

Dayjon Food Limited

Directors' report and financial statements

18 September 1999

Registered number 1234502

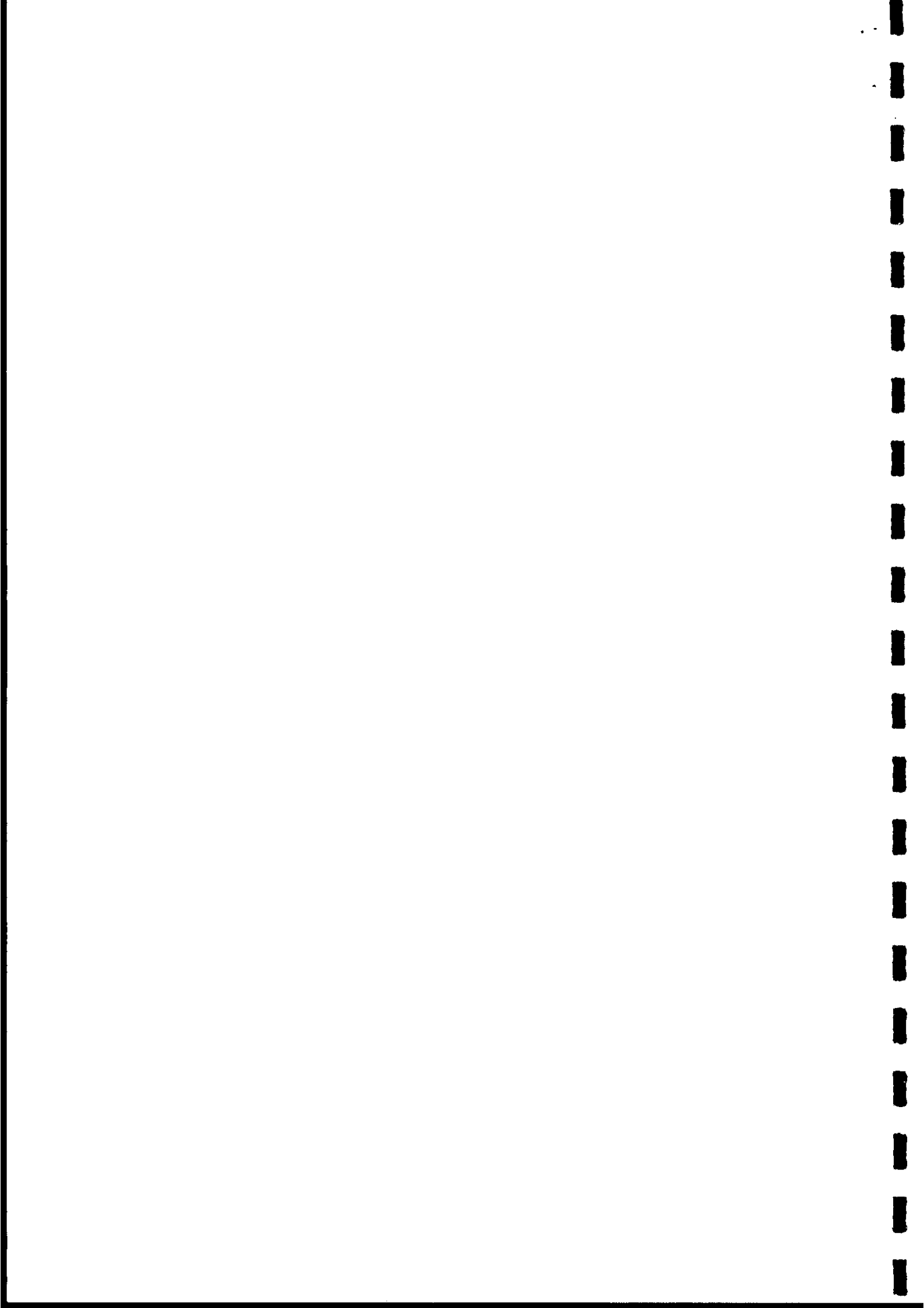




Directors' report and financial statements

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Directors' report

The directors present their annual report and the audited financial statements for the 55 week period ended 18 September 1999.

Principal activities

The principal activity of the company in the period under review is that of the manufacture and sale of food products.

Business review

The year marked a major change for the business as on 16 June 1999 the entire share capital of the company was sold to Cereal Industries Limited, a subsidiary of Associated British Foods plc.

Immediately prior to the sale of the company the freehold property of the business was sold to Recipe Noodle Foods Limited ("RNFL"), a subsidiary of the company. Following the sale of the property, to RNFL, the share capital of RNFL was sold to a related party and a lease over the property was then granted to Cereal Industries Limited.

On the sale of the company Ashdens resigned as auditors and were replaced by KPMG Audit Plc. Also as a consequence of the sale, the accounting year of the company was changed to the Saturday nearest to 15 September 1999 to match the year end of ABF plc.

With effect from 19 September 1999, the company was made dormant through the transfer of its assets at book value to Cereal Industries Limited. The business will continue to trade as Davjon Food Limited but as an agent of Cereal Industries Limited.

Year 2000

During the course of the year external IT consultants were instructed to assess the risks to the business posed by the millennium bug and where potential problems were identified appropriate measures have been instigated.

It is impossible for anyone to give an absolute guarantee that they will not be subject to a Year 2000 failure and we are no exception. We are, therefore, taking all necessary steps including continuing dialogue with our customers and suppliers, ensuring that contingency plans minimise any disruption that may arise to our supply chains should there be a failure.

Trading results, dividends and transfer to reserves

The profit and loss account for the period is set out on page 6.

Retained loss for the period was £503,996 which has been transferred to reserves.



Directors' report *(continued)*

Directors and directors' interests

The directors who held office during the period were as follows:

RH Richard	(Chairman)	(appointed 16 June 1999)
M Bottjer		(appointed 16 June 1999)
John Koon Tin Chan		
Koon Hang Chan		(resigned 16 June 1999)
Martina Harhung Chan		(resigned 16 June 1999)
Ming Chui		(resigned 16 June 1999)
CO Fillingham		(appointed 16 June 1999)
Hoi Tak Siu		(resigned 16 June 1999)

Mr W Wright was appointed company secretary on 16 June 1999.

The interests of RH Richard are disclosed in the directors' report of the parent company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company, or any other group company, were granted to any of the directors or their immediate families, or exercised by them, during the financial period.

