

BE INTERNATIONAL FOODS LIMITED
(Registered Number 602013)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002



BE INTERNATIONAL FOODS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

The directors present their report and the audited financial statements of the company for the year ended 31 December 2002.

PRINCIPAL ACTIVITY

The company is a holding company for investments.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The company continues to be a holding company for investments. Currently there are no plans to expand its operations.

RESULTS AND DIVIDENDS

The loss on ordinary activities after taxation for the year ended 31 December 2002 amounted to £3,162,000 (2001: £548,000 profit). The directors have not recommended a dividend for the year (2001: £Nil).

DIRECTORS AND THEIR INTERESTS

The directors who held office during the year were:

G R Cheese (appointed 18 December 2002)
S Christley (resigned 16 February 2002)
A Cicio (appointed 01 January 2002)
L Fa (resigned 12 July 2002)
J-P Pare (appointed 06 January 2003)

None of the directors had any beneficial interest in the shares of the company or any group company incorporated in Great Britain during the year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2002 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Company and which 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.

BE INTERNATIONAL FOODS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2002 (CONTINUED)**

AUDITORS

Following the conversion of PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned as auditors and the directors appointed its successor, PricewaterhouseCoopers LLP, to fill the casual vacancy. PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By Order of the Board



A Cicio
Director

30 January 2004

Registered Office:
1371 Mollison Avenue
Enfield
Middlesex EN3 7JZ

PricewaterhouseCoopers LLP
10 Bricket Road
St Albans AL1 3JX
Telephone +44 (0) 1727 844155
Facsimile +44 (0) 1727 845039

Independent auditor's report to the members of BE International Foods Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 directors' report 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 is not disclosed.

Basis of audit 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 at 31 December 2002 and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors

30 January 2004

PricewaterhouseCoopers is the successor partnership to the UK firms of Price Waterhouse and Coopers & Lybrand. The principal place of business of PricewaterhouseCoopers and its associate partnerships, and of Coopers & Lybrand, is 1 Embankment Place, London WC2N 6RH. The principal place of business of Price Waterhouse is Southwark Towers, 32 London Bridge Street, London SE1 9SY. Lists of the partners' names are available for inspection at those places.

All partners in the associate partnerships are authorised to conduct business as agents of, and all contracts for services to clients are with, PricewaterhouseCoopers. PricewaterhouseCoopers is authorised by the Financial Services Authority for investment business activities.

BE INTERNATIONAL FOODS LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2002**

	2002	2001
	£'000	£'000
Other operating income (Note 2)	520	281
OPERATING PROFIT	520	281
Income from shares in group undertakings	-	267
Amounts written off investments (note 5)	(3,526)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	(3,006)	548
Taxation (Note 3)	(156)	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED FOR FINANCIAL YEAR	(3,162)	548

STATEMENT ON MOVEMENT OF RESERVES

At 1 January	8,348	7,800
Profit/(loss) for the year	(3,162)	548
At 31 December	5,186	8,348

None of the company's activities were acquired or discontinued during the above financial periods.

The company had no recognised gains and losses.

There is no difference between the results on an unmodified historical cost basis and the results stated above.

BE INTERNATIONAL FOODS LIMITED**BALANCE SHEET AS AT 31 DECEMBER 2002**

	2002 £'000	2001 £'000
FIXED ASSETS		
Investments (Note 5)	2,598	6,124
CURRENT ASSETS		
Debtors (Note 6)	3,744	3,224
CREDITORS: Amounts falling due within one year (Note 7)	(156)	
TOTAL ASSETS	6,186	9,348
CAPITAL AND RESERVES		
Called up equity share capital (Note 8)	1,000	1,000
Profit and loss account	5,186	8,348
SHAREHOLDERS' FUNDS – equity interest only (Note 9)	6,186	9,348

Approved by the Board on 30 January 2004



A Cicio
Director

BE INTERNATIONAL FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002

1 ACCOUNTING POLICIES

(1) Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards.

(2) Changes in accounting policies

FRS 18, 'Accounting Policies' has been adopted in the current year but this did not require any change in accounting policy.

FRS 19, 'Deferred Tax' has been adopted in the current year but this did not require any change in accounting policy.

(3) Investments

Investments are stated at the lower of cost and, if permanently lower, directors' valuation.

