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CHANRAI INTERNATIONAL LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2001

CONTENTS

	<u>Page</u>
Report of the Directors	1- 2
Report of the Auditors to the Shareholders	3
Profit and Loss Account	4
Balance Sheet	5
Cash Flow Statement	6
Statement of Total Recognised Gains & Losses	7
Notes to the Accounts	8 - 13

W.H. PAYNE & CO
CHARTERED ACCOUNTANTS
SANDRINGHAM HOUSE
199 SOUTHWARK BRIDGE ROAD
LONDON, SE1 0HA

The Company's Incorporation No. is: 630005



REPORT OF THE DIRECTORS OF
CHANRAI INTERNATIONAL LIMITED

The directors present their annual report and audited accounts of the company for the year ended 31st March 2001.

Principal activities and business review

The company trades principally as confirmers, importers, exporters and providers of documentation services. Turnover decreased from £8,486,907 in the previous year to £4,033,384 and the company consequently made a loss of £18,020 compared to a profit of £13,914 in the previous year. The directors expect both the turnover and profitability to fall in the immediate future.

Directors and their interests

The directors, none of whom have any interests in the shares of the company, who have held office during the year are as follows:-

D. D. Chanrai
P. G. Chanrai
V. P. Chanrai
D. P. Chanrai

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which 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 accounts, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the accounts 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.

Dividends proposed and transfers to reserves

Payment of a dividend is not recommended. The retained loss for the year of £18,020 has been transferred to reserves.

REPORT OF THE DIRECTORS OF
CHANRAI INTERNATIONAL LIMITED

(continued)

Fixed assets

Information relating to changes in the tangible fixed assets is given in note 8 to the accounts.

Donations

During the year the company made charitable contributions totalling £300 (2000 - £Nil).

Auditors

A resolution to re-appoint Messrs. W.H. Payne & Co. as auditors of the company will be submitted to the annual general meeting.

BY ORDER OF THE BOARD



V.P. Chanrai
Director

Unit 4 Watling Gate
297-303 Edgware Road
London, NW9 6NB

28th September 2001

AUDITORS' REPORT
TO
THE SHAREHOLDERS OF
CHANRAI INTERNATIONAL LIMITED

We have audited the accounts on pages 4 to 13 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

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

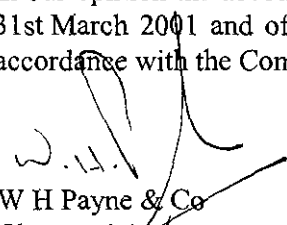
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31st March 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


W H Payne & Co
Chartered Accountants
and Registered Auditor
Sandringham House
199 Southwark Bridge Road
London SE1 0HA

8th October 2001

CHANRAI INTERNATIONAL LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31ST MARCH 2001**

	<u>Note</u>	<u>2001</u>	<u>2000</u>
Turnover	(2)	4,033,384	8,486,907
Cost of sales		(3,887,714)	(8,177,075)
Gross profit		145,670	309,832
Administrative expenses		(366,644)	(484,925)
Other operating income		70,574	49,527
Operating loss		(150,400)	(125,566)
Other interest receivable and similar income	(3)	204,058	366,313
Interest payable and similar charges	(4)	(76,892)	(221,196)
(Loss)/profit on ordinary activities before taxation	(6)	(23,234)	19,551
Tax on profit on ordinary activities	(7)	5,214	(5,637)
Retained (loss)/profit for year		(18,020)	13,914
Retained profit at beginning of year		285,907	271,993
Retained profit at end of year		£267,887	£285,907

Continuing operations

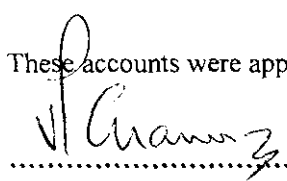
None of the company's activities were acquired or discontinued during the above two financial years.

The accompanying notes are an integral part of this profit and loss account.

