PINNACLE FOODS INC
Form 10SB12G/A
October 10, 2001

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-SB/A
(Amendment No. 2)

GENERAL FORM FOR REGISTRATION OF SECURITIES
OF SMALL BUSINESS ISSUERS UNDER SECTION 12(b)
OR 12(g) OF THE SECURITIES ACT OF 1934

Pinnacle Foods, Inc.

(Name of Small Business Issuer in Its Charter)

Pennsylvania	23-3008972
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
980 Glasgow Street, Pottstown, PA	19464
(Address of Principal Executive Offices)	(Zip Code)

(610) 705-3620

(Issuer's Telephone Number)

Securities to be registered under Section 12(b) of the Act:

Title of Each Class to be so Registered	Name of Each Exchange on Which Each Class is to be Registered
None	

Securities to be registered under Section 12(g) of the Act:

Common Stock, Par Value $0.01 per Share

(Title of Class)

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Part I

Item 4. Security Ownership of Certain Beneficial Owners and Management.

The following table sets forth, as of October 8, 2001, the number of shares and percentage of Common Stock beneficially owned by (i) each person who is known by the Company to own beneficially five percent or more of our outstanding common stock, (ii) each Company director, (iii) each Company executive officer, and (iv) all directors and executive officers as a group:

Name and Address (1) of Individual or Identity of Group	Shares of Common Stock Beneficially Owned	Percentage of Co Beneficially
Michael D. Queen	1,095,834 (2)	4.21 %
Thomas P. McGreal	75,000 (3)	0.29 %
Dennis Bland	5,000 (4)	0.02%
C. Brent Moran	75,000 (5)	0.29 %
Joseph W. Luter, IV	0	0.00 %
Michael H. Cole	0	0.00 %
Smithfield Foods, Inc.	13,003,494	50.00 %
All directors and officers as a group (6 persons)	1,250,834 (2) (3) (4) (5)	4.81 %

Part II

Item 3. Changes in and Disagreements With Accountants.

The Company engaged Larson, Allen, Weishair & Co., LLP ("LarsenAllen") to audit the Company's financial statements for the period ended December 31,

1999. Subsequent to the completion of that audit, Pinnacle decided to change accountants from LarsonAllen to Kronick Kalada Berdy and Co., P.C. ("KKB"). When the decision to change accountants was made by the Board of Directors, on or about September 1, 2000, the Company knew of no disagreements between the Company and LarsenAllen on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure. Furthermore, LarsenAllen's report on the Company's financial statements (for the period ending December 31, 1999) did not contain an adverse opinion or disclaimer of opinion nor was it modified as to uncertainty, audit scope or accounting principles.

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In July of 2001, the Company learned that LarsenAllen's audit of the Company's financial statements for the period ended December 31,1999 did not meet the SEC's requirements for auditor independence. At that time, in order to comply with the requirements of this Registration Statement on Form 10-SB, the Company engaged KKB to audit the Company's financial statements for the period ended December 31, 1999. The Company believes that LarsenAllen breached its engagement with the Company and intends to seek compensation from LarsenAllen. LarsenAllen disputes the Company's claims.

Presently, there are no disagreements between the Company and LarsenAllen on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, except that the Company believes that the auditing procedure that LarsenAllen followed should have complied with SEC requirements for auditor independence. KKB's reports on the Company's financial statements (for the periods ended December 31, 1999, and 2000) did not contain an adverse opinion or disclaimer of opinion nor was either modified as to uncertainty, audit scope or accounting principles.

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PART F/S

Unaudited Financial Statements for the

Three Month Periods Ended June 30, 2001 and 2000,

and for the Six Month Periods Ended June 30, 2001 and 2000

Audited Financial Statements for the Period Ended December 31, 2000

Notes to the Audited Financial Statements

For the Period Ended December 31, 2000

Audited Financial Statements for the Period Ended December 31, 1999

Notes to the Audited Financial Statements

For the Period Ended December 31, 1999

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PINNACLE FOODS, INC.
Balance Sheet
June 30, 2001
(Unaudited)

ASSETS

	For the period ended June 30,
Current Assets:	
Checking and Savings	4,315,065
Receivables, less Allowance	2,693,716
Inventory	862,681
Other	18,500
Prepaid Expenses	21,045
Total Current Assets	7,911,005
Fixed Assets:	
Property and Equipment	3,538,712
Less Accumulated Depreciation	631,391
Total Fixed Assets	2,907,320
Other Assets:	33,494
Total Assets:	10,851,820

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:	
Current Installments on Capital lease obligations	264,903
Accounts Payable	4,316,544
Accrued Expenses	531,881
Total Current Liabilities	5,113,328,
Capital Lease Obligations less current installments	830,550
Stockholder's Equity:	

Common Stock	134,499
Additional Paid-In Capital	11,871,308
Deficit	(6,705,382)
Deferred Compensation	(392,484)
Total Stockholder's Equity	4,907,942
Total Liabilities and Stockholder's Equity	10,851,820

