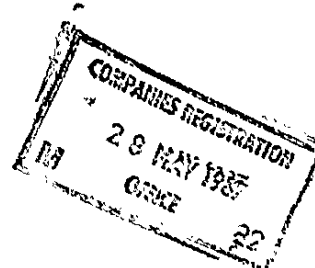


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ANGLIA OILS LIMITED
DIRECTORS' REPORT AND ACCOUNTS
31ST DECEMBER 1986



ANGLIA OILS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited accounts for the year ended 31st December 1986.

PRINCIPAL ACTIVITY

The principal activity of the company continued to be that of processing edible vegetable oils.

BUSINESS REVIEW

The results for the year are set out in the profit and loss account on page 4.

Sales volume grew 60% in 1986 compared to 1985 and the plant was running at full capacity for a large part of the year. The consequent high level of efficiency achieved produced the very encouraging result of £2 million profit before and after tax. The whole of the funds generated by this result have been reinvested in new capacity which largely came into operation in January 1987. The company is now in a strong position to further consolidate and develop its business and significant volume growth is again anticipated for 1987.

DIRECTORS AND DIRECTORS' INTERESTS

The directors during the year were:

E. Thrane	(Danish)	(Chairman)
D.S. Armitage		(Managing)
R. Cook		
J.A. Goodwin		
H. Monefeldt	(Danish)	
I.C. Pontoppidan	(Danish)	
J. Poulsen	(Danish)	
J. Krabbe	(Danish)	(resigned 22nd January 1986)

Directors' Interests

	£1 Ordinary Shares		Options to purchase £1 Ordinary Shares	
	31.12.86	31.12.85	31.12.86	31.12.85
R. Cook	12,500	12,500	62,500	62,500
D.S. Armitage	-	-	75,000	75,000

No other director had any interest in the shares of the company during the year.

ANGLIA OILS LIMITED

DIRECTORS' REPORT

(CONTINUED)

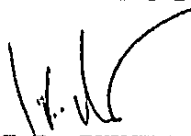
CHARITABLE CONTRIBUTIONS

During the year the company made charitable contributions in total of £578 (1985 £440).

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of Peat, Marwick, Mitchell & Co. as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board,


I.P. BUTCHER
Secretary

King George Dock,
Kingston-upon-Hull,
North Humberside,
HU9 5PX

25th February, 1987

REPORT OF THE AUDITORS TO THE MEMBERS OF
ANGLIA OILS LIMITED

We have audited the accounts on pages 4 to 13 in accordance with approved Auditing Standards.

In our opinion the accounts, which have been prepared on the basis of the accounting policies set out on pages 8 and 9, give a true and fair view of the state of the company's affairs at 31st December 1986 and of its profit and source and application of funds for the year to that date and comply with the Companies Act 1985.

Peat, Marwick, Mitchell & Co.

PEAT, MARWICK, MITCHELL & CO.,

Chartered Accountants

Provincial House,
2/2a Low Ousegate,
York,
YO1 1QU

25th February, 1987

ANGLIA OILS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1986

	<u>Note</u>	1986	1985
		£	£
TURNOVER	2	26,767,638	25,614,242
Cost of Sales		(22,691,066)	(23,314,227)
GROSS PROFIT		4,076,572	2,300,015
Distribution costs		(847,573)	(357,945)
Administrative expenses		(788,251)	(735,743)
Other interest receivable and similar income		62,157	98,133
Interest payable and similar charges	3	(502,765)	(687,610)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	2,000,140	616,850
Tax on profit on ordinary activities	5	-	-
PROFIT FOR THE FINANCIAL YEAR		2,000,140	616,850
Deficit brought forward	(103,859)		(2,220,709)
Share capital written off	-		1,500,000
		(103,859)	(720,709)
PROFIT/(DEFICIT) CARRIED FORWARD		1,896,281	(103,859)

The notes on pages 8 to 13 form part of these accounts.

