

REGISTRAR'S COPY

Company Registration No. 01336601 (England and Wales)

DIRECT PRODUCE SUPPLIES PLC
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2011

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DIRECT PRODUCE SUPPLIES PLC

COMPANY INFORMATION

Directors	G T Hughes G B Hughes P Beaumont N Laister
Secretary	P Beaumont
Company number	01336601
Registered office	5th Floor 7/10 Chandos Street London W1G 9DQ
Auditors	Simmons Gainsford LLP 7/10 Chandos Street Cavendish Square London W1G 9DQ
Business address	5 Calico House Plantation Wharf London SW11 3TN

DIRECT PRODUCE SUPPLIES PLC

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DIRECT PRODUCE SUPPLIES PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2011

The directors present their report and financial statements for the year ended 30 September 2011

Principal activities and review of the business

The principal activity of the company continued to be that of importers and wholesalers of fruits

The business saw a decline in citrus sales during the financial year as a new supply model was created within the Group. Despite this, the core activities of the business performed well and delivered a marked improvement in pre-tax profits. Greater collaboration with our supply partners and increased focus on efficiency through our supply chain contributed to an improved performance during the key summer trading period.

The company and its directors continue to identify and pursue new opportunities to diversify and grow the business. Recent progress has been made in entering into new categories while continuing to grow and further develop core activities. There is still more work to be done on improving the supply chain and reducing costs in our internal production processes. The company continues to invest for the future and is fully resourced with a settled management team who expect to deliver significant sales growth in the coming financial year.

Key performance indicators

	2011	2010
	£m	£m
Turnover	41.3	47.1
Gross profit	4.2	3.3
Profit before tax	0.9	0.6
Net assets	1.0	1.1

Results and dividends

The results for the year are set out on page 4.

Dividends paid in the year and declared post year end are disclosed in note 6 to the accounts.

Directors

The following directors have held office since 1 October 2010:

G T Hughes
G B Hughes
P Beaumont
N Laister

Charitable donations	2011 £	2010 £
During the year the company made the following payments:		
Charitable donations	27,352	12,851

The main purpose of the donations was for the benefit of medical research and youth development.

DIRECT PRODUCE SUPPLIES PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

Creditor payment policy

The company's current policy concerning the payment of trade creditors is to

- settle the terms of payment with suppliers when agreeing the terms of each transaction,
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts, and
- pay in accordance with the company's contractual and other legal obligations

On average, trade creditors at the year end represented 46 (2010 45) days' purchases

Financial instruments

Treasury operations and financial instruments

The company's financial instruments principally comprise of cash at bank, the main purpose of which is to finance the company's operations. In addition, the company has various other financial assets and liabilities such as trade debtors and creditors arising directly from operations. It is, and has been throughout the year under review, the company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the group's financial instruments are interest, liquidity and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged throughout the year.

Liquidity risk

The company manages its borrowings requirements to ensure the company has sufficient liquid resources to meet the operating needs of the business.

Interest rate risk

The company is exposed to cash flow interest rate risk on its floating rate borrowings. All borrowings are in sterling.

Foreign currency risk

The company is exposed to exchange rate fluctuations particularly where goods are purchased in Euros. This is largely managed through hedging via use of currency forward contracts.

Auditors

In accordance with the company's articles, a resolution proposing that Simmons Gainsford LLP be reappointed as auditors of the company will be put at a General Meeting.

DIRECT PRODUCE SUPPLIES PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

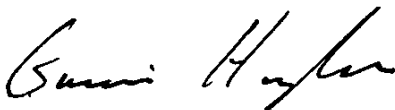
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



G B Hughes

Director

29/3/12

DIRECT PRODUCE SUPPLIES PLC

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DIRECT PRODUCE SUPPLIES PLC

We have audited the financial statements of Direct Produce Supplies Plc for the year ended 30 September 2011 set out on pages 6 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

DIRECT PRODUCE SUPPLIES PLC

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF DIRECT PRODUCE SUPPLIES PLC

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Stephen Jennings FCA (Senior Statutory Auditor)
for and on behalf of Simmons Gainsford LLP