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PINNACLE FOODS, INC.
Statement of Operations
For the Three and Sixth Month Periods Ended June 30
(Unaudited)

	For The Three Month Period Ended June 30, 2001	2000	For The Six Month P Ended June 30, 2001	20
Sales	$ 8,017,624	$ 1,359,258	$ 18,968,494	$ 2,1
Cost of Goods Sold	7,505,517	1,473,499	18,651,159	2,3
Gross Profit	512,107	(114,242)	317,334	(27
General and Administrative Expenses	702,580	376,885	1,440,230	57
Loss from Operations	(190,473)	(491,122)	(1,122,896)	(84
Other Expenses				
Interest Expense (Net)	55,562	20,780	84,411	
et Loss N	(246,035)	(511,907)	(1,207,308)	(88
Lose per share				
Basic	(0.01)	(0.3)	(0.08)	
Weighted Average Shares	16,804,139	17,309,106	15,309,666	16,0

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PINNACLE FOODS, INC.

January 1, 2000 through DECEMBER 31, 2000

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Independent Auditors' Report

Board of Directors
Pinnacle Foods, Inc.
Pottstown, Pennsylvania

We have audited the accompanying balance sheet of Pinnacle Foods, Inc. as of December 31, 2000, and the related statements of operations, stockholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America.. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pinnacle Foods, Inc. as of December 31, 2000, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ KRONICK KALADA BERDY & CO.
Kingston, Pennsylvania
February 16, 2001, except April 24, 2001
for footnotes 11, paragraphs 2 and 3, and 13.

PINNACLE FOODS, INC.
BALANCE SHEET
DECEMBER 31, 2000

ASSETS

Current Assets:	
Receivables:	
Trade, net of allowance for doubtful accounts of $25,595	$ 1,290,194
Other	95,410
Inventory	477,765
Prepaid expenses	49,834
Total current assets	1,913,203

Property and equipment	3,030,574
Less accumulated depreciation	369,846
Net property and equipment	2,660,728
Other assets	38,698
	$ 4,612,629

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:	
Notes payable	$ 400,000
Current installment of capital lease obligations	254,179
Accounts payable	2,887,875
Accrued expenses	276,305
Total current liabilities	3,818,359
Capital lease obligations, less current installments	793,891
Stockholders' equity:	
Common stock	133,673
Additional paid-in capital	5,768,372
Deficit	(5,483,016)
Deferred compensation	(418,650)
	379
	$ 4,612,629

See notes to financial statements

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PINNACLE FOODS, INC.
STATEMENT OF OPERATIONS
YEAR ENDED
DECEMBER 31, 2000

Sales, net	$ 13,595,490
Cost of sales:	
Meat	9,327,104
Labor	2,548,031
Supplies	1,849,842
Other	289,362
Total cost of sales	14,014,339

Gross loss	(418,849)
Operating expenses:	
Professional fees:	
Consulting	2,030,007
Other	251,136
Salaries, wages and related expenses	429,157
Depreciation	333,866
Cleaning	152,455
Utilities	135,977
Rent	130,774
Freight out	129,598
Insurance	101,033
Travel and entertainment	79,354
Office	68,352
Commissions	63,493
Repairs and maintenance	57,536
Taxes	43,762
Waste removal	39,654
Telephone	38,979
Advertising and promotion	38,227
Provision for doubtful accounts	25,595
Equipment rental	18,729
Miscellaneous	15,584
Total operating expenses	4,183,268
Loss from operations	(4,602,117)
Interest expense	351,458
Net loss	$ (4,953,575)
Loss per share	$ (0.52)
Average shares outstanding	9,467,707

See notes to financial statements

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PINNACLE FOODS, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED
DECEMBER 31, 2000

Cash flows used for operating activities:	
Net loss	$(4,953,575)
Adjustments:	
Provision for doubtful accounts	25,595
Depreciation	333,866
Common stock issued for:	
Compensation	125,600

Interest	226,130
Consulting services	1,896,600
Changes in assets and liabilities Increase in:	
Receivables	(1,311,097)
Inventory	(465,277)
Prepaid expenses	(38,452)
Accounts payable	2,678,730
Accrued expenses	236,227
Net cash used for operating activities	(1,245,653)
Net cash used for investing activities:	
Purchase of property and equipment	(812,962)
Security deposits	(27,366)
Net cash used for investing activities	(840,328)
Cash flows from financing activities:	
Proceeds from issuance of common stock	1,238,500
Proceeds from issuance of debt	1,515,240
Repayments on debt	(482,454)
Repayments on capital lease obligations	(277,576)
Net cash provided by financing activities	1,993,710
Net decrease in cash	(92,271)
Cash, beginning of year	92,271
Cash, end of year	$ --
Supplemental disclosures of cash flow information:	
Interest paid during the period	$ 114,125
Non-cash items:	
Forgiveness of debt from a shareholder/officer	$ 270,000
Common stock issued for equipment	311,325
Purchase of equipment under capital lease agreements	834,749
Debt converted into common stock	995,240
Increase in additional paid in capital and deferred compensation	418,650