ANGLIA OILS LIMITED

BALANCE SHEET AT 31ST DECEMBER 1986

	<u>Note</u>	<u>1986</u>	<u>1985</u>
		£	£
FIXED ASSETS			
Tangible assets	8	6,519,575	4,690,070
CURRENT ASSETS			
Stock	9	2,834,249	1,392,999
Debtors	10	3,001,093	2,608,888
Cash at bank and in hand		1,000	500
		<u>5,836,342</u>	<u>4,002,387</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(6,977,027)	(4,698,117)
NET CURRENT LIABILITIES		<u>(1,140,685)</u>	<u>(695,730)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,378,890	3,994,340
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12	(1,470,109)	(2,085,699)
NET ASSETS		<u>3,908,781</u>	<u>1,908,641</u>
CAPITAL AND RESERVES			
Called up share capital	13	2,012,500	2,012,500
Profit & Loss account		1,896,281	(103,859)
		<u>3,908,781</u>	<u>1,908,641</u>

These accounts were approved by the Board of Directors
on 25th February, 1987

E. THRANE

Directors

D.S. ARMITAGE

The notes on pages 8 to 13 form part of these accounts.

ANGLIA OILS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31ST DECEMBER 1986

	<u>1986</u>	<u>1985</u>
	£	£
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	2,000,140	616,850
Adjustments for items not involving the movement of funds:		
Depreciation	396,910	337,983
Provision in respect of forward contracts	-	(181,957)
	<u>396,910</u>	<u>156,026</u>
FUNDS GENERATED BY OPERATIONS	2,397,050	772,876
FUNDS FROM OTHER SOURCES		
Proceeds of sale of tangible fixed assets	17,248	31,214
Proceeds of issue of shares	-	2,000,000
Grants receivable	8,430	152,158
	<u>25,678</u>	<u>2,183,372</u>
	<u>2,422,728</u>	<u>2,956,248</u>
APPLICATION OF FUNDS		
Purchase of fixed assets	(2,252,093)	(422,913)
Decrease in creditors: amounts falling due after more than one year	(615,590)	(276,359)
	<u>(2,867,683)</u>	<u>(699,272)</u>
(DECREASE)/INCREASE IN WORKING CAPITAL	(444,955)	2,256,976

ANGLIA OILS LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31ST DECEMBER 1986
(CONTINUED)

	£	<u>1986</u>	£	£	<u>1985</u>	£
COMPONENTS OF (DECREASE)/ INCREASE IN WORKING CAPITAL						
Increase/(Decrease) in stock		1,441,250			(47,250)	
Increase/(Decrease) in debtors		392,205			(158,649)	
(Increase)/Decrease in creditors falling due within one year		(1,498,745)			691,579	
Movement in net liquid funds:						
Increase/(Decrease) in cash at bank and in hand		500			(217,456)	
(Increase)/Decrease in overdraft		(780,165)			1,988,752	
		<u> </u>			<u> </u>	
		(779,665)			1,771,296	
		<u> </u>			<u> </u>	
		(444,955)			2,256,976	
		<u> </u>			<u> </u>	

The notes on pages 8 to 13 form part of these accounts.

ANGLIA OILS LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's accounts:

1.1 Basis of Accounting:

The accounts have been prepared under the historical cost accounting rules and are made up to the Saturday nearest 31st December which results in periods of 52 and occasionally 53 weeks.

1.2 Foreign currencies:

Foreign currency balances are translated into sterling at the rates of exchange ruling at the balance sheet date, any profits or losses arising being included in the result for the year.

1.3 Tangible fixed assets and depreciation:

Tangible fixed assets are stated at cost less depreciation thereon.

Tangible fixed assets acquired by finance lease arrangements are included at fair value and the equivalent lease obligations shown as a liability in the balance sheet. Operating lease rentals are charged on a straight-line basis over the lease term.

The following annual depreciation rates, which reflect the expected useful lives of the assets concerned, are applied:

Leasehold building	5%
Plant and machinery	6.67%
Motor vehicles	25%
Furniture, fixtures and fittings	15%
Laboratory equipment	15%

1.4 Stock and work in progress:

Stock and work in progress are stated at the lower of cost and net realisable value. Cost, in the case of raw materials, is invoice price on a first in first out basis. Finished goods value includes direct cost and an appropriate allocation of overheads. Net realisable value is the estimated selling price less all further costs to be incurred prior to sale.