The number of shares held has been reduced by a factor of 88/100 as a result of a special dividend and share consolidation. The share options are not affected.

No director had at any time during the period any material interest in a contract with the company, other than service contracts.

The following directors had the following outstanding options to acquire Ordinary shares in Associated British Foods plc:

	At date of appointment	At end of year	Exercise price	Date from which exercisable	Expiry date
CO Fillingham	15,000	15,000	561.5p	28 April 2003	28 April 2008

Employees

The company is committed to the further development of employee information and consultation. This is achieved both in conjunction with trade union representatives and through briefing sessions with wider groups of employees.

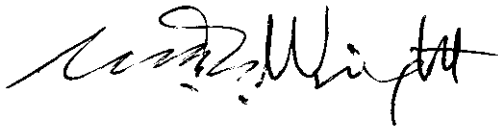
It is the policy of the company to offer equal opportunities to disabled persons in recruitment, training and career development, having due regard to their aptitudes and abilities in relation to the jobs available.

Directors' report *(continued)*

Political and charitable contributions

The company made no political contributions during the period (1998: £1,000 to the Labour Party). Donations to UK charities amounted to £7,467 (1998: £3,800).

By order of the board



W Wright
Secretary

Davjon Food Limited
Bradshaw Trading Estate
Greengate
Middleton
Manchester
M24 1RB

19 OCTOBER 1999



Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 maintaining 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.



KPMG Audit Plc

PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Report of the auditors to the members of Davjon Food Limited

We have audited the financial statements on pages 6 to 21.

Respective responsibilities of directors and auditors

As described on page 4 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.

Qualified opinion arising from disagreement about accounting treatment

As explained in the accounting policies (note 2) no provision has been made for deferred tax. Note 9 specifies the total potential amount of deferred taxation not provided but no assessment has been made of the extent to which it is probable that this might crystallise and therefore, of the amount for which provision should be made in accordance with the requirements of Statement of Standard Accounting Practice No. 15 and the Companies Act 1985.

Except for any adjustments that might have been necessary to account for deferred tax as required, in our opinion the financial statements give a true and fair view of the state of the company's affairs at 18 September 1999 and of its loss for the 55 week period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor

19 OCTOBER 1999

Profit and loss account

for the period ended 18 September 1999

	Note	55 week period ended 18 September 1999 £	52 week period ended 31 August 1998 (restated) £
Turnover - continuing operations	3	4,728,170	3,935,599
Operating profit	4	1,461,058	912,359
Other interest receivable and similar income	7	31,898	26,495
Interest payable and similar charges	8	(25,556)	(34,592)
Exceptional items:			
Loss on sale of property		(294,856)	-
Profit on sale of subsidiary		108,734	-
Profit on ordinary activities before taxation		1,281,278	904,262
Tax on profit on ordinary activities	9	(323,672)	(284,269)
Profit for the period		957,606	619,993
Dividends on equity and non-equity shares	10	(1,461,602)	(410,000)
Retained (loss)/profit for the period		(503,996)	209,993

A statement of movements on reserves is given in note 17.

Balance sheet

at 18 September 1999

	<i>Note</i>	18 September 1999	31 August 1998 (restated)
		£	£
Fixed assets			
Tangible assets	11	620,205	1,375,556
Investment in subsidiary	12	-	-
Current assets			
Stocks	13	106,706	70,060
Debtors	14	767,206	536,859
Cash at bank and in hand		194,819	698,342
		<u>1,068,731</u>	<u>1,305,261</u>
Creditors: amounts falling due within one year	15	<u>(771,304)</u>	<u>(1,261,034)</u>
Net current assets		<u>297,427</u>	<u>44,227</u>
Net assets		<u>917,632</u>	<u>1,419,783</u>
Capital and reserves			
Called up share capital	16	22,345	20,500
Share premium account	17	108,323	108,323
Profit and loss account	17	786,964	1,290,960
Shareholders' funds		<u>917,632</u>	<u>1,419,783</u>

These financial statements were approved by the board of directors on 19 OCTOBER 1999 and were signed on its behalf by:


