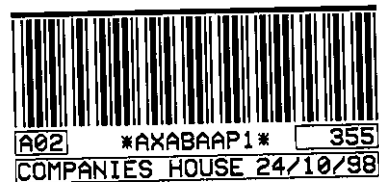


SEMUNDO LIMITED

COMPANY REGISTRATION NO. 1584796

SHAREHOLDERS' FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1997



SEMUNDO LIMITED

DIRECTORS' REPORT

The directors submit their report and financial statements for the year ended 31 December 1997.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year were:

C G Green
S L Moberg
U B C Arvidsson
B M Jacobsson
H Schumann (resigned 6.2.98)
J L Taylor

W L Hampton (non executive)

The directors had no interest in the share capital of the company or its parent.

REVIEW OF THE BUSINESS

Semundo Limited is engaged in the breeding, testing, introduction and marketing of agricultural seeds and related products.

It was going to be a difficult task to repeat the performance of the previous year's record profits. However, the company had reasonable expectations for the continuing uptake of winter linseed but as a result of constant adverse weather conditions, coupled with a new disease, some disappointing on-field performance resulted. As a consequence, the anticipated increase in area uptake did not occur. This, together with a lower volume of rapeseed traded reduced the turnover of the company and therefore the earnings potential. However, the margins achieved remain above the industry's norm.

Good progress was made with winter oats and the variety Gerald now dominates the market with over 50% market share. Triticale maintained a reasonable performance and the company is hopeful that it will maintain a sustainable position in both these markets.

RESULTS AND DIVIDENDS

The company turnover was £3.6 million (£4.9 million in 1996) and the trading profit for the year after taxation was £125,000 (£696,000 in 1996).

During the year a dividend of £787,000 (nil in 1996) was paid and the directors propose a further dividend of £64,000 (£357,000 in 1996).

The directors acknowledge the commitment given by the small, enthusiastic and dedicated team.

SEMUNDO LIMITED

DIRECTORS' REPORT (CONTINUED)

FUTURE DEVELOPMENTS

The company continues to make focused investments in crop development and research. We have initiated a comprehensive development programme with winter linseed, the results of which will promote confidence in the crop. A number of new investigations are being undertaken where there are exciting, new market opportunities in both the food and non food sectors.

Being mindful of the agricultural reforms being proposed under Agenda 2000 the company will continue to undertake necessary reviews of its business structure and be ready to adapt to the changing market place.

DIRECTORS' RESPONSIBILITIES

The directors acknowledge their various accounting responsibilities, in particular the requirement to maintain proper and accurate accounting records and the need to safeguard assets and take reasonable steps for the prevention and detection of fraud and other irregularities. In addition, the directors also acknowledge their responsibility for the accounts, which have been prepared from the accounting records.

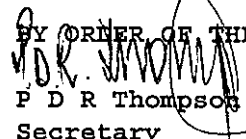
The accounts are required to give a true and fair view and to comply with the Companies Act 1985. To achieve this, the directors have chosen accounting policies suitable to the business, applied them consistently and made judgements and estimates that they consider prudent and reasonable.

The code of ethics submitted by the company has been accepted as the framework document for the parent company.

AUDITORS

A resolution to reappoint Price Bailey as auditors will be put to the members at the annual general meeting.

REGISTERED OFFICE
49 NORTH ROAD
GREAT ABINGTON
CAMBRIDGE
CB1 6AS

BY ORDER OF THE BOARD

P D R Thompson
Secretary
Dated: 18 May 1998

AUDITORS' REPORT TO THE SHAREHOLDERS OF SEMUNDO LIMITED

We have audited the financial statements on pages 4 to 17, which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out in note 1.