CHANRAI INTERNATIONAL LIMITED**BALANCE SHEET****31ST MARCH 2001**

	<u>Note</u>	<u>2001</u>	<u>2000</u>
<u>Fixed assets</u>			
Tangible assets	(8)	539,923	563,332
<u>Current assets</u>			
Debtors	(9)	1,994,746	4,263,047
Cash at bank and in hand		145,540	639,031
		<u>2,140,286</u>	<u>4,902,078</u>
Creditors: amounts falling due within one year	(10)	(57,401)	(2,824,582)
		<u>2,082,885</u>	<u>2,077,496</u>
Net current assets			
		<u>£2,622,808</u>	<u>£2,640,828</u>
<u>Capital and reserves</u>			
Called up share capital	(11)	2,000,000	2,000,000
Profit and loss account		267,887	285,907
Revaluation reserve	(13)	354,921	354,921
		<u>£2,622,808</u>	<u>£2,640,828</u>
Shareholders' funds	(12)	£2,622,808	£2,640,828

These accounts were approved by the board on 28th September 2001.



 V.P. Chanrai

The accompanying notes are an integral part of this balance sheet.

CHANRAI INTERNATIONAL LIMITED**CASH FLOW STATEMENT****FOR THE YEAR ENDED 31ST MARCH 2001**

	<u>Note</u>	<u>2001</u>	<u>2000</u>
Net cash inflow/(outflow) from operating activities	14(a)	2,174,005	678,399
Returns on investments and servicing of finance:			
Interest received	204,058	366,313	
Interest paid	(87,304)	(221,262)	
Net cash inflow from returns on investments and servicing of finance		116,754	145,051
Taxation			
Corporation tax (paid)/recovered		(5,636)	(4,887)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	(857)	(28,651)	
Receipts from sale of tangible fixed assets	200	—	
		(657)	(28,651)
Management of liquid resources			
Cash withdrawn from short-term deposit accounts		2,200	91,300
Financing			
Bank loans repaid	(2,777,957)	(1,350,699)	
New bank loans draw-down	—	1,118,397	
Net cash (outflow)/inflow from financing		(2,777,957)	(232,302)
Increase in cash		£(491,291)	£648,910

The accompanying notes are an integral part of this statement.

CHANRAI INTERNATIONAL LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31ST MARCH 2001

	<u>2001</u>	<u>2000</u>
(Loss)/profit for the year after taxation	(18,020)	13,914
Unrealised deficit on revaluation of property	—	(20,000)
	<hr/>	<hr/>
Total recognised (losses) relating to the year	£(18,020)	£(6,086)
	<hr/>	<hr/>

CHANRAI INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2001

1. Accounting policies

The principal accounting policies, which have been consistently applied, are:-

(a) Basis of accounting

The accounts have been prepared under the historical cost convention as modified to include the revaluation of freehold property and in accordance with applicable accounting standards.

(b) Tangible fixed assets

Fixed assets (excluding freehold property) are stated at original cost less aggregate depreciation.

Depreciation is provided at rates calculated to write-off the cost (or valuation), less estimated residual value, of each asset over its estimated useful life as follows:-

Furniture and equipment	10% written down basis
Computer equipment	33 1/3% straight line

Under the requirements of Statement of Standard Accounting Practice No. 19 investment properties need not be depreciated and accordingly no depreciation has been provided on the freehold investment property. This departure from the requirements of the Companies Act 1985, for all properties to be depreciated, is, in the opinion of the directors, necessary for the accounts to give a true and fair view in accordance with applicable accounting standards.

(c) Taxation

The charge for taxation is based on results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for accounting and taxation purposes.

(d) Foreign currency conversions

Trading transactions denominated in foreign currencies are recorded in sterling at average rates for the year. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. All exchange differences on conversion or translation are for the account of trade associates.

(e) Leased assets

Rentals applicable to operating leases are recognised in the profit and loss account as incurred.

CHANRAI INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH 2001

2. Turnover

Turnover comprises the value of sales (excluding VAT) of goods and services invoiced in the normal course of business. Turnover by geographical area was :-

	<u>2001</u>	<u>2000</u>
United Kingdom and Europe	938,775	1,618,635
Africa	3,094,609	6,447,554
Asia	—	420,718
	<hr/>	<hr/>
	£4,033,384	£8,486,907
	<hr/>	<hr/>

3. Other interest receivable and similar income

	<u>2001</u>	<u>2000</u>
Bank deposit interest	9,528	13,615
Other interest	142,030	300,198
Rental income receivable	52,500	52,500
	<hr/>	<hr/>
	£204,058	£366,313
	<hr/>	<hr/>