Mark Bottjer
Director

Statement of total recognised gains and losses

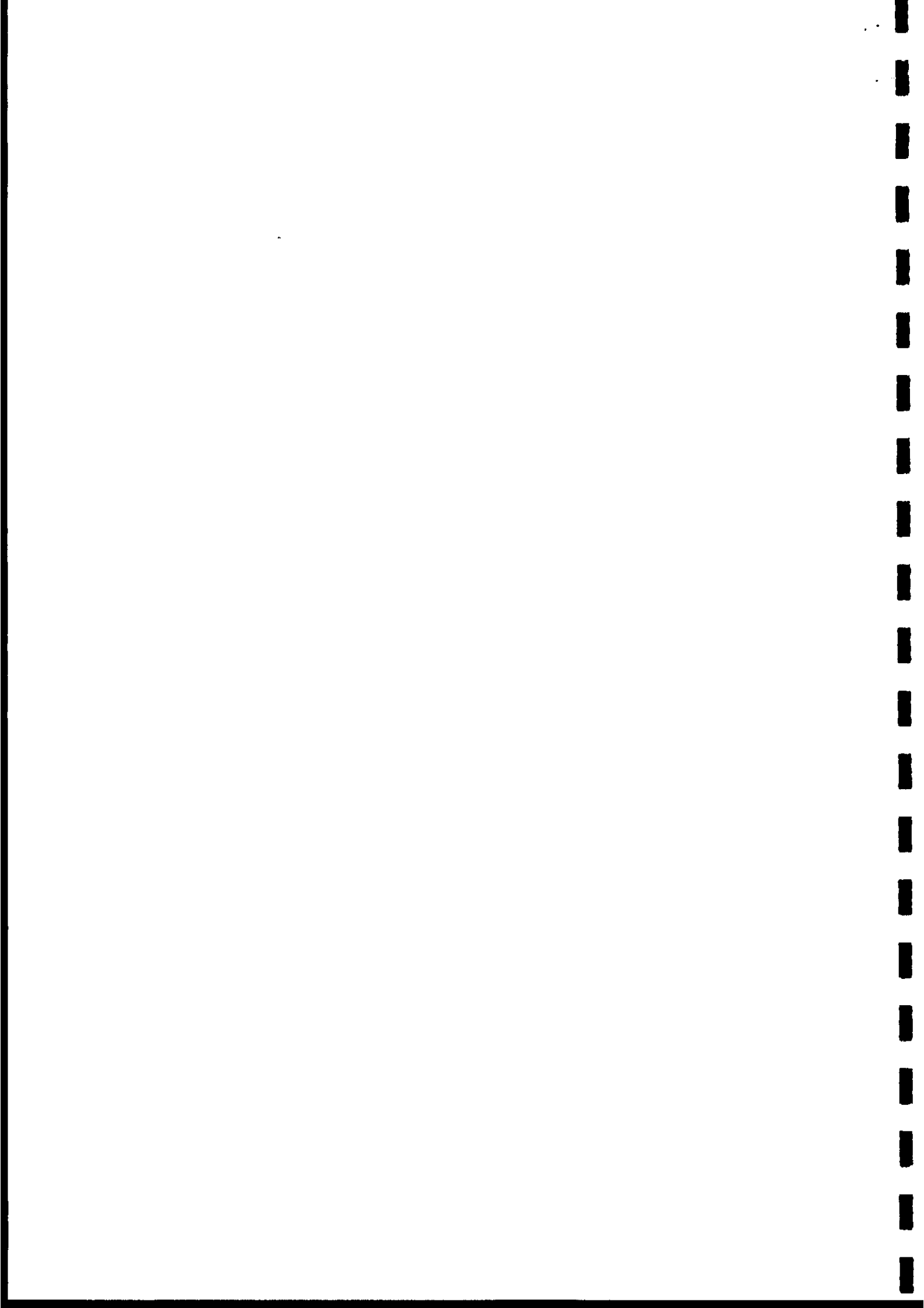
for the period ended 18 September 1999

	55 week period ended 18 September 1999 £	52 week period ended 31 August 1998 (restated) £
Profit for the financial period	957,606	619,993
Total recognised gains and losses relating to the financial period	957,606	619,993
Prior period adjustment (as explained in note 2)	58,000	-
Total gains and losses recognised since last annual report	1,015,606	619,993

Reconciliation of movement in shareholders' funds

for the period ended 18 September 1999

	55 week period ended 18 September 1999 £	52 week period ended 31 August 1998 (restated) £
Profit for the period	957,606	619,993
Dividends	(1,461,602)	(410,000)
	<hr/>	<hr/>
New share capital subscribed (net of issue costs)	(503,996) 1,845	209,993 -
	<hr/>	<hr/>
Net (reduction in)/addition to shareholders' funds	(502,151)	209,993
Opening shareholders' funds (originally £1,361,783 before addition of a prior period adjustment of £58,000)	1,419,783	1,209,790
	<hr/>	<hr/>
Closing shareholders' funds	917,632	1,419,783
	<hr/> <hr/>	<hr/> <hr/>



Notes

(forming part of the financial statements)

1 Accounting reference date

During the course of the period the company's accounting reference date was changed from 31 August to the Saturday nearest to 15 September to bring it in line with the accounting date of its parent company. Accordingly, these financial statements have been prepared for the 55 week period ended 18 September 1999.

2 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable Accounting Standards except that, for the reasons set out in the deferred tax accounting policy, they do not comply with Statement of Standard Accounting Practice No.15.

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking. A group cash flow statement is included in the financial statements of Associated British Foods plc.

The company is controlled by Associated British Foods plc and is exempt from disclosing transactions with it and other group companies under Financial Reporting Standard 8 as it is a wholly owned subsidiary undertaking included within the consolidated Financial Statements which are publicly available.

Fixed assets and depreciation

As a consequence of the sale of the business the depreciation method of the company was changed to match that of Associated British Foods plc. The effect of this is not material.

Depreciation, calculated on cost or on valuation, is provided on a straight line basis over the anticipated life of the asset. No depreciation is provided on freehold land. Leaseholds are written off over the period of the lease. The anticipated life of other assets is generally deemed to be not longer than:

Plant, machinery, fixtures and fittings	-	12 years
Commercial vehicles	-	8 years
Computers	-	5 years
Cars	-	5 years

No depreciation is provided on freehold land.

Notes (continued)

2 Accounting policies (continued)

Leases

All material leases entered into by the company are operating leases whereby substantially all the risks and rewards of ownership of an asset remain with the lessor. Rental payments are charged against profits on a straight line basis over the life of the lease.

Stocks

Stocks are valued at the lower of cost and net realisable value after making due provision against obsolete and slow-moving items. In the case of finished goods manufactured by the company the term 'cost' includes ingredients, production wages and an appropriate proportion of attributable production overheads.

Deferred taxation

No provision has been made for deferred tax as the company is a member of a group which provides for deferred tax only in the group financial statements. The assessment of what deferred tax, if any, will become payable in the foreseeable future has not been made separately for this company.

Historically, the company have provided for deferred taxation using the liability method, only to the extent that, in the opinion of the directors, there was a reasonable probability that a liability or asset will crystallise in the near future.

This change in accounting policy has given rise to a prior period adjustment in the 1999 financial statements.

