE YEAR	<u>£387,339</u>	<u>£566,483</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

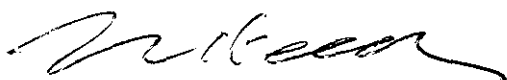
The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material.

MARIGOLD HEALTH FOODS LIMITED

BALANCE SHEET
31 March 2001

		31.3.01	31.3.00
	Notes	£	£
FIXED ASSETS:			
Intangible assets	7	14,105	14,105
Tangible assets	8	940,465	946,779
		<u>954,570</u>	<u>960,884</u>
CURRENT ASSETS:			
Stocks	9	343,320	237,964
Debtors	10	924,720	717,033
Cash at bank and in hand		470,303	184,923
		<u>1,738,343</u>	<u>1,139,920</u>
CREDITORS: Amounts falling due within one year	11	(1,199,681)	(869,478)
NET CURRENT ASSETS:		<u>538,662</u>	<u>270,442</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:		1,493,232	1,231,326
CREDITORS: Amounts falling due after more than one year	12	(275,741)	(305,174)
		<u>£1,217,491</u>	<u>£926,152</u>
CAPITAL AND RESERVES:			
Called up share capital	16	3,752	3,752
Revaluation reserve	17	263,829	263,829
Profit and loss account		949,910	658,571
SHAREHOLDERS' FUNDS:	20	<u>£1,217,491</u>	<u>£926,152</u>

ON BEHALF OF THE BOARD:



D B R Swinstead - DIRECTOR



P J Tobin - DIRECTOR

Approved by the Board on

28 January 2002

The notes form part of these financial statements

MARIGOLD HEALTH FOODS LIMITED

CASH FLOW STATEMENT
for the Year Ended 31 March 2001

		31.3.01	31.3.00
	Notes	£	£
Net cash inflow from operating activities	1	547,396	349,124
Returns on investments and servicing of finance	2	(2,798)	(12,381)
Taxation		(80,843)	(63,886)
Capital expenditure	2	(44,197)	(47,852)
Equity dividends paid		(96,000)	(80,000)
		<u>323,558</u>	<u>145,005</u>
Financing	2	(38,178)	(25,227)
Increase in cash in the period		<u>£285,380</u>	<u>£119,778</u>
Reconciliation of net cash flow to movement in net funds	3		
Increase in cash in the period		285,380	119,778
Cash outflow from decrease in debt and lease financing		<u>13,706</u>	<u>22,678</u>
Change in net funds resulting from cash flows		299,086	142,456
Hire purchase additions		-	(12,308)
Movement in net funds in the period		<u>299,086</u>	<u>130,148</u>
Net funds at 1 April		<u>170,709</u>	<u>40,561</u>
Net funds at 31 March		<u>£469,795</u>	<u>£170,709</u>

The notes form part of these financial statements

MARIGOLD HEALTH FOODS LIMITED

NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 March 2001

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31.3.01 £	31.3.00 £
Operating profit	522,443	404,643
Depreciation charges	50,511	38,675
Loss on sale of fixed assets	-	9,782
Profit on sale of fixed assets	-	(4,609)
Increase in stocks	(105,356)	(15,128)
Increase in debtors	(216,065)	(262,251)
Increase in creditors	295,863	178,012
Net cash inflow from operating activities	<u>547,396</u>	<u>349,124</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.3.01 £	31.3.00 £
Returns on investments and servicing of finance		
Interest received	12,512	6,474
Interest paid	(13,928)	(16,191)
Interest element of hire purchase payments	<u>(1,382)</u>	<u>(2,664)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(2,798)</u>	<u>(12,381)</u>
Capital expenditure		
Purchase of tangible fixed assets	(44,197)	(52,995)
Sale of tangible fixed assets	-	5,143
Net cash outflow for capital expenditure	<u>(44,197)</u>	<u>(47,852)</u>
Financing		
Loan repayments in year	(33,904)	(6,450)
Capital element - HP repayment	(15,087)	(22,678)
Repayment on director's loan	14,203	6,184
Amount withdrawn by director	<u>(3,390)</u>	<u>(2,283)</u>
Net cash outflow from financing	<u>(38,178)</u>	<u>(25,227)</u>

The notes form part of these financial statements

MARIGOLD HEALTH FOODS LIMITED

NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 March 2001

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.00 £	Cash flow £	At 31.3.01 £
Net cash:			
Cash at bank and in hand	184,923	285,380	470,303
	<u>184,923</u>	<u>285,380</u>	<u>470,303</u>
Debt:			
Hire purchase	(14,214)	13,706	(508)
	<u>(14,214)</u>	<u>13,706</u>	<u>(508)</u>
Total	<u>170,709</u>	<u>299,086</u>	<u>469,795</u>
Analysed in Balance Sheet			
Cash at bank and in hand	184,923		470,303
Hire purchase			
within one year	(13,701)		(508)
after one year	(513)		-
	<u>170,709</u>		<u>469,795</u>

MARIGOLD HEALTH FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 March 2001

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Goodwill and Trademark

Goodwill and Trademark are stated in the financial statement at cost. The financial statement has departed from the companies legislation of amortising goodwill and trademark over a finite period for the overriding purpose of showing a true and fair view.