See notes to financial statements

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PINNACLE FOODS, INC.
STATEMENT OF STOCKHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2000

Common stock

	$.01 par value 50,000,000 shares authorized Shares issued or issuable	Amount	Additional paid-in capital	Defici
Balance, January 1, 2000	8,250,000	$82,500	$337,500	$ (529,44
Net loss				(4,953,57
Grant of compensatory options			418,650	
Common stock issued or issuable for:				
Cash	1,275,000	12,750	1,225,750	
Compensation	785,000	7,850	117,750	
Equipment	202,300	2,023	309,302	
Consulting	1,505,000	15,050	1,881,550	
Interest	209,998	2,100	224,030	
Convertible debt	1,140,000	11,400	983,840	
Shareholder/officer debt forgiveness			270,000	
Balance, December 31, 2000	13,367,298	$ 133,673	$5,768,372	$ (5,483,01

See notes to financial statements

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PINNACLE FOODS, INC.

NOTES TO AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2000

1. Business description and summary of significant accounting policies:

Pinnacle Foods, Inc. (the Company), incorporated on July 20, 1999 in the Commonwealth of Pennsylvania, prepares case-ready meat for distribution to food retailers in the Northeastern United States. It grants credit to its customers without requiring collateral.

Inventory:
The Company's inventories are valued at the lower of first-in, first-out cost or market. Inventories consist of the following:

Beef, pork, veal, lamb	$272,000
Packaging supplies	200,000
Finished goods	5,765
	$477,765

Property and equipment:

Items capitalized as property and equipment are recorded at cost and depreciated over the estimated useful lives of the assets by the straight line method. Maintenance and repair cost are expensed as incurred. Improvements that materially extend the life of an asset are capitalized.

Revenue recognition:
Revenues from sales are recorded upon shipment to customers.

Advertising costs:
These expenses are recorded when incurred. They amounted to $38,227 in 2000.

Start- up costs:
In accordance with Statement of Position 98-5 "Reporting on the Costs of Start-Up Activities," costs of start-up activities, including organization costs, are expensed as incurred. Prior to SOP 98-5, start-up costs were capitalized and amortized into operations over a period of time.

Fair value:
The fair value of the Company's financial instruments approximate the amounts recorded in the financial statements.

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Use of estimates:
Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses.

Loss per share:

Basic loss per share is computed by dividing the loss applicable to common shareholders by the weighted average number of common share outstanding. Diluted loss per share is computed by dividing the loss applicable to common shareholders by the weighted average of common shares outstanding plus the number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued. There were no dilutive potential common shares in 2000 because the assumed exercise of the options would be anti-dilutive.

Cash concentrations:

The Company maintains its principal cash accounts in commercial banks located in Pennsylvania. Accounts at each bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to $100,000. At December 31, 2000, cash balances in commercial banks exceeded the FDIC insurance coverage by $155,000. At December 31, 2000, approximately $17,000 of a cash overdraft was included in accounts payable.

Significant customers:

During the period January 1, 2000 through December 31, 2000, the Company had three customers that accounted for approximately 51%, 27% and 16% of the Company's sales. These customers accounted for 59%, 5% and 30% of Company's accounts receivable at December 31, 2000.

Property and equipment:

Property and equipment at December 31, 2000 is comprised of the following:

Equipment	$ 2,683,258
Leasehold improvements	304,225
Furniture and fixtures	28,539
Computer	14,552
	3,030,574
Accumulated depreciation	(369,846)
	$ 2,660,728

$1,376,117 and $157,404 is included in equipment and accumulated depreciation for assets that were purchased via capital leases.

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Notes payable:

Notes payable consists of the following at December 31, 2000:

Note payable (a)	$ 300,000
Note payable (b)	100,000
	$ 400,000

Note payable (a) is unsecured, non-interest bearing effective November 22, 2000 and matures August 1, 2001. The note holder has the option of converting the loan into common stock at a conversion rate of $1 a share prior to August 1, 2001. If the conversion right has not been exercised by August 1, the note is automatically converted at $1 a share. The Company paid additional consideration to the note holder in form of 75,000 shares of common stock at the inception of the note and an additional 37,500 shares at September 2000. The additional consideration was recorded as interest expense. The note holder is a shareholder.

Note payable (b) is unsecured and matures June 30, 2001. It bears interest at 10% per annum. Subsequent to December 31, 2000, this note was converted into common stock at a conversion rate of $1.50 a share. The Company paid additional consideration to the note holder of 25,000 shares of common stock at the inception of the note and an additional 12,500 shares at September and December 2000. The additional consideration was recorded as interest expense.