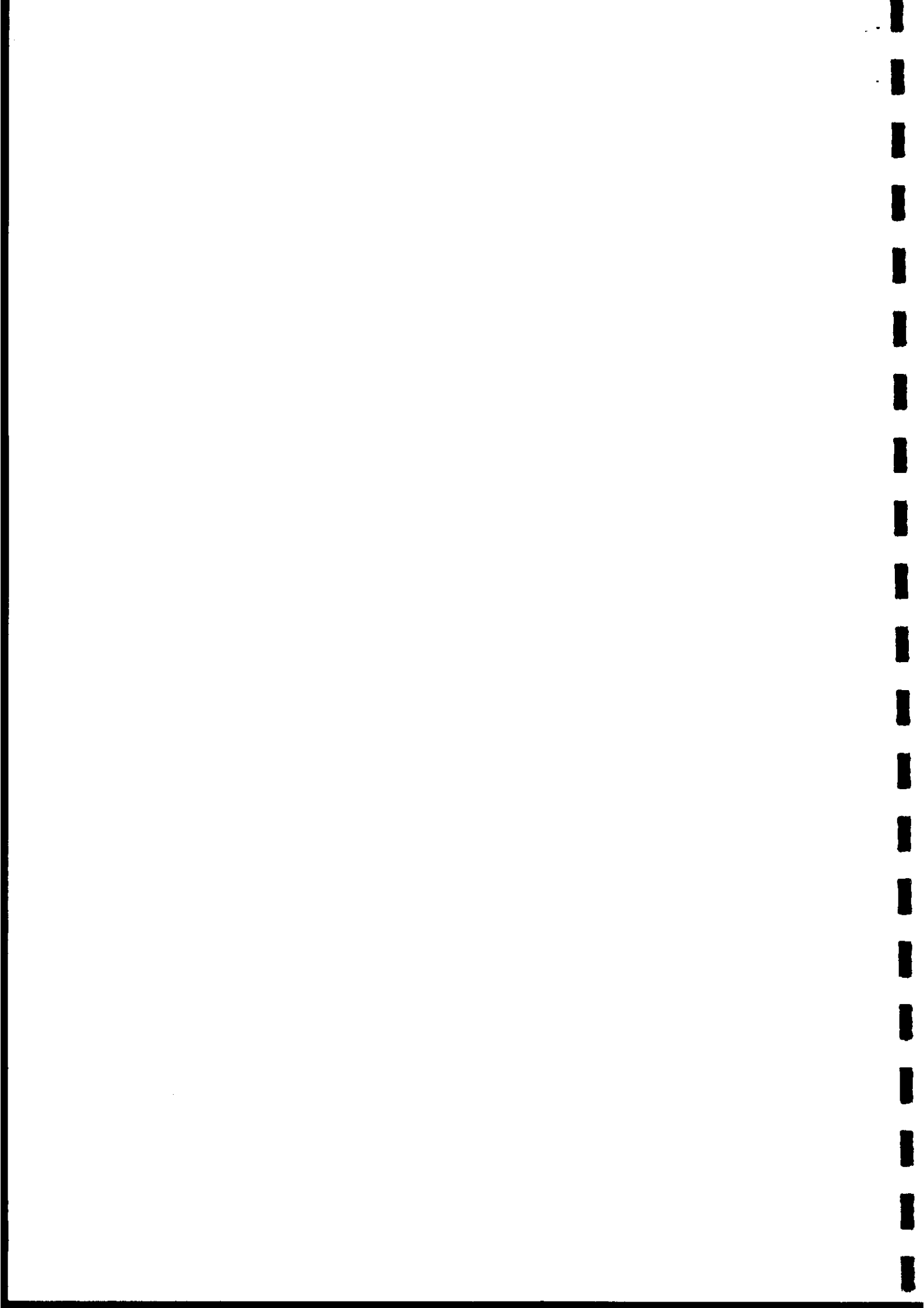
Pension costs

The company is a member of the UK defined benefit scheme of Associated British Foods plc, the assets of which are held in trustee administered funds. Contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. Any differences between the charge for pensions and total contributions is included within pension provisions or debtors as appropriate.

Prior to acquisition, the company operated a defined contribution scheme for some of its employees whereby the cost of the contributions was charged against revenue in order to recognise the expected cost of providing pensions on a systematic and rational basis over the employees' expected working lives with the company.

Current asset investments

Current asset investments are stated at the lower of cost and market value.



Notes (continued)

3 Analysis of turnover

	55 week period ended 18 September 1999 £	52 week period ended 31 August 1998 £
Geographical analysis by destination		
UK	4,335,107	3,558,565
Europe	393,063	377,034
	<hr/> 4,728,170 <hr/>	<hr/> 3,935,599 <hr/>

4 Profit on ordinary activities before taxation

	55 week period ended 18 September 1999 £	52 week period ended 31 August 1998 £
Turnover	4,728,170	3,935,599
Cost of sales	(2,160,966)	(1,792,112)
	<hr/> 2,567,204	<hr/> 2,143,487
Gross profit		
Distribution costs	(362,610)	(332,100)
Administrative expenses	(743,536)	(899,028)
	<hr/> 1,461,058 <hr/>	<hr/> 912,359 <hr/>
Operating profit		

The above amounts derive entirely from continuing operations.

	55 week period ended 18 September 1999 £	52 week period ended 31 August 1998 £
Operating profit is stated after charging		
Auditors' remuneration:		
Audit	7,500	7,500
Other services	2,500	9,797
Depreciation and other amounts written off tangible fixed assets:	154,139	163,568
Hire of land and buildings - operating leases	25,551	-
	<hr/> 285,690 <hr/>	<hr/> 180,865 <hr/>



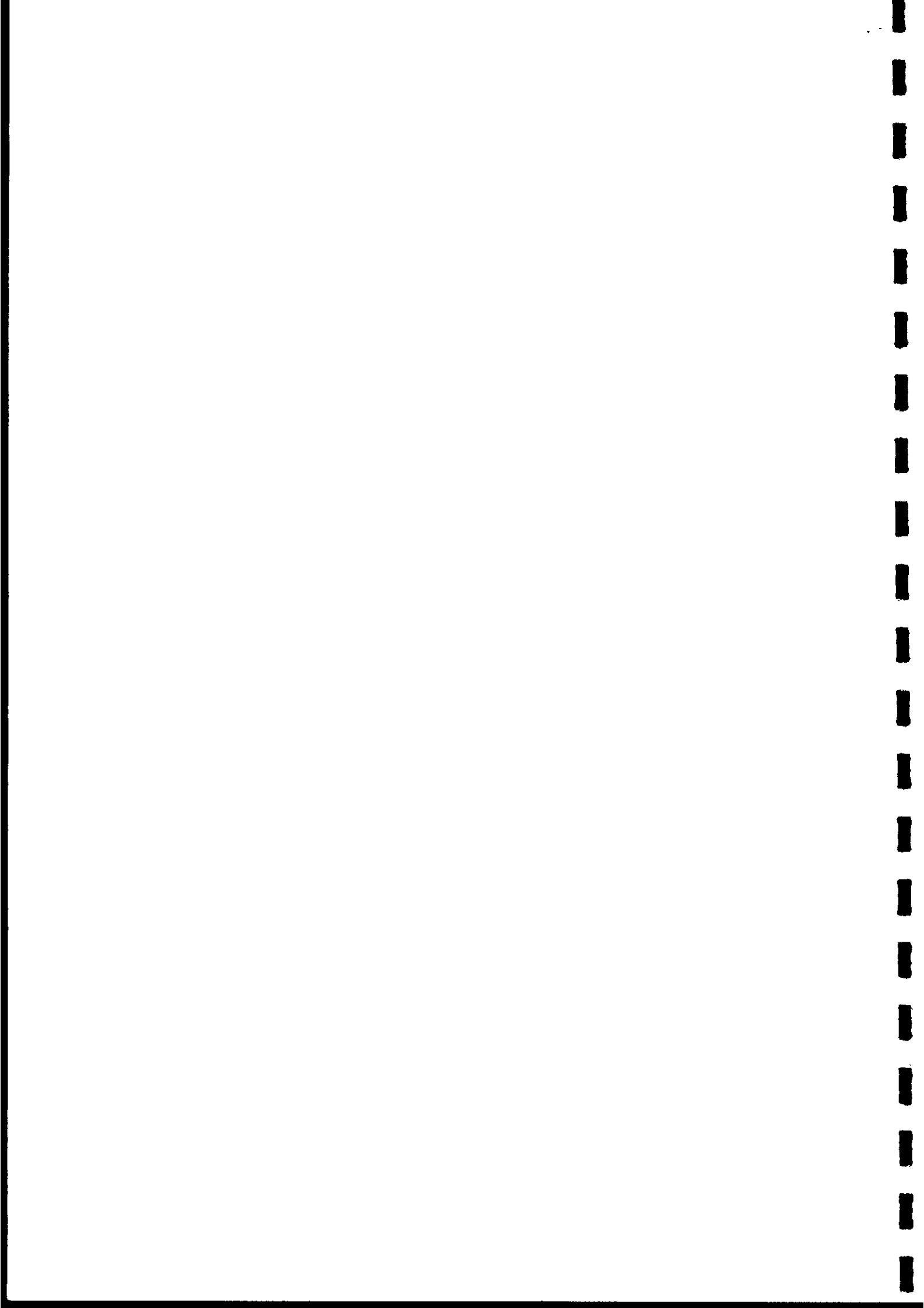
Notes (continued)

