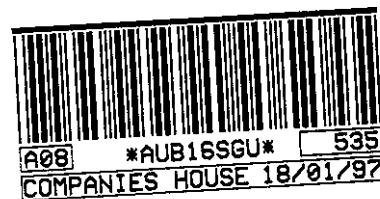


701444

DIRECTORS' REPORT AND ACCOUNTS

SWISS MILK PRODUCTS LIMITED

31 MARCH 1996



SWISS MILK PRODUCTS LIMITED DIRECTORS' REPORT

Directors: A Barton (Appointed 1 May 1995)
P Whitfield
J N Wild

Secretary: D Simpson

Registered Office: Beverley House, St Stephen's Square, Hull.

Company number: 701444

The directors present their report and the audited accounts for the year ended 31 March 1996.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company franchises and licenses the use of trademarks. The directors consider that the result for the year is satisfactory.

RESULTS AND DIVIDENDS

The profit for the financial period after taxation is £150,000. The directors do not recommend the payment of a dividend.

DIRECTORS

The directors of the company for the year ended 31 March 1996 were those listed above, together with Mr D J Salkeld who resigned on 1 May 1995. Mr A Barton was appointed to the Board on 1 May 1995.

In accordance with the company's Articles of Association the directors are not required to retire by rotation.

DIRECTORS' INTERESTS

According to the register maintained as required under the Companies Act 1985, none of the directors had any beneficial interest in the share capital of the company.

Throughout the year, Mr P Whitfield was also a director of the company's immediate parent company, Dale Farm Dairy Group Limited, in whose accounts his interest in the share capital of the ultimate parent company, Northern Foods plc, is disclosed.

SWISS MILK PRODUCTS LIMITED DIRECTORS' REPORT

The interests of the directors in the share capital of the ultimate parent company, Northern Foods plc were as follows:-

	Fully paid ordinary shares of 25p each	
	At 31 March 1996	At 1 April 1995 or date of appointment if later
A Barton	2,239	2,583
J N Wild	38,448	43,278
	-----	-----

Options granted to, or exercised by, directors during the year ended 31 March 1996 were as follows:-

	Options granted	Options exercised
A Barton	7,187	-
J N Wild	6,612	5,852
	-----	-----

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts comply with the above requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts 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.

**SWISS MILK PRODUCTS LIMITED
DIRECTORS' REPORT**

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the annual general meeting.

By order of the Board

A handwritten signature in dark ink, appearing to read 'D Simpson', is written over the printed name.

D Simpson

Secretary

7 January 1997

REPORT OF THE AUDITORS TO THE MEMBERS OF SWISS MILK PRODUCTS LIMITED

We have audited the accounts on pages 5 to 9 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

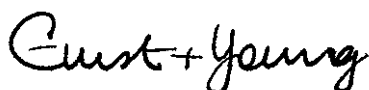
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
HULL

7 January 1997

SWISS MILK PRODUCTS LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1996**

	Notes	1996 £'000	1995 £'000
Royalties receivable	2	192	147
Currency translation gain/(loss)		21	(2)
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		213	145
Taxation	3	(63)	(54)
		-----	-----
RETAINED PROFIT FOR THE FINANCIAL PERIOD		150	91
		-----	-----

Movements on reserves are set out in note 9.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses (1995 - £nil) other than the retained profit attributable to the shareholders of the company as shown above.

SWISS MILK PRODUCTS LIMITED
BALANCE SHEET
at 31 MARCH 1996

	Notes	1996 £'000	1995 £'000
CURRENT ASSETS			
Debtors	4	586	405
CREDITORS - amounts falling due within one year	5	58	37
		-----	-----
NET CURRENT ASSETS		528	368
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	6	44	34
		-----	-----
NET ASSETS		484	334
		-----	-----
CAPITAL AND RESERVES			
Called up share capital	7	31	31
Profit and loss account	8	453	303
		-----	-----
EQUITY SHAREHOLDERS' FUNDS	9	484	334
		-----	-----



J N Wild
Director

7 January 1997

SWISS MILK PRODUCTS LIMITED

NOTES TO THE ACCOUNTS at 31 MARCH 1996

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that it is probable that the liability will crystallise.

Foreign Currencies

Monetary assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the balance sheet date. All exchange differences are taken to the profit and loss account in the year in which they arise.

2.	ROYALTIES RECEIVABLE	1996 £'000	1995 £'000
	Royalties receivable from fellow subsidiary undertaking	192 -----	147 -----

None of the directors received any remuneration from the company during the year (1995 - £nil).

3.	TAXATION	1996 £'000	1995 £'000
	UK corporation tax at 33% (1995 - 33%)	34	37
	Overseas taxation	15	15
	Deferred taxation (note 6)	10	(1)
	Underprovision - prior year	4	3
		----- 63 -----	----- 54 -----

SWISS MILK PRODUCTS LIMITED

NOTES TO THE ACCOUNTS

at 31 MARCH 1996

4. DEBTORS	1996	1995
	£'000	£'000

Amounts due from group undertakings	586	405
	=====	=====

5. CREDITORS	1996	1995
	£'000	£'000

Amounts falling due within one year:		
Amounts due to group undertakings	24	-
Corporation tax	34	37
	-----	-----
	58	37
	-----	-----

6. DEFERRED TAXATION

The movement in deferred taxation during the year is as follows:-

	£'000
At 1 April 1995	34
Charged to profit and loss account	10

At 31 March 1996	44

The provision for deferred taxation is in respect of short term timing differences and represents the full potential liability.

7. SHARE CAPITAL	Authorised, allotted, called up and fully paid	
	1996	1995
	£'000	£'000
30,500 Ordinary shares of £1 each	31	31
	-----	-----

SWISS MILK PRODUCTS LIMITED

NOTES TO THE ACCOUNTS **at 31 MARCH 1996**

8. PROFIT AND LOSS ACCOUNT

	1996 £'000
At 31 March 1995	303
Retained profit for the financial year	150

At 31 March 1996	453

9. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	1996 £'000	1995 £'000
Profit attributable to equity shareholders	150	91
Opening equity shareholders' funds	334	243
	-----	-----
Closing equity shareholders' funds	484	334
	-----	-----

10. GROUP ACCOUNTS

The parent company of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is Northern Foods plc, registered in England and Wales. Northern Foods plc is also the company's ultimate parent undertaking. Copies of Northern Foods plc's accounts can be obtained from Beverley House, St Stephen's Square, Hull, HU1 3XG.