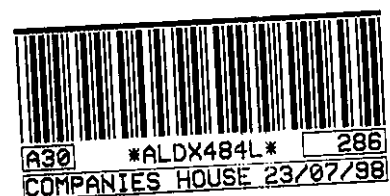


Registrar

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 1997  
FOR  
SYDNEY HART LIMITED

Neale & Company  
-Chartered Certified Accountants-



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SYDNEY HART LIMITED

COMPANY INFORMATION

**DIRECTORS:**

Mr.D.Hart  
Mr.G.Hart  
Mr.P.Meikle

**SECRETARY:**

Mr.T. Hart

**REGISTERED OFFICE:**

Mill House  
Riverway  
Harlow  
Essex

**REGISTERED NUMBER:**

1322816

**AUDITORS:**

Neale & Company  
Chartered Certified Accountants  
Goldlay House  
114 Parkway  
Chelmsford  
Essex CM2 7PR.

## SYDNEY HART LIMITED

### REPORT OF THE DIRECTORS

The directors present their report with the audited financial statements of the group for the year ended 30 September 1997.

#### **PRINCIPAL ACTIVITY**

The principal activity of the group is fruit and vegetable importing and distribution.

#### **REVIEW OF BUSINESS**

The results for the year, financial position of the company, and recommended transfer to reserves are as shown in the annexed financial statements.

#### **DIVIDEND**

No dividends will be distributed for the year ended 30 September 1997 (1996 - £131,220)

#### **EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

#### **DIRECTORS**

The directors in office during the year and their beneficial interests in the issued share capital were as follows:

Name	Class of Capital	30.9.97	30.9.96 or date of appointment if later
Mr.S.Hart (resigned 31.3.97)	Ordinary £1	14,898	14,900
Mr.D.Hart	Ordinary £1	14,501	14,500
Mr.G.Hart	Ordinary £1	14,501	14,500
Mr.P.Meikle	Ordinary £1	-	-

In accordance with the Articles of Association, D. Hart and G. Hart will retire at the forthcoming Annual General Meeting, and being eligible, will stand for re-election.

SYDNEY HART LIMITED

REPORT OF THE DIRECTORS

**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.

**AUDITORS**

The auditors, Neale & Company, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

**ON BEHALF OF THE BOARD:**

D.Hart.....

Date: 26 June 1998

SYDNEY HART LIMITED

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF  
SYDNEY HART LIMITED

We have audited the financial statements on pages five to seventeen which have been prepared under the historical cost convention and the accounting policies set out on page eleven.

**Respective Responsibilities of Directors and Auditors**

As described on page three 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**

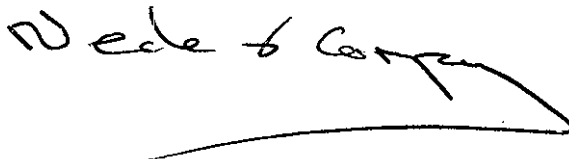
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practises Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and groups 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 and the group's affairs as at 30 September 1997 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Neale & Company  
Chartered Certified Accountants  
& Registered Auditors  
Goldlay House  
114 Parkway  
Chelmsford  
Essex  
CM2 7PR

A handwritten signature in dark ink, appearing to read 'Neale & Company', with a long horizontal flourish extending to the right.

Dated: 1 July 1998

SYDNEY HART LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the Year Ended 30 September 1997

30. 9.96			30. 9.97
£		Notes	£
22,202,436	<b>TURNOVER</b>	1	21,061,920
(20,349,129)	Cost of sales		(19,258,161)
1,853,307	<b>Gross Profit</b>		1,803,759
(1,633,723)	Administrative Expenses		( 1,841,310)
219,584	Operating Profit/(Loss)		(37,551)
136,995	Interest Receivable and Similar Income	4	190,979
356,579			153,428
-	Interest Payable and Similar Charges	5	10,319
356,579	<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		143,109
(114,554)	Tax on Profit on Ordinary Activities	6	(44,054)
242,025	<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		99,055
(131,220)	Dividends		-
110,805	<b>Attributable to Members Of the Parent Undertaking</b>		99,055
1,288,259	Retained Profit brought forward	7	1,363,462
(602)	Exchange difference arising on consolidation		(29,015)
(30,500)	Purchase of own shares		-
(4,500)	Transfer to Capital Redemption Reserve		-
£1,363,462	<b>RETAINED PROFIT CARRIED FORWARD</b>		£1,433,502

**CONTINUING OPERATIONS**

None of the group's activities was acquired or discontinued during the current and previous years.

