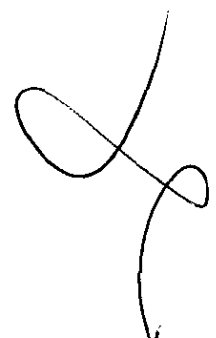


Agrico UK Limited

Report and Abbreviated Accounts

31 July 2000

(Registration No SC183233)



DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31 July 2000.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £189,173 (1999: £88,042 profit). No dividend is recommended.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity is seed potato growing and selling.

FIXED ASSETS

Details of the company's fixed assets are shown in notes 9 and 10 of the accounts.

DIRECTORS AND THEIR INTERESTS

The directors at 31 July 2000 were:

Mr R M Reiss (Secretary)

Mr C J M van Arendonk

No director was interested in the ordinary share capital of the company or the ultimate parent undertaking at any point during the year.

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

On behalf of the Board



Secretary

7 February 2001

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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;
- 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 to 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.

REPORT OF THE AUDITORS**to Agrico UK Limited under Section 247B of the Companies Act 1985**

We have examined the abbreviated accounts on pages 5 to 12, together with the annual accounts of Agrico UK Limited for the year ended 31 July 2000 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

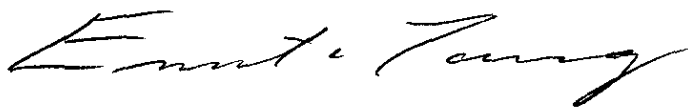
The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited accounts, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered have been properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full accounts.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and 246(6) of the Companies Act 1985 and the abbreviated accounts on pages 5 to 12 are properly prepared in accordance with those provisions.



Registered Auditor
Edinburgh

7 February 2001

ABBREVIATED PROFIT AND LOSS ACCOUNT
for the period ended 31 July 2000

	<i>Notes</i>	<i>2000</i> £	<i>1999</i> £
GROSS PROFIT		337,211	1,067,147
Administrative expenses		489,428	818,070
OPERATING (LOSS)/PROFIT		(152,218)	249,077
Interest receivable	5	22,946	14,316
Interest payable and similar charges	6	(106,205)	(70,518)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(235,476)	192,875
Tax credit/(charge) on profit on ordinary activities	7	46,303	(104,833)
(LOSS)/PROFIT RETAINED FOR THE FINANCIAL PERIOD		(189,173)	88,042

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses for the year ended 31 July 2000 and for the period ended 31 July 1999 other than those shown above.

Agrico UK Limited

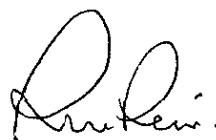
ABBREVIATED BALANCE SHEET

at 31 July 2000

	Notes	2000 £	1999 £
FIXED ASSETS			
Intangible assets	8	563,600	734,800
Tangible assets	9	1,249,440	1,195,379
		<u>1,813,040</u>	<u>1,930,179</u>
CURRENT ASSETS			
Stocks	10	515,889	923,659
Debtors	11	646,609	996,625
Cash at bank and in hand		765,591	56,622
		<u>1,928,089</u>	<u>1,976,906</u>
CREDITORS: amounts falling due within one year	12	268,966	1,067,211
NET CURRENT ASSETS		<u>1,659,123</u>	<u>909,695</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,472,163</u>	<u>2,839,874</u>
CREDITORS: amounts falling due after more than one year			
Loans	13	2,542,348	1,751,832
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred tax	18	30,946	-
		<u>898,869</u>	<u>1,088,042</u>
CAPITAL AND RESERVES			
Called up share capital	15	1,000,000	1,000,000
Profit and loss account	16	(101,131)	88,042
	16	<u>898,869</u>	<u>1,088,042</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies.