In addition to the above notes, the Company borrowed approximately $995,000 in 2000 to fund working capital and debt refinancing. These borrowings were repaid with the common stock of the Company. These borrowings were unsecured and bore interest between 8% and 10.5% per annum. The conversion ratio for these borrowings ranged between $0.75 to $1.25 a share.

Capital lease obligations:

The Company is a lessee under capital leases for various equipment.

Maturities under capital leases for the five years subsequent to December 31, 2000 are as follows:

2001	$ 357,901
2002	285,660
2003	283,560
2004	300,790
2005	86,003
Total capital leases payable	1,313,914
Less amounts representing interest	265,844
Present value of net minimum lease payments	$ 1,048,070

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Stockholders' equity:

Common stock:

There are 50,000,000 shares of common stock, $.01 par value, authorized; 13,367,298 shares issued and outstanding. During 2000, the Company issued 785,000, 202,300, 1,505,000, 209,998 and 1,140,000 of common stock for compensation, asset purchases, consulting, interest and loan conversions, respectively. The amounts charged to operations were $125,600 for compensation, $1,896,600 for consulting and $226,130 for interest. In accordance with Financial Accounting Standard Board Statement No. 123. "Accounting for Stock-Based Compensation," the valuation of the stock issuances was determined by the services rendered, asset received or the market value of the stock at the time of issuance. The stock issued for the loan conversions was determined by the conversion rights included in the debt agreements. In addition, the Company sold approximately 1,275,000 for prices ranging from $.75 to $1.50 a share.

Additional paid-in capital:
Included in additional paid-in capital is debt forgiveness from a former shareholder/officer in the amount of $270,000. In accordance with Accounting Principles Board Opinion No. 26 "Early Extinguishment of Debt", this transaction was treated as a capital transaction. This transaction was completed in conjunction with the shareholder/officer termination from the Company, sale of his stock and release from his personal guarantee of Company debt. This debt arose in 1999 ($250,000) and 2000 ($20,000). Interest was due monthly and calculated at 1% above the prime rate. The proceeds of this debt was used for working capital. The original maturities were July 2001 and June 2000, respectively. No gain or loss was recognized on this transaction. Other transactions included in additional paid-in capital are deferred compensation expense (see stock option footnote) and the interest expense for the debt conversion, as required by Emerging Issues Task Force Issue No. 85-17 "Accrued interest upon conversion of convertible debt."

Stock options:
In 1999, The Board of Directors and shareholders approved a stock option plan in which incentive stock options and non-qualified stock options may be granted. The 1999 plan provides for the grant of options to purchase up to 1,500,000 shares. Upon the termination or expiration of any stock options granted, the shares covered by such terminated or expired stock options will be available for further grant; 135,000 options were available

for grant at December 31, 2000. The Board of Directors, at the date of grant of an option, determines the number of shares subject to the grant and the terms of such option. In addition, the Board of Directors granted 200,000 options outside of the 1999 stock option plan. All outstanding options vest over four years and terminate between five and ten years, after grant.

Changes in outstanding common stock options granted are summarized below:

	Number of shares	Average exercise price
Balance at beginning of year	50,000	$ .16
Options granted	1,565,000	.36
Options forfeited	150,000	.16
Balance at end of year	1,565,000	$ .36
Options exercisable at year-end	12,500	$ .16

Exercise prices and remaining contractual lives are summarized below:

Number of Options	Option price	Remaining life
355,000	$ .16	8.30
450,000	.30	9.68
550,000	.33	9.66
210,000	$1.00	9.68

The Company in accordance with an election under generally accepted accounting principles for stock options has recorded no compensation cost, except for those shares whose exercise price was less than the fair market value on the measurement date, for its stock options. The excess between the fair market value of the shares on the measurement date over the exercise price is recorded as deferred compensation and will be charged to operations over the vesting period of four years.

Had compensation cost for stock options been determined based on the fair value at the grant dates for awards under the plans, the Company's net loss and per share amounts would have been changed to the proforma amounts disclosed below:

Net loss:	
As reported	$(4,953,575)
Proforma	(4,984,117)

Basic loss per share:

As reported	$(.52)
Proforma	(.53)

The fair values were determined using the Black-Scholes option-pricing model with the following weighted average assumptions:

Dividend yield	.00%
Risk free interest rate	6.08%
Expected life	10 years
Volatility	107.10%

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Income taxes:

The Company has $5,450,000 in federal and state net operating loss carryovers, which can be used to offset future taxable income. The federal and state net operating loss carryforwards begin to expire in the year 2019 and 2009, respectively.

In 2000, the tax benefit of the current year net operating loss carryforward of $2,131,000 was offset by a valuation provision. The reconciliation between income tax benefit at the federal statutory rate of 34% and tax on the Statement of Operations is as follows:

Federal income tax benefit at the statutory rate	$1,684,000
State income tax benefit	446,000
Other	1,000
	2,131,000
Valuation allowance	2,131,000
Tax benefit per the Statement of Operations	$ 0

The components of the Company's deferred tax assets are as follows:

Net operating loss carryforward	$2,291,000
Other	15,000
Total deferred tax assets	2,306,000
Valuation allowance	2,306,000
	$ 0

The valuation allowance at December 31, 1999 was $175,000.

