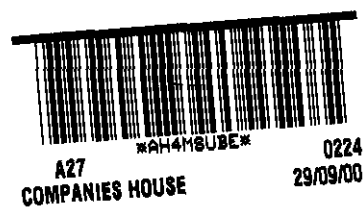


Timab Industries (UK) Limited

Annual report

for the year ended 31 December 1999

Registered no: 3290309



Timab Industries (UK) Limited

Annual report for the year ended 31 December 1999

| | Pages |
|-----------------------------------|--------------|
| Directors and advisers | 1 |
| Directors' report | 2 - 3 |
| Report of the auditors | 4 |
| Profit and loss account | 5 |
| Balance sheet | 6 |
| Cash flow statement | 7 |
| Notes to the financial statements | 8 - 14 |

Timab Industries (UK) Limited

1

Directors and advisers

Executive directors

D Collin
J Chollet

Secretary and registered office

J C Piot
Breton House
1 London Road
Chippenham
Wiltshire
SN15 3AH

Auditors

PricewaterhouseCoopers
31 Great George Street
Bristol
BS1 5QD

Solicitors

Burges Salmon
Narrow Quay House
Prince Street
Bristol
BS1 4AH

Bankers

National Westminster Bank plc
30 High Street
Chippenham
Wiltshire
SN15 3HB

**Report of the directors
for the year ended 31 December 1999****Principal activities**

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

The principal activity of the company is the business of importing minerals and other products for on-sale to customers involved in the manufacture of animal feeds and other industries.

Review of business and future developments

The profit and loss account for the period is set out on page 5.

Both the level of business and the period end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

Dividends

The directors do not recommend the payment of a dividend.

Directors and their interests

The directors both of whom held office during the year, together with their interests in the shares of the company at 31 December 1999 were:

| | 31 December 1999 Number | 31 December 1998 Number |
|-----------------------------------|-------------------------------|-------------------------------|
| Ordinary shares of £1 each | | |
| D Collin | 10 | 10 |
| J Chollet | 10 | 10 |

Euro

The Roullier group in Europe is already trading in Euros. The company's systems will be ready to commence trading in Euros in the UK as and when required.

Year 2000

Since 31 December 1999 the year 2000 issue has had no detrimental financial statement impact. We continue to monitor the issue, as well as our significant customers, vendors and service providers. Our contingency plans remain in place for all business-critical systems and we confirm that our plans to address these issues are appropriate and realistic.

We have considered in particular the impact of the year 2000 issue on amounts and disclosures in the financial statements and any other related public information. We are satisfied, based on our evaluation, that the annual report properly reflects the impact of this issue.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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;
- 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.

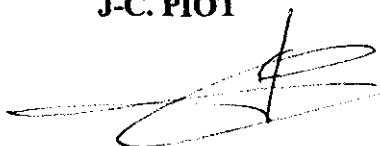
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, PricewaterhouseCoopers have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the annual general meeting.

By order of the board

J-C. PIOT



June 9, 2000

Report of the auditors to the members of Timab Industries (UK) Limited

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out in pages 8 to 9.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

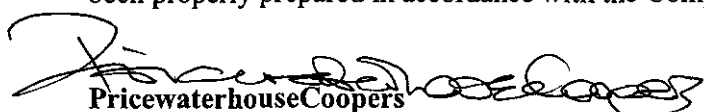
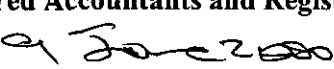
Basis of audit opinion

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 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 the company's affairs at 31 December 1999 and of its profit and cash flows for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Bristol 

**Profit and loss account
for the year ended 31 December 1999**

| | Notes | 1999 £ | 1998 £ |
|--|-------|--------------------|--------------------|
| Turnover | 2 | 4,563,865 | 5,460,776 |
| Cost of sales | | <u>(3,823,340)</u> | <u>(4,485,992)</u> |
| Gross profit | | 740,525 | 974,784 |
| Distribution costs | | <u>(328,756)</u> | <u>(525,231)</u> |
| Administrative expenses | | <u>(160,871)</u> | <u>(138,710)</u> |
| Operating profit | | 250,898 | 310,843 |
| Interest receivable and similar income | | 33,532 | 46,113 |
| Interest payable and similar charges | 5 | <u>(2,940)</u> | <u>(7,016)</u> |
| Profit on ordinary activities before taxation | 6 | 281,490 | 349,940 |
| Tax on profit on ordinary activities | 7 | <u>(83,427)</u> | <u>(134,519)</u> |
| Retained profit for the financial period | 15 | <u>198,063</u> | <u>215,421</u> |

All of the results above relate to continuing activities.

The company has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been prepared.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the period reported above and their historical cost equivalents.