Respective responsibilities of directors and auditors

As described in the directors' report, 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. 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 any 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 as at 31 December 1997 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

93 REGENT STREET

CAMBRIDGE

CB2 1AW



PRICE BAILEY

CHARTERED ACCOUNTANTS

REGISTERED AUDITORS

18 MAY 1998

SEMUNDO LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1997

	Notes		1996
TURNOVER	2	3,570,851	4,898,785
Other operating income	5	20,429	19,750
		<u>3,591,280</u>	<u>4,918,535</u>
Raw materials and consumables	1,882,631	2,382,451	
Other external charges	135,433	138,090	
		<u>2,018,064</u>	<u>2,520,541</u>
		1,573,216	2,397,994
Staff costs	3	362,543	338,117
Depreciation and other amounts written off tangible and intangible fixed assets	4	47,286	50,657
Research and development costs	4	491,582	528,009
Other operating charges		516,700	422,998
		<u>1,418,111</u>	<u>1,339,781</u>
OPERATING PROFIT		155,105	1,058,213
Interest receivable	6	41,486	22,685
Interest payable	7	(3,787)	(7,707)
		<u>37,699</u>	<u>14,978</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	192,804	1,073,191
TAXATION	8	67,597	377,508
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		125,207	695,683
Dividends	9	851,000	357,000
(LOSS)/PROFIT FOR THE YEAR	17	£ (725,793)	£ 338,683

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 1997

		1996
Profit for the financial year	125,207	695,683
Unrealised surplus on revaluation of property	89,632	-
Total recognised gains and losses relating to the year	£ 214,839	£ 695,683

The notes on pages 7 to 17 form part of these financial statements.

SEMUNDO LIMITED

BALANCE SHEET AT 31 DECEMBER 1997

	Notes		1996
FIXED ASSETS			
Tangible assets	10	466,469	400,963
Investments	11	100	100
		<u>466,569</u>	<u>401,063</u>
CURRENT ASSETS			
Stock	12	349,023	290,527
Debtors	13	559,679	219,377
Cash at bank and in hand		431,179	1,101,294
		<u>1,339,881</u>	<u>1,611,198</u>
CREDITORS - amounts falling due within one year	14	786,778	1,155,284
		<u>553,103</u>	<u>455,914</u>
NET CURRENT ASSETS			
		<u>1,019,672</u>	<u>856,977</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS - amounts falling due after more than one year	15	13,483	19,627
		<u>£ 1,006,189</u>	<u>£ 837,350</u>
CAPITAL AND RESERVES			
Called up share capital	16	855,000	50,000
RESERVES			
Revaluation reserve		89,632	-
Profit and loss account		61,557	787,350
		<u>151,189</u>	<u>787,350</u>
SHAREHOLDERS' FUNDS	21	<u>£ 1,006,189</u>	<u>£ 837,350</u>

Approved by the board on 18th May 1998

C G Green
Director

The notes on pages 7 to 17 form part of these financial statements.

SEMUNDO LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1997

	Notes	1996
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	155,105	1,058,213
Depreciation charges	47,286	50,657
Increase in stocks	(58,496)	(32,522)
Increase in debtors	(127,552)	(39,887)
Increase in creditors	1,942	93,162
Net cash inflow from operating activities	<u>£ 18,285</u>	<u>£ 1,129,623</u>

CASH FLOW STATEMENT

Net cash inflow from operating activities		18,285	1,129,623
Returns on investments and servicing of finance	20	37,699	14,978
Taxation		(358,649)	(91,716)
Capital expenditure	20	(23,160)	(25,162)
		(325,825)	1,027,723
Equity dividends paid		(1,144,000)	(75,000)
		(1,469,825)	952,723
Management of liquid resources		-	-
Financing	20	799,710	(1,083)
(Decrease)/increase in net funds		<u>£ (670,115)</u>	<u>£ 951,640</u>
Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash in the year		(670,115)	951,640
Capital element of hire purchase and finance lease rental payments		5,290	1,083
		(664,825)	952,723
New hire purchase contracts and finance leases		-	(26,000)
Movement in net funds in the year		(664,825)	926,723
Net funds at 1 January 1997		1,076,377	149,654
Net funds at 31 December 1997		<u>£ 411,552</u>	<u>£ 1,076,377</u>

The notes on pages 7 to 17 form part of these financial statements.

SEMUNDO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Accounting convention and standards

The financial statements are prepared under the historical cost convention modified by the revaluation of certain properties and in accordance with applicable statements of standard accounting practice and financial reporting standards.

Group financial statements

Group financial statements have not been prepared as the directors consider they would be of no material benefit to the shareholders. The company is entitled to and has taken advantage of the exemption from preparing group financial statements under section 248 of the Companies Act 1985.

Turnover

Turnover represents the invoiced amount of goods sold and services provided, (stated net of value added tax).

