

Company Registration No. 2719388

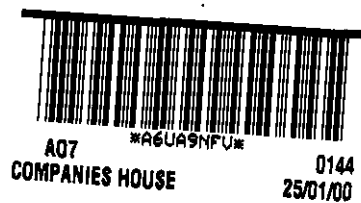
Energen Investments Limited

Financial Statements

For the Year Ended 31 December 1998

Ref-2323-98

Registered Office
Sceptre House
169-173 Regent Street
London
W1R 7FB



Energen Investments Limited

Directors' Report

The directors present their report and financial statements for the year ended 31 December 1998.

Activities

The principal activity of the company is that of an investment company.

Directors

The following directors served during the year, and had no interest in the share capital of the company at any time during the year:

| | Appointed | Resigned |
|-----------------|------------------|-----------------|
| M W Denton | - | 28.02.99 |
| S J Townsend | - | 30.09.98 |
| J E Butterfield | - | 09.11.98 |
| F M Forrai | - | 09.11.98 |
| D J Hall | 09.11.98 | - |
| P A Wallis | 09.11.98 | - |

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 then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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.

Year 2000

The company has identified the key risks to the business and has developed a plan to minimise the impact. Although no organisation can guarantee that no year 2000 problems will arise, the company believes that, having identified and removed the major risks to the business in accordance with the plan that was developed, it will be possible to quickly resolve any such problems as may arise without significant additional costs.

Energen Investments Limited

Directors' Report

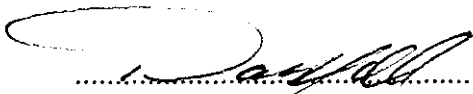
Auditors

Following their admission as the United Kingdom representatives of Moores Rowland International, our auditors have changed their name to MRI Moores Rowland with effect from 1 May 1999. MRI Moores Rowland have expressed their willingness to continue in office.

Small company exemptions

The directors have taken advantage of the exemptions conferred by Part VII of the Companies Act 1985 relating to small companies.

By order of the board


.....
D J Hall - Director

Date: 18/1/00

Energen Investments Limited

Report of the Auditors to the Members

We have audited the financial statements on pages 5 to 9, which have been prepared under the historical cost convention and the accounting policies set out in note 1.

Respective responsibilities of directors and auditors

As described on page 1, 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, except that the scope of our work was limited as explained below.

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 other irregularity or error. However, the evidence available to us was limited because we were unable to obtain independent confirmation of the existence and the valuation of the investment shown in the balance sheet.

Opinion: disclaimer on view given by financial statements

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. Because of the possible effect of the limitation in evidence available to us, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1998 or of its loss for the year then ended. In all other respects, in our opinion, the financial statements have been prepared in accordance with the Companies Act 1985 applicable to small companies.

Energen Investments Limited

Report of the Auditors to the Members (continued)

In respect alone of the limitation on our work relating to investments:

- ◆ we have not obtained all the information and explanations that we consider necessary for the purpose of our audit.

MRI Moores Rowland

MRI Moores Rowland
Chartered Accountants
Registered Auditor
London

Date: 18/1/00

Energen Investments Limited

Profit and Loss Account

For the Year Ended 31 December 1998

| | Notes | 1998 £ | 1997 £ |
|--|--------------|------------------|------------------|
| Turnover | | - | - |
| Administrative expenses | | (4,576) | (2,170) |
| | | ----- | ----- |
| Loss on ordinary activities before taxation | 2 | (4,576) | (2,170) |
| Tax on loss on ordinary activities | 3 | - | - |
| | | ----- | ----- |
| Loss on ordinary activities after taxation | 7 | (4,576) | (2,170) |
| | | ===== | ===== |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

