

**Grace Foods UK Limited
(formerly WT Foods Limited)**

Directors' report and financial statements
31 December 2007

Registered number 0094632



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Directors' report

The directors present their annual report and the audited financial statements for the period ended 31 December 2007

The comparative figures are for the year to 31 March 2007

Grace Foods UK Limited changed its name from WT Foods Limited on 6 March 2008

Principal Activities and Business Review

Grace Foods UK Limited's (formerly WT Foods Limited) (the "company") principal activity during the period was that of a holding company and provider of management services

The results for the Company show a pre tax loss of £340,000 for the period (year ended 31 March 2007 £5,840,000 loss)

Principal Risks and Uncertainties

The management of the business and the execution of the company's strategy is subject to a number of risks

The company's holding company in the UK has appointed a firm of internal auditors to carry out a program of audits based upon the company's assessment of its business risks and the internal controls that are currently in place

Financial risk management

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee. The policies set by the directors are implemented by the company's finance department

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size and nature

The company has implemented policies that require appropriate checks on potential and existing customers before sales are made. The amount of exposure to any individual customer is subject to a limit which is reassessed periodically by the directors, in conjunction with the company's credit insurers

Key Performance Indicators ("KPI's")

Although some types of KPI's within the Group are generic across the business, for example the measurement of service levels and stock days, the directors of WT Foods Limited tend to manage the Group's operations on a divisional basis. For this reason, the company's directors believe that analysis using KPI's for the company, other than those above is not necessary or appropriate for an understanding of the development, performance or position of WT Foods Limited

Directors' report (continued)

Dividends

The directors do not recommend the payment of a dividend (year ended 31 March 2007 £nil)

Directors and directors' interests

The directors who held office during the period were as follows

J E Brennan
E M Burton
S L Lankage

Employees

The directors give full and fair consideration for all applications for employment. They are committed to on-going training and career development of employees.

The directors attach a high priority to maintaining communications with all employees and encouraging a common awareness of the financial and economic factors affecting the company. Regular meetings are held with senior management and employees' representatives, so their views can be taken into account on matters concerning them.

The company's policy is to keep employees informed of events relevant to their employment. Safety matters are the subject of detailed consultation with the employees' representatives.

It is the policy of the company to offer disabled persons, having regard to their particular abilities, the same training, career development and promotion prospects as are available to other employees.

Political and charitable donations

The company made no political or charitable donations during the period (year ended 31 March 2007 £nil)

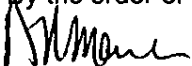
Disclosure of information to auditors

The directors who held office at the date of the approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By the order of the board



AR Martin
Secretary

16 October 2008

Grace House
Bessemer Road
Welwyn Garden City
AL7 1HT

Statement of directors' responsibilities

The directors are responsible for the preparing the Annual 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). The financial statements are required by law to 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.

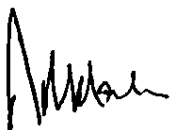
In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 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.

By the order of the board



AR Martin
Secretary

16 October 2008

Grace House
Bessemer Road
Welwyn Garden City
AL7 1HT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRACE FOODS UK LIMITED (FORMERLY WT FOODS LIMITED)

We have audited the financial statements of Grace Foods UK Limited (formerly WT Foods Limited) for the period ended 31 December 2007 which comprise the Profit and loss account, the Balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in 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 the information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

St Albans

Date 16 October 2008

Profit and loss account

For the period ended 31 December 2007

	Note	9 months ended 31 December 2007 £'000	Year ended 31 March 2007 £'000
Other operating income		522	2,897
Other external charges		(475)	(326)
Staff costs	4	602	(1,964)
Other operating charges (<i>includes exceptional costs of £nil (year ended 31 March 2007 £103,700)</i>)			(506)
Operating profit	2	650	101
Interest receivable and other similar income	5	-	72
Interest payable and other similar charges	6	(990)	(613)
Amounts written off investments		-	(5,400)
Loss on ordinary activities before taxation		(340)	(5,840)
Tax on loss on ordinary activities	7	2,009	588
Profit/(loss) for the financial year		1,669	(5,252)

The notes on pages 7 to 14 form an integral part of the financial statements

There were no other gains or losses other than those passing through the profit and loss account

The results for the current and preceding periods are derived wholly from continuing operations

There are no differences between reported profits and historical cost profits for the current year or the preceding year

Balance sheet
As at 31 December 2007

	Note	31 December 2007		31 March 2007	
		£'000	£'000	£'000	£'000
Fixed assets					
Investments	8		24,875		14,375
Current assets					
Debtors	9	39,611		34,273	
Cash at bank and in hand		-		1,884	
		<u>39,611</u>		<u>36,157</u>	
Creditors: amounts falling due within one year	10	<u>(5,410)</u>		<u>(5,037)</u>	
Net current assets			<u>34,202</u>		<u>31,120</u>
Total assets less current liabilities			59,077		45,495
Creditors: amounts falling after due after more than one year	11	<u>(11,913)</u>			
Net assets			<u>47,164</u>		<u>45,495</u>
Capital and reserves					
Called up share capital	13		39,938		39,938
Share premium	14		13,520		13,520
Profit and loss account	14		<u>(6,294)</u>		<u>(7,963)</u>
Shareholder's funds			<u>47,164</u>		<u>45,495</u>

