

ANGLO AUSTRALIAN RICE LIMITED

FINANCIAL STATEMENTS

31ST AUGUST 1999

Registered number: 1979286

MITCHELL CHARLESWORTH

CHARTERED ACCOUNTANTS

Liverpool



ANGLO AUSTRALIAN RICE LIMITED

FINANCIAL STATEMENTS

for the year ended 31st August 1999

CONTENTS

| | Page |
|---|------|
| Company information | 1 |
| Directors' report | 2 |
| Statement of directors' responsibilities | 3 |
| Auditors' report | 4 |
| Profit and loss account | 5 |
| Balance sheet | 6 |
| Cash flow statement | 7 |
| Notes | 8 |

ANGLO AUSTRALIAN RICE LIMITED**COMPANY INFORMATION****31st August 1999**

Incorporated 17th January 1986

NUMBER 1979286

DIRECTORS
T.N. Hogan (Australian)
J. Howe F.C.A.
J.R. Kennedy (Australian)
A. Hernandez Callejas (Spanish)

SECRETARY J. Howe F.C.A.

REGISTERED OFFICE
2 Upper Pownall Street
Wapping
Liverpool
L1 8EG

BANKERS
Barclays Bank Plc.
Liverpool City Office
Water Street
Liverpool
L69 3DU

AUDITORS
Mitchell Charlesworth
Chartered Accountants
Chavasse Court
24 Lord Street
Liverpool
L2 1TA

ANGLO AUSTRALIAN RICE LIMITED**DIRECTORS' REPORT****31st August 1999**

The directors present their report and the audited financial statements for the year ended 31st August 1999.

Principal activity

The principal activity of the company is the sale of rice and related products.

Business review

The company's balance sheet as detailed on page 6 shows a satisfactory position, shareholders' funds amounting to £423,070.

Results and dividends

The results for the year are shown in the profit and loss account on page 5.

The directors do not propose payment of an ordinary dividend, the profit for the year is to be transferred to reserves.

Directors

The directors of the company during the year were as follows:

T.N. Hogan (Australian)
J. Howe F.C.A.
J.R. Kennedy (Australian)
A. Hernandez Callejas (Spanish)

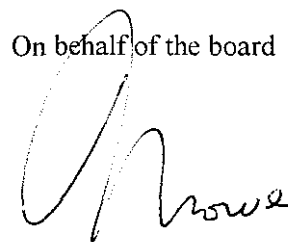
None of the directors have any beneficial interest in the share capital of the company.

In accordance with the Articles of Association, Mr. J.R. Kennedy retires by rotation and offers himself for re-election.

Auditors

Mitchell Charlesworth have agreed to offer themselves for re-appointment as auditors of the company.

On behalf of the board



J. Howe F.C.A.
Secretary

2 Upper Pownall Street
Wapping
Liverpool
L1 8EG

22nd December 1999

ANGLO AUSTRALIAN RICE LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements 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 financial statements, the directors are required to:

- select suitable accounting policies and 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 financial statements;
- prepare the financial statements 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 to 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.

Mitchell Charlesworth

4

Chartered Accountants

Chavasse Court · 24 Lord Street · Liverpool L2 1TA

Auditors' report to the members of Anglo Australian Rice Limited

We have audited the financial statements on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 error or other irregularity. In forming our opinion we also evaluated the overall adequacy of the presentation of 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 31st August 1999 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the companies Act 1985.



Mitchell Charlesworth
Registered Auditor

22nd December 1999

ANGLO AUSTRALIAN RICE LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31st August 1999

| | Note | 1999 £ | 1998 £ |
|--|------|--------------|--------------|
| Turnover | 2 | 12,119,634 | 11,725,499 |
| Cost of sales | | (11,884,527) | (11,547,295) |
| Gross profit | | 235,107 | 178,204 |
| Net operating expenses | | | |
| Administrative expenses | | (38,305) | (12,756) |
| Operating profit | 3 | 196,802 | 165,448 |
| Interest payable | 4 | (74,909) | (105,452) |
| Profit on ordinary activities before taxation | | 121,893 | 59,996 |
| Taxation | 5 | (25,111) | (12,700) |
| Profit on ordinary activities after taxation | 10 | 96,782 | 47,296 |

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

There were no recognised gains and losses in 1999 or 1998 other than the profit for the year.