1.5 Forward Contract position:

The company's activities involve entering into forward contracts for the purchase and sale of commodities and foreign exchange. The contracted cost of open forward purchase contracts and the balance sheet value of the raw material element of stocks are compared to the equivalent contracted value of open forward sales contracts or open market value where applicable and provision is made for any net unrealised loss. Any net unrealised profit is taken to the profit and loss account to the extent that this arises from timing differences in the fulfilment of sales and purchase contracts. The Directors consider the adoption of this policy is necessary in order to comply with the overriding requirement of the Companies Act that the accounts should give a true and fair view of the result of the company.

ANGLIA OILS LIMITED

NOTES TO THE ACCOUNTS

(CONTINUED)

1. ACCOUNTING POLICIES (Continued):

1.6 Pension Scheme:

The company operates a non-contributory cash purchase pension scheme through a life assurance company which holds fund contributions independent from company finances. Company pension contributions are accounted for on an accruals basis.

1.7 Deferred taxation:

Provision for deferred taxation is made on the liability method in respect of material short term and other significant timing differences except to the extent that such taxation is not expected to become payable or recoverable in the foreseeable future.

2. TURNOVER

Turnover represents amounts invoiced during the year, excluding value added tax, and is wholly within the U.K.

3. INTEREST PAYABLE

	<u>1986</u> £	<u>1985</u> £
On bank loans, overdrafts and other loans repayable within five years	502,765 =====	687,610 =====

4. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging the following:

	<u>1986</u> £	<u>1985</u> £
Depreciation of tangible fixed assets	396,910	337,983
Finance charges in respect of finance leases	9,197	2,647
Operating lease rentals - other	23,059	20,155
Directors' emoluments (see note 6):		
As directors	42,000	7,500
Remuneration as executives	206,080	134,958
Auditors' remuneration and expenses	9,675 =====	8,000 =====

5. TAXATION

The company has accumulated tax losses of approximately £2.6 million (1985: £4 million) to carry forward against future profits. These losses exceed the value of other tax timing differences and hence no provision is required for deferred taxation.

ANGLIA OILS LIMITED

NOTES TO THE ACCOUNTS

(CONTINUED)

6. EMOLUMENTS OF DIRECTORS AND HIGHER PAID EMPLOYEES

Excluding pension contributions, the emoluments of the chairman were £15,000 (1985: £7,500); the emoluments of the highest paid director were £108,165 (1985: £67,062); the emoluments of the other directors were within the following ranges:

	<u>1986</u>	<u>1985</u>
£ 1 - £ 5,000	5	10
£ 60,001 - £ 65,000	-	1
£100,001 - £105,000	1	-
	==	==

Excluding pension contributions, the number of employees whose emoluments fell within the following ranges were:

	<u>1986</u>	<u>1985</u>
£30,001 - £35,000	-	1
£35,001 - £40,000	-	1
£40,001 - £45,000	3	-
	==	==

7. STAFF NUMBERS AND COSTS

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	<u>1986</u>	<u>1985</u>
Production	59	43
Sales	4	3
Administration	8	8
	-----	-----
	71	54
	=====	=====

The aggregate payroll costs of these persons were as follows:

	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
Wages and salaries	1,291,817	808,554
Social security costs	118,317	65,236
Other pension costs	51,609	48,219
	-----	-----
	1,461,743	922,009
	=====	=====

ANGLIA OILS LIMITED

NOTES TO THE ACCOUNTS

(CONTINUED)

