

AGRIGEL (PTY) LTD

98/ 24699/ 07

FINANCIAL STATEMENTS FOR THE YEAR ENDED

29 FEBRUARY 2004

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APPROVAL

The financial statements were approved by the Directors
and signed on their behalf :

JOHANNESBURG
7 June 2004

DIRECTORS' REPORT FOR THE YEAR ENDED 29 FEBRUARY 2004

MAIN BUSINESS

The main business of the company is that of manufacturers and distributors of agricultural equipment.

FINANCIAL RESULTS

The financial results are set out on pages 2 to 6 attached to this report.

DIVIDENDS

No dividends were proposed or declared during the year under review.

SHARE CAPITAL

The share capital remained unchanged during the year.

DIRECTORS

The directors of the company remained unchanged during the year under review.

AUDITORS

Bezuidenhout & Co were re-appointed as auditors during the year in terms of section 270 of the Companies Act.

EVENTS SUBSEQUENT TO YEAR END

No event which is material to the financial affairs of the company, occurred after the year end.

7 June 2004
JOHANNESBURG

AGRIGEL (PTY) LTD

BALANCE SHEET AS AT 29 FEBRUARY

	Notes	2004	2003
		R	R
SHARE CAPITAL	2	3	3
RETAINED INCOME		9,022	3,068
SHAREHOLDERS' INTEREST		9,025	3,071
DIRECTORS' LOANS	3	78,923	78,923
CAPITAL EMPLOYED		87,948	81,994
CURRENT ASSETS		290,321	98,717
Stock and work on progress	4	208,000	83,300
Cash at bank/on hand		82,321	15,417
DEDUCT CURRENT LIABILITIES		202,373	16,723
Accounts payable		172,055	13,769
Bank overdraft		27,638	0
Provision for taxation		2,680	2,954
EMPLOYMENT OF CAPITAL		87,948	81,994

AGRIGEL (PTY) LTD

INCOME STATEMENT FOR THE YEAR ENDED 29 FEBRUARY

	Notes	2004	2003
		R	R
Turnover	10	966,258	1,302,513
Cost of goods sold		735,108	947,011
Opening stock		48,500	103,500
Cost to manufacture	11	719,608	892,011
Less :- Closing stock		33,000	48,500
Gross profit for the year		231,150	355,502
Other income		3	51
Interest received		3	51
Deduct expenses		222,519	348,151
Accounting fees		16,000	12,950
Advertising and promotions		0	115,639
Auditors' remuneration		1,808	1,895
Bank charges		1,812	3,348
Computer expenses		1,180	0
Directors emoluments		46,740	86,947
General expenses		11,918	4,946
Interest paid - overdraft		983	90
Legal fees		15,188	0
Motor and travelling		110,674	100,793
Printing, stationery & postage		162	4,271
Staff refreshments and welfare		1,086	3,500
Telephone		14,968	13,772
Travelling and entertainment expenses		28,997	0
NET INCOME/(LOSS) FOR THE YEAR		8,634	7,402
Taxation	9	2,680	2,954
RETAINED INCOME/(LOSS)		5,954	4,448
ACCUMULATED INCOME/(LOSS) BEGINNING OF YEAR		3,068	-1,380
ACCUMULATED INCOME/(LOSS) AT END OF YEAR		9,022	3,068

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
29 FEBRUARY 2004**

1. ACCOUNTING POLICIES

1.1 The financial statements are prepared on the historical cost basis. The following are the principal accounting policies used by the Company.

1.1.1 FIXED ASSETS

Depreciation is calculated to write off the cost of fixed assets over the expected useful lives of such asset using the straight line method.

1.1.2 STOCK/WORK IN PROGRESS

Stock is valued at the lower of cost, determined on the basis of first-in, first-out, or net realisable value. Finished merchandise has been computed by taking factory overhead expenditure into account.

2. SHARE CAPITAL

Authorised

1000 Ordinary shares of R 1,00 each

2004 R	2003 R
1,000	1,000

Issued

3 Ordinary shares of R 1,00 each

3	3
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3. DIRECTORS' LOANS

Loans are interest free with no fixed date of repayment.