4. Interest payable and similar charges

	<u>2001</u>	<u>2000</u>
Bank charges	4,366	5,273
Interest on bank loans and overdrafts	72,526	215,923
	<hr/>	<hr/>
	£76,892	£221,196
	<hr/>	<hr/>

5. Employees

Average weekly number of people (including directors) employed by the company during the year, all of whom were involved in sales and administration

2001 2000
No. of employees

8 12

Costs in respect of these employees:-

	<u>2001</u>	<u>2000</u>
Wages and salaries	171,571	245,563
Redundancy costs	6,931	—
Social security costs	16,926	24,475
	<hr/>	<hr/>
	£195,428	£270,038
	<hr/>	<hr/>

Directors emoluments

	<u>2001</u>	<u>2000</u>
Total emoluments receivable by directors	£65,000	£65,000
	<hr/>	<hr/>

CHANRAI INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31ST MARCH 2001

6.	<u>(Loss)/profit on ordinary activities before taxation</u>	<u>2001</u>	<u>2000</u>
	(Loss)/profit on ordinary activities before taxation is arrived at, after charging	£	£
	Depreciation	9,446	20,800
	Loss on assets scrapped	14,620	-
	Auditors' remuneration	13,500	15,000
	Operating lease rentals	71,001	76,006
		<hr/>	<hr/>
7.	<u>Taxation</u>	<u>2001</u>	<u>2000</u>
	Corporation tax recoverable/(payable) at 30%	5,200	(5,637)
	Over-provision prior year	14	-
		<hr/>	<hr/>
		£5,214	£(5,637)
		<hr/>	<hr/>

No tax is payable on the results for the due to the availability of loss relief. At the balance sheet date there were tax losses of approximately £89,600 available for relief against future confirming/exporting profits and losses of approximately £188,000 available for set off against future property development profits.

8.	<u>Tangible fixed assets</u>	<u>Freehold property</u>	<u>Furniture and equipment</u>	<u>Total</u>
	Cost or valuation			
	At beginning of year	480,000	226,815	706,815
	Additions	-	857	857
	Disposals	-	(28,836)	(28,836)
		<hr/>	<hr/>	<hr/>
	At end of year	480,000	198,836	678,836
		<hr/>	<hr/>	<hr/>
	Accumulated depreciation			
	At beginning of year	-	143,483	143,483
	Charge for the year	-	9,446	9,446
	Adjustment on disposals	-	(14,016)	(14,016)
		<hr/>	<hr/>	<hr/>
	At end of year	-	138,913	138,913
		<hr/>	<hr/>	<hr/>
	Net book value			
	At end of year	£480,000	£59,923	£539,923
		<hr/>	<hr/>	<hr/>
	At beginning of year	£480,000	£83,332	£563,332
		<hr/>	<hr/>	<hr/>

The company's freehold property was valued as at 31st March 2000, on a yield on rental basis, by Anthony Hill & Co. Estate Agents, Valuers & Property Managers. The difference between this revaluation and cost has been credited to the revaluation reserve. The directors are of the opinion that the current market value of the property is not materially different from its carrying value.

Original cost of freehold property, included at valuation, was £125,079

CHANRAI INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH 2001

9.	Debtors	2001	2000
	Trade debtors	5,897	264,280
	Amounts owed by group undertakings	1,964,792	3,954,170
	Other debtors	9,462	15,470
	Prepayments	14,595	29,127
		<hr/>	<hr/>
		£1,994,746	£4,263,047
		<hr/>	<hr/>
10.	Creditors: amounts falling due within one year	2001	2000
	Bank loans and overdrafts	–	2,777,957
	Trade creditors	551	–
	Corporation tax payable	–	5,650
	Other taxation and social security costs	3,600	6,995
	Other creditors	29,814	2,543
	Accruals	23,436	31,437
		<hr/>	<hr/>
		£57,401	£2,824,582
		<hr/>	<hr/>
At 31st March 2000, £2,762,854 of the bank loans and overdrafts were secured on guarantees provided by third parties, the remainder was secured on commercial documents drawn on customers.			
11.	Called up share capital	2001	2000
	Authorised:		
	2,000,000 Ordinary shares of £1 each	£2,000,000	£2,000,000
		<hr/>	<hr/>
	Allotted, called up and fully paid:		
	2,000,000 Ordinary shares of £1 each	£2,000,000	£2,000,000
		<hr/>	<hr/>
12.	Reconciliation of movements on shareholders' funds	2001	2000
	(Loss)/profit for the financial year after taxation	(18,020)	13,914
	Other recognised loss relating to the year	–	(20,000)
	Shareholders' funds at beginning of year	2,640,828	2,646,914
		<hr/>	<hr/>
	Shareholders' funds at end of year	£2,622,808	£2,640,828
		<hr/>	<hr/>
13.	Revaluation reserve	2001	2000
	At beginning of year	354,921	374,921
	Adjustment on revaluation of freehold property	–	(20,000)
		<hr/>	<hr/>
		£354,921	£354,921
		<hr/>	<hr/>

