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**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2000
FOR
MARIGOLD HEALTH FOODS LIMITED**



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for the Year Ended 31 March 2000**

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MARIGOLD HEALTH FOODS LIMITED

COMPANY INFORMATION

for the Year Ended 31 March 2000

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 14/16 Cockspur Street London SW1 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 2000

The directors present their report with the financial statements of the company for the year ended 31 March 2000.

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	- 17 May 1999
£5.3305	- 23 August 1999
£5.3305	- 1 November 1999
£5.3305	- 30 March 2000
<hr/>	
£21.322	
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The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 March 2000 will be £80,000.

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 2000 in the issued share capital of the company were as follows:

	31.3.00	1.4.99
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 2000

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: 10 JANUARY 2001

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

We have audited the financial statements on pages five to seventeen which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on page eleven.

Respective responsibilities of directors and auditors

As described on page two 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 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 2000 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



Dated: 15/1/2001

MARIGOLD HEALTH FOODS LIMITED
PROFIT AND LOSS ACCOUNT
for the Year Ended 31 March 2000

		31.3.00		31.3.99	
	Notes	£	£	£	£
TURNOVER			6,585,229		4,729,505
Cost of sales			5,321,282		3,779,030
GROSS PROFIT			1,263,947		950,475
Distribution costs		552,659		397,181	
Administrative expenses		308,023		237,859	
			860,682		635,040
			403,265		315,435
Other operating income			1,378		102
OPERATING PROFIT	3		404,643		315,537
Interest receivable and similar income			6,474		8,736
			411,117		324,273
Interest payable and similar charges	4		18,855		11,066
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			392,262		313,207
Tax on profit on ordinary activities	5		89,608		64,829
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			302,654		248,378
Dividends	6		80,000		80,000
			222,654		168,378
Retained profit brought forward			435,917		267,539
RETAINED PROFIT CARRIED FORWARD			£658,571		£435,917

CONTINUING OPERATIONS

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

The notes form part of these financial statements

MARIGOLD HEALTH FOODS LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**
for the Year Ended 31 March 2000

	31.3.00	31.3.99
	£	£
PROFIT FOR THE FINANCIAL YEAR	302,654	248,378
Revaluation of leasehold property	263,829	-
TOTAL RECOGNISED GAINS AND LOSSES		
RELATING TO THE YEAR	<u>£566,483</u>	<u>£248,378</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.

The notes form part of these financial statements

MARIGOLD HEALTH FOODS LIMITED
BALANCE SHEET
31 March 2000

		31.3.00		31.3.99	
	Notes	£	£	£	£
FIXED ASSETS:					
Intangible assets	7		14,105		14,105
Tangible assets	8		946,779		666,638
			960,884		680,743
CURRENT ASSETS:					
Stocks	9	237,964		222,836	
Debtors	10	717,033		460,966	
Cash at bank and in hand		184,923		65,145	
		1,139,920		748,947	
CREDITORS: Amounts falling due within one year	11	869,478		642,197	
NET CURRENT ASSETS:			270,442		106,750
TOTAL ASSETS LESS CURRENT LIABILITIES:			1,231,326		787,493
CREDITORS: Amounts falling due after more than one year	12		305,174		347,824
			£926,152		£439,669
CAPITAL AND RESERVES:					
Called up share capital	16		3,752		3,752
Revaluation reserve	17		263,829		-
Profit and loss account			658,571		435,917
SHAREHOLDERS' FUNDS:	20		£926,152		£439,669

ON BEHALF OF THE BOARD:


D B R Swinstead - DIRECTOR



P J Tobin - DIRECTOR

Approved by the Board on 10 JANUARY 2001

The notes form part of these financial statements

MARIGOLD HEALTH FOODS LIMITED
CASH FLOW STATEMENT
for the Year Ended 31 March 2000

	Notes	31.3.00		31.3.99	
		£	£	£	£
Net cash inflow from operating activities	1		349,124		327,058
Returns on investments and servicing of finance	2		(12,381)		(2,330)
Taxation			(63,886)		(29,009)
Capital expenditure	2		(47,852)		(593,113)
Equity dividends paid			(80,000)		(80,000)
			<u>145,005</u>		<u>(377,394)</u>
Financing	2		(25,227)		325,884
Increase/(Decrease) in cash in the period			<u>£119,778</u>		<u>£(51,510)</u>
Reconciliation of net cash flow to movement in net funds	3				
Increase/(Decrease) in cash in the period			119,778		(51,510)
Cash outflow from decrease in debt and lease financing			<u>22,678</u>		<u>26,509</u>
Change in net funds resulting from cash flows			142,456		(25,001)
Hire purchase additions			<u>(12,308)</u>		<u>-</u>
Movement in net funds in the period			<u>130,148</u>		<u>(25,001)</u>
Net funds at 1 April			<u>40,561</u>		<u>65,562</u>
Net funds at 31 March			<u>£170,709</u>		<u>£40,561</u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 March 2000