29/3/12

Chartered Accountants
Statutory Auditor

7/10 Chandos Street
Cavendish Square
London
W1G 9DQ

DIRECT PRODUCE SUPPLIES PLC

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2011

	Notes	2011 £	2010 £
Turnover	2	41,271,631	47,108,322
Cost of sales		(37,090,959)	(43,775,491)
Gross profit		4,180,672	3,332,831
Administrative expenses		(3,529,500)	(3,416,354)
Other operating income		214,442	636,915
Operating profit	3	865,614	553,392
Investment income	4	3,325	4,128
Other interest receivable and similar income	4	814	2,730
Profit on ordinary activities before taxation		869,753	560,250
Tax on profit on ordinary activities	5	(257,707)	(151,500)
Profit for the year	15	612,046	408,750

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

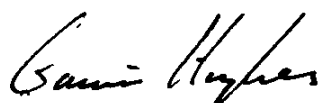
DIRECT PRODUCE SUPPLIES PLC

BALANCE SHEET

AS AT 30 SEPTEMBER 2011

	Notes	2011 £	£	2010 £	£
Fixed assets					
Tangible assets	7	319,499		267,031	
Investments	8	208,000		260,000	
		<u>527,499</u>		<u>527,031</u>	
Current assets					
Stocks	9	731,840		652,142	
Debtors	10	6,509,371		5,240,269	
Cash at bank and in hand		1,120,036		1,140,301	
		<u>8,361,247</u>		<u>7,032,712</u>	
Creditors: amounts falling due within one year	11	(7,861,744)		(6,424,057)	
Net current assets		<u>499,503</u>		<u>608,655</u>	
Total assets less current liabilities		<u>1,027,002</u>		<u>1,135,686</u>	
Provisions for liabilities	12	(40,238)		(40,238)	
		<u>986,764</u>		<u>1,095,448</u>	
Capital and reserves					
Called up share capital	14	136,392		136,392	
Profit and loss account	15	850,372		959,056	
Shareholders' funds	16	<u>986,764</u>		<u>1,095,448</u>	

Approved by the Board and authorised for issue on 29/3/12



G B Hughes
Director



P Beaumont
Director

Company Registration No 01336601

DIRECT PRODUCE SUPPLIES PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2011

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Land and buildings Leasehold	Straight line over 8 years
Computer equipment	1 - 3 years straight line
Fixtures, fittings & equipment	15% on written down value & straight line over 10 months
Motor vehicles	25% on written down value

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value

1.7 Stock

Stock is valued at the lower of cost and net realisable value

1.8 Pensions

The pension costs charged in the financial statements represent the contributions payable by the group during the year in accordance with FRS 17. The assets of the scheme are held separately from those of the group in an independently administered fund

DIRECT PRODUCE SUPPLIES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

1 Accounting policies

(continued)

1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.11 Forward contracts

The company uses derivative financial instruments, in particular forward currency contracts, to manage the financial risks associated with the company's activities and the financing of those activities. The company does not undertake any trading activities in financial instruments.

Forward exchange contracts are used to hedge foreign exchange exposures arising on forecast payments in foreign currencies. At maturity or when a contract ceases to be a hedge, gains and losses are taken to the profit and loss account.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

DIRECT PRODUCE SUPPLIES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

3	Operating profit	2011	2010
		£	£
	Operating profit is stated after charging		
	Provision against investment	52,000	-
	Depreciation of tangible assets	76,853	65,969
	Operating lease rentals	98,700	58,765
	and after crediting		
	Profit on disposal of tangible assets	(3,683)	-
	Profit on foreign exchange transactions	(85,090)	-
		<u> </u>	<u> </u>
	Auditors' remuneration		
	Fees payable to the company's auditor for the audit of the company's annual accounts	49,500	30,500
	Other services relating to taxation	6,000	5,500
	All other services	35,096	39,669
		<u> </u>	<u> </u>
		90,596	75,669
		<u> </u>	<u> </u>
4	Investment income	2011	2010
		£	£
	Income from shares in group undertakings	3,325	4,128
	Bank interest	814	2,312
	Other interest	-	418
		<u> </u>	<u> </u>
		4,139	6,858
		<u> </u>	<u> </u>