Lease commitments:

The Company leases its Philadelphia and Pottstown locations. The Philadelphia lease is for a term of 37 months ending August 31, 2002 and requires monthly payments of $5,500. This property is leased from individuals were are related to a former shareholder/officer. The Pottstown lease is for an initial term of one year ending April 30, 2001 with an automatic renewal of three consecutive periods of one year each unless 60 day notification is given by the Company prior to the end of the initial term or renewal term and requires monthly payments of $7,500. Total rent expense under these leases was approximately $131,000.

Future minimum rentals under these leases, assuming a one year renewal of the Pottstown lease, are as follows:

2001	$158,000
2002	76,000

Related party transaction:

During 2000, the Company engaged a shareholder to assist the Company in obtaining debt financing to be used for a potential expansion into New England and for working capital purposes. The shareholder is also the

holder of note payable (a) referred to in footnote 6. The agreement provides that the Company would issue to the shareholder 1.1 million shares of Company common stock on February 1, 2001, and upon the closing of debt financing in the amount of at least $9.5 million procured pursuant to the agreement, a second group of 1.1 million shares of Company common stock.

The agreement also provides that if, prior to the completion of such debt financing and prior to the termination of the agreement, more than 30% of the Company's outstanding shares of common stock shall be sold in a single transaction or a series of related transactions, the shareholder shall be entitled to receive the second group of 1.1 million shares. The agreement further provides that if the Company sells new shares at a price of less than $2.50 per share at any time after the shareholder becomes entitled to receive the second group of 1.1 million shares, the number of shares otherwise deliverable pursuant to the agreement is increased in accordance with a formula that varies inversely with the sales price for such newly sold shares. Finally, the agreement granted the shareholder an option to acquire for no additional consideration up to 2,000,000 additional shares of Company common stock if any such debt financing were forgiven by the lender(s) under specified circumstances.

The Company has asserted that it was improperly induced to enter into the agreement by statements and representations made by the shareholder and disputes its obligation to deliver any shares of Company common stock to the shareholder. The Company also terminated the agreement on April 6, 2001 at a time when no debt financing had been closed and only a single proposal for financing in the amount of $2.5 million had been obtained. The shareholder contests the Company's assertions and the matter may result in litigation.

Because of the pendency of the dispute, the Company is unable to determine with certainty the actual number of shares, if any, which it will be required to issue to the shareholder; however, the Company is nonetheless required to treat the matter in some manner to complete its financial statements. Accordingly, the Company has chosen to include the initial group of 1.1 million shares in the foregoing Statement of Stockholders' Equity and has charged $1.65 million (representing the 1.1 million shares at a price of $1.50 per share) to operations for the year ended December 31, 2000 on account of the consulting services allegedly provided by the shareholder pursuant to the agreement. Despite this presentation, the Company disputes its obligation to deliver any such shares, and when the matter is ultimately resolved, an appropriate accounting entry will be made to reflect the difference between the shares issued in such resolution, if any, and the number of shares recorded on the foregoing financial statements.

Litigation:

In the normal course of business, there are various outstanding legal proceedings. In the opinion of management, after consultation with legal counsel, the financial statements of the Company will not be materially affected by the outcome of such legal proceedings.

Subsequent event:

On April 24, 2001, the Company entered into a non-binding agreement with Smithfield Foods, Inc. ("Smithfield") in which Smithfield will purchase shares of the Company which will result in Smithfield owning 50% of the issued shares upon completion of the transaction (approximately 13,500,000 shares) for $6,000,000. In addition, Smithfield will provide the Company with a $30,000,000 revolving loan. The loan will bear interest at 1% above prime and will be secured by all of the Company's assets, and will mature in five years.

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PINNACLE FOODS, INC.

JULY 20, 1999 (INCEPTION) THROUGH
DECEMBER 31, 1999

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Independent Auditors' Report

Board of Directors
Pinnacle Foods, Inc.
Pottstown, Pennsylvania

We have audited the accompanying balance sheet of Pinnacle Foods, Inc. as of December 31, 1999, and the related statements of operations, stockholders' equity deficiency and cash flows for the period July 20, 1999 (inception) through December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America.. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pinnacle Foods, Inc. as of December 31, 1999, and the results of its operations and its cash flows for the period July 20, 1999 (inception) through December 31, 1999 in conformity with accounting principles generally accepted in the United States of America.