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

	31.3.00 £	31.3.99 £
Operating profit	404,643	315,537
Depreciation charges	38,675	30,072
Loss on sale of fixed assets	9,782	-
Profit on sale of fixed assets	(4,609)	(511)
Increase in stocks	(15,128)	(52,992)
Increase in debtors	(262,251)	(166,921)
Increase in creditors	178,012	201,873
Net cash inflow from operating activities	<u>349,124</u>	<u>327,058</u>

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

	31.3.00 £	31.3.99 £
Returns on investments and servicing of finance		
Interest received	6,474	8,736
Interest paid	(16,191)	(7,370)
Interest element of hire purchase payments	<u>(2,664)</u>	<u>(3,696)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(12,381)</u>	<u>(2,330)</u>
Capital expenditure		
Purchase of intangible fixed assets	-	(13,200)
Purchase of tangible fixed assets	(52,995)	(580,424)
Sale of tangible fixed assets	<u>5,143</u>	<u>511</u>
Net cash outflow for capital expenditure	<u>(47,852)</u>	<u>(593,113)</u>
Financing		
New loan taken out in year	-	350,000
Loan repayments in year	(6,450)	-
Capital element - HP repayment	(22,678)	(26,509)
Repayment on director's loan	6,184	5,328
Amount withdrawn by director	<u>(2,283)</u>	<u>(2,935)</u>
Net cash (outflow)/inflow from financing	<u>(25,227)</u>	<u>325,884</u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 March 2000

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.99 £	Cash flow £	Other non-cash changes £	At 31.3.00 £
Net cash:				
Cash at bank and in hand	65,145	119,778		184,923
	<u>65,145</u>	<u>119,778</u>		<u>184,923</u>
Debt:				
Hire purchase	(24,584)	22,678	(12,308)	(14,214)
	<u>(24,584)</u>	<u>22,678</u>	<u>(12,308)</u>	<u>(14,214)</u>
Total	<u>40,561</u>	<u>142,456</u>	<u>(12,308)</u>	<u>170,709</u>
Analysed in Balance Sheet				
Cash at bank and in hand	65,145			184,923
Hire purchase				
within one year	(17,038)			(13,701)
after one year	(7,546)			(513)
	<u>40,561</u>			<u>170,709</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 2000

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.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

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

	31.3.00	31.3.99
	£	£
Wages and salaries	500,304	384,655
Social security costs	42,271	33,733
Other pension costs	10,369	-
	<u>552,944</u>	<u>418,388</u>

MARIGOLD HEALTH FOODS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 2000****2. STAFF COSTS - continued**

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

	31.3.00	31.3.99
Marketing and administration	<u>25</u>	<u>19</u>

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	31.3.00	31.3.99
	£	£
Depreciation - owned assets	38,675	30,072
Loss/(Profit) on disposal of fixed assets	5,173	(511)
Auditors' remuneration	<u>5,500</u>	<u>4,500</u>
Directors' emoluments	<u>32,147</u>	<u>32,218</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	31.3.00	31.3.99
	£	£
Bank interest	15,992	7,036
Director's loan interest	199	334
Hire purchase interest	<u>2,664</u>	<u>3,696</u>
	<u>18,855</u>	<u>11,066</u>

5. TAXATION

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

	31.3.00	31.3.99
	£	£
UK corporation tax	89,608	64,519
Underprovision in respect of previous year	-	310
	<u>89,608</u>	<u>64,829</u>

UK corporation tax has been charged at 30% (1999 - 31%).

6. DIVIDENDS

	31.3.00	31.3.99
	£	£
Equity shares:		
Ordinary shares	<u>80,000</u>	<u>80,000</u>

MARIGOLD HEALTH FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 2000

7. INTANGIBLE FIXED ASSETS

	Goodwill and Trademark
	£
COST:	
At 1 April 1999	
and 31 March 2000	14,105
NET BOOK VALUE:	
At 31 March 2000	14,105
At 31 March 1999	14,105

8. TANGIBLE FIXED ASSETS

	Leasehold property	Motor vehicles	Equipment	Totals
	£	£	£	£
COST OR VALUATION:				
At 1 April 1999	532,997	122,322	96,064	751,383
Additions	4,567	24,116	36,620	65,303
Disposals	(1,393)	-	(17,459)	(18,852)
Surplus on revaluation	263,829	-	-	263,829
At 31 March 2000	800,000	146,438	115,225	1,061,663
DEPRECIATION:				
At 1 April 1999	2,096	45,336	37,313	84,745
Charge for year	5,076	24,285	9,314	38,675
Eliminated on disposals	(860)	-	(7,676)	(8,536)
At 31 March 2000	6,312	69,621	38,951	114,884
NET BOOK VALUE:				
At 31 March 2000	793,688	76,817	76,274	946,779
At 31 March 1999	530,901	76,986	58,751	666,638

These assets includes both owned and hire purchased assets.