DIRECT PRODUCE SUPPLIES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

5	Taxation	2011 £	2010 £
	Domestic current year tax		
	U K corporation tax	262,000	151,500
	Adjustment for prior years	(4,293)	-
	Total current tax	<u>257,707</u>	<u>151,500</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>869,753</u>	<u>560,250</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.00% (2010 - 28.00%)	<u>226,136</u>	<u>156,870</u>
	Effects of		
	Non deductible expenses	39,593	16,362
	Depreciation add back	19,982	18,471
	Capital allowances	(31,764)	(29,269)
	Utilisation of losses brought forward	-	(9,821)
	Adjustments to previous periods	(4,293)	-
	Receipt in respect of group relief	(1,851)	-
	Other tax adjustments	9,904	(1,113)
		<u>31,571</u>	<u>(5,370)</u>
	Current tax charge for the year	<u>257,707</u>	<u>151,500</u>
6	Dividends	2011 £	2010 £
	Ordinary final paid	<u>720,730</u>	<u>775,000</u>

Subsequent to the year end a dividend of £84,600 has been declared in respect of the year ended 30 September 2011

DIRECT PRODUCE SUPPLIES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

7 Tangible fixed assets

	Land and buildings Leasehold	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 October 2010	60,847	293,550	636,941	17,843	1,009,181
Additions	40,073	63,855	27,477	-	131,405
Disposals	-	-	-	(17,843)	(17,843)
At 30 September 2011	100,920	357,405	664,418	-	1,122,743
Depreciation					
At 1 October 2010	20,068	234,472	472,546	15,064	742,150
On disposals	-	-	-	(15,759)	(15,759)
Charge for the year	10,937	38,169	27,052	695	76,853
At 30 September 2011	31,005	272,641	499,598	-	803,244
Net book value					
At 30 September 2011	69,915	84,764	164,820	-	319,499
At 30 September 2010	40,779	59,078	164,395	2,779	267,031

8 Fixed asset investments

	Unlisted investments £
Cost	
At 1 October 2010 & at 30 September 2011	260,000
Provisions for diminution in value	
At 1 October 2010	-
Charge for the year	52,000
At 30 September 2011	52,000
Net book value	
At 30 September 2011	208,000
At 30 September 2010	260,000

DIRECT PRODUCE SUPPLIES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

9	Stocks	2011	2010
		£	£
	Finished goods and goods for resale	731,840	652,142
		<u> </u>	<u> </u>
10	Debtors	2011	2010
		£	£
	Trade debtors	4,267,167	3,569,375
	Amounts owed by group undertakings	1,171,068	819,219
	Other debtors	877,949	702,780
	Prepayments and accrued income	193,187	148,895
		<u> </u>	<u> </u>
		6,509,371	5,240,269
		<u> </u>	<u> </u>
11	Creditors amounts falling due within one year	2011	2010
		£	£
	Trade creditors	6,984,137	5,574,607
	Amounts owed to group undertakings	26,231	2
	Corporation tax	168,000	151,500
	Other taxes and social security costs	75,588	63,536
	Directors' current accounts	2,811	2,811
	Accruals and deferred income	604,977	631,601
		<u> </u>	<u> </u>
		7,861,744	6,424,057
		<u> </u>	<u> </u>

DIRECT PRODUCE SUPPLIES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

12 Provisions for liabilities

Deferred tax
liability
£

Balance at 1 October 2010 & at 30 September 2011 40,238

The deferred tax liability is made up as follows

	2011 £	2010 £
Accelerated capital allowances	<u>40,238</u>	<u>40,238</u>

13 Pension and other post-retirement benefit commitments Defined contribution

	2011 £	2010 £
Contributions payable by the company for the year	<u>91,304</u>	<u>87,265</u>

14 Share capital

	2011 £	2010 £
Allotted, called up and fully paid		
136,382 'A' Ordinary shares of £1 each	136,382	136,382
100 'B' Ordinary shares of 10p each	10	10
	<u>136,392</u>	<u>136,392</u>