The notes form part of these financial statements

SYDNEY HART LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED  
GAINS AND LOSSES for the year ended  
30th September 1997

30. 9.96		30. 9.97
-----		-----
£		£
110,805	Profit for the Financial Year	99,055
	Currency Translation Differences on Foreign Currency Net Investment	
(602)		(29,015)
-----		-----
110,203	Total Recognised Gains Relating to the Year	70,040
=====		=====

The notes form part of these financial statements



**SYDNEY HART LIMITED**

**CONSOLIDATED BALANCE SHEET**

**As at 30 September 1997**

30. 9.96			30. 9.97	
£	£	Notes	£	£
FIXED ASSETS:				
953,285		Tangible Assets	9	966,216
CURRENT ASSETS:				
	55,747	Stocks	11	130,835
	2,546,237	Debtors	12	3,522,738
	512,677	Cash at Bank and In Hand		782,793
	3,114,661			4,436,366
		CREDITORS: Amounts falling		
	2,572,642	due within one year	13	3,852,349
542,019		NET CURRENT ASSETS		584,017
1,495,304		TOTAL ASSETS LESS CURRENT		
		LIABILITIES:		1,550,233
		DEFERRED INCOME		
	49,942	Deferred Grant		34,831
1,445,362				1,515,402
		CAPITAL AND RESERVES:		
	72,900	Called Up Share Capital	15	72,900
	1,363,462	Profit & Loss Account	18	1,433,502
	9,000	Capital Redemption Reserve		9,000
£1,445,362				£1,515,402

  
 DIRECTOR - D. Hart

Approved by the Board on 26 June 1998

The notes form part of these financial statements

**SYDNEY HART LIMITED**

**BALANCE SHEET**  
**As at 30 September 1997**

30. 9.96			30. 9.97	
£	£	Notes	£	£
<b>FIXED ASSETS:</b>				
30,810		Tangible Assets	9	31,102
448,411		Investments	10	448,411
			<hr/>	
479,221				479,513
<b>CURRENT ASSETS:</b>				
	28,833	Stocks	11	95,219
	2,404,582	Debtors	12	3,389,510
	343,546	Cash at Bank and In Hand		687,461
			<hr/>	
	2,776,961			4,172,190
	2,564,967	<b>CREDITORS:</b> Amounts falling due within one year	13	3,877,933
			<hr/>	
211,994		<b>NET CURRENT ASSETS:</b>		294,257
			<hr/>	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>				
£691,215				£773,770
			<hr/>	
<b>CAPITAL AND RESERVES:</b>				
72,900		Called Up Share Capital	15	72,900
9,000		Capital Redemption Reserve		9,000
609,315		Profit & Loss Account	8	691,870
			<hr/>	
£691,215				£691,215
			<hr/>	

  
-----  
DIRECTOR - D. S. C. Hart

Approved by the Board on 26 June 1998

The notes form part of these financial statements

**SYDNEY HART LIMITED**  
**CASH FLOW STATEMENT**  
**for the Year Ended 30 September 1997**

30. 9.96		30. 9.97
£	Notes	£
(445,543)	Net cash inflow / (outflow) from operating activities 1	40,413
136,995	Returns on investments and servicing of finance 2	180,660
(86,321)	Taxation	(86,502)
(105,445)	Capital Expenditure	(171,415)
(35,000)	Purchase of own Shares	-
(131,220)	Equity dividends paid	-
(666,534)	(Decrease) in cash in the period	(36,844)
=====		=====
	Reconciliation of net cash flow to movement in net funds 3	
(666,534)	(Decrease) in cash in the period	(36,844)
(666,534)	Change in net funds resulting from cash flows	(36,844)
(666,534)	Movement in net funds in the period	(36,844)
1,144,478	Net funds at 1 October 1996	477,944
£477,944	Net funds at 30 September 1997	£441,100
=====		=====