The notes on pages 7 to 14 form an integral part of the financial statements

These financial statements were approved by the board of directors on 16 October 2008 and were signed on its behalf by



Sarath Lankage
Director

Notes to the financial statements

For the period ended 31 December 2007

1. 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 are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cashflow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

The Company is exempt by the virtue of s248 of the Companies Act 1985 from the requirement to prepare consolidated financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

As the company is a wholly owned subsidiary of WT (Holdings) Limited the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen, but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the profit and loss account.

Post retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Investments

Investments are stated at cost unless a provision is necessary for any impairment in value. Such provisions are charged to the profit and loss account.

Financial guarantee contracts

Where the company enters into financial guarantee contracts to guarantee indebtedness of the other companies within the group, the company considers these to be insurance arrangements, and accounts for them as such. In this respect, the company treats the guarantee as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

2. Operating profit	9 months ended 31 December 2007 £'000	Year ended 31 March 2007 £'000
Operating profit is stated after charging		
Auditors' remuneration		
Audit	26	35
Other services pursuant to legislation	60	22
Tax services	13	12

3. Remuneration of directors	9 months ended 31 December 2007 £'000	Year ended 31 March 2007 £'000
Directors' emoluments	-	304
Compensation for loss of office	-	1,310
Company contributions to money purchase pension schemes	-	46
	-	1,660

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £nil (year ended 31 March 2007: £880,000) and company pension contributions of £nil (year ended 31 March 2007: £36,000) were made to a money purchase scheme on his behalf.

	Number of directors 31 December 2007	31 March 2007
Retirement benefits accruing to the following number of directors under		
Money purchase schemes	-	2

Notes to the financial statements (continued)

4 Staff numbers and costs

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

	Number of employees	
	31 December 2007	31 March 2007
Sales and administration	-	2

The aggregate payroll costs of these persons were as follows

	9 months ended 31 December 2007 £'000	Year ended 31 March 2007 £'000
Wages and salaries	-	1,714
Social security costs	-	204
Other pension costs	-	46
	-	1,964

All wage costs for the period to 31 December 2007 were paid in the respective companies where the directors responsibilities were

5. Interest receivable and other similar income	9 months ended 31 December 2007 £'000	Year ended 31 March 2007 £'000
Bank interest receivable	-	72
6. Interest receivable and other similar income	9 months ended 31 December 2007 £'000	Year ended 31 March 2007 £'000
Bank interest payable	142	137
Interest on other loans	460	356
Arrangement fees	388	120
	990	613

Notes to the financial statements (continued)

Grace Foods UK Limited
(formerly WT Foods Limited)
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7. Taxation	9 months ended 31 December 2007 £'000	Year ended 31 March 2007 £'000
a) Analysis of credit in period		
<i>UK corporation tax</i>		
Current tax on income for the period/year	(635)	-
Adjustments in respect of prior years	<u>(507)</u>	<u>(60)</u>
Total current tax (note 7 (b))	(1,142)	(60)
Deferred tax		
Origination and reversal of timing differences	(902)	(528)
Change in tax rates and laws	<u>35</u>	<u>-</u>
Total deferred tax (see note 7c))	<u>(867)</u>	<u>(528)</u>
Tax (credit)/charge on profit on ordinary activities	<u><u>(2,009)</u></u>	<u><u>(588)</u></u>

b) Factors affecting the tax charge for the current period

The tax assessed on the loss on ordinary activities for the year is lower (year ended 31 March 2007 lower) than the standard rate of corporation tax in the UK of 30%. The differences are below

	9 months ended 31 December 2007 £'000	Year ended 31 March 2007 £'000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	<u>(341)</u>	<u>(5,840)</u>
Current tax at 30%	(102)	(1,752)
<i>Effects of</i>		
Expenses/(income) not deductible for tax purposes	(618)	2,575
Adjustments to tax charge in respect of previous periods	(507)	(60)
Other timing differences	85	(823)
Total current tax charge (see above)	<u><u>(1,142)</u></u>	<u><u>(60)</u></u>

	9 months ended 31 December 2007 £'000	Year ended 31 March 2007 £'000
c) Deferred tax		
Tax losses carried forward and other deductions	<u>866</u>	<u>528</u>
At 31 March 2007	<u>528</u>	<u>528</u>
At 31 December 2007	<u><u>1,394</u></u>	<u><u>-</u></u>

Notes to the financial statements (continued)

