

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF

ELITE SIRES LIMITED - NI 22234

We have examined the abbreviated accounts together with the full financial statements of Elite Sires Limited for the year ended 30 June 1999. The scope of our work for the purpose of this report was limited to confirming that the company is entitled to the exemptions claimed in the directors' statement and that the abbreviated accounts have been properly prepared from the full financial statements.

In our opinion the company is entitled under Articles 255 and 257 of the Companies (Northern Ireland) Order 1986 to the exemptions conferred by Part I of Schedule 8 to that Order in respect of the year ended 30 June 1999, and the abbreviated accounts have been properly prepared in accordance with that Schedule.

On 8 November 1999, we reported, as auditors of Elite Sires Limited to the members on the full financial statements prepared under Article 234 of the Companies (Northern Ireland) Order 1986 for the year ended 30 June 1999 and our report was as follows:

"We have audited the financial statements which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out.

Respective responsibilities of directors and auditors

As described 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.

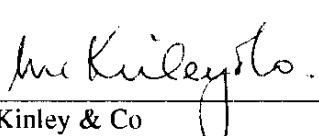
Basis of opinion

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 the significant estimates 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 30 June 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986."


McKinley & Co
Chartered Accountants and Registered Auditors

8 November 1999
15e Molesworth Street
Cookstown


REGISTERED
8 NOV 1999

ELITE SIRES LIMITED**BALANCE SHEET AS AT 30 JUNE 1999**

| | Note | 1999 | 1998 |
|----------------------------------|------|----------|----------|
| FIXED ASSETS | | | |
| Tangible Assets | (4) | 84922 | 87712 |
| CURRENT ASSETS | | | |
| Stock | (5) | 12488 | 21163 |
| Debtors | (6) | 83680 | 71670 |
| Belgium Investment | | 1482 | 1482 |
| Cash on Hand and at Bank | | 0 | 0 |
| | | ----- | ----- |
| | | 97650 | 94315 |
| CURRENT LIABILITIES | | | |
| Creditors due in one year | (7) | (101023) | (107424) |
| Net Current Assets/(Liabilities) | | (3373) | (13109) |
| | | ----- | ----- |
| | | 81549 | 74603 |
| LONG TERM LIABILITIES | | | |
| Creditors due after one year | (7a) | (11873) | (2393) |
| | | ----- | ----- |
| | | 69676 | 72210 |
| | | ===== | ===== |
| CAPITAL AND RESERVES | | | |
| Called up Share Capital | (8) | 50000 | 50000 |
| Reserves | (9) | 19676 | 22210 |
| Corporation Tax Refund | | 0 | 0 |
| | | ----- | ----- |
| | | 69676 | 72210 |
| | | ===== | ===== |

We have relied on the exemptions for individual financial statements contained in Schedule 8 of the Companies (Northern Ireland) Order 1986 because, under that Order, the company is entitled to benefit from these exemptions as a small company.

Signed on Behalf of the Board

 Director

 Director

8 November 1999