Director



7 February 2001

NOTES TO THE ABBREVIATED ACCOUNTS

at 31 July 2000

1. ACCOUNTING POLICIES

Basis of preparation

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Land and buildings	- over 25 years
Plant and machinery	- over 4 to 5 years
Office equipment	- over 3 years
Motor vehicles	- over 5 years

Intangible assets

Intangible assets are stated at cost. Amortisation is being provided at rates calculated to write-off the cost of the assets over their estimated useful life as follows:

Goodwill	5 years
Know-how	5 years

No amortisation is provided on patents as management consider the costs incurred in maintaining these patents are sufficient to prevent any diminution in value.

Stocks

Stocks are stated at the lower of cost and net realisable value as follows:

Cost incurred in bringing each product to its present location and condition:

Work in progress and finished goods - cost of direct materials and labour plus attributable overheads

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Deferred Taxation

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable.

Hire Purchase Agreements

Assets held under hire purchase agreements are capitalised in the balance sheet and are depreciated over their estimated useful lives. The capital elements of future obligations under hire purchase agreements are recognised as liabilities in the balance sheet. The Interest elements of hire purchase agreements are charged to the profit and loss account to give a constant rate of charge over the remaining balance of the obligation.

NOTES TO THE ABBREVIATED ACCOUNTS
at 31 July 2000

2. OPERATING (LOSS)/PROFIT

	2000	1999
	£	£
This is stated after charging:		
Auditors' remuneration	11,250	10,750
Directors remuneration	63,527	88,585
Depreciation of owned assets	203,958	176,989
Amortisation of intangible assets	171,200	171,200
Exceptional professional costs in relation to start up of business	-	84,341

3. DIRECTORS' REMUNERATION

	2000	1999
	£	£
Emoluments	63,527	88,585

4. STAFF COSTS

	2000	1999
	£	£
Wages and salaries	389,161	356,977
Social security costs	32,463	31,500
Pension costs	27,300	25,937
	448,924	414,414

The monthly average number of employees (including executive directors) during the year was made up as follows:

	Number	Number
Office and management	12	12
Operational staff	14	14
	26	26

5. INTEREST RECEIVABLE

	2000	1999
	£	£
Bank interest	10,366	14,316
Other interest	12,580	-
	22,946	14,316

6. INTEREST PAYABLE

	2000	1999
	£	£
Loan from parent undertaking wholly repayable within five years	105,743	69,902
Finance charges payable under hire purchase contracts	178	616
Bank interest	284	-
	106,205	70,518

NOTES TO THE ABBREVIATED ACCOUNTS

at 31 July 2000

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation credit/(charge) based on (loss)/profit for the year comprises:-

	2000	1999
	£	£
Corporation tax credit/(charge) at 30% (1999: 30.66%)	63,253	(104,833)
Adjustment in relation to prior years	13,996	-
Transfer to deferred tax	(30,946)	-
	<u>46,303</u>	<u>(104,833)</u>

8. INTANGIBLE FIXED ASSETS

	Goodwill	Know-How	Trade mark	Total
	£	£	£	£
Cost at 31 July 1999 and 31 July 2000	256,000	600,000	50,000	906,000
Amortisation at 31 July 1999	51,200	120,000	-	171,200
Amortisation during the year	51,200	120,000	-	171,200
At 31 July 2000	104,400	240,000	-	342,400
Net book value at 31 July 2000	153,600	360,000	50,000	563,600
Net book value at 31 July 1999	204,800	480,000	50,000	734,800

9. TANGIBLE FIXED ASSETS

	Land & buildings	Plant & machinery	Office equipment	Motor vehicles	Total
	£	£	£	£	£
Cost:					
At 31 July 1999	636,846	679,400	49,589	6,533	1,372,368
Additions during the year	42,049	230,966	887	-	273,903
Disposals during the year	-	(11,250)	-	(6,533)	(17,783)
At 31 July 2000	678,895	899,116	50,476	-	1,628,488
Depreciation:					
At 31 July 1999	24,746	135,879	16,364	-	176,989
Charge for year	27,156	159,994	16,809	-	203,958
Disposals	-	(1,900)	-	-	(1,900)
At 31 July 2000	51,902	293,973	33,173	-	379,047
Net book value:					
At 31 July 2000	626,994	605,143	17,304	-	1,249,440
At 31 July 1999	612,100	543,521	33,225	6,533	1,195,379

