

KING FROST LIMITED**1997 ANNUAL REPORT AND ACCOUNTS****REPORT OF THE DIRECTORS**

The directors submit their annual report together with the accounts for the 53 weeks ended 3 January 1998.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Company did not trade during the period, and there is no present intention to pursue any activity.

DIRECTORS

The directors of the Company who served during the year are as follows :

A G Clark

A D Frew

The interests of the directors in the share capital of the Company's ultimate holding company United Biscuits (Holdings) plc and options outstanding at the beginning and end of the Company's financial period were as follows :

	<u>Ordinary Shares</u>			<u>Options</u>		
	<u>1997</u> No.	<u>1996</u> No.	<u>1997</u> No.	<u>Granted</u>	<u>Lapsed</u>	<u>1996</u> No.
A.G. Clark	45,873	44,095	142,428	22,851	6,695	126,272
A.D. Frew	3,662	3,559	213,398	13,044	-	200,354

The Options are exercisable at prices varying from 159p to 400p up to 15 April 2007

Between 3 January 1998 and 31 March 1998, the beneficial shareholdings of A.G. Clark and A.D. Frew increased by 648 and 21 shares respectively.

DIRECTORS' RESPONSIBILITIES IN RELATION TO THE ACCOUNTS

The directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the year and of the profit or loss for the year.

The directors are of the opinion that, in preparing these accounts, the Company has used appropriate and consistently applied accounting policies, supported by reasonable and prudent estimates and judgements. All applicable accounting standards have been followed.

The directors are responsible for ensuring that the Company keeps accounting records which disclose, with reasonable accuracy, the financial position of the Company and which enable them to ensure that the accounts comply with the Companies Act 1985.

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The directors also have responsibility for safeguarding the assets of the Company and for taking reasonable steps to ensure the prevention and detection of fraud and other irregularities.

DIVIDEND

The directors do not recommend the payment of a dividend.

AUDITORS

Auditors have not been appointed in accordance with the provisions of Section 250 of the Companies Act 1985.

ON BEHALF OF THE BOARD



A D FREW

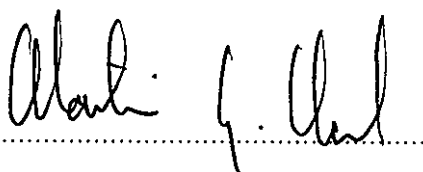
Secretary

31 March 1998

BALANCE SHEET AT 3 JANUARY 1998

		3 January 1998	28 December 1996
	Note	£	£
Current assets			
Debtors			
Amount due from group company		<u>41,652</u>	<u>41,652</u>
Capital and reserves			
Called up equity share capital	2	4,504	4,504
Profit and loss account		<u>37,148</u>	<u>37,148</u>
		<u>41,652</u>	<u>41,652</u>

The company was dormant (within the meaning of Section 250 of the Companies Act 1985) throughout the financial period.



DIRECTOR

31 March 1998

KING FROST LIMITED

NOTES TO THE ACCOUNTS AT 3 JANUARY 1998

1. Activity and basis of accounting

The company did not trade during the period. The accounts have been prepared on the historical cost basis of accounting.

2. Share capital

	Authorised		Allotted, called up and fully paid	
	1997	1996	1997	1996
	£	£	£	£
Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>	<u>4,504</u>	<u>4,504</u>

3. Ultimate holding company

The ultimate holding company is United Biscuits (Holdings) plc which is registered in Scotland and incorporated in Great Britain. Copies of the group accounts can be obtained from Church Road, West Drayton, Middlesex, UB7 7PR.