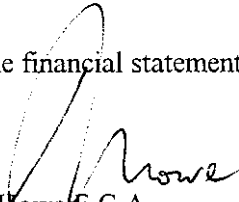
ANGLO AUSTRALIAN RICE LIMITED

BALANCE SHEET

at 31st August 1999

| | Note | £ | 1999 £ | £ | 1998 £ |
|---|------|-------------|------------------|------------------|-----------|
| Current assets | | | | | |
| Stocks | 6 | 560,273 | | 1,305,284 | |
| Debtors | 7 | 1,282,401 | | 1,164,765 | |
| | | | <u>1,842,674</u> | <u>2,470,049</u> | |
| Creditors: amounts falling due within one year | 8 | (1,419,604) | | (2,143,761) | |
| Net current assets | | | <u>423,070</u> | <u>326,288</u> | |
| Total assets less current liabilities | | | <u>423,070</u> | <u>326,288</u> | |
| Capital and reserves | | | | | |
| Called up share capital | 9 | 1,000 | | 1,000 | |
| Profit and loss account | 10 | 422,070 | | 325,288 | |
| Total shareholders' funds | 11 | | <u>423,070</u> | <u>326,288</u> | |

The financial statements on pages 5 to 10 were approved by the board of directors and signed on its behalf by:


J. Howe F.C.A.
Director

ANGLO AUSTRALIAN RICE LIMITED

CASH FLOW STATEMENT

for the year ended 31st August 1999

| | Note | 1999 | | 1998 | |
|---|------|---------------------|------------------|-------------------|--------------------|
| | | £ | £ | £ | £ |
| Net cash inflow from operating activities | | | 517,193 | | 353,532 |
| Returns on investments and servicing of finance | | | | | |
| Interest paid | | | (80,267) | | (104,830) |
| Taxation | | | | | |
| Corporation tax paid | | | (12,610) | | (16,121) |
| | | | <u>424,316</u> | | <u>232,581</u> |
| Reconciliation of operating profit to operating cash flows | | | | | |
| | | | 1999 | | 1998 |
| | | | £ | | £ |
| Operating profit | | | 196,802 | | 165,448 |
| Decrease in stocks | | | 745,011 | | (91,481) |
| Increase in debtors | | | (117,636) | | 99,667 |
| Decrease in creditors | | | (306,984) | | 179,898 |
| | | | <u>517,193</u> | | <u>353,532</u> |
| Net cash inflow from operating activities | | | | | |
| | | | <u>517,193</u> | | <u>353,532</u> |
| Analysis of changes in net debt | | | | | |
| | | At start of year | Cash flows | At end of year | |
| | | £ | £ | £ | |
| Overdrafts | | (1,344,236) | 424,316 | (919,920) | |
| Total | | <u>(1,344,236)</u> | <u>424,316</u> | <u>(919,920)</u> | |
| Reconciliation of net cash flow to movement in net debt | | | | | |
| | | | 1999 | | 1998 |
| | | | £ | | £ |
| Increase in cash in the year | | | 424,316 | | 232,581 |
| Net debt at 1st September 1998 | | | (1,344,236) | | (1,576,817) |
| | | | <u>(919,920)</u> | | <u>(1,344,236)</u> |
| Net debt at 31st August 1999 | | | | | |
| | | | <u>(919,920)</u> | | <u>(1,344,236)</u> |

ANGLO AUSTRALIAN RICE LIMITED

NOTES ON FINANCIAL STATEMENTS

31st August 1999

1 Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Foreign exchange

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date. Translations in foreign currencies are recorded at the date of transaction. All differences are taken to the profit and loss account.

2 Turnover

Turnover represents the amount derived from the provision of goods which fall within the company's ordinary activities, stated net of value added tax.