5 Remuneration of directors

	55 week period ended 18 September 1999 £	52 week period ended 31 August 1998 £
Directors' emoluments	242,091	333,330

The aggregate emoluments of the highest paid director was £83,246 (1998: £103,431) and company pension contributions of £6,984 (1998: £6,017) were made to a money purchase scheme on his behalf.

	Number of directors 55 week period ended 18 September 1999	52 week period ended 31 August 1998
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	1	5



Notes (continued)

6 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	55 week period ended 18 September 1999	52 week period ended 31 August 1998
Production	38	37
Administration	3	2
Directors	4	5
	<hr/>	<hr/>
	45	44
	<hr/>	<hr/>

The aggregate staff costs of these persons were as follows:

	55 week period ended 18 September 1999 £	52 week period ended 31 August 1998 £
Wages and salaries	768,140	790,893
Social security costs	68,060	73,091
Other pension costs	30,859	24,040
Medical scheme costs	2,214	7,295
	<hr/>	<hr/>
	869,273	895,319
	<hr/>	<hr/>

Notes (continued)

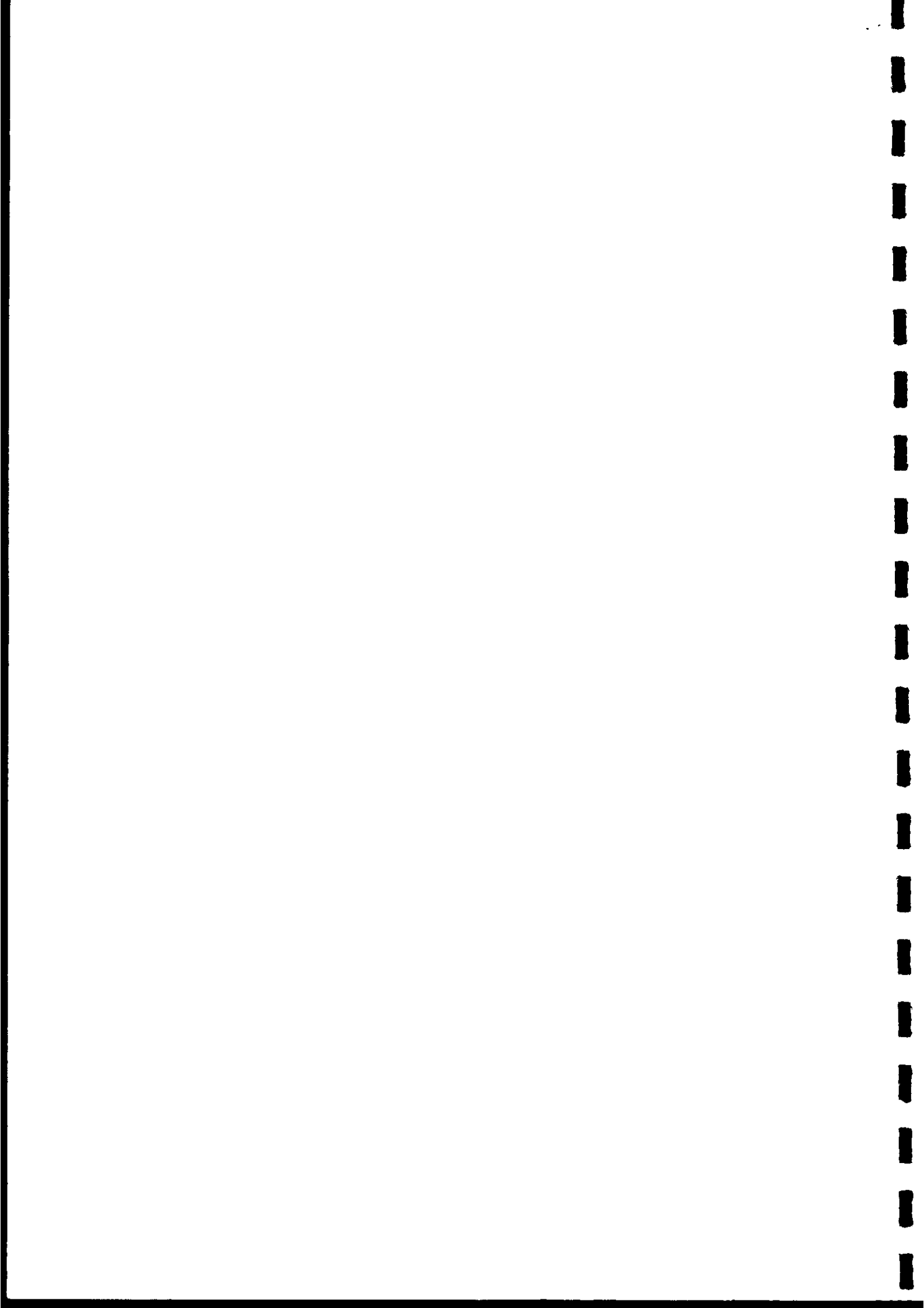
7 Other interest receivable and similar income

	55 week period ended 18 September 1999 £	52 week period ended 31 August 1998 £
Other	31,898	26,495

8 Interest payable and similar charges

	55 week period ended 18 September 1999 £	52 week period ended 31 August 1998 £
On all other loans	25,556	33,060
Finance charges payable in respect of finance leases and hire purchase contracts	-	1,532
	<u>25,556</u>	<u>34,592</u>

Of the above amount £Nil (1998: £Nil) was payable to group undertakings.