**1. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	30.9.97	30.9.96
	£	£
Operating (loss)/profit	(37,551)	219,584
Depreciation	129,290	124,935
Loss on sale of fixed assets	29,194	30,606
Decrease in deferred income	(15,111)	7,204
(Increase)/decrease in stock	(75,088)	109,721
(Increase)/decrease in debtors	(1,009,306)	(1,285,355)
(Increase)/decrease in creditors	1,048,000	348,364
Effect of Foreign Exchange	(29,015)	(602)
	40,413	(445,543)
	=====	=====

The notes form part of these financial statements

**SYDNEY HART LIMITED**  
**CASH FLOW STATEMENT**  
**for the Year Ended 30 September 1997**

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

	30.9.97 £	30.9.96 £
<b>Returns on investments and servicing of finance</b>		
Interest received	190,979	136,995
Interest paid	(10,319)	-
	-----	-----
Net cash inflow for returns on investments and servicing of finance	180,660	136,995
	=====	=====
<b>Capital Expenditure</b>		
Purchase of tangible fixed assets	(172,965)	(110,085)
Sale of tangible fixed assets	1,550	4,640)
	-----	-----
Net cash inflow for capital expenditure	(171,415)	(105,445)
	=====	=====

**3. ANALYSIS OF CHANGE IN NET FUNDS**

	At 1.10.96 £	Cash Flow £	At 30.9.97 £
Net cash:			
Cash at bank	512,677	270,116	782,793
Bank overdraft	(34,733)	(306,960)	(341,693)
	-----	-----	-----
	477,944	(36,844)	441,100
	-----	-----	-----
Total	477,944	(36,844)	441,100
	=====	=====	=====

**Analysed in Balance Sheet**

Cash at bank	512,677	782,793
Bank overdraft	(34,733)	(341,693)
	-----	-----
Total	477,944	441,100
	=====	=====

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS  
for the Year Ended 30 September 1997

1. **ACCOUNTING POLICIES**

**Accounting Convention**

These accounts have been prepared in accordance with applicable accounting standards under the historical cost convention and include the accounts of the company and the subsidiary undertakings made up to 30 September 1997.

Hortanes SA has a financial year ending on 31 August, material transactions between the two year ends have been provided for. The year ends are not coterminous due to the need for the financial year to coincide with crop cycles.

**Tangible Fixed Assets**

Depreciation is provided, after taking account of any grants receivable, at the following annual rates in order to write off each asset over its estimated useful life.

Freehold Property	- 3% straight line
Leasehold Property	- over the term of the lease
Plant & Equipment	- 15% - 25% on reducing balance
Fixtures & Fittings	- 15% on reducing balance

**Stocks**

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Foreign Currencies**

Assets, liabilities and results for the year of subsidiary undertakings in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date.

Exchange differences arising from the retranslation of the opening net investment in subsidiary undertakings, and from the translation of the results of the subsidiary are dealt with as a movement in reserves.

All other foreign exchange differences are taken into account in arriving at the operating result.

**Deferred Taxation**

Deferred taxation is provided on the liability method on material timing differences except for those which are not expected to reverse in the foreseeable future.

**Grants**

Grants that relate to specific capital expenditure are treated as deferred income which is then credited to the profit and loss account over the related asset's useful life. Other grants are credited to the profit and loss account when received.

**Turnover**

Turnover represents the invoiced amount of goods sold and services provided, excluding the value added tax. No analysis of turnover by geographical location has been provided, as in the opinion of the directors, to do so would be detrimental to the company's business.

**SYDNEY HART LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
for the Year Ended 30 September 1997**

2. STAFF COSTS	Group		Company	
	1997	1998	1997	1996
	£	£	£	£
Wages and Salaries	1,460,180	1,404,683	545,715	458,785
Social Security Costs	179,132	184,512	52,652	45,875
Other Pension Costs	138,780	34,422	138,780	33,479
	<u>1,778,092</u>	<u>1,623,617</u>	<u>737,147</u>	<u>538,139</u>
	=====	=====	=====	=====

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

	Group		Company	
	1997	1996	1997	1996
Office and Management	30	26	21	17
Production and Sales	48	50	-	-
	<u>====</u>	<u>====</u>	<u>====</u>	<u>====</u>

Staff costs include the following emoluments in respect of directors of Sydney Hart Limited  
moluments (inc. pension contributions)

Group	
£305,678	£228,353
<u>=====</u>	<u>=====</u>

Fees and other emoluments (excl. pension contributions) were payable as follows:

	£	£
Chairman	47,730	64,887
	<u>=====</u>	<u>=====</u>
Highest Paid Director	52,284	64,887
	<u>=====</u>	<u>=====</u>

These emoluments are included in the information which follows.