Overseas turnover amounted to £1,647,144 (1998 £1,386,902).

3 Operating profit

| | 1999 £ | 1998 £ |
|------------------------|-----------|-----------|
| Auditors' remuneration | 2,400 | 2,200 |

None of the directors received any remuneration from the company.

4 Interest payable

| | 1999 £ | 1998 £ |
|-------------------------|-----------|-----------|
| Bank overdraft interest | 74,909 | 105,452 |

5 Taxation

| | 1999 £ | 1998 £ |
|--|-----------|-----------|
| Corporation tax on profit on ordinary activities at 20.6% (1998 21%) | 25,100 | 12,599 |
| Under provision in earlier years | 11 | 101 |
| | 25,111 | 12,700 |

6 Stocks

| | 1999 £ | 1998 £ |
|----------------------------|-----------|-----------|
| Rice and other commodities | 560,273 | 1,305,284 |

ANGLO AUSTRALIAN RICE LIMITED

NOTES ON FINANCIAL STATEMENTS

31st August 1999

| 7 | Debtors | 1999 £ | 1998 £ |
|---|---|-------------------|-------------------|
| | Amounts falling due within one year | | |
| | Trade debtors | 1,133,041 | 906,502 |
| | Amounts owed by group undertakings | - | 137,312 |
| | Other debtors | 149,360 | 120,951 |
| | | <u>1,282,401</u> | <u>1,164,765</u> |
| 8 | Creditors: amounts falling due within one year | | |
| | | 1999 £ | 1998 £ |
| | Bank overdrafts | 919,920 | 1,344,236 |
| | Trade creditors | 213,718 | 574,014 |
| | Amounts owed by group undertakings | 242,305 | 189,776 |
| | Corporation tax | 25,100 | 12,599 |
| | Other creditors | 18,561 | 23,136 |
| | | <u>1,419,604</u> | <u>2,143,761</u> |

The bank holds by way of a debenture a floating charge over all the assets of the company.

| 9 | Called up share capital | 1999 | | 1998 | |
|----|---|---------------------|---------------|---------------------|-------------------|
| | | Number of shares | £ | Number of shares | £ |
| | Authorised | | | | |
| | Ordinary shares of £1 each | <u>10,000</u> | <u>10,000</u> | <u>10,000</u> | <u>10,000</u> |
| | Allotted, called up and fully paid | | | | |
| | Ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> |
| 10 | Profit and loss account | | | | |
| | | | | | 1999 £ |
| | 1st September 1998 | | | | 325,288 |
| | Retained profit for the year | | | | 96,782 |
| | 31st August 1999 | | | | <u>422,070</u> |

ANGLO AUSTRALIAN RICE LIMITED

NOTES ON FINANCIAL STATEMENTS

31st August 1999

11 Reconciliation of movements in shareholders' funds

| | 1999 £ | 1998 £ |
|--------------------------------------|----------------|----------------|
| Profit for the financial year | 96,782 | 47,296 |
| Opening shareholders' funds | 326,287 | 278,992 |
| Closing shareholders' funds | <u>423,069</u> | <u>326,288</u> |

12 Guarantees

The company is party to cross guarantees given by the shareholders to its bankers.

13 Contingent liabilities

The company has given bonds of £150,000 to the Intervention Board for Agricultural Produce and £30,000 to Customs and Excise.

14 Capital commitments

There were no capital commitments at 31st August 1999 (1998 £Nil).

15 Related party transactions

The company is jointly owned by Joseph Heap & Sons Limited, a company incorporated in England and Rice Growers Co-operative Limited, a company incorporated in Australia.

During the year the company purchased goods from Joseph Heap & Sons Limited totalling £471,303 and incurred milling and rental charges of £2,075,102. Sales to Joseph Heap & Sons Limited amounted to £73,581. The creditor outstanding at the year end was £242,305. The company also purchased goods totalling £3,243,366 from Rice Growers Co-operative Limited.

Additionally purchases totalling £1,484,199 were made from Arrocerias Herba S.A., the parent undertaking of Joseph Heap & Sons Limited.