Timab Industries (UK) Limited

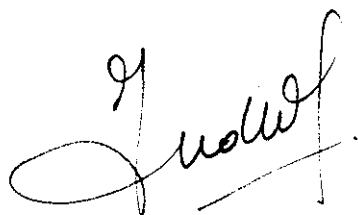
6

Balance sheet at 31 December 1999

| | Notes | 1999 £ | 1998 £ |
|---|-------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible assets | 8 | 2,202 | 2,9 |
| Current assets | | | |
| Stocks | 9 | 750,766 | 869,989 |
| Debtors | 10 | 1,355,422 | 1,432,300 |
| Cash at bank and in hand | | - | 57,733 |
| | | <u>2,106,188</u> | <u>2,360,022</u> |
| Creditors: amounts falling due within one year | 11 | <u>(1,250,192)</u> | <u>(1,702,804)</u> |
| Net current assets | | <u>855,996</u> | <u>657,218</u> |
| Total assets less current liabilities | | <u>858,198</u> | <u>660,135</u> |
| Capital and reserves | | | |
| Called up share capital | 14 | 1,000 | 1,000 |
| Profit and loss account | 15 | 857,198 | 659,135 |
| Equity shareholders' funds | 20 | <u>858,198</u> | <u>660,135</u> |

The financial statements of pages 5 to 14 were approved by the board of directors on
and were signed on its behalf by:

Director



June 9, 2000

**Cash flow statement
for the year ended 31 December 1999**

| | Notes | 1999 £ | 1998 £ |
|---|-------|------------------|----------------|
| Net cash (outflow)/inflow from continuing operating activities | 18 | <u>(141,155)</u> | <u>174,779</u> |
| Returns on investments and servicing of finance | | | |
| Interest received | | 33,532 | 46,113 |
| Interest paid | | <u>(2,940)</u> | <u>(7,016)</u> |
| Net cash inflow from returns on investments and servicing of finance | | <u>30,592</u> | <u>39,097</u> |
| Tax paid | | (11,151) | (214,583) |
| Payments to acquire tangible fixed assets | | <u>-</u> | <u>(2,598)</u> |
| Net cash (outflow) before financing | | <u>(121,714)</u> | <u>(3,305)</u> |
| (Decrease) in cash | 19 | <u>(121,714)</u> | <u>(3,305)</u> |

Notes to the financial statements for the year ended 31 December 1999

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Fixed assets

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

| | % |
|------------------|------------------|
| Office equipment | 20 straight line |

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial period. Foreign exchange differences are taken to the profit and loss account in the period in which they arise.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Pension costs

The company operates a defined contribution pension scheme. Pension costs are accounted for on the basis of premiums payable in each accounting period.

2 Turnover

Turnover consists mainly of sales in the United Kingdom. Sales to other EC countries totalled £36,294 (1998: £38,206).

3 Directors' emoluments

The directors did not receive any emoluments from the company during the period.

4 Employee information

The average monthly number of persons (excluding executive directors) employed by the company during the period is analysed below:

| | 1999 | 1998 |
|--------------------------|----------|----------|
| | Number | Number |
| Selling and distribution | - | 2 |
| Administration | 1 | 1 |
| | <u>1</u> | <u>3</u> |

| | 1999 | 1998 |
|--|---------------|---------------|
| | £ | £ |
| Staff costs (for the above persons) | | |
| Wages and salaries | 41,050 | 75,938 |
| Social security costs | 3,554 | 6,290 |
| Other pension costs (note 13) | 1,731 | 3,624 |
| | <u>46,335</u> | <u>85,852</u> |

5 Interest payable and similar charges

| | 1999 | 1998 |
|----------------------------------|--------------|--------------|
| | £ | £ |
| On balances with group companies | <u>2,940</u> | <u>7,016</u> |

6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

| | 1999 | 1998 |
|---|-----------|---------------|
| | £ | £ |
| Depreciation of tangible fixed assets | 715 | 412 |
| Auditors' remuneration – audit services | 6,050 | 6,150 |
| - non audit services | 1,500 | 700 |
| Operating lease rentals for plant and machinery | <u>50</u> | <u>11,144</u> |

7 Taxation

| | 1999 | 1998 |
|---|----------------|----------------|
| | £ | £ |
| United Kingdom corporation tax at 30.0% (1998: 31.0%) | - | 68,306 |
| Over provision in prior year | (62,419) | (13,800) |
| Payable for group relief | <u>145,846</u> | <u>80,013</u> |
| | <u>83,427</u> | <u>134,519</u> |

8 Tangible fixed assets

| | Office equipment £ |
|--|--------------------------|
| Cost at 1 January 1999 and 31 December 1999 | <u>3,499</u> |
| Depreciation | |
| At 1 January 1999 | 582 |
| Charge for year | 715 |
| At 31 December 1999 | <u>1,297</u> |
| Net book value | |
| At 31 December 1999 | <u>2,202</u> |
| At 31 December 1998 | <u>2,917</u> |

9 Stocks

| | 1999 £ | 1998 £ |
|------------------|----------------|----------------|
| Goods for resale | 442,966 | 869,989 |
| Goods in Transit | <u>307,800</u> | - |
| | <u>750,766</u> | <u>869,989</u> |