KRONICK KALADA BERDY & CO., P.C.
Kingston, Pennsylvania
August 10, 2001

PINNACLE FOODS, INC.
BALANCE SHEET
DECEMBER 31, 1999

ASSETS

Current Assets:	
Cash	$ 92,271
Accounts receivable	100,102
Inventory, packaging supplies	12,488
Prepaid expenses	11,382
Total current assets	216,243
Property and equipment	1,071,039
Less accumulated depreciation	35,980
Net property and equipment	1,035,059
Other assets	11,832
	$ 1,263,134

LIABILITIES AND STOCKHOLDERS' EQUITY DEFICIENCY

Current Liabilities:	
Current installment of:	
Capital lease obligations	$ 105,000
Notes payable, other	136,512
Accounts payable	209,147
Accrued expenses	40,078
Total current liabilities	490,737
Notes payable:	
Shareholder	250,000
Other, less current portion	245,942
Capital lease obligations, less current portion	385,896
	881,838
Stockholders' equity deficiency	

Common Stock	82,500
Additional paid-in capital	337,500
Deficit	(529,441)
	(109,441)
	$ 1,263,134

See notes to financial statements

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PINNACLE FOODS, INC.
STATEMENT OF OPERATIONS
JULY 20, 1999 (INCEPTION) THROUGH DECEMBER 31, 1999

Sales, net	$ 237,530
Cost of sales:	
Meat	1,485
Labor	176,335
Supplies	218,540
Total cost of sales	396,360
Gross loss	(158,830)
Operating expenses:	
Professional fees:	
Consulting	17,500
Other	32,112
Salaries, wages and related expenses	105,105
Depreciation	35,980
Cleaning	12,493
Utilities	10,699
Freight out	13,375
Rent	29,964
Insurance	14,915
Travel and entertainment	17,339
Office	11,538
Repairs and maintenance	13,987
Taxes	5,767
Waste removal	2,798
Telephone	4,968
Advertising and promotion	11,734
Equipment rental	581
Miscellaneous	4,448
Total operating expenses	345,303
Loss from operations	(504,133)

Interest expense	25,308
Net loss	$ (529,441)
Loss per share	$ (0.08)
Average shares outstanding	6,275,992

See notes to financial statements

PINNACLE FOODS, INC,
STATEMENT OF CASH FLOWS
JULY 20, 2999 (INCEPTION) THROUGH DECEMBER 31, 1999

Cash flows used for operating activities:	
Net loss	$ (529,441)
Adjustments:	
Depreciation	35,980
Changes in assets and liabilities	
Increase in:	
Receivables	(100,102)
Inventory	(12,488)
Prepaid expenses	(11,832)
Accounts payable	209,147
Accrued expenses	40,078
Net cash used for operating activities	(368,658)
Cash flows used for investing activities:	
Purchase of property and equipment	(530,039)
Security deposits	(11,382)
Net cash used for investing activities	(541,421)
Cash flows provided by financing activities:	
Proceeds from issuance of common stock	420,000
Proceeds from note payable - shareholder	250,000
Proceeds from note payable - other	395,443
Repayments on note payable - other	(12,989)
Repayments on capital lease obligations	(50,104)
Net cash provided by financing activities	1,002,350
Increase in cash and cash, end of period	$ 92,271
Supplemental disclosures of cash flow information:	
Interest paid during the period	$ 19,303

Non-cash items:

Purchase of equipment under capital lease agreements	$ 541,000

See notes to financial statements

PINNACLE FOODS, INC.
STATEMENT OF STOCKHOLDERS' EQUITY DEFICIENCY
JULY 20, 1999 (INCEPTION) THROUGH DECEMBER 31, 1999

	Common stock $.01 par value 50,000,000 shares authorized			
	Shares issued or issuable	Amount	Additional paid-in capital	Def
Common stock issued to:				
Incorporators	6,000,000	$ 60,000		
Other shareholders	2,250,000	22,500	$ 337,500	
Net loss				$ (52
Balance, December 31, 1999	8,250,000	$ 82,500	$ 337,500	$ (52

See notes to financial statements

PINNACLE FOODS, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 20, 1999 (INCEPTION) THROUGH DECEMBER 31, 1999

1. Business description and summary of significant accounting policies:

Pinnacle Foods, Inc. (the Company), incorporated on July 20, 1999 in the Commonwealth of Pennsylvania, prepares case-ready meat for distribution to food retailers in the Northeastern United States. It grants credit to its customers without requiring collateral.

Inventory:
The Company's inventory of packaging supplies are valued at the lower of first-in, first-out cost or market. During 1999, the Company did not take title to the meat that it prepared for the case-ready distribution.

Property and equipment:
Items capitalized as property and equipment are recorded at cost and depreciated over the estimated useful lives of the assets by the straight-line method. Maintenance and repair costs are expenses as incurred. Improvements that materially extend the life of an asset are capitalized.

Revenue recognition:
Revenues from sales are recorded upon shipment to customers and represents processing fees on customer product. The Company uses the specific write-off method to provide for doubtful accounts, because management believes that uncollectible amounts are immaterial. No allowance reserves for returns and allowances are provided since such amounts are minimal.