Depreciation

Depreciation is provided on all tangible fixed assets other than freehold land and buildings, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected life as follows:

Tangible assets	Rate	Method
Motor vehicles	25%	per annum straight line
Plant and equipment	15%	per annum straight line
Fixtures and fittings, tools and equipment	15%	per annum straight line

Assets sold during the year are not depreciated. Assets purchased during the year are depreciated for the whole year.

No depreciation has been provided on the freehold building as the directors consider that, given their policy of continued maintenance, there is no reduction in their value. This policy does not comply with Statement of Standard Accounting Practice No 12.

Stocks

Stocks are valued at the lower of average cost and estimated net realisable value. Cost comprises direct material and labour costs together with the relevant overheads on the basis of normal activity levels.

SEMUNDO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (CONTINUED)

Deferred taxation

Deferred taxation is calculated using the liability method on timing differences between amounts as computed for taxation purposes and amounts as stated in these financial statements in conjunction with losses carried forward.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

All differences are taken to the profit and loss account.

Leasing and hire purchase commitments

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid or received under operating agreements are charged or credited to the profit and loss account as incurred.

Defined contribution pension schemes

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes.

Research and development

Research and development costs are written off as they are incurred and represent work based at the company's Abbots Ripton site, and work contracted out under the control of Abbots Ripton personnel.

Royalties

Royalties receivable from third parties in respect of sales are included on a receipts basis since amounts are not determinable until receipt.

SEMUNDO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2. TURNOVER

The turnover and pre-tax profit is all attributable to the principal activity of breeding, testing, introduction and marketing of agricultural seeds and related products.

An analysis of turnover by geographical market is given below:

		1996
United Kingdom	3,476,293	4,898,155
Other European Countries	94,558	630
	<u>£ 3,570,851</u>	<u>£ 4,898,785</u>

3. STAFF COSTS

		1996
Wages and salaries:		
Salaries	304,608	280,384
BUPA	2,982	2,580
Life assurance	-	2,314
	<u>307,590</u>	<u>285,278</u>
Social security costs	28,711	28,265
Other pension costs	26,242	24,574
	<u>£ 362,543</u>	<u>£ 338,117</u>

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in administered funds. The pension cost charge above represents contributions payable by the company to the funds. There were no contributions outstanding at the 31 December 1997.

The average weekly number of employees during the year was made up as follows:

	No.	1996 No.
Directors	7	6
Office and technical	13	13
	<u>20</u>	<u>19</u>

SEMUNDO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

4. OPERATING PROFIT

	£	1996 £
This is stated after charging:		
Directors' remuneration	122,279	77,250
Auditors' remuneration	6,250	5,950
Depreciation and adjustment on disposals:		
Owned assets	38,286	41,657
Assets held under finance leases and hire purchase contracts	9,000	9,000
Research and development costs paid	491,582	528,009
Operating lease payments:		
Hire of plant and machinery	2,943	5,323
Other - land and buildings	47,351	62,779
Other - motor vehicles	7,107	3,029
Loss on foreign currency	2,013	3,581
	<u> </u>	<u> </u>
And after crediting:		
Rent received	20,429	19,750
	<u> </u>	<u> </u>
Directors' remuneration:		
Emoluments	105,659	64,427
Company contribution to money purchase pension schemes	16,620	12,823
	<u> </u>	<u> </u>
	£ 122,279	£ 77,250
	<u> </u>	<u> </u>

During the year two directors (1996 two), were accruing benefits under money purchase pension schemes.

5. OTHER OPERATING INCOME

	1996
Rent received	£ 20,429
	<u> </u>

6. INTEREST RECEIVABLE

	1996
Bank deposit interest received	£ 41,486
	<u> </u>

7. INTEREST PAYABLE

	1996
Hire purchase interest and finance lease charges	2,882
Other loans:	
Wholly repayable within 5 years	-
Interest on corporation tax	905
	<u> </u>
	£ 3,787
	<u> </u>

SEMUNDO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

8. TAXATION

1996

Based on the profit for the year:

Corporation taxation at 33%/31% (1996 - 33%)	68,948	360,000
Over/under provision in previous years	(1,351)	17,508
	<u>£ 67,597</u>	<u>£ 377,508</u>

No provision for deferred taxation has been made in these financial statements since in the opinion of the directors, a material liability is unlikely to crystallise in the foreseeable future.