Cost or valuation at 31 March 2000 is represented by:

	Leasehold property	Motor vehicles	Equipment	Totals
	£	£	£	£
Valuation in 2000	800,000	-	-	800,000
Cost	-	146,438	115,225	261,663
	800,000	146,438	115,225	1,061,663

MARIGOLD HEALTH FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 2000

8. TANGIBLE FIXED ASSETS - continued

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

	31.3.00	31.3.99
	£	£
Cost	536,171	-
Aggregate depreciation	6,312	-

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

9. STOCKS

	31.3.00	31.3.99
	£	£
Stock	237,964	222,836

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.00	31.3.99
	£	£
Value added tax	33,623	33,476
Trade debtors	639,744	381,969
Prepayments	24,498	20,169
Corporation tax debtor	8,160	8,160
Directors' current accounts	11,008	17,192
	717,033	460,966

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.00	31.3.99
	£	£
Bank loans and overdrafts (see note 13)	38,889	9,722
Hire purchase contracts (see note 14)	13,701	17,038
Trade creditors	700,455	522,158
Other creditors	4,356	9,966
Directors' current accounts	1,649	3,932
Social security & other taxes	14,023	9,076
Taxation	85,573	44,851
ACT payable	-	15,000
Accrued expenses	10,832	10,454
	869,478	642,197

MARIGOLD HEALTH FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 2000

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

	31.3.00 £	31.3.99 £
Bank loans (see note 13)	304,661	340,278
Hire purchase contracts (see note 14)	513	7,546
	<u>305,174</u>	<u>347,824</u>

13. LOANS AND OVERDRAFTS

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

	31.3.00 £	31.3.99 £
Amounts falling due within one year or on demand:		
Bank loans	<u>38,889</u>	<u>9,722</u>
Amounts falling due between one and two years:		
Bank loans	<u>38,889</u>	<u>38,889</u>
Amounts falling due between two and five years:		
Bank loans	<u>116,667</u>	<u>116,667</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans	<u>149,105</u>	<u>184,722</u>

The bank loan of £343,550 (1999 - £350,000) 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.

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 2000

14. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	31.3.00 £	Hire purchase contracts 31.3.99 £
Gross obligations repayable:		
Within one year	15,087	19,702
Between one and five years	513	8,933
	<u>15,600</u>	<u>28,635</u>
Finance charges repayable:		
Within one year	1,386	2,664
Between one and five years	-	1,387
	<u>1,386</u>	<u>4,051</u>
Net obligations repayable:		
Within one year	13,701	17,038
Between one and five years	513	7,546
	<u>14,214</u>	<u>24,584</u>

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

	31.3.00 £	Land and buildings operating leases 31.3.99 £
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:

	31.3.00 £	31.3.99 £
Bank loans	343,550	350,000
Hire purchase contracts	14,214	24,584
	<u>357,764</u>	<u>374,584</u>

MARIGOLD HEALTH FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 2000

16. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal	31.3.00	31.3.99
		value:	£	£
5,000	Ordinary shares	£1	<u>5,000</u>	<u>5,000</u>

Allotted, issued and fully paid:				
Number:	Class:	Nominal	31.3.00	31.3.99
		value:	£	£
3,752	Ordinary shares	£1	<u>3,752</u>	<u>3,752</u>

17. REVALUATION RESERVE

		31.3.00	31.3.99
		£	£
No description		<u>263,829</u>	<u>-</u>

18. TRANSACTIONS WITH DIRECTORS

Included in the debtors is £11,008 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

	31.3.00	31.3.99
	£	£
Profit for the financial year	302,654	248,378
Dividends	<u>(80,000)</u>	<u>(80,000)</u>
	222,654	168,378
Other recognised gains and losses relating to the year (net)	<u>263,829</u>	<u>-</u>
Net addition to shareholders' funds	486,483	168,378
Opening shareholders' funds	<u>439,669</u>	<u>271,291</u>
Closing shareholders' funds	<u>926,152</u>	<u>439,669</u>
Equity interests	<u>926,152</u>	<u>439,669</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.