Start-up costs:
In accordance with Statement of Position 98-5 "Reporting on the Costs of Start-Up Activities," costs of start-up activities, including organization costs, are expensed as incurred. Prior to SOP 98-5, start-up costs were capitalized and amortized into operations over a period of time.

Fair value of financial instruments:
The fair value of the Company's financial instruments approximate the amounts recorded in the financial statements.

Use of estimates:
Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses.

2. Loss per share:

Basic loss per share is computed by dividing the loss applicable to common shareholders by the weighted average number of common shares outstanding. Diluted loss per share is computed by dividing the loss applicable to common shareholders by the weighted average of common shares outstanding plus the number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued. However, there were no dilutive potential common shares in 1999 because the assumed exercise of the options would be anti-dilutive. Incorporator shares are included in the computation effective July 20.

3. Cash concentrations:

The Company maintains its principal cash accounts in a commercial bank located in Pennsylvania. Accounts at the bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to $100,000. At December 31, 1999, cash balances in the commercial bank exceeded the FDIC insurance coverage by $102,000.

4. Significant customers:

During the period July 20, 1999 through December 31, 1999, the Company had two customers that accounted for approximately 54% and 40% of the Company's sales. These customers accounted for 65% and 21% of accounts receivable at December 31, 1999.

5. Property and equipment:

Property and equipment at December 31, 1999 are comprised of the following:

Equipment	$1,016,736
Leasehold Improvements	29,000
Furniture and Fixtures	20,037
Computer	5,266
	1,071,039
Accumulated Depreciation	(35,980)
	$ 1,035,059

$541,000 and $16,000 is included in equipment and accumulated depreciation for assets that were purchased via capital leases.

6. Note payable - shareholder:

Note payable - shareholder consists of an unsecured advance from shareholder/officer of the Company. The proceeds of this debt were used for working capital. Interest is calculated at 1% above the national prime rate and is due monthly. The loan principal was originally due on July 31, 2001,

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but during fiscal year 2000, this debt was forgiven. The transaction was completed in conjunction with the shareholder/officer termination from the Company, sale of his stock and release from his personal guarantee of Company debt. The Company incurred $5,900 of interest expense for the note payable.

7. Notes payable, other:

9.25% note payable, unsecured, due in monthly installments of $6,282, including principal and interest. Interest is calculated at 9.25%. The note is guaranteed by two shareholders of the Company. During fiscal year 2000, the loan was repaid from the common stock sale proceeds.	$296,031
15% note payable due in monthly installments of $10,213, including principal and interest, maturing in September 2000. The note is collateralized by equipment.	86,423
	382,454
Less current portion	(136,512)
	$245,942

8. Capital lease obligations:

The Company is a lessee under capital leases for various equipment.

Maturities under capital leases for the five years subsequent to December 31, 1999 are as follows:

2000	$137,415
2001	117,408
2002	116,760

2003	115,854
2004	93,056
Total capital leases payable	580,493
Less amounts representing interest	89,597
Present value net minimum lease payment	$490,896

9. Stock options:

The Board of Directors and shareholders approved a stock option plan in which incentive stock options and non-qualified stock options may be granted. The plan provides for the grant of options to purchase up to 1,500,000 shares. Upon the termination or expiration of any stock options granted, the shares covered by such terminated or expired stock options will be available for further grant; 1,450,000 options were available for grant at December 31, 1999.

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The Board of Directors, at the date of grant of an option, determines the number of shares subject to the grant and the terms of such option. All outstanding options vest over four years and terminate in five years after grant.

Changes in outstanding common stock options granted are summarized below:

	Number of Shares	Avg exercise Price
Options granted	50,000	$ .16
Options forfeited	0	
Balance at end of year	50,000	$ .16
Options exercisable at year-end	0	0

Proforma net loss and loss per share as calculated under Financial Accounting Standards No. 123, "Accounting for Stock Based Compensation," was not significant and was not recorded because of the issuance of the options and the effect of their vesting periods.

10. Income taxes:

The Company has $529,000 in federal and state net operating loss carryovers, which can be used to offset future taxable income. The federal and state net operating loss carryforwards expire in the years 2019 and 2009, respectively.

In 1999, the tax benefit of the current year net operating loss carryforward of $175,000 was offset by a valuation provision.

The components of the Company's deferred tax assets are as follows:

Net operating loss carryforward	$175,000

Valuation allowance	175,000

	0
	========

11. Lease commitments:

The Company leases its Philadelphia location. The lease is for a term of 37 months ending August 31, 2002 and requires monthly payments of $5,500. This property is leased from individuals who are related to a shareholder/ officer who was terminated in 2000, see footnote 6. Total rent expense under this lease was approximately $30,000.

Future minimum rentals under this lease are as follows:

2000	$66,000
2001	66,000
2002	44,000

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12. Subsequent events:

Transaction with shareholder:

During 2000, the Company engaged an individual who became a shareholder in 2000 to assist the Company in obtaining debt financing to be used for a potential expansion into New England and for working capital purposes. The agreement provides that the Company would issue to the shareholder 1.1 million shares of Company common stock on February 1, 2001, and upon the closing of debt financing in the amount of at least $9.5 million procured pursuant to the agreement, a second group of 1.1 million shares of Company common stock.