9. DIVIDENDS

1996

Dividend paid (relating to ordinary shares)	787,000	-
Proposed dividend (relating to ordinary shares)	64,000	357,000
	<u>£ 851,000</u>	<u>£ 357,000</u>

10. TANGIBLE FIXED ASSETS

	Land and Buildings	Plant and Equipment	Fixtures Fittings Tools and Motor Equipment Vehicles	Total
Cost or valuation:				
At 1 January 1997	265,368	138,610	80,487	598,461
Additions	-	13,905	6,255	23,160
Surplus on revaluation	89,632	-	-	89,632
	<u>355,000</u>	<u>152,515</u>	<u>86,742</u>	<u>711,253</u>
At 31 December 1997	355,000	152,515	86,742	711,253
Depreciation:				
At 1 January 1997	-	93,122	40,920	197,498
Charge for the year	-	15,744	12,580	47,286
	<u>-</u>	<u>108,866</u>	<u>53,500</u>	<u>244,784</u>
At 31 December 1997	-	108,866	53,500	244,784
Net book value:				
At 31 December 1997	<u>£ 355,000</u>	<u>£ 43,649</u>	<u>£ 33,242</u>	<u>£ 466,469</u>
At 31 December 1996	<u>£ 265,368</u>	<u>£ 45,488</u>	<u>£ 39,567</u>	<u>£ 400,963</u>

SEMUNDO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

10. TANGIBLE FIXED ASSETS (CONTINUED)

Land and buildings

Land and buildings at net book value comprise: 1996

Freehold	£ 355,000	£ 265,368
	<u> </u>	<u> </u>

The freehold land and buildings were revalued on 7 January 1998 by Messrs Carter Jonas, Chartered Surveyors, on an open market value for existing use basis, at £355,000. The historical cost of the freehold land and buildings was £265,368.

Leased assets and assets acquired under hire purchase contracts

The net book value of tangible assets includes the following amounts relating to assets held under finance leases and hire purchase contracts:

		1996
Motor vehicles	£ 18,000	£ 27,000
	<u> </u>	<u> </u>

Depreciation charged for the year on tangible assets includes the following amounts relating to assets held under finance leases and hire purchase contracts:

		1996
Motor vehicles	£ 9,000	£ 9,000
	<u> </u>	<u> </u>

11. INVESTMENTS

Shares at cost:

At 1 January 1997	100
	<u> </u>
At 31 December 1997	£ 100
	<u> </u>

The company owns the whole of the share capital, consisting of one hundred ordinary shares of £1 each, of Svalof Weibull (Plant Breeders) Limited, a company incorporated in England and Wales. The company has not traded since incorporation on 11 February 1994. The directors have placed a valuation of £100 on this company.

Group financial statements as at 31 December 1997 have not been prepared by Semundo Limited as the company has taken advantage of section 248 of the Companies Act 1985.

SEMUNDO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

12. STOCKS		1996
Raw materials and consumables	£ 349,023	£ 290,527

13. DEBTORS		1996
Trade debtors	89,125	11,065
Amounts owed by group undertakings	518	-
Other debtors	105,698	19,872
Advance corporation tax	302,000	89,250
Taxes	24,735	34,777
Prepayments and accrued income	37,603	64,413
	£ 559,679	£ 219,377

Included in advance corporation tax is £16,000 (1996 £89,250), which is recoverable after more than one year.

14. CREDITORS: Amounts falling due within one year		1996
	Notes	
Obligations under finance leases and hire purchase contracts	15	6,144
Trade creditors		318,022
Corporation tax		370,948
Other taxes and social security costs		11,080
Amounts owed to group undertakings		8,919
Accruals		7,665
Proposed dividend		64,000
		£ 786,778

15. CREDITORS: Amounts falling due after more than one year		1996
	Notes	
Obligations under finance leases and hire purchase contracts		£ 13,483
		£ 19,627
Obligations under leases and hire purchase contracts		
Amounts falling due:		
Within one year	14	6,144
Between one and two years		7,000
Between two and five years		6,483
		£ 19,627

The above liabilities are secured on specific assets of the company as detailed in note 10.