8. TANGIBLE FIXED ASSETS

	Short leasehold land and buildings	Plant and machinery subject to finance leases	Plant and machinery	Fixtures & fittings	Payment on account and assets in course of construction	Total
	£	£	£	£	£	£
COST:						
At 31st December						
1985	1,356,633	3,226,444	743,709	93,800	-	5,420,586
Additions	88,217	-	608,786	80,282	1,474,808	2,252,093
Grants	(326)	-	(5,311)	(2,793)	-	(8,430)
Disposals	-	-	(44,733)	(5,050)	-	(49,783)
At 31st December						
1986	1,444,524	3,226,444	1,302,451	166,239	1,474,808	7,614,466
DEPRECIATION:						
At 31st December						
1985	140,383	481,211	86,283	22,639	-	730,516
Charged in year	72,183	215,204	89,559	19,964	-	396,910
Disposals	-	-	(27,485)	(5,050)	-	(32,535)
At 31st December						
1986	212,566	696,415	148,357	37,553	-	1,094,891
Net book value:						
At 31st December						
1986	1,231,958	2,530,029	1,154,094	128,686	1,474,808	6,519,575
At 31st December						
1985	1,216,250	2,745,233	657,426	71,161	-	4,690,070

9. STOCK AND WORK IN PROGRESS

	<u>1986</u>	<u>1985</u>
	£	£
Raw materials	2,366,679	1,171,281
Work in progress	72,209	72,699
Finished goods	395,361	149,019
	<u>2,834,249</u>	<u>1,392,999</u>

ANGLIA OILS LIMITED

NOTES TO THE ACCOUNTS

(CONTINUED)

10. DEBTORS

	<u>1986</u>	<u>1985</u>
	£	£
Trade debtors	1,968,471	1,860,605
Amounts owed by holding company	209,871	171,739
Forward contract position surplus (see note 1.5)	319,930	303,592
Other debtors	462,181	149,432
Prepayments and accrued income	40,640	123,520
	-----	-----
	3,001,093	2,608,888
	=====	=====

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1986</u>	<u>1985</u>
	£	£
Bank loans and overdrafts (Note)	4,126,207	3,346,042
Finance lease obligations (Note)	458,899	450,346
Trade creditors	1,669,641	425,690
Amount owed to holding company	5,245	35,517
Other creditors	-	844
Accruals and deferred income	717,035	439,678
	-----	-----
	6,977,027	4,698,117
	=====	=====

NOTE:

Of the total bank loans and overdrafts £376,022 (1985: £158,965) is secured by a floating charge on the assets of the company.

Of the finance lease obligations £434,383 (1985: £428,059) is secured by a fixed charge on the company's leasehold property.

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>1986</u>	<u>1985</u>
	£	£
Obligation under finance leases	1,470,109	2,029,699
Other creditors	-	56,000
	-----	-----
	1,470,109	2,085,699
	=====	=====

The obligation under finance leases is wholly repayable within five years.

Of the lease obligations £1,391,192 (1985: £1,926,266) is secured by a fixed charge on the company's leasehold property.

ANGLIA OILS LIMITED
NOTES TO THE ACCOUNTS

(CONTINUED)

13 SHARE CAPITAL

	<u>1986</u> £	<u>1985</u> £
Authorised: 2,500,000 ordinary shares of £1 each	2,500,000 =====	2,500,000 =====
Share capital allotted, called up and fully paid: ordinary shares of £1 each	2,012,500 =====	2,012,500 =====

At 31st December 1986 the company had granted options for the purchase of 137,500 (1985: 137,500) £1 ordinary shares under the company's Share Option Scheme. The options are exercisable at par between 17th December 1988 and 17th December 1995.

14. COMMITMENTS

Capital commitments at 31st December 1986 for which no provision has been made in these accounts, were as follows:

	<u>1986</u> £	<u>1985</u> £
Contracted	630,000	95,000
Authorised but not contracted	840,000 =====	197,000 =====

The company was committed at 31st December 1986 to the following payments within the next year in respect of operating leases analysed by date of expiry of lease:

<u>Date of Expiry</u>	<u>Land and buildings</u> £	<u>Other</u> £
1987	-	-
1988-1991	-	884
1992 and after	20,900 -----	1,256 -----
TOTAL	20,900 =====	2,140 =====

15. ULTIMATE HOLDING COMPANY

The ultimate holding company is Aarhus Oliefabrik A/S, a company incorporated in Denmark.