(4) Cash flow statement and related party disclosures

The company is a wholly owned subsidiary of Groupe Danone SA and is included in the consolidated financial statements of Groupe Danone SA that are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996).

The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions (but not balances) with entities that are part of the Groupe Danone SA group or investees of the Groupe Danone SA group. (See note 10)

(5) Consolidated financial statements

In accordance with section 228 of the Companies Act 1985, the company has not prepared consolidated financial statements as its results are included in the consolidated financial statements of its ultimate parent company, Groupe Danone, a company incorporated in France (See note 10). Accordingly, financial information is presented about the company as an individual undertaking.

(6) Accounting for investment income

Foreign dividend income is reported as the amount receivable gross of withholding tax but net of underlying tax.

BE INTERNATIONAL FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002 (CONTINUED)

(7) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

(8) Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rate that is expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and liabilities recognised have not been discounted.

2 OTHER OPERATING INCOME

	2002 £'000	2001 £'000
PAYE/NIC refund	520	-
Net Intercompany balance correction	-	281
	520	281

3 TAX ON ORDINARY ACTIVITIES

The tax charge is made up as follows:

	2002 £	2001 £
Taxation on results for the year:		
UK Corporation Tax at 30% (2002: 30%)	156	80
Double taxation relief	-	(53)
Eligible unrelieved foreign tax	-	(27)
	156	-

BE INTERNATIONAL FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002 (CONTINUED)

4 RESULTS ON ORDINARY ACTIVITIES BEFORE TAXATION

None of the directors received any emoluments during the year in respect of their services to the company.

The audit fee is borne by another group undertaking.

5 INVESTMENTS

	2002 £'000	2001 £'000
Shares in group undertakings		
<u>Gross Investment</u>		
At 1 January	6,124	5,645
Adjustment	-	479
At 31 December	6,124	6,124
<u>Provision for permanent diminution in value</u>		
At 1 January	-	-
Provided during the year	(3,526)	-
At 31 December	(3,526)	-
Net investment at 31 December	2,598	6,124

The company provided a sum of £3,526,000 for the diminution in value of its investment in BE International Foods GmbH.

BE INTERNATIONAL FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002 (CONTINUED)

5 INVESTMENTS (CONTINUED)

The company holds more than 10% of the following undertakings, all of which are registered in England and Wales:

<u>Name</u>	<u>Nature of business</u>	<u>Registration or incorporation</u>	<u>Shares held Class and Percentage</u>	
B.E. Foods (1) Limited	Holding company	England	Ordinary	100% Direct
B.E. International Foods GmbH	Food importers and distributors	Germany	Ordinary	100% Direct
B.E. International Foods BV	Food importers and exporters	Holland	Ordinary	100% Direct
B.E. International (HK) Limited	Food importers and exporters	Hong Kong	Ordinary	55% Direct
Premier Spices Limited	Dormant	England	Ordinary	100% Direct
Cathay Foods Limited	Dormant	England	Ordinary	100% Direct
Bombay Emporium Limited	Dormant	England	Ordinary	100% Direct
B.E. Foods (2) Limited	Dormant	England	Ordinary	100% Indirect
Premier Pet Foods Limited	Dormant	England	Ordinary	100% Indirect

6 DEBTORS

	2002 £'000	2001 £'000
Amounts owed by group undertakings	3,744	3,224

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

7 CREDITORS: Amounts falling due within one year

	2002 £'000	2001 £'000
Corporation tax	156	-

BE INTERNATIONAL FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002 (CONTINUED)

8 SHARE CAPITAL

	2002 £'000	2001 £'000
Authorised:		
Ordinary shares of £1 each	1,000	1,000
<hr/>		
Allotted, called up and fully paid:		
Ordinary shares of £1 each	1,000	1,000
<hr/>		

9 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £'000	2001 £'000
Result for the year	(3,162)	548
Opening shareholders' funds	9,348	8,800
<hr/>		
Closing shareholders' funds	6,186	9,348
<hr/>		

10 ULTIMATE PARENT UNDERTAKING

The company is a wholly owned subsidiary of HP Foods Holdings Limited, a company incorporated in the United Kingdom. The ultimate controlling party and the ultimate parent undertaking is Groupe Danone SA, a company incorporated in France. Groupe Danone SA is the only company preparing consolidated financial statements including the results of the company.

Group financial statements may be obtained from:

Groupe Danone SA
15 rue du Helder
75439 Paris Cedex 09
France