

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

Directors' report and financial statements
31 December 2008

Registered number 0094632



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

The comparative figures are for the nine month period to 31 December 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 (the "company") principal activity during the year was that of a holding company and provider of management services.

The results for the Company show a pre tax loss of £4,151,000 for the year (period ended 31 December 2007: £340,000 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 by taking out forward contracts 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.

The company uses interest rate swaps to manage the risk associated with fluctuating interest rates on its' senior debt.

Future Outlook

The external commercial environment is expected to remain competitive for 2009. However, the directors remain confident that the company will be able to maintain its' current level of performance in the future.

The company will face challenges arising from the current economic recession which are expected to continue for the foreseeable future. The directors will maintain policies to adapt to these changing conditions and to ensure the company's long term future alongside receiving the continued support from the ultimate parent company.

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 Grace Foods UK 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 the company.

Directors' report (continued)

Dividends

The directors do not recommend the payment of a dividend (period ended 31 December 2007: £nil).

Directors

The directors who held office during the year and up to the date of signing these accounts were as follows:

J Brennan
E Burton
S Lankage
M Ranglin (appointed 1 March 2008)

Directors' and officers' liability insurance is provided to the directors of the company by another group company.

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 year (period ended 31 December 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



A Martin
Company secretary

23 October 2009

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



A Martin
Company secretary

Grace House
Bessemer Road
Welwyn Garden City
AL7 1HT

23 October 2009

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 year ended 31 December 2008 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 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 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 2008 and of its loss for the year 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
Chartered Accountants and Registered Auditors
St Albans

23 October 2009

Profit and loss account

For the year ended 31 December 2008

	Note	Year ended 31 December 2008 £'000	9 months ended 31 December 2007 Represented £'000
Other operating income		311	522
Other external charges		(160)	218
Staff costs	4	(160)	(90)
Amounts written off investments	7	(2,942)	-
Operating (loss)/profit	2	(2,951)	650
Interest payable and other similar charges	5	(1,200)	(990)
Loss on ordinary activities before taxation		(4,151)	(340)
Tax on loss on ordinary activities	6	819	2,009
(Loss)/profit for the financial year/period		(3,332)	1,669

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

The results for the current year and preceding period are derived wholly from continuing operations.

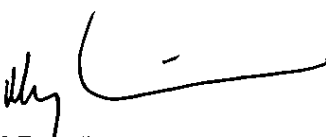
There are no differences between reported profits and historical cost profits for the current year or the preceding period.

Balance sheet

As at 31 December 2008

	Note	31 December 2008 £'000	31 December 2007 £'000
Fixed assets			
Investments	7	21,933	24,875
Current assets			
Debtors	8	<u>35,963</u>	<u>39,612</u>
		35,963	39,612
Creditors: amounts falling due within one year	9	<u>(5,022)</u>	<u>(5,410)</u>
Net current assets		<u>30,941</u>	<u>34,202</u>
Total assets less current liabilities		52,874	59,077
Creditors: amounts falling after due after more than one year	10	<u>(9,042)</u>	<u>(11,913)</u>
Net assets		<u>43,832</u>	<u>47,164</u>
Capital and reserves			
Called up share capital	12	39,938	39,938
Share premium	13	13,520	13,520
Profit and loss account	13	<u>(9,626)</u>	<u>(6,294)</u>
Shareholder's funds		<u>43,832</u>	<u>47,164</u>

These financial statements were approved by the board of directors on 23 October 2009 and were signed on its behalf by:


M Rahglin
Director

Notes to the financial statements

For the year ended 31 December 2008

1. Accounting policies

The principle activity of the company during the year continued to be that of a holding company and provider of management services. Grace Foods UK Limited is a private limited company incorporated and domiciled in England and Wales. The registered address is Grace House, Bessemer Road, Welwyn Garden City, Herts, AL7 1HT.

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 cash flow 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 year 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 (loss)/profit	Year ended 31 December 2008 £'000	9 months ended 31 December 2007 £'000
Operating (loss)/profit is stated after charging		

Auditors' remuneration

Audit	27	26
Other services pursuant to legislation	-	60
Tax services	15	13

3. Remuneration of directors	Year ended 31 December 2008 £'000	9 months ended 31 December 2007 £'000
Directors emoluments	163	-
Company contributions to money purchase pension schemes	12	-
	<u>175</u>	<u>-</u>

	Number of directors	
	31 December 2008	31 December 2007
Retirement benefits accruing to the following number of directors under:		
Money purchase schemes	<u>1</u>	<u>-</u>

Notes to the financial statements (continued)

4. Staff numbers and costs

For the year ended 31 December 2008 and the prior period, all staff were employed by a separate group company, WTF Services Limited and salary costs have been recharged to Grace Foods UK Limited in respect of two employees (2007: one employee).

The aggregate recharged payroll cost was as follows:

	Year ended 31 December 2008 £'000	9 months ended 31 December 2007 £'000
Wages and salaries	132	77
Social security costs	16	13
Other pension costs	12	-
	<u>160</u>	<u>90</u>

5. Interest payable and other similar charges

	Year ended 31 December 2008 £'000	9 months ended 31 December 2007 £'000
Bank interest payable	1,188	602
Arrangement fees	12	388
	<u>1,200</u>	<u>990</u>

Notes to the financial statements (continued)

Grace Foods UK Limited
(formerly WT Foods Limited)
Directors report and financial statements
31 December 2008

6. Taxation

	Year ended 31 December 2008 £'000	9 months ended 31 December 2007 £'000
a) Analysis of credit in year		
<i>UK corporation tax</i>		
Current tax on income for the year/period	(785)	(635)
Adjustments in respect of prior years	<u>(68)</u>	<u>(507)</u>
Total current tax (note 6 (b))	(853)	(1,142)
Deferred tax		
Origination and reversal of timing differences	34	(902)
Change in tax rates and laws	<u>-</u>	<u>35</u>
Total deferred tax (see note 6c))	<u>34</u>	<u>(867)</u>
Tax credit on profit on ordinary activities	<u>(819)</u>	<u>(2,009)</u>

b) Factors affecting the tax charge for the current year

The standard rate of taxation in the UK reduced from 30% to 28% with effect from 1 April 2008. A weighted average of 28.5% has been used for the year ended 31 December 2008.

