

HSE. 104305 1/15
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True Food International, Inc.
Comparative Balance Sheets
December 31,
(In whole dollars)

ASSETS		1999	1998
CURRENT ASSETS			
Cash	\$	423,445	404,310
Accounts receivable - trade		630,452	1,025,875
Accounts receivable - affiliates		3,216,875	1,057,543
Advances to employees		3,123	1,500
Miscellaneous receivables		5,874	7,499
Interest receivable		1,579	1,512
Inventory - finished goods		429,829	377,184
Prepaid expenses		328,109	185,590
Total current assets		5,039,286	3,061,013
PROPERTY & EQUIPMENT - NET		34,104	-
	\$	<u>5,073,390</u>	<u>3,061,013</u>
CURRENT LIABILITIES			
Accounts payable - trade	\$	32,486	5,314
Accounts payable - affiliates		6,071,868	3,442,137
Employees' savings plans		27,613	20,722
Accrued liabilities		33,508	34,592
Total current liabilities		6,165,475	3,502,765
STOCKHOLDER'S EQUITY			
Retained deficit		(1,092,085)	(441,752)
	\$	<u>5,073,390</u>	<u>3,061,013</u>



True Food International, Inc.
Comparative Statement of Earnings
Years ended December 31
(In whole Dollars)

	1999	%	1998	%
Net Sales	\$ 3,082,743	100.00	\$ 4,297,845	100.00
Cost of Sales				
Purchases	1,555,269	50.45	2,580,896	60.05
Packaging & handling	134,056	4.35	230,812	5.37
	<u>1,689,325</u>	<u>54.80</u>	<u>2,811,708</u>	<u>65.42</u>
Gross Profit	1,393,418	45.20	1,486,137	34.58
Selling expenses				
Advertising	30,743	1.00	7,742	0.18
Automobiles	10,506	0.34	7,101	0.17
Freight & shipping	270,873	8.79	276,738	6.44
Group insurance	9,844	0.32	7,475	0.17
Literature	34,646	1.12	30,656	0.71
Meals & entertainment	32,999	1.07	26,514	0.62
Payroll taxes	37,182	1.21	34,440	0.80
Salaries	437,282	14.18	383,128	8.91
Sales commission	60,795	1.97	54,648	1.27
Sales commission - agents	588	0.02	-	-
Sales promotion	19,088	0.62	7,092	0.17
Telephone	34,444	1.12	33,852	0.79
Travel & convention	427,493	13.87	231,971	5.40
Warehouse	364,101	11.81	377,656	8.79
	<u>1,770,584</u>	<u>57.44</u>	<u>1,479,013</u>	<u>34.41</u>
Administrative expenses				
Bad debts	21,741	0.71	22,606	0.53
Collection fees	-	-	165	-
Depreciation	8,526	0.28	-	-
Dues & subscriptions	2,896	0.09	3,886	0.09
Employees' welfare & education	7	-	3,277	0.08
Insurance	8,513	0.28	4,077	0.09
Legal & audit	64,286	2.09	36,822	0.86
Miscellaneous	24	-	20	-
Office services	92,688	3.01	116,025	2.70
Office expense	40,730	1.32	58,532	1.36
Taxes & licenses	643	0.02	251	0.01
	<u>240,054</u>	<u>7.79</u>	<u>245,660</u>	<u>5.72</u>
Selling & administrative expenses	<u>2,010,638</u>	<u>65.22</u>	<u>1,724,672</u>	<u>40.13</u>
Operating loss	(617,220)	(20.02)	(238,535)	(5.55)
Other income(expense)				
Bad debt recoveries	4,319	0.14	3,715	0.09
Gain(loss) on foreign currency	(30,909)	(1.00)	138,967	3.23
Interest income	9,704	0.31	20,297	0.47
Interest expense	(1,783)	(0.06)	(943)	(0.02)
Miscellaneous income(expense)	(14,445)	(0.47)	201	-
	<u>(33,114)</u>	<u>(1.07)</u>	<u>162,238</u>	<u>3.77</u>
NET LOSS	\$ <u>(650,334)</u>	<u>(21.10)</u>	\$ <u>(76,297)</u>	<u>(1.78)</u>