The Directors' emoluments, excluding pension contributions, fell within the following ranges:

£30,001 - £35,000	1	-
£45,001 - £50,000	1	1
£50,001 - £55,000	2	-
£55,001 - £60,000	-	2
£60,001 - £65,000	-	1

**3. OPERATING PROFIT**

The operating profit is stated after charging:

	Group	
	1997	1996
	£	£
Directors' Emoluments (see above)	305,678	228,353
Depreciation - Owned Assets	129,290	124,935
Auditors' Remuneration	9,150	5,400
Hire of Plant and Equipment	13,659	8,124
Loss on Disposal of Tangible fixed assets	29,194	30,606
	<u>=====</u>	<u>=====</u>

SYDNEY HART LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the Year Ended 30 September 1997

4. INTEREST RECEIVABLE AND SIMILAR INCOME	Group	
	1997 £	1996 £
Bank Interest	14,270	33,141
Gain on Exchange	176,709	103,854
	-----	-----
	190,979	136,995
	=====	=====

5. INTEREST PAYABLE AND SIMILAR CHARGES	Group	
	1997 £	1996 £
Bank Overdrafts	10,319	-
	=====	=====

6. TAXATION

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

	Group	
	1997 £	1996 £
Based on the adjusted results of the year:		
Corporation Tax at current rates		
Current Year	44,054	114,554
	=====	=====

UK Corporation Tax has been charged at 24% (1996 - 30%)

7. ATTRIBUTABLE TO MEMBERS OF THE PARENT UNDERTAKING		
	£	£
Profit for the year dealt with in the accounts of the holding company	82,555	41,121
Profit in subsidiary undertakings	16,500	69,684
	-----	-----
	99,055	110,805
Purchase of own shares	-	35,000
	-----	-----
	99,055	75,805
	=====	=====

As permitted by Section 230 of the Companies Act 1985 the parent undertaking's profit and loss account has not been included in these Financial Statements.

8. PARENT UNDERTAKING RESERVES		
Balance brought forward	609,315	603,194
Profit for the year	82,555	6,121
	-----	-----
Balance carried forward	691,870	609,315
	=====	=====

**SYDNEY HART LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
for the Year Ended 30 September 1997**

**9. TANGIBLE FIXED ASSETS**

**GROUP**

	Totals	Land & Buildings	Plant, Fixtures & Fittings
	----- £ -----	----- £ -----	----- £ -----
<b>COST</b>			
As at 1 October 1996	1,732,416	505,691	1,226,725
Additions	172,965	24,014	148,951
Disposal	(88,130)	-	(88,130)
	----- 1,817,251 -----	----- 529,705 -----	----- 1,287,546 -----
<b>DEPRECIATION:</b>			
As at 1 October 1996	779,181	97,421	681,760
Charge for Year	129,290	17,373	111,917
Disposal	(57,436)	-	(57,436)
	----- 851,035 -----	----- 114,794 -----	----- 736,241 -----
<b>NET BOOK VALUES:</b>			
As at 30 September 1997	966,216 =====	414,911 =====	551,305 =====
As at 30 September 1996	953,285 =====	408,320 =====	544,965 =====

**COMPANY**

	Totals	Land & Buildings	Plant, Fixtures & Fittings
	----- £ -----	----- £ -----	----- £ -----
<b>COST</b>			
As at 1 October 1996	99,880	-	99,880
Additions	21,150	-	21,150
Disposals	-	-	-
	----- 105,660 -----	----- - -----	----- 105,660 -----
<b>DEPRECIATION:</b>			
As at 1 October 1996	69,070	-	69,070
Charge for Year	5,488	-	5,488
Disposals	-	-	-
	----- 74,558 -----	----- - -----	----- 74,588 -----
<b>NET BOOK VALUES:</b>			
As at 30 September 1997	31,102 =====	- =====	31,102 =====
As at 30 September 1996	30,810 =====	- =====	30,810 =====



