

MB/E12/102255
NW/E3/539935

True Food International, Inc.
Comparative Balance Sheets
December 31, 1997
(In whole dollars)

FC017053

ASSETS

CURRENT ASSETS

	1997	1996
Cash	\$ 365,990	152,344
Accounts receivable – trade	559,890	569,760
Accounts receivable – affiliates	4,044,817	2,557,766
Advances to employees	1,200	1,200
Miscellaneous receivables	–	45
Inventory – finished goods	282,971	161,115
Prepaid expenses	130,492	35,207
Total current assets	5,385,360	3,477,437
	\$ 5,385,360	3,477,437

LIABILITIES

CURRENT LIABILITIES

Accounts payable – trade	\$ 13,987	6,825
Accounts payable – affiliates	5,704,039	3,984,688
Employees' savings plans	9,000	1,000
Accrued liabilities	23,790	30,777
Total current liabilities	5,750,816	4,023,290

Retained deficit	(365,456)	(545,853)
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STOCKHOLDER'S EQUITY

\$ 5,385,360	3,477,437
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True Food International, Inc.
Comparative Statement of Earnings
Years Ended December 31, 1997
(In whole dollars)

FC017053

	1997	%	1996	%
Net Sales	\$ 3,210,600	100.00	\$ 2,531,248	100.00
Cost of Sales				
Purchases	1,684,800	52.48	1,468,215	58.00
Packaging & handling	149,689	4.66	127,037	5.02
	<u>1,834,489</u>	<u>57.14</u>	<u>1,595,252</u>	<u>63.02</u>
Gross Profit	1,376,111	42.86	935,996	36.98
Selling expenses				
Advertising	29,299	0.91	37,932	1.50
Automobiles	4,614	0.14	1,196	0.05
Freight & shipping	237,397	7.39	231,608	9.15
Group insurance	7,026	0.22	6,975	0.28
Literature	30,051	0.94	21,532	0.85
Meals & entertainment	23,515	0.73	18,355	0.73
Payroll taxes	22,773	0.71	21,786	0.86
Repairs & maintenance	-	-	2,013	0.08
Salaries	246,738	7.69	247,794	9.79
Sales commission	56,699	1.77	25,792	1.02
Sales promotion	2,081	0.06	6,412	0.25
Telephone	33,953	1.06	33,445	1.32
Travel & convention	198,262	6.18	182,186	7.20
Warehouse	268,857	8.37	171,185	6.76
	<u>1,161,265</u>	<u>36.17</u>	<u>1,008,210</u>	<u>39.83</u>
Administrative expenses				
Bad debts	12,889	0.40	-	-
Dues & subscriptions	3,321	0.10	3,034	0.12
Employees' welfare & education	971	0.03	241	0.01
Insurance	4,333	0.13	1,791	0.07
Legal & audit	27,369	0.85	19,024	0.75
Miscellaneous	451	0.01	223	0.01
Office services	73,846	2.30	47,850	1.89
Office expense	36,249	1.13	24,992	0.99
Rent	-	-	-	-
Taxes & licenses	240	0.01	1,065	0.04
	<u>159,670</u>	<u>4.97</u>	<u>98,219</u>	<u>3.88</u>
Selling & administrative expenses	1,320,935	41.14	1,106,429	43.71
Operating gain(loss)	55,176	1.72	(170,433)	(6.73)
Other income(expense)				
Bad debt recoveries	600	0.02	-	-
Gain(loss) on foreign currency	108,461	3.38	50,544	2.00
Interest income	9,535	0.30	5,392	0.21
Interest expense	(191)	(0.01)	-	-
Miscellaneous income(expense)	6,818	0.21	(3,197)	(0.13)
	<u>125,221</u>	<u>3.90</u>	<u>52,739</u>	<u>2.08</u>
NET GAIN(LOSS)	\$ <u>180,397</u>	<u>5.62</u>	\$ <u>(117,694)</u>	<u>(4.65)</u>