6. STOCK/WORK IN PROGRESS

Raw materials

Finished goods

175,000	34,800
33,000	48,500
208,000	83,300

7. ACCOUNTS RECEIVABLE

A portion of the debtors book of the company is ceded to the Standard Bank of South Africa Ltd.

8. BANK OVERDRAFT

The bank overdraft is secured by the personal sureties of the Directors.

AGRIGEL (PTY) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
29 FEBRUARY 2004 (CONTINUED)

	2004	2003
9. TAXATION		
	R	R
Net income /(loss) per accounts	8,634	7,402
Add : Disallowable expenditure	300	2,946
TAXABLE INCOME FOR THE YEAR	8,934	10,348
Calculated assessed loss brought forward	0	503
NETT TAXABLE INCOME	8,934	9,845
TAXATION @ 30%	2,680	2,954

10. TURNOVER

Turnover, which excludes value added tax, comprises the amounts for goods supplied.

11. COST TO MANUFACTURE

Stock on hand 1 March 2003	34,800	28,500
Material purchases	386,728	462,973
Less: Stock on hand 29 February 2004	175,000	34,800
Materials consumed	246,528	456,673
Wages	220,273	208,436
Overhead expenses incurred	252,807	226,902
Consumables	34,785	35,999
Directors emoluments	74,781	134,491
Insurance	75,180	0
Repairs and maintenance	19,120	20,654
Rental charges	13,000	5,000
Rent, water and lights	35,941	30,758
	719,608	892,011

AGRIGEL (PTY) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
29 FEBRUARY 2004 (CONTINUED)

CASH FLOW STATEMENT FOR THE YEAR ENDED 29 FEBRUARY

		2004	2003
	Notes	R	R
CASH RETAINED FROM OPERATING ACTIVITIES			
Cash generated by operations	A	9,617	7,492
Utilised to increase working capital	B	33,586	-2,354
Cash generated by operating activities		<u>43,203</u>	<u>5,138</u>
Interest paid		-983	-90
Taxation paid		-2,954	0
CASH UTILISED IN INVESTING ACTIVITIES		39,266	5,048
CASH EFFECTS OF FINANCING ACTIVITIES			
Increase/(Decrease) in funds on call and cash		-39,266	-11,536
Increase in loans		0	6,488
CASH GENERATED		-39,266	-5,048
A. CASH GENERATED BY OPERATIONS			
Net income per income statement before interest and taxation		9,617	7,492
		9,617	7,492
B. UTILISED TO INCREASE WORKING CAPITAL			
(Increase)/Decrease in stock		-124,700	48,700
Increase/(Decrease) in accounts payable		158,286	-51,054
		33,586	-2,354

BEZUIDENHOUT & KIE/CO

GEOKTROOIEERDE REKENMEESTERS
CHARTERED ACCOUNTANTS (SA)

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AGRIGEL (PTY) LTD

AUDITORS' REPORT FOR THE YEAR ENDED 29 FEBRUARY 2004

To the Shareholders

We have audited the financial statements set out on pages 1 to 6. These financial statements are the responsibility of the Directors. Our responsibility is to express an opinion on these statements based on our audit.

Scope

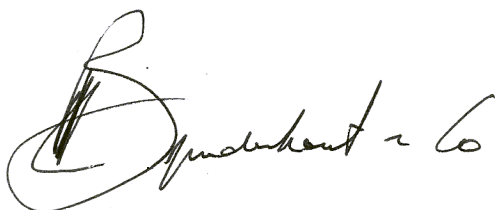
The audit procedures conducted during the audit were done in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes :-

- * examining, on a test basis, evidence supporting the amounts and disclosures included in the financial statements;
- * assessing the accounting principles used and significant estimates made by management ; and
- * evaluating the overall financial statement presentation.

We believe that our audit provides reasonable basis for our opinion.

Audit opinion

In our opinion these financial statements fairly present, in all material aspects, the financial position of the Company at 29 February 2004, and the results of its operations and cash flow information for the year then ended in accordance with generally accepted accounting practice, and in the manner required by the Companies Act.



BEZUIDENHOUT & CO

JOHANNESBURG
8 June 2004

JH BEZUIDENHOUT
B COM (HONS) GR/CA (SA)