DIRECT PRODUCE SUPPLIES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

15 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 October 2010	959,056
Profit for the year	612,046
Dividends paid	(720,730)
Balance at 30 September 2011	<u>850,372</u>

16 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the financial year	612,046	408,750
Dividends	(720,730)	(775,000)
Net depletion in shareholders' funds	(108,684)	(366,250)
Opening shareholders' funds	<u>1,095,448</u>	<u>1,461,698</u>
Closing shareholders' funds	<u>986,764</u>	<u>1,095,448</u>

17 Contingent liabilities

The company has entered into forward currency contracts amounting to £4,685,670 (2010 £3,457,632) as at the balance sheet date

18 Financial commitments

At 30 September 2011 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 September 2012

	Land and buildings	
	2011 £	2010 £
Operating leases which expire Between two and five years	<u>98,300</u>	<u>90,200</u>

DIRECT PRODUCE SUPPLIES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

19 Directors' remuneration	2011 £	2010 £
Remuneration for qualifying services	284,729	487,362
Company pension contributions to defined contribution schemes	44,801	43,196
	<u>329,530</u>	<u>530,558</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2010 - 3)

Remuneration disclosed above include the following amounts paid to the highest paid director

Remuneration for qualifying services	150,047	134,236
Company pension contributions to defined contribution schemes	<u>3,672</u>	<u>21,667</u>

20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2011 Number	2010 Number
Production and distribution	37	32
Office and management	14	14
	<u>51</u>	<u>46</u>

Employment costs	2011 £	2010 £
Wages and salaries	2,361,753	2,397,012
Social security costs	261,102	284,547
Other pension costs	91,304	87,265
	<u>2,714,159</u>	<u>2,768,824</u>

DIRECT PRODUCE SUPPLIES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

21 Control

H & B Holdings Limited, a company incorporated in England and Wales, is considered to be the immediate and ultimate parent undertaking in both the current and prior year

The ultimate controlling party is G B Hughes, a director, by virtue of his shareholding in the ultimate parent undertaking in both the current and prior year

22 Related party relationships and transactions

The company has taken advantage of the exemption available in accordance with FRS 8 'Related party disclosures' not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions

At the balance sheet date, the company was owed £3,781 (2010 £80,417) from C R Produce Limited, a fellow subsidiary undertaking

At the balance sheet date, the company was owed £443,145 (2010 £nil) from Citrus Direct Limited, a fellow subsidiary undertaking

During the year purchases of £5,590,538 (2010 £nil) were made from Citrus Direct Limited

During the year a management fee of £214,442 (2010 £nil) was charged to Citrus Direct Limited

At the balance sheet date, the company was owed £332,739 (2010 £132,522) from Integrated Fruit Marketing (Pty) Limited, a fellow subsidiary undertaking incorporated in South Africa

During the year interest of £3,325 (2010 £4,128) was charged on the above balance owed from Integrated Fruit Marketing (Pty) Limited

During the year logistic management fees of £256,428 (2010 £255,637) were charged by Integrated Fruit Marketing (Pty) Limited

At the balance sheet date £26,848 (2010 £499,157) was owed from H & B Holdings Limited, the company's ultimate parent undertaking

At the balance sheet date, the company was owed £353,392 (2010 £107,073) from V Poggi (London) Limited, a fellow subsidiary undertaking

At the balance sheet date, the company was owed £11,163 (2010 £nil) from Verde Natur UK Limited, a fellow subsidiary undertaking

At the balance sheet date, the company owed £26,229 (2010 £nil) to Verde Natur Espana S L , a fellow subsidiary undertaking incorporated in Spain

At the balance sheet date the company owed £100 (2010 £100) to G B Hughes, a director

At the balance sheet date the company owed £2,711 (2010 £2,711) to G T Hughes, a director

At the balance sheet date the company was owed £8,975 (2010 £15,275) by N Laister, a director of the company. A loan of £20,000 having been made which attracts interest at a rate of 4.75% per annum and is being repaid in monthly instalments