Energen Investments Limited

Balance Sheet

As at 31 December 1998

| | Notes | £ | 1998 £ | £ | 1997 £ |
|---|-------|-------------|-------------|-------------|-------------|
| Fixed assets | | | | | |
| Investments | 4 | | 1,934,916 | | 1,934,916 |
| Current assets | | | | | |
| Debtors | | - | | 4,250 | |
| Cash at bank and in hand | | 4,394 | | 4,394 | |
| | | ----- | | ----- | |
| | | 4,394 | | 8,644 | |
| Creditors: amounts falling due within one year | 5 | (1,944,066) | | (1,943,740) | |
| | | ----- | | ----- | |
| Net current liabilities | | | (1,939,672) | | (1,935,096) |
| | | | ----- | | ----- |
| Total net liabilities | | | (4,756) | | (180) |
| | | | ===== | | ===== |
| Capital and reserves | | | | | |
| Called up share capital | 6 | | 20,000 | | 20,000 |
| Profit and loss account | 7 | | (24,756) | | (20,180) |
| | | | ----- | | ----- |
| Shareholders' deficit - equity | 8 | | (4,756) | | (180) |
| | | | ===== | | ===== |

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Board on 18/4/00


D J Hall - Director

Energen Investments Limited

Notes to the Financial Statements

For the Year Ended 31 December 1998

1. Accounting policies

1.1 Accounting convention

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

1.2 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.3 Foreign currency translation

The company's accounting records are maintained in Pounds Sterling.

Transactions in other currencies are converted at the rate ruling at the date of the transaction. Current assets and liabilities are converted at the rate of exchange ruling at the balance sheet date. All gains or losses resulting from the conversion are taken to the profit and loss account.

1.4 Consolidation

The company has taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts, as the group qualifies as a small sized group. The financial statements thereby present, information about the company as an individual undertaking and not about the group.

1.5 Cash flow

The financial statements do not include a cash flow statement because the group, as a small reporting entity, is exempt from the requirement to present such a statement under Financial Reporting Standard 1 'Cash Flow Statements'.

2. Operating loss

| | 1998 | 1997 |
|--|-------------|-------------|
| | £ | £ |
| Operating loss is stated after charging: | | |
| Auditors' remuneration | <u>588</u> | <u>400</u> |

Energen Investments Limited

Notes to the Financial Statements

For the Year Ended 31 December 1998

3. Taxation

No UK corporation tax has been provided for due to tax allowable losses incurred in previous years.

4. Fixed asset investments

**Shares in
subsidiary
undertakings
£**

Cost

At 31 December 1997 and 1998

1,934,916

The investment represents a 100% interest in Iberica de Arroces S.A., a company incorporated in Spain and is stated at acquisition cost. In the opinion of the directors, the market value of the investment is at least equivalent to its cost.

5. Creditors: amounts falling due within one year

| | 1998 | 1997 |
|------------------------------|------------------|------------------|
| | £ | £ |
| Ultimate shareholders' loan | 1,940,011 | 1,941,950 |
| Accruals and deferred income | 4,055 | 1,790 |
| | <u>1,944,066</u> | <u>1,943,740</u> |

The shareholders loan is interest free, unsecured and has no fixed repayment date.

6. Share capital

The authorised share capital of the company comprises 100,000 ordinary £1 shares of which 20,000 have been issued and are fully paid up (1997 - 20,000).

Energen Investments Limited
Notes to the Financial Statements
For the Year Ended 31 December 1998

7. Statement of movements on profit and loss account

| | Profit and loss account £ |
|-----------------------------|--|
| Balance at 1 January 1998 | (20,180) |
| Retained loss for the year | (4,576) |
| | <u>-----</u> |
| Balance at 31 December 1998 | <u><u>(24,756)</u></u> |

8. Reconciliation of movements in shareholders' funds

| | 1998 £ | 1997 £ |
|---|-----------------------|---------------------|
| Loss for the financial year | (4,576) | (2,170) |
| Opening shareholders' (deficit) / funds | (180) | 1,990 |
| | <u>-----</u> | <u>-----</u> |
| Closing shareholders' deficit | <u><u>(4,756)</u></u> | <u><u>(180)</u></u> |

9. Ultimate controlling party and related party transactions

The immediate controlling party is Mr Abdullah Ghomi.

The directors are not aware of the identity of the ultimate controlling party. The directors are also unaware of any transactions during the period under review or any outstanding creditors or debtors at the balance sheet date with any related parties.