CHANRAI INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH 2001

13. Revaluation reserve –(continued)

The revaluation surplus arises as a result of the revaluation of the company's freehold property (see note 8). No provision has been made for deferred tax arising on the revaluation reserve, since the directors consider that no liability to tax will arise in the foreseeable future.

14. Cash flow statement

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2001	2000
Operating (loss)	(150,400)	(125,566)
Depreciation charges	9,446	20,800
Loss on assets scrapped	14,620	–
Decrease in debtors	2,273,501	926,800
Increase/(decrease) in creditors	26,838	(143,635)

Net cash inflow from operating activities

£2,174,005 £678,399

(b) Reconciliation of net cash flow to movement in net funds/(debt)

	2001	2000
Increase in cash	(491,291)	648,910
Net cash outflow from financing	2,777,957	232,302
Cash inflow from liquid resources	(2,200)	(91,300)

Change in net debt

2,284,466 789,912

Net debt at beginning of year

(2,138,926) (2,928,838)

Net funds/(debt) at end of year

£145,540 £(2,138,926)

(c) Analysis of net funds/(debt)

	At beginning of the year	Cash flows	At end of the year
Cash at bank and in hand	636,831	(491,291)	145,540
Bank loans due within one year	(2,777,957)	2,777,957	–
Current asset investments – short-term deposit	2,200	(2,200)	–
	£(2,138,926)	£2,284,466	£145,540

15. Ultimate parent undertaking

The company is a wholly owned subsidiary of Chanrai Holdings Limited, a company registered in Jersey. The directors regard Kewalram Chanrai Holdings Limited, a company registered in Jersey, as being the ultimate parent company.

CHANRAI INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31ST MARCH 2001

16. Financial commitments

(a) Operating leases

The annual rentals payable under operating leases are as follows:-	<u>2001</u>	<u>2000</u>
Property leases expiring:		
within 1 year	-	11,250
within 2-5 years	16,000	16,000
after 5 years	42,785	42,785
	<hr/>	<hr/>
	£58,785	£70,035
	<hr/>	<hr/>

The rentals payable under the company's property leases are subject to re-negotiation at various intervals specified in the leases.

(b) Documentary credits

At the balance sheet date there were no documentary credits (2000 - £788,317), established in the normal course of trade in favour of suppliers, remained outstanding.

17. Related party transactions

The company's related parties, as defined by Financial Reporting Standard 8, with whom the company had transactions during the year are listed below:

<u>Party</u>	<u>Relationship</u>
Kewalram Chanrai Holdings Limited	Ultimate controlling party
Chanrai Holdings Limited	Parent company
Kewalram Singapore Limited	Common ultimate control
Afprint Nigeria plc	Common ultimate control
Afcott Nigeria plc	Common ultimate control
Aflon Nigeria plc	Common ultimate control
Sunseed Nigeria plc	Common ultimate control
Kewalram Nigeria Limited	Common ultimate control
Chanrai International South Africa (Pty) Limited	Common ultimate control
K. C. Insurance Limited	Common ultimate control
Chanrai Investment Corporation Limited	Common ultimate control

The transactions were:	<u>2001</u>	<u>2000</u>
	<u>£</u>	<u>£</u>
Aggregate sales to parties under common ultimate control on normal trading terms	3,127,756	6,525,991
Aggregate purchases from parties under common ultimate control on normal trading terms	1,431,479	3,372,897
Interest receivable from ultimate parent company	142,030	300,198
Amounts owing from ultimate parent company	1,964,792	3,954,170
Premiums paid for insurance cover	2,463	655

In the year to 31st March 2000, Kewalram Singapore Limited had provided guarantees to three of the company's bankers as security against facilities provided by the bankers.