Notes (continued)

9 Taxation

	55 week period ended 18 September 1999 £	52 week period ended 31 August 1998 £
UK corporation tax at 30.54% (1998: 31%)	315,054	246,000
Adjustment relating to an earlier period	8,618	38,269
	<u>323,672</u>	<u>284,269</u>

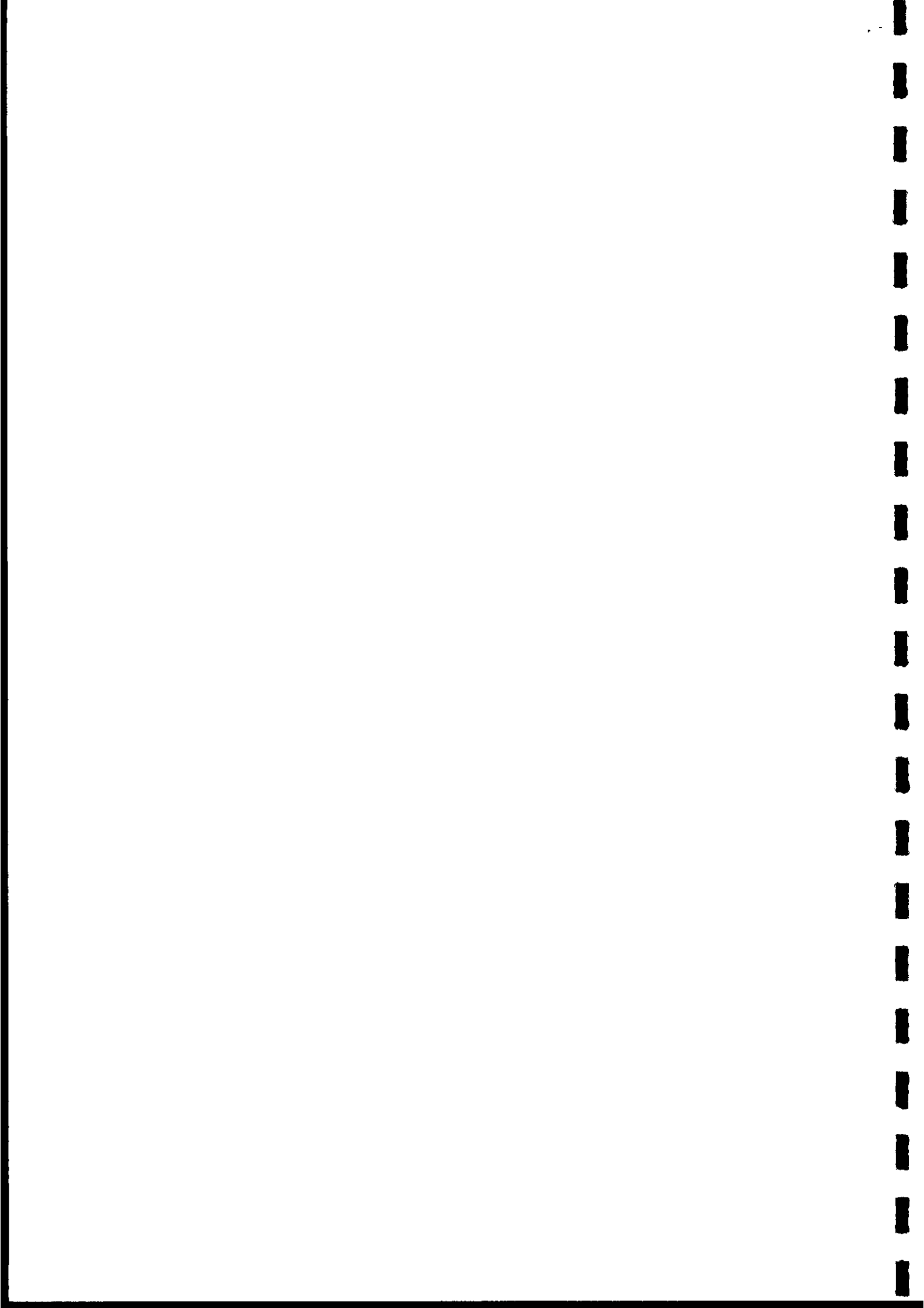
As explained in the accounting policies (note 2) no provision has been made for deferred tax.

The full potential amounts of deferred tax would be as follows:

	Accelerated capital allowances £
At 18 September 1999	69,773
At 31 August 1998	<u>58,000</u>

10 Dividends

	55 week period ended 18 September 1999 £	52 week period ended 31 August 1998 £
Ordinary shares paid	1,461,602	307,500
Ordinary shares proposed	-	102,500
	<u>1,461,602</u>	<u>410,000</u>



Notes (continued)

11 Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures, fittings tools and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At beginning of period	1,014,181	1,352,099	44,307	120,080	2,530,667
Additions	350,800	95,565	12,061	53,325	511,751
Disposals	(1,364,981)	(169,316)	-	(32,841)	(1,567,138)
Transfers from other group companies	-	-	-	16,770	16,770
At end of period	-	1,278,348	56,368	157,334	1,492,050
Depreciation					
At beginning of period	222,590	842,091	24,209	66,221	1,155,111
Charge for period	32,768	103,759	2,365	15,247	154,139
On disposals	(255,358)	(164,889)	-	(26,448)	(446,695)
Transfers from other group companies	-	-	-	9,290	9,290
At end of period	-	780,961	26,574	64,310	871,845
Net book value					
At 18 September 1999	-	497,387	29,794	93,024	620,205
At 31 August 1998	791,591	510,008	20,098	53,859	1,375,556

Analysis of land and buildings at net book value:

	18 September 1999 £	31 August 1998 £
Freehold	-	791,591

On 16 June 1999 the freehold properties of the company were sold to Recipe Noodle Foods Limited, a subsidiary of the company.