10 Debtors

| | 1999 £ | 1998 £ |
|---|------------------|------------------|
| Amounts falling due within one year: | | |
| Trade debtors | 786,906 | 800,132 |
| Amounts owed by group undertakings | 501,741 | 628,168 |
| Other debtors | 65,449 | 4,000 |
| Prepayments and accrued income | 1,326 | - |
| | <u>1,355,422</u> | <u>1,432,300</u> |

11 Creditors: amounts falling due within one year

| | 1999 | 1998 |
|--|------------------|------------------|
| | £ | £ |
| Bank overdraft - see note (a) below | 63,981 | - |
| Trade creditors | 29,519 | 266,986 |
| Amounts owed to group undertakings | 880,231 | 1,187,528 |
| Corporation tax | - | 55,976 |
| Other taxation and social security costs | 225,694 | 105,730 |
| Accruals and deferred income | 50,767 | 86,584 |
| | <u>1,250,192</u> | <u>1,702,804</u> |

(a) The overdraft is secured on the assets of the company.

12 Deferred taxation

No provision is made for deferred taxation in the financial statements. There is no unprovided deferred tax asset or liability.

13 Pension scheme arrangements

The company participates in a defined contribution scheme. The assets of the scheme are held separately from those of the company. Contributions of £1,731 (1998: £3,624) were made during the year.

14 Called up share capital

| | 1999 | 1998 |
|----------------------------------|--------------|--------------|
| | £ | £ |
| Authorised | | |
| 1,000 ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |
| Called up share capital | | |
| 1,000 ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |
| Paid up share capital | | |
| 1,000 ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |

15 Profit and loss account

| | £ |
|--|----------------|
| At 1 January 1999 | 659,135 |
| Retained profit for the financial period | 198,063 |
| Balance at 31 December 1999 | 857,198 |

16 Financial commitments

At 31 December 1999 the company had annual commitments under non-cancellable operating leases, in respect of office equipment and motor vehicles, as follows:

| | 1999 | 1998 |
|---|----------|--------------|
| | £ | £ |
| Expiring within one year | - | 2,001 |
| Expiring between two and five years inclusive | - | 6,918 |
| | <u>-</u> | <u>8,919</u> |

17 Contingent liabilities

All the assets of the company are charged in a mortgage debenture, in respect of any UK bank overdraft facility. There also exists a Composite Cross Guarantee in favour of Timac (UK) Limited, Timac Finance (UK) Limited and Hypred UK Limited.

The company has given a guarantee in favour of HM Customs & Excise for £300,000.

18 Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

| | 1999 | 1998 |
|--|------------------|----------------|
| | £ | £ |
| Operating profit | 250,898 | 310,843 |
| Depreciation of tangible fixed assets | 715 | 412 |
| Decrease/(Increase) in stocks | 119,223 | (450,831) |
| Decrease in debtors | 76,878 | 241,759 |
| Increase/(decrease) in creditors | (588,869) | 72,596 |
| Net cash (outflow)/inflow from operating activities | (141,155) | 174,779 |

19 Reconciliation of movement in net debt

| | At 31 December 1999 | Movement in period | At 31 December 1998 |
|--------------------------|---------------------------|-----------------------|---------------------------|
| | £ | £ | £ |
| Cash at bank and in hand | - | (57,733) | 57,733 |
| Bank overdraft | (63,981) | (63,981) | - |
| Net debt | <u>(63,981)</u> | <u>(121,714)</u> | <u>57,733</u> |

20 Reconciliation of movements in shareholders' funds

| | 1999 | 1998 |
|-------------------------------|----------------|----------------|
| | £ | £ |
| Opening shareholders' funds | 660,135 | 444,714 |
| Profit for the financial year | 198,063 | 215,421 |
| Closing shareholders' funds | <u>858,198</u> | <u>660,135</u> |

21 Ultimate parent company

The directors regard Compagnie Financiere et de Participations Roullier, a company registered in France, as the ultimate parent and controlling company. Copies of the parent's consolidated financial statements may be obtained from:

Groupe Roullier / CFPR
B.P. 158 - 27 Avenue Franklin Roosevelt
35408 Saint-Malo
FRANCE

22 Related party transactions

In the ordinary course of business, Timab Industries (UK) Limited has contracted on an arm's length basis with group undertakings. Transactions with group undertakings during the year comprised:

| | 1999 | 1998 |
|--|----------------|---------------|
| | £ | £ |
| Purchases from fellow subsidiaries | 2,802,188 | 2,760,925 |
| Amounts due from fellow subsidiary undertakings | 501,741 | 628,168 |
| Amounts due to fellow subsidiary undertakings | 734,385 | 1,107,515 |
| Amounts payable to fellow subsidiary undertakings for tax losses | <u>145,846</u> | <u>80,013</u> |

Fellow subsidiary undertakings are Timac (UK) Limited, Timac France SA, Timab Industrie SA, Hybred (UK) Limited and Timac Finance (UK) Limited.