8. Fixed asset investments

	Shares in group companies £'000	Unquoted trade investments £'000	Total £'000
<i>Cost</i>			
At beginning of period	14,178	197	14,375
Acquisitions	10,500	-	10,500
At end of period	<u>24,678</u>	<u>197</u>	<u>24,875</u>
<i>Provisions</i>			
At beginning and end of period	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net book value</i>			
At 31 December 2007	<u>24,678</u>	<u>197</u>	<u>24,875</u>
At 31 March 2007	<u>14,178</u>	<u>197</u>	<u>14,375</u>

Unquoted trade investment

The company holds 8% of the share capital of Coco Lands Limited registered in Sri Lanka under a joint venture agreement. Details of the investments in which the company holds 20% or more of the beneficial interest in the nominal value of any class of share capital are as follows:

Principal subsidiary undertakings	% ordinary shares held	Nature of business
Enco Products Limited	100%	Distributor of speciality food
Chadha Oriental Foods Limited	100%	Distributor of oriental food
Funnybones Foodservice Limited	100%	Distributor of American, Cajun and Tex-Mex dishes
WTF Services Limited	100%	Warehousing and Distribution services
La Mexicana Quality Foods Limited (formerly Matahari154 Limited)	100%	Dormant
The Marketing and Advertising Partnership Limited	100%	Dormant
Marlin House Trading Company Limited	100%	Dormant
Rio Pacific Food Services (Holdings) Limited	100%	Holding company
Rio Pacific Food Services Limited	100%	Dormant
Enco Foods (formerly Veeraswamy Limited)	100%	Dormant
Drenning Limited	100%	Dormant

All of the subsidiary undertakings are incorporated in England and Wales.

Notes to the financial statements (continued)

9. Debtors

	31 December 2007 £'000	31 March 2007 £'000
Amounts owed by group undertakings	38,171	33,697
Other debtors	-	10
Prepayments and other accrued income	46	38
Deferred taxation (note 7c)	1,394	528
	<u>39,611</u>	<u>34,273</u>

10 Creditors: amounts falling due within one year

	31 December 2007 £'000	31 March 2007 £'000
Bank loans and overdrafts	4,428	4,000
Trade creditors	43	152
Sundry creditors	938	605
Taxation and social security	-	25
Accruals and deferred income	-	255
	<u>5,410</u>	<u>5,037</u>

11 Creditors: amounts falling due after one year

	31 December 2007 £'000	31 March 2007 £'000
Bank loan	<u>11,913</u>	-
In one year or less	750	-
In more than one year, but not more than two years	1,320	-
In more than two years, but not more than five years	3,960	-
In more than five years	<u>5,883</u>	-
	<u>11,913</u>	-

£750,000 is included within Creditors amounts falling due within one year as part of bank loans and overdraft

12. Contingent Liabilities

At 29 August 2007, the company, together with the parent undertaking and fellow subsidiary undertakings has guaranteed the borrowings of the parent undertaking and other fellow subsidiary undertakings. The guarantee secured by a fixed and floating charge over the assets of the company. At 31 December 2007, the total borrowings outstanding amounted to £13,061,000 (31 March 2007 £206,000)

Notes to the financial statements (continued)

13. Called up share capital

	31 December 2007 £'000	31 March 2007 £'000
<i>Authorised</i>		
Equity 220,386,208 Ordinary shares of £0 25 each	55,096	55,096
6,957,780 Non voting deferred convertible shares of £0 05 each	<u>348</u>	<u>348</u>
	<u>55,444</u>	<u>55,444</u>
<i>Allotted, called up and fully paid</i>		
Equity 159,753,511 Ordinary shares of £0 25 each	<u>39,938</u>	<u>39,938</u>

14. Share premium and reserves

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At beginning of period	39,938	13,520	(7,963)	45,495
Retained profit for the period	-	-	1,669	1,669
At end of period	<u>39,938</u>	<u>13,520</u>	<u>(6,294)</u>	<u>47,164</u>

15. Reconciliation of movement in shareholders' funds

	31 December 2007 £'000	31 March 2007 £'000
Profit/(loss) for the financial period/year	1,669	(5,252)
Opening shareholders' funds	45,495	50,747
Closing shareholders' funds	<u>47,164</u>	<u>45,495</u>

16. Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £nil (year ended 31 March 2007 £46,000).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Notes to the financial statements (continued)

17 Derivative financial instruments

31 December 2007 £'000	31 March 2007 £'000
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Interest rate swaps - liabilities	(29)	-
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The group uses derivatives to manage the risk associated with fluctuating interest rates on its long term borrowings

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2007 were £11,700,000 (as at 31 March 2007 £nil)

At 31 December 2007, the fixed interest rates are 5.75% (at 31 March 2007 - nil) and the main floating rates are EURIBOR and LIBOR

18. Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary of WT Tiger 3 Limited, incorporated in the UK

The largest group in which the results of the company are consolidated is that headed by GraceKennedy Limited, incorporated in Jamaica. The consolidated accounts of this company are available to the public and may be obtained from Chief Corporate Secretary, GraceKennedy Limited, 73 Harbour Street, Kingston, Jamaica