Notes (continued)

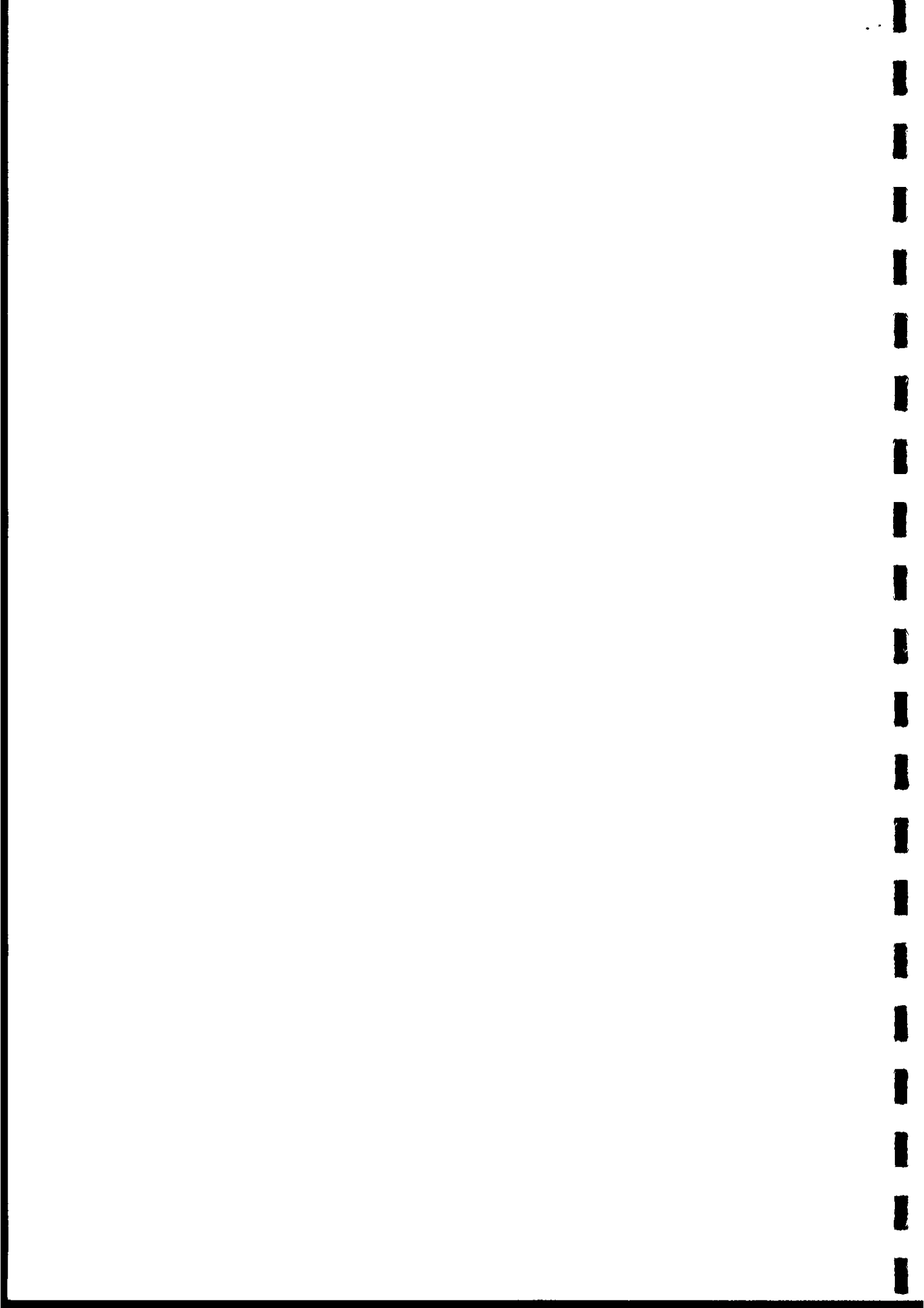
12 Fixed asset investments

	Shares in group undertaking £
<i>Cost</i>	
At beginning of period	100
Disposals	(100)
	<hr/>
At end of period	-
	<hr/>
<i>Provision</i>	
At beginning of period	100
Disposals	(100)
	<hr/>
At end of period	-
	<hr/>
<i>Net book value</i>	
At 18 September 1999	-
	<hr/>
At 31 August 1998	-
	<hr/>

The company had a wholly owned subsidiary, Recipe Noodle Foods Limited (formerly Davjon Investment Limited), a company incorporated in the United Kingdom. This company was sold on 16 June 1999.

13 Stocks

	18 September 1999 £	31 August 1998 £
Raw materials and consumables	88,106	30,344
Work in progress	5,567	27,628
Finished goods and goods for resale	13,033	12,088
	<hr/>	<hr/>
	106,706	70,060
	<hr/>	<hr/>



Notes (continued)

14 Debtors

	18 September 1999 £	31 August 1998 £
Trade debtors	449,620	383,787
Amounts owed by group undertakings		
Parent undertaking	244,984	-
VAT recoverable	-	34,769
ACT recoverable	-	102,500
Other debtors	42,070	1,050
Prepayments and accrued income	30,532	14,753
	<hr/> 767,206 <hr/>	<hr/> 536,859 <hr/>

Debtors include ACT recoverable of £Nil (1998: £102,500) due after more than one year.