The current tax credit for the year is lower (2007: higher) than the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are explained below:

	Year ended 31 December 2008 £'000	9 months ended 31 December 2007 £'000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	<u>(4,151)</u>	<u>(341)</u>
Current tax at 28.5% (2007: 30%)	(1,183)	(102)
<i>Effects of:</i>		
Expenses/(income) not deductible for tax purposes	295	(618)
Adjustments to tax charge in respect of previous periods	(68)	(507)
Other timing differences	103	85
Total current tax credit (see above)	<u>(853)</u>	<u>(1,142)</u>

	Year ended 31 December 2008 £'000	9 months ended 31 December 2007 £'000
c) Deferred tax		
At 31 December 2007	1,394	527
Charge/(credit) for the year/(period)	34	(867)
At 31 December 2008	<u>1,360</u>	<u>1,394</u>

The deferred tax asset at 31 December 2007 and 31 December 2008 relates to tax losses carried forward.

Notes to the financial statements (continued)

7. Fixed asset investments

	Shares in group companies £'000	Unquoted trade investments £'000	Total £'000
<i>Cost</i>			
At 1 January 2008	24,678	197	24,875
Acquisitions	-	-	-
At 31 December 2008	<u>24,678</u>	<u>197</u>	<u>24,875</u>
<i>Provisions</i>			
At 1 January 2008	-	-	-
Impairment in year	2,942	-	2,942
At 31 December 2008	<u>2,942</u>	<u>-</u>	<u>2,942</u>
<i>Net book value</i>			
At 31 December 2008	<u>21,736</u>	<u>197</u>	<u>21,933</u>
At 31 December 2007	<u>24,678</u>	<u>197</u>	<u>24,875</u>

Unquoted trade investment

The company holds 8% of the share capital of Renuka Agrifoods Limited (formerly 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

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

Notes to the financial statements (continued)

8. Debtors

	31 December 2008 £'000	31 December 2007 £'000
Amounts owed by group undertakings	34,479	38,171
Prepayments and other accrued income	124	46
Deferred taxation (note 7c)	1,360	1,394
	<u>35,963</u>	<u>39,611</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

9. Creditors: amounts falling due within one year

	31 December 2008 £'000	31 December 2007 £'000
Bank loans and overdrafts	4,850	4,428
Trade creditors	58	43
Sundry creditors	114	938
	<u>5,022</u>	<u>5,410</u>

10. Creditors: amounts falling due after one year

	31 December 2008 £'000	31 December 2007 £'000
Bank loan	<u>9,042</u>	<u>11,913</u>
In one year or less	1,320	750
In more than one year, but not more than two years	1,320	1,320
In more than two years, but not more than five years	3,960	3,960
In more than five years	<u>3,762</u>	<u>7,203</u>
	<u>10,362</u>	<u>13,233</u>

£1,320,000 is included within Creditors: amounts falling due within one year as part of bank loans and overdraft.

The bank loan is payable in equal quarterly instalments and carries interest at LIBOR plus 3%.

11. 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 2008, the total borrowings outstanding amounted to £14,035,000 (31 December 2007: £13,061,000).

Notes to the financial statements (continued)

12. Called up share capital

	31 December 2008 £'000	31 December 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 0.05p each	3	3
	<u>55,099</u>	<u>55,099</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>

The deferred convertible shares were established in 1997 to enable directors and full-time employees with the group to acquire by subscription or purchase deferred shares which are convertible into ordinary shares upon the attainment of certain performance criteria by the Group. In January 1999, the remuneration committee decided that no further deferred shares would be issued under the scheme and the last possible date for conversion was 31 March 2002. After that date, the company may buy the deferred shares at par.

13. Share premium and reserves

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2008	39,938	13,520	(6,294)	47,164
Loss for the year	-	-	(3,332)	(3,332)
At 31 December 2008	<u>39,938</u>	<u>13,520</u>	<u>(9,626)</u>	<u>43,832</u>

14. Reconciliation of movement in shareholders' funds

	31 December 2008 £'000	31 December 2007 £'000
(Loss)/ profit for the financial year/period	(3,332)	1,669
Opening shareholders' funds	47,164	45,495
Closing shareholders' funds	<u>43,832</u>	<u>47,164</u>

Notes to the financial statements (continued)

16. Derivative financial instruments

The mark to market valuations of the outstanding interest rate swaps at 31 December 2008 and 31 December 2007 are as follows:-

	31 December 2008 £'000	31 December 2007 £'000
Interest rate swaps - liabilities	(823)	(29)

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 2008 were £11,025,000 (as at 31 December 2007 £11,700,000).

At 31 December 2008, the fixed interest rates are 5.75% (at 31 December 2007 - 5.75%) and the main floating rates are EURIBOR and LIBOR.

17. Ultimate parent company

The immediate parent undertaking is WT Tiger 3 Limited, incorporated in the UK.

The ultimate parent company and controlling party is GraceKennedy Limited.

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.