SEMUNDO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

16. SHARE CAPITAL

	No.	1996 No.
Authorised		
Ordinary shares of £1 each	250,000	250,000
Redeemable preference shares of £1 each	1,750,000	-
	<u>2,000,000</u>	<u>250,000</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	50,000	50,000
Redeemable preference shares of £1 each	805,000	-
	<u>£ 855,000</u>	<u>£ 50,000</u>

During the year 805,000 redeemable preference shares of £1 each, with an aggregate nominal value of £805,000 were issued fully paid for cash of £805,000 in order to provide working capital.

The redeemable preference shares:

- have no right to attend or vote at meetings of the company;
- have a right to income at the recommendation of the directors to be decided by the holders of the ordinary shares in general meeting;
- shall be redeemed at the option of the company decided upon by the holders of the ordinary shares, advised by the directors, in general meeting;
- in the event of a liquidation or winding up after the company has discharged all its debts, obligations and liabilities, there will be a right to repayment at par value in preference to the ordinary shares which shall alone thereafter carry the right to participate in the distribution of any surplus.

17. RESERVES

	Profit and Loss Account	Revaluation Reserve
Balance at 1 January 1997	787,350	-
Arising on revaluation during the year	-	89,632
Loss for the year	<u>(725,793)</u>	<u>-</u>
Balance at 31 December 1997	<u>£ 61,557</u>	<u>£ 89,632</u>

SEMUNDO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

18. FINANCIAL COMMITMENTS

Operating leases

The company had annual commitments under non-cancellable operating leases at 31 December 1997 as set out below:

				1996
	Land and Buildings	Other	Land and Buildings	Other
Operating leases that expire:				
Within one year	-	5,839	-	461
In the second to fifth years	-	2,204	-	9,989
Over five years	43,000	-	43,000	-
	<u>£ 43,000</u>	<u>£ 8,043</u>	<u>£ 43,000</u>	<u>£ 10,450</u>

19. ULTIMATE HOLDING COMPANY

The company is controlled by Svalof Weibull AB, a company registered in Sweden, which owns all of the issued share capital.

The ultimate holding company is Svenska Lantmannen, a company registered in Sweden.

The accounts of the parent company and ultimate holding company are publicly available from:

Patent And Registerings Verket, Company Section, 851 81 Sundsvall, Sweden.

SEMUNDO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

20. NOTES TO THE CASH FLOW STATEMENT

1996

Note 1 Gross Cash Flow

Returns on investments and servicing of finance

Interest received	41,486	22,685
Interest paid	(905)	(6,894)
Interest element of hire purchase and finance lease rental payments	(2,882)	(813)
	<u>£ 37,699</u>	<u>£ 14,978</u>

Capital expenditure

Payments to acquire tangible fixed assets	(23,160)	(32,362)
Receipts from sales of tangible fixed assets	-	7,200
	<u>£ (23,160)</u>	<u>£ (25,162)</u>

Financing

Issue of redeemable preference share capital	805,000	-
Capital element of hire purchase and finance lease rental payments	(5,290)	(1,083)
	<u>£ 799,710</u>	<u>£ (1,083)</u>

Note 2 Analysis of changes in net funds

	As at 1.1.97 £	Cash Flows £	Other Changes £	As at 31.12.97 £
Cash at bank and in hand	1,101,294	(670,115)	-	431,179
Debt due within one year	(5,290)	5,290	(6,144)	(6,144)
Debt due after one year	(19,627)	-	6,144	(13,483)
	<u>1,076,377</u>	<u>(664,825)</u>	<u>-</u>	<u>411,552</u>

SEMUNDO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		1996
Profit for the financial year	125,207	695,683
Dividends	(851,000)	(357,000)
	<hr/>	<hr/>
New share capital subscribed	(725,793)	338,683
Other recognised gains and losses relating to the year	805,000	-
	<hr/>	<hr/>
Representing an increase in shareholders funds	89,632	-
	<hr/>	<hr/>
Shareholders' funds at 1 January 1997	168,839	338,683
	<hr/>	<hr/>
Shareholders' funds at 31 December 1997	837,350	498,667
	<hr/>	<hr/>
	<hr/>	<hr/>
Shareholders' funds at 31 December 1997	£ 1,006,189	£ 837,350
	<hr/>	<hr/>

22. CONTROLLING PARTY

The company is controlled by Svalof Weibull AB which owns all of the issued share capital.

The ultimate holding company is Svenska Lantmannen, a farming co-operative based in Sweden.