15 Creditors: amounts falling due within one year

	18 September 1999 £	31 August 1998 £
11% loan stock	-	400,000
Trade creditors	156,285	267,951
Amounts owed to group undertakings		
Fellow subsidiary undertakings	127,254	-
Corporation tax	289,429	271,625
Other taxation and social security	89,820	19,558
Accruals and deferred income	108,516	199,400
Dividend proposed	-	102,500
	<hr/> 771,304 <hr/>	<hr/> 1,261,034 <hr/>

Notes (continued)

16 Called up share capital

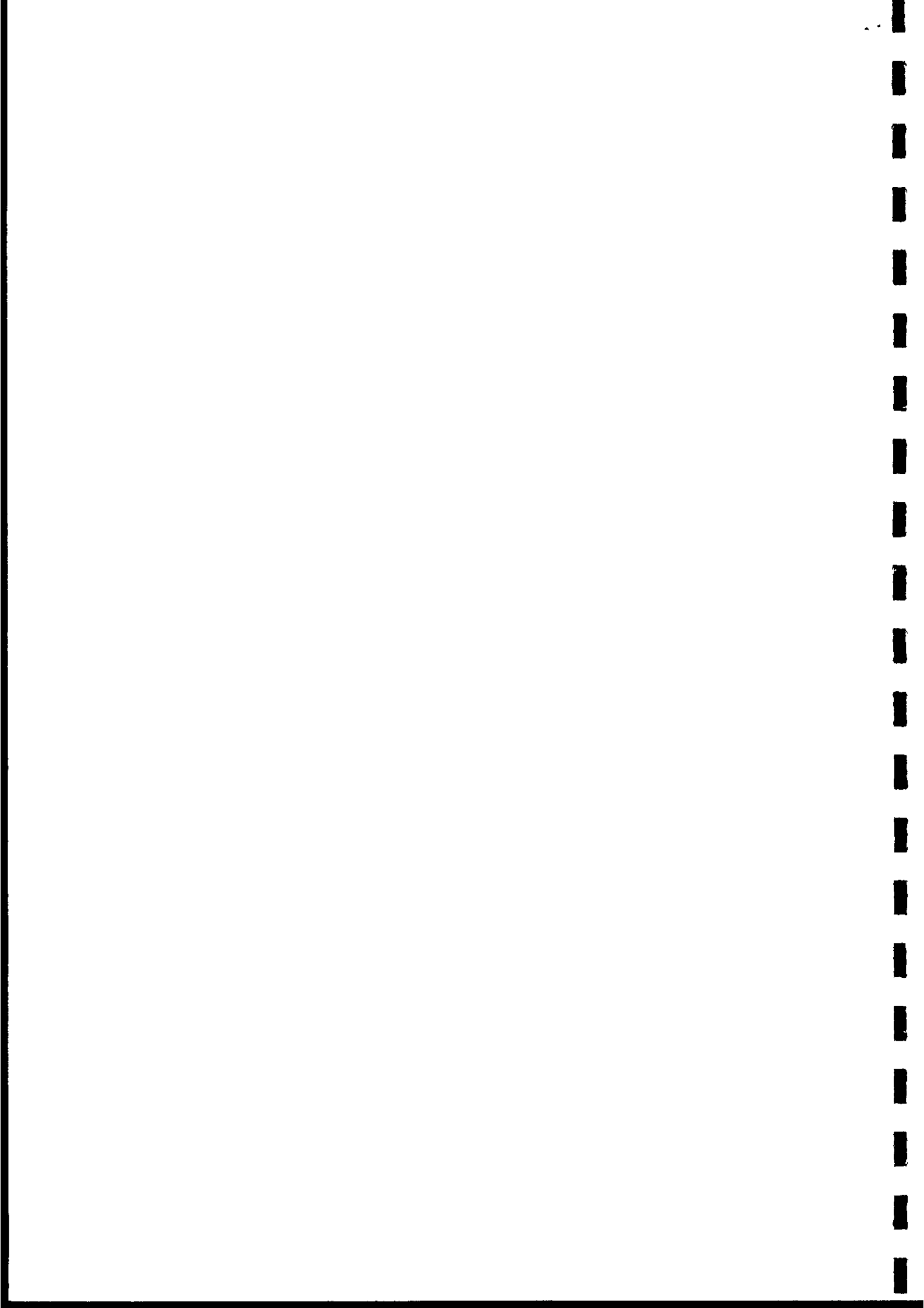
	18 September 1999 £	31 August 1998 £
<i>Authorised</i>		
Equity: Ordinary shares of £1 each	800,000	1,000,000
'A' Ordinary shares of £0.01 each	200,000	-
	<hr/>	<hr/>
	1,000,000	1,000,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Equity: Ordinary shares of £1 each	20,500	20,500
'A' Ordinary shares of £0.01 each	1,845	-
	<hr/>	<hr/>
	22,345	20,500
	<hr/>	<hr/>

On 7 June 1999 the authorised share capital of the company was sub-divided into 800,000 Ordinary shares of £1 each and 20,000,000 'A' Ordinary shares of £0.01 each by the conversion of 200,000 unissued Ordinary shares of £1 each.

On 16 June 1999 184,500 'A' Ordinary shares of £0.01 each were issued as a scrip dividend, credited as fully paid.

17 Share premium and reserves

	Share premium account £	Profit and loss account £
At beginning of period as previously stated	108,323	1,232,960
Prior period adjustment	-	58,000
	<hr/>	<hr/>
At beginning of period as restated	108,323	1,290,960
Retained loss for the period	-	(503,996)
	<hr/>	<hr/>
At end of period	108,323	786,964
	<hr/>	<hr/>



Notes (continued)

18 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	18 September 1999	31 August 1998
	Land and buildings £	Land and buildings £
Operating leases which expire: In the second to fifth years inclusive	105,000	-

19 Pension scheme

The company is a member of the UK defined benefit scheme of Associated British Foods plc, the assets of which are held in trustee administered funds. Contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contribution for this period amounted to £794.

Prior to acquisition the company operated a defined contribution pension scheme. The assets of the scheme were held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £30,065.

20 Capital commitments

The company had no capital commitments at the end of the financial period and accordingly no provision has been made.

21 Post balance sheet events

The company was made dormant through the transfer of its assets at book value to Cereal Industries Limited. The business will continue to trade as Davjon Food Limited but as an agent of Cereal Industries Limited.

22 Holding company

With effect from 16 June 1999, the ultimate parent undertaking and controlling party as defined by FRS8 is Wittington Investments Limited which is incorporated in Great Britain and registered in England.

The largest group in which the results of the company are consolidated is that headed by Wittington Investments Limited. The smallest group in which they are consolidated is that headed by Cereal Industries Limited, which is incorporated in Great Britain and registered in England. The consolidated financial statements of these groups are available to the public and may be obtained from Weston Centre, Bowater House, 68 Knightsbridge, London, SW1X 7LQ.

Prior to 16 June 1999, the company was a family company controlled by the majority shareholder JKT Chan, who was also managing director.