The reason for the departure is that in the directors' opinion the assets are stated in the financial statement at below their true market value.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold property	- Over the term of the lease
Motor vehicles	- Straight line over 6 years
Equipment	- Straight line over the life of the asset

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

The company operates a defined contribution pension scheme for a director. The company introduced a voluntary grouped personal pension scheme from 1 July 1999 for staff qualified by length of service. The assets of the schemes are held separately from those of the company in independently administered funds. The company's contributions to both schemes are charged in the profit and loss account.

2. STAFF COSTS

	31.3.01	31.3.00
	£	£
Wages and salaries	611,039	500,304
Social security costs	53,773	42,271
Other pension costs	15,827	10,369
	<u>680,639</u>	<u>552,944</u>

MARIGOLD HEALTH FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 March 2001

2. STAFF COSTS - continued

The average monthly number of employees during the year was as follows:

31.3.01	31.3.00
Marketing and administration	
<u>28</u>	<u>25</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	31.3.01	31.3.00
	£	£
Depreciation - owned assets	50,511	38,675
Loss on disposal of fixed assets	-	5,173
Auditors' remuneration	<u>7,500</u>	<u>5,500</u>
Directors' emoluments	<u>40,872</u>	<u>32,147</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	31.3.01	31.3.00
	£	£
Bank interest	13,928	15,992
Director's loan interest	-	199
Hire purchase interest	<u>1,382</u>	<u>2,664</u>
	<u>15,310</u>	<u>18,855</u>

5. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	31.3.01	31.3.00
	£	£
UK corporation tax	<u>132,306</u>	<u>89,608</u>

UK corporation tax has been charged at 30% (2000 - 30%).

6. DIVIDENDS

	31.3.01	31.3.00
	£	£
Equity shares:		
Ordinary shares	<u>96,000</u>	<u>80,000</u>

MARIGOLD HEALTH FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 2001

7. INTANGIBLE FIXED ASSETS

	Goodwill and Trademark
	<u>£</u>
COST:	
At 1 April 2000 and 31 March 2001	14,105
NET BOOK VALUE:	
At 31 March 2001	<u>14,105</u>
At 31 March 2000	<u>14,105</u>

8. TANGIBLE FIXED ASSETS

	Leasehold property	Motor vehicles	Equipment	Totals
	£	£	£	£
COST OR VALUATION:				
At 1 April 2000	800,000	146,438	115,225	1,061,663
Additions	-	28,462	15,735	44,197
Disposals	-	-	(25)	(25)
At 31 March 2001	<u>800,000</u>	<u>174,900</u>	<u>130,935</u>	<u>1,105,835</u>
DEPRECIATION:				
At 1 April 2000	6,312	69,621	38,951	114,884
Charge for year	7,646	26,670	16,195	50,511
Eliminated on disposals	-	-	(25)	(25)
At 31 March 2001	<u>13,958</u>	<u>96,291</u>	<u>55,121</u>	<u>165,370</u>
NET BOOK VALUE:				
At 31 March 2001	<u>786,042</u>	<u>78,609</u>	<u>75,814</u>	<u>940,465</u>
At 31 March 2000	<u>793,688</u>	<u>76,817</u>	<u>76,274</u>	<u>946,779</u>

These assets includes both owned and hire purchased assets.

Cost or valuation at 31 March 2001 is represented by:

	Leasehold property	Motor vehicles	Equipment	Totals
	£	£	£	£
Valuation in 2000	800,000	-	-	800,000
Cost	-	174,900	130,935	305,835
	<u>800,000</u>	<u>174,900</u>	<u>130,935</u>	<u>1,105,835</u>

MARIGOLD HEALTH FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 March 2001

8. TANGIBLE FIXED ASSETS - continued

If leasehold property had not been revalued it would have been included at the following historical cost:

	31.3.01	31.3.00
	£	£
Cost	<u>536,171</u>	<u>536,171</u>
Aggregate depreciation	<u>9,324</u>	<u>4,662</u>

The leasehold property was valued on an open market basis on 28 November 2000 by Insignia Richard Ellis Limited.

