

THE ULTIMATE SNACK FOOD COMPANY LIMITED**1996 ANNUAL REPORT AND ACCOUNTS****REPORT OF THE DIRECTORS**

The directors submit their annual report together with the accounts for the 52 weeks ended 28 December 1996.

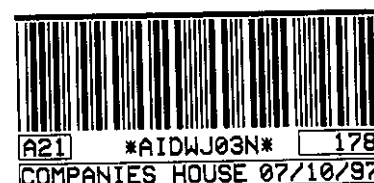
REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Company did not trade during the period, and there is no present intention to pursue any activity.

DIRECTORS

The directors of the Company who served during the year are as follow

A G Clark
A D Frew



The interests of the directors in the share capital of the Company's ultimate holding company United Biscuits (Holdings) plc and options outstanding at the beginning and end of the Company's financial period were as follows :

	<u>Shares</u>			<u>Options</u>		
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>Granted</u>	<u>Lapsed</u>	<u>1995</u>
	No.	No.	No.			No.
A G Clark	44,095	42,502	126,272	4,181	2,839	124,930
A D Frew	3,559	-	200,354	52,826	7,098	154,626

The options are exercisable at prices varying from 165p to 400p up to September 2005.

DIRECTORS' RESPONSIBILITIES IN RELATION TO THE ACCOUNTS

The directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the year and of the profit or loss for the year.

The directors are of the opinion that, in preparing these accounts, the Company has used appropriate and consistently applied accounting policies, supported by reasonable and prudent estimates and judgements. All applicable accounting standards have been followed.

The directors are responsible for ensuring that the Company keeps accounting records which disclose, with reasonable accuracy, the financial position of the Company and which enable them to ensure that the accounts comply with the Companies Act 1985.

The directors also have responsibility for safeguarding the assets of the Company and for taking reasonable steps to ensure the prevention and detection of fraud and other irregularities.

THE ULTIMATE SNACK FOOD COMPANY LIMITED

1996 ANNUAL REPORT AND ACCOUNTS

DIVIDEND

The directors do not recommend the payment of a dividend.

AUDITORS

Auditors have not been appointed in accordance with the provisions of Section 250 of the Companies Act 1985.

ON BEHALF OF THE BOARD

A D FREW
Secretary

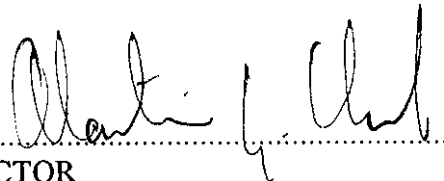


29 August 1997

BALANCE SHEET AT 28 DECEMBER 1996

	Notes	28 December 1996 £	30 December 1995 £
CURRENT ASSETS			
Debtors	2	<u>34,545</u>	<u>34,545</u>
CREDITORS: amounts falling due within one year	3	<u>(728,978)</u>	<u>(728,978)</u>
NET CURRENT ASSETS/LIABILITIES		<u>(694,433)</u>	<u>(694,433)</u>
CAPITAL AND RESERVES			
Called up equity share capital	4	5,168	5,168
Profit and loss account		<u>(699,601)</u>	<u>(699,601)</u>
Shareholders' funds		<u>(694,433)</u>	<u>(694,433)</u>

The company was dormant (within the meaning of Section 250 of the Companies Act 1985) throughout the financial period.



DIRECTOR
29 August 1997

THE ULTIMATE SNACK FOOD COMPANY LIMITED

NOTES TO THE ACCOUNTS AT 28 DECEMBER 1996

1. Activity and basis of accounting

The company did not trade during the period. The accounts have been prepared on the historical cost basis of accounting.

2. Debtors

	52 weeks ended 28 December 1996	52 weeks ended 30 December 1995
	£	£
Amounts owed by group undertakings	24,000	24,000
Other debtors	<u>10,545</u>	<u>10,545</u>
	<u>34,545</u>	<u>34,545</u>

3. Creditors: amounts falling due within one year

	28 December 1996 £	30 December 1995 £
Amounts owed to group undertakings	<u>728,978</u>	<u>728,978</u>

4. Equity Share Capital

	28 December 1996 No.	30 December 1995 No.	28 December 1996 £	30 December 1995 £
Ordinary shares of 10p each	13,850	13,850	518	518
"A" ordinary shares of 10p each	23,250	23,250	2,325	2,325
"B" ordinary shares of 10p each	<u>23,250</u>	<u>23,250</u>	<u>2,325</u>	<u>2,325</u>
	<u>60,350</u>	<u>60,350</u>	<u>5,168</u>	<u>5,168</u>

5. Ultimate holding company

The ultimate holding company is United Biscuits (Holdings) plc which is registered in Scotland and incorporated in Great Britain. Copies of the group accounts can be obtained from Church Road, West Drayton, Middlesex, UB7 7PR.