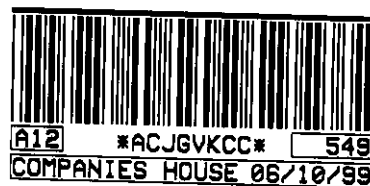


RALPH PETERS & SONS LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1998



BLEVINSFRANKS
CHARTERED ACCOUNTANTS

RALPH PETERS & SONS LIMITED

COMPANY INFORMATION

Director	R.P. Peters
Secretary	P.A. Gallier
Company Number	2268310
Registered Office	The Kennels Lyon Way Greenford Middlesex UB6 0BN

RALPH PETERS & SONS LIMITED

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RALPH PETERS & SONS LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 1998

The director presents his report together with the audited financial statements for the year ended 31 December 1998.

Principal Activities

The company is the holding company of Slush Puppie Limited whose principal activity is that of processing and distribution of Slush Puppie Ice Crystal Drink and associated equipment.

The company did not trade in the year and a profit and loss account has not been prepared.

Director

The director who served during the year and his beneficial interest in the company's issued ordinary share capital of £1 each was:

	Ordinary Shares	
	31	1
	December	January
	1998	1998
R.P. Peters	28,750	28,750

Year 2000 and the Euro

The company is aware that there is a potential risk to operating activities due to the effect of the Year 2000 date change on computers and other systems. A programme is in hand to check and ensure that all date dependent systems will be year 2000 compliant by the middle of 1999. The costs of this programme are not expected to be significant.

The introduction of the single European currency on 1 January 1999 will not have a significant effect on the company.

Director's Responsibilities

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of the company's affairs and of the profit or loss for that year. In preparing these financial statements the director is required to:

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

RALPH PETERS & SONS LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 1998

Small company exemptions

The report of the Director has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985.

Approved by the board and signed on its behalf by :

Director: R.P. Peters

Date: 19 July 1999

A large, stylized handwritten signature in black ink, appearing to read 'R.P. Peters', is written over the date and extends to the right.

**AUDITORS' REPORT TO THE
SHAREHOLDERS OF RALPH PETERS & SONS LIMITED**

We have audited the financial statements on pages 4 to 6 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective Responsibilities of Director and Auditors

As described on page 1 the company's director is responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards 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 director 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 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 of the state of the company's affairs as at 31 December 1998 and have been properly prepared in accordance with the Companies Act 1985.

Blevins Franks Limited

Blevins Franks Limited

Chartered Accountants and Registered Auditors

Barbican House

26-34 Old Street

London

EC1V 9QQ

Date: 20 July 1999

Ref: DSF/R335

RALPH PETERS & SONS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 1998

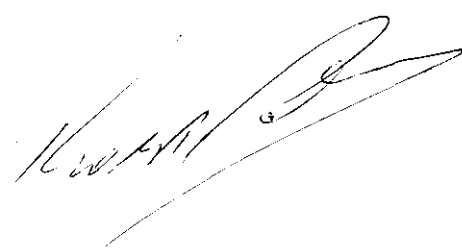
	Notes	£	1998 £	£	1997 £
Fixed Assets					
Investments	2		466,561		466,561
Total Assets Less Current Liabilities			<u>466,561</u>		<u>466,561</u>
Creditors: Amounts Falling Due After More Than One Year	3		(414,940)		(414,940)
			<u>51,621</u>		<u>51,621</u>
Capital and Reserves					
Share capital	5		50,000		50,000
Profit and loss account			<u>1,621</u>		<u>1,621</u>
Shareholders' Funds			<u>51,621</u>		<u>51,621</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

These financial statements were approved by the board and signed on its behalf by:

Director : R.P. Peters

Date: 19 July 1999



RALPH PETERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1998

1 Accounting Policies

Basis of Accounting

The Financial Statements have been prepared under the historical cost convention.

The company is exempt from the requirement to prepare group financial statements by virtue of section 248 of the Companies Act 1985. These accounts therefore present information about the company as an individual undertaking and not about its group.

Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

2 Fixed Assets Investments

	Shares in Group Undertakings
Cost	£
At 1 January 1998	466,561
At 31 December 1998	466,561
Net Book Value	
At 31 December 1998	466,561
At 31 December 1997	466,561

The company owns 100 % of the issued share capital of Slush Puppie Limited, a company registered in England and Wales.

The company's principal activity is that of the processing and distribution of the Slush Puppie Ice Crystal drink and associated equipment.

The aggregate capital and reserves of Slush Puppie Limited as at 31 December 1998 amounted to £1,787,639 (1997: £1,576,874) and the profit for the year after taxation was £210,765 (1997: £192,777).

3 Creditors: Amounts Falling Due After One Year	1998	1997
	£	£
Amounts owed to group undertakings	414,940	414,940
	414,940	414,940

4 Contingent Liabilities

The company and its subsidiary, Slush Puppie Limited have entered into cross guarantees relating to certain bank borrowings. No borrowings were outstanding at 31 December 1998 (1997: £Nil).

RALPH PETERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1998

5	Share Capital	1998 £	1997 £
	Authorised		
	28,750 'A' ordinary shares of £1 each	28,750	28,750
	20,000 'B' ordinary shares of £1 each	20,000	20,000
	1,250 'C' ordinary shares of £1 each	1,250	1,250
		<u>50,000</u>	<u>50,000</u>
	Allotted, called up and fully paid		
	28,750 'A' ordinary shares of £1 each	28,750	28,750
	20,000 'B' ordinary shares of £1 each	20,000	20,000
	1,250 'C' ordinary shares of £1 each	1,250	1,250
		<u>50,000</u>	<u>50,000</u>

All members shall have 100 votes for each share held by them except as follows:

Holders of 'B' shares who shall not for the time being be an employee of the company or of its subsidiary company shall have one vote for each share.

Holders of 'C' shares, if they cease to be an employee of the company or its subsidiary company, shall be obliged within one month after ceasing to be employed to issue a Transfer Notice in respect of such shares.

6 Related Parties

In the director's opinion the company is controlled by R.P. Peters who is a major shareholder and director.