The company's leasehold property was valued as at 31st March 2000 and the resulting surplus of £263,829 was transferred to Revaluation Reserve Account.

9. STOCKS

	31.3.01	31.3.00
	£	£
Stock	<u>343,320</u>	<u>237,964</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.01	31.3.00
	£	£
Value added tax	32,517	33,623
Trade debtors	840,474	639,744
Prepayments	31,239	24,498
Staff loan	9,700	-
Corporation tax debtor	2,851	8,160
Directors' current accounts	7,939	11,008
	<u>924,720</u>	<u>717,033</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.01	31.3.00
	£	£
Bank loans and overdrafts (see note 13)	33,905	38,889
Hire purchase contracts (see note 14)	508	13,701
Trade creditors	984,464	700,455
Other creditors	2,871	4,356
Directors' current accounts	8,012	1,649
Social security & other taxes	17,086	14,023
Taxation	131,727	85,573
Accrued expenses	21,108	10,832
	<u>1,199,681</u>	<u>869,478</u>

MARIGOLD HEALTH FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 March 2001

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.3.01 £	31.3.00 £
Bank loans (see note 13)	275,741	304,661
Hire purchase contracts (see note 14)	-	513
	<u>275,741</u>	<u>305,174</u>

13. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	31.3.01 £	31.3.00 £
Amounts falling due within one year or on demand:		
Bank loans	<u>33,905</u>	<u>38,889</u>
Amounts falling due between one and two years:		
Bank loans	<u>36,000</u>	<u>38,889</u>
Amounts falling due between two and five years:		
Bank loans	<u>120,000</u>	<u>116,667</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans	<u>119,741</u>	<u>149,105</u>

The bank loan of £309,646 (2000 - £343,550) bears interest at 2.25% per annum over the Bank's Base Rate. It is secured by way of a debenture in the form of a legal mortgage over the leasehold property at 102 Camley Street London NW1, and a floating charge over present and future assets and book and other debts of the company.

MARIGOLD HEALTH FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 2001

14. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	31.3.01	Hire purchase contracts 31.3.00
	£	£
Gross obligations repayable:		
Within one year	508	15,087
Between one and five years	-	513
	<u>508</u>	<u>15,600</u>
Finance charges repayable:		
Within one year	-	1,386
	<u>-</u>	<u>1,386</u>
Net obligations repayable:		
Within one year	508	13,701
Between one and five years	-	513
	<u>508</u>	<u>14,214</u>

The following payments are committed to be paid within one year:

	31.3.01	Land and buildings operating leases 31.3.00
	£	£
Expiring:		
Within one year	21,000	21,000
Between one and five years	84,000	84,000
	<u>105,000</u>	<u>105,000</u>

15. SECURED DEBTS

The following secured debts are included within creditors:

	31.3.01	31.3.00
	£	£
Bank loans	309,646	343,550
Hire purchase contracts	508	14,214
	<u>310,154</u>	<u>357,764</u>

MARIGOLD HEALTH FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 March 2001

16. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal	31.3.01	31.3.00
		value:	£	£
5,000	Ordinary shares	£1	<u>5,000</u>	<u>5,000</u>

Allotted, issued and fully paid:				
Number:	Class:	Nominal	31.3.01	31.3.00
		value:	£	£
3,752	Ordinary shares	£1	<u>3,752</u>	<u>3,752</u>

17. REVALUATION RESERVE

	31.3.01	31.3.00
	£	£
Revaluation reserve	<u>263,829</u>	<u>263,829</u>

18. TRANSACTIONS WITH DIRECTORS

Included in the debtors is £7,939 the current account balance of D B R Swinstead, a director of the company.

The current account balance of P J Tobin the other company director is included in creditors at the year end.

Interest at the official rate is charged on all directors loans to and from the company.

19. RELATED PARTY DISCLOSURES

There are no other related party disclosures other than already reported under transactions with directors.

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.3.01	31.3.00
	£	£
Profit for the financial year	387,339	302,654
Dividends	<u>(96,000)</u>	<u>(80,000)</u>
	291,339	222,654
Other recognised gains and losses relating to the year (net)	<u>-</u>	<u>263,829</u>
Net addition to shareholders' funds	291,339	486,483
Opening shareholders' funds	<u>926,152</u>	<u>439,669</u>
Closing shareholders' funds	<u>1,217,491</u>	<u>926,152</u>
Equity interests	<u>1,217,491</u>	<u>926,152</u>

21. CONTROL OF THE COMPANY

The company is jointly controlled by its two directors and shareholders, D B R Swinstead and P J Tobin.