

**Deloitte &
Touche**

Deloitte Touche
Tohmatsu



Company Registration No. 2955403

CERES (U.K.) LIMITED

Report and Financial Statements

31 December 1998

**Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR**



REPORT AND FINANCIAL STATEMENTS 1998

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DIRECTOR'S REPORT

The director presents his annual report and the audited financial statements for the year ended 31 December 1998.

ACTIVITY AND FUTURE PROSPECTS

The principal activity of the company is that of grain merchants, providing transaction support to other Glencore group companies. These activities began during the year and are expected to remain at a similar level in the future.

RESULTS AND DIVIDEND

The profit for the year after taxation amounted to £999 (1997 - £nil). The director does not recommend a dividend (1997 - £nil).

DIRECTOR

The director of the company who has served throughout the year was:

M.J. Tuckey

The director had no disclosable interests in the shares of the company or any other UK group company during the year.

YEAR 2000 COMPLIANCE

The director recognises the importance of the Year 2000 issue and the implications for the company. Glencore Grain UK Limited, the company's parent company, began a compliance programme in 1997 to replace or upgrade all critical systems and hardware where necessary to ensure Year 2000 compliance. The financial costs of this compliance programme are not expected to be material to the Group.

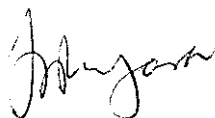
THE EURO

All key operating systems of the Glencore Grain UK Limited Group have been reviewed to ensure compatibility with the implementation of the Euro. No material financial costs have been incurred, or are expected to be incurred in this respect.

AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Sole Director
and signed on his behalf



S.P. PUJARA

Secretary

6 October 1999

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the director is 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 a going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.



AUDITORS' REPORT TO THE MEMBER OF CERES (U.K.) LIMITED

We have audited the financial statements on pages 4 to 8 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of director and auditors

As described on page 2 the company's director is 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 director 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. 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 affairs of the company as at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Deloitte & Touche

Chartered Accountants
and Registered Auditors

6 October 1999



PROFIT AND LOSS ACCOUNT
Year ended 31 December 1998

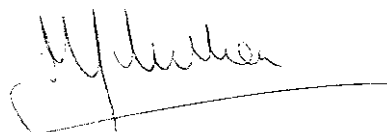
	Note	1998 £	1997 £
TURNOVER	2	119,929	-
Cost of sales		(119,929)	-
OPERATING PROFIT		-	-
Other interest receivable and similar income	3	1,265	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	1,265	-
Tax charge on profit on ordinary activities	6	(266)	-
PROFIT FOR THE FINANCIAL YEAR		999	-
Profit and loss account brought forward		-	-
Profit and loss account carried forward		999	-

The profit and loss account all relates to continuing activities. There are no recognised gains or losses, or movements in shareholders' funds, for the current financial year and preceding financial year other than as stated in the profit and loss account.

BALANCE SHEET
31 December 1998

	Note	1998 £	1997 £
CURRENT ASSETS			
Debtors	7	1,267	2
CREDITORS: amounts falling due within one year	8	(266)	-
NET CURRENT ASSETS		<u>1,001</u>	<u>2</u>
CAPITAL AND RESERVES			
Called up share capital	9	2	2
Profit and loss account		<u>999</u>	<u>-</u>
EQUITY SHAREHOLDERS' FUNDS		<u>1,001</u>	<u>2</u>

These financial statements were approved by the Sole Director on 6 October 1999.


M.J. TUCKEY

Director

NOTES TO THE ACCOUNTS
Year ended 31 December 1998

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover represents amounts invoiced, excluding value added tax, in respect of goods and services supplied as grain merchants during the year.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

Cash flow statement

In accordance with Financial Reporting Standard 1 (revised), the company does not prepare a cash flow statement as it is a wholly owned subsidiary undertaking of a UK parent company. Cash flows of the company are shown in the financial statements of the immediate parent company, Glencore Grain UK Limited.

2. TURNOVER

The director considers there to be one class of business. All turnover was destined for the European Union in 1998 (1997 - £nil).

3. OTHER INTEREST RECEIVED AND SIMILAR INCOME

	1998 £	1997 £
Commissions receivable from other group companies	1,265	-

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The auditors' remuneration has been borne by the immediate parent company in both 1998 and 1997.

5. DIRECTORS AND EMPLOYEES

The director did not receive any remuneration for his services as a director of the company during the year (1997 - £nil). The company did not have any employees (1997 - nil).

NOTES TO THE ACCOUNTS
Year ended 31 December 1998

6. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	1998 £	1997 £
UK corporation tax at 21% (1997 - 21%)	266	-

Taxable profits are charged at the small companies rate.

7. DEBTORS

	1998 £	1997 £
Amounts owed by immediate parent company	2	2
Amounts owed by other group companies	1,265	-
	1,267	2

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998 £	1997 £
Corporation tax	266	-

9. CALLED UP SHARE CAPITAL

	1998 £	1997 £
Authorised: Equity shares - 1,000 ordinary shares of £1 each	1,000	1,000
Called up, allotted and fully paid: Equity shares - 2 ordinary shares of £1 each	2	2

10. ULTIMATE PARENT COMPANY

The company's ultimate controlling parent company is Glencore International AG., a company incorporated in Switzerland. The immediate controlling parent company is Glencore Grain UK Limited, a company incorporated in Great Britain and registered in England and Wales. A copy of that company's financial statements may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

NOTES TO THE ACCOUNTS
Year ended 31 December 1998

11. RELATED PARTY TRANSACTIONS

The company entered into trading transactions with group companies, buying and selling physical commodities. Commission was charged on these intergroup transactions at £1 per tonne.

Value of transactions

Type of transaction	1998 £	1997 £
Completed sales of physical commodities	119,929	-
Commissions receivable	1,265	-
	<u> </u>	<u> </u>

Balances with related parties

The following were the balances with related parties at the end of the year.

	1998 £	1997 £
Amount owed by parent company	2	-
Amount owed by other group companies	1,265	-
	<u> </u>	<u> </u>