The agreement also provides that if, prior to the completion of such debt financing and prior to the termination of the agreement, more than 30% of the Company's outstanding shares of common stock shall be sold in a single transaction or a series of related transactions, the shareholder shall be entitled to receive the second group of 1.1 million shares. The agreement further provides that if the Company sells new shares at a price of less than $2.50 per share at any time after the shareholder becomes entitled to receive the second group of 1.1 million shares, the number of shares otherwise deliverable pursuant to the agreement is increased in accordance with a formula that varies inversely with the sales price for such newly sold shares. Finally, the agreement granted the shareholder an option to acquire for no additional consideration up to 2,000,000 additional shares of Company common stock if any such debt financing were forgiven by the lender(s) under specified circumstances.

The Company has asserted that it was improperly induced to enter into the agreement by statements and representations made by the shareholder and disputes its obligation to deliver any shares of Company common stock to the shareholder. The Company also terminated the agreement on April 6, 2001 at a time when no debt financing had been closed and only a single proposal for financing in the amount of $2.5 million had been obtained. The shareholder contests the Company's assertions and the matter may result in litigation.

Because of the pendency of the dispute, the Company is unable to determine with certainty the actual number of shares, if any, which it will be required to issue to the shareholder.

Smithfield

On June 27, 2001, the Company entered into an agreement with Smithfield Foods, Inc. ("Smithfield") in which Smithfield purchased shares of the Company which resulted in Smithfield's owning 50% of the issued shares upon completion of the transaction for $6,000,000. In addition, Smithfield provided the Company with a $30,000,000 revolving loan. The loan bears

interest at 1% above prime and is secured by all of the Company's assets, and will mature in five years.

Other

See notes 6 and 7 for information about subsequent debt transactions.

13. Litigation:

In the normal course of business, there are various outstanding legal proceedings to which the Company is a party. In the opinion of management, after consultation with legal counsel, the financial statements of the Company will not be materially affected by the outcome of such legal proceedings.

Part III

Item 1. Index to Exhibits.

3.1 Articles of Incorporation (with amendments thereto)

- 3.1.1 Original Articles of Incorporation
- 3.1.2 Articles of Amendments
- 3.1.3 Statement of Change of Registered Office

3.2 Amended and Restated By-laws

10.1 Employment Agreement by and between Pinnacle Foods, Inc. and Michael D. Queen dated March 1, 2001

10.2 Termination Agreement by and between Pinnacle Foods, Inc. and Samuel Lundy dated June 9, 2000

10.3 Agreement by and between Pinnacle Foods, Inc. and United Food & Commercial Workers Union Local 56, AFL-CIO dated October 1, 1999 (as amended February 1, 2001)

10.4 Agreement by and between Pinnacle Foods, Inc. and Robert V. Matthews dated November 22, 2000

10.5	Loan Agreement by and between Pinnacle Foods, Inc. and Robert V. Matthews dated June 29, 2000	
10.6	Amended and Restated Lease Agreement between Pinnacle Foods, Inc. and Theodore C. Asousa and Theodore Asousa, Jr., T/A Asousa Partnership dated April 1, 2000 with respect to Pottstown Facility	
10.7	Lease Agreement by and between Pinnacle Foods, Inc. and S. Lundy & Sons, Inc. dated August 1, 1999 with respect to Philadelphia Facility	
10.8	Stock Purchase Agreement by and between Pinnacle Foods, Inc. and Smithfield Foods, Inc. dated May 31, 2001	
10.9	Warrant Certificate of Pinnacle Foods, Inc. issued to Smithfield Foods, Inc. dated June 27, 2001	
10.10	The Standstill Agreement by and between Pinnacle Foods, Inc., Smithfield Foods, Inc., Ellis M. Shore and Michael D. Queen dated June 27, 2001	

10.11	Registration Rights Agreement between Pinnacle Foods, Inc. and Smithfield Foods, Inc. dated June 27, 2001	
10.12	Credit Agreement between Pinnacle Foods, Inc. and Smithfield Foods, Inc. dated June 27, 2001	
10.13	Indemnification Agreement between Pinnacle Foods, Inc. and Ellis M. Shore dated June 27, 2001	
10.14	Consulting Agreement between Pinnacle Foods, Inc. and Ellis M. Shore dated March 1, 2001	
10.15	Employment Agreement between Pinnacle Foods, Inc. and Dennis Bland dated June 28, 2001	
16.1	Letter on Change in Certifying Accountant	36

SIGNATURES

In accordance with Section 12 of the Securities Exchange Act of 1934, the registrant caused this amended registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

PINNACLE FOODS, INC.

Date: October 10, 2001

By: /s/ Thomas McGreal

Thomas McGreal, Vice President