**SYDNEY HART LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
for the Year Ended 30 September 1997**

**10. INVESTMENTS**

The company's investments in unlisted companies at the balance sheet date were £448,411

Company	% Holding	Country of Incorporation	Cost £
Harlow Distribution Limited	100	England	10,000
Hortanes S.A.	100	Spain	438,411
			448,411
			=====

**11. STOCKS**

	<b>Group</b>		<b>Company</b>	
	1997	1996	1997	1996
	£	£	£	£
Fruit and Vegetables	103,613	41,487	95,219	28,833
Raw Materials	27,222	14,260	-	-
	=====	=====	=====	=====
	130,835	55,747	95,219	28,833
	=====	=====	=====	=====

There is no material difference between the replacement cost and the valuation of finished goods.

**12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	1997	1996	1997	1996
	£	£	£	£
Trade Debtors	3,347,210	2,295,432	3,290,440	2,230,975
Other Debtors	175,528	250,805	97,434	141,107
Amount Owed by Group Undertaking	-	-	1,636	32,500
	=====	=====	=====	=====
	3,522,738	2,546,237	3,389,510	2,404,582
	=====	=====	=====	=====

**SYDNEY HART LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the Year Ended 30 September 1997**

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	1997	1996	1997	1996
	£	£	£	£
Bank Overdraft (Note 14)	341,693	34,733	260,104	-
Trade Creditors	3,330,543	2,278,275	3,094,816	2,030,604
Other Creditors	90,057	74,768	67,896	34,335
Amount Owed to Group				
Undertakings	-	-	393,780	364,143
Other Taxes & Social Security	90,056	184,866	61,337	135,885
	=====	=====	=====	=====
	3,852,349	2,572,642	3,877,933	2,564,967
	=====	=====	=====	=====

**14. SECURED DEBTS**

The following secured debts are included within creditors:

	<b>Group</b>	
	1997	1996
	£	£
Bank Overdraft	341,693	34,733
	=====	=====

**15 CALLED UP SHARE CAPITAL**

			<b>Company</b>	
			1997	1996
			£	£
<b>Authorised:</b>				
<b>Number:</b>	<b>Class:</b>	<b>Nominal Value:</b>		
100,000	Ordinary	£1	100,000	100,000
			=====	=====
<b>Allotted, issued and fully paid:</b>				
<b>Number:</b>	<b>Class:</b>	<b>Nominal Value:</b>		
72,900	Ordinary	£1	72,900	72,900
			=====	=====

**16. POST BALANCE SHEET EVENTS**

There were no post balance sheet events which are required to be brought to the attention of the company's shareholders or creditors.

**17. PENSIONS**

The Group operates a defined contribution Pensions Scheme for Senior Management. The assets of the Scheme are held separately from those of the Group in an independently administered fund. Contributions payable for the year are charged in the Profit and Loss Account.

SYDNEY HART LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the Year Ended 30 September 1997

**18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS**

	1997	1996
	£	£
Profit for the Financial Year	99,055	242,025
Dividends	-	(131,220)
	<u>99,055</u>	<u>110,805</u>
Foreign Exchange Loss on Consolidation	(29,015)	(602)
	<u>70,040</u>	<u>110,203</u>
Purchase of own Shares	-	(30,500)
Transfer to Capital Redemption Reserve	-	(4,500)
	<u>70,040</u>	<u>75,203</u>
Opening Shareholders Funds	<u>1,363,462</u>	<u>1,288,259</u>
Closing Shareholders Funds	<u>1,433,502</u>	<u>1,363,462</u>

**19. CAPITAL REDEMPTION RESERVE**

The Capital Redemption Reserve is a transfer from distributable profits for the redemption of ordinary shares as required by the Companies Act 1985.

**20. CONTINGENT LIABILITIES**

The company has entered into a cross guarantee with its UK subsidiary undertaking in respect of group forward banking facilities.

The company has entered into a trade debt guarantee for £60,000 in favour of OGM OBERKIRCH EG.