NOTES TO THE ABBREVIATED ACCOUNTS

at 31 July 2000

10. STOCKS

	2000	1999
	£	£
Raw materials and consumables	12,120	33,529
Work-in-progress	503,769	890,130
	<u>515,889</u>	<u>923,659</u>

11. DEBTORS

	2000	1999
	£	£
Trade debtors	422,063	436,293
Amounts due from ultimate parent undertaking	65,767	425,479
Prepayments and accrued income	37,393	80,603
Other debtors	52,416	43,083
Corporation tax	68,970	11,167
	<u>646,609</u>	<u>996,625</u>

All debtors are due within one year.

12. CREDITORS: amounts falling due within one year

	2000	1999
	£	£
Obligations under hire purchase contracts	-	1,400
Trade creditors	127,612	276,233
Other taxes and social security costs	9,547	24,738
Accruals and deferred income	74,966	14,840
Other creditors	56,841	750,000
	<u>268,966</u>	<u>1,067,211</u>

13. LOANS

	2000	1999
	£	£
Wholly repayable within five years	2,542,348	1,751,832
Less: amount due within one year	-	-
Amount due after more than one year	<u>2,542,348</u>	<u>1,751,832</u>

Loans represent advances from the company's parent undertaking. Interest is charged at a compound rate of 1% above UK base rate. Loans are repayable on demand, however, the parent undertaking has indicated that these will not be recalled within 12 months of the balance sheet date.

NOTES TO THE ABBREVIATED ACCOUNTS
at 31 July 2000

14. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	2000 £	1999 £
The maturity of these leases is as follows:		
Amounts payable:		
Within one year	-	1,568
Less: Finance charges allocated to future periods	-	168
	-	1,400
Finance leases and hire purchase contracts are analysed as follows:		
Current obligations (note 13)		1,400
Non-current obligations	-	-
	-	1,400

15. SHARE CAPITAL

	2000 £	Authorised 1999 £	2000 £	Allotted, called up & fully paid 1999 £
Ordinary Shares of £1 each	2,000,000	1,000,000	1,000,000	1,000,000

16. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Profit and loss account £	Total £
At 31 July 1999	1,000,000	88,042	1,088,042
Loss for the year	-	(189,173)	(189,173)
At 31 July 2000	1,000,000	(101,131)	898,869

17. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the accounts amounted to £Nil (1999: £150,000).

18. DEFERRED TAXATION

	2000 £	1999 £
Capital allowances in advance of depreciation	30,946	11,931
Other timing differences	-	(11,931)
	30,946	-

NOTES TO THE ABBREVIATED ACCOUNTS
at 31 July 2000

19. OTHER FINANCIAL COMMITMENTS

a) Forward contracts

Due to the nature of the trade, contracts to purchase stock for the forthcoming year are entered into in advance of the crops being harvested. The amount committed at the year end is dependant upon the grade of potatoes harvested, and is sufficiently subjective to prevent accurate valuation.

b) Contract Hire Agreements

At 31 July 2000 the company had annual commitments under non-cancellable contract hire agreements as set out below:-

	<i>Motor vehicles</i>	
	<i>2000</i>	<i>1999</i>
	<i>£</i>	<i>£</i>
Contract hire agreements which expire		
In two to five years	23,439	23,439
	<u> </u>	<u> </u>

20. PARENT UNDERTAKING

The company's immediate parent undertaking is M Ypma and Z.N. B.V, a company incorporated in Holland. Its ultimate parent undertaking is Agrico BA, a company incorporated in Holland