R.E.A. TRADING LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2004

The company's registered number is 88367

R.E.A. TRADING LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2004

The directors present their report on the affairs of the company, together with the consolidated financial statements and auditors' report, for the year ended 31 December 2004.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company continues to be that of an investment holding company. The directors expect the present scale and scope of the company's operations to continue unchanged for the foreseeable future. The subsidiary companies engage in the cultivation of sisal, production of sisal fibre and twines, and trade in textile machinery, chemicals and raw materials.

RESULTS AND DIVIDENDS

The results are shown in the financial statements. No dividend was paid in respect of the year (2003: £nil). No final dividend is proposed (2003: £nil).

DIRECTORS AND THEIR INTERESTS

The directors holding office throughout the year were :

Mr R M Robinow
Mr J J Robinow

Neither of these directors had at 1 January 2004 or 31 December 2004 any interests in the capital of the company or of any parent company or fellow subsidiary company save that the interests of the directors, together with those of members of their immediate families, in the shares Unitbuckle Holdings Limited (a partly owned subsidiary of the company) at 31 December 2004 and 31 December 2003 were as follows:

		31 December 2004	31 December 2003
R M Robinow	Ordinary shares	45	45
	Preference shares	405	405
J J Robinow	Ordinary shares	68	68
	Preference shares	405	405

AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors.

J.J. Robinow

3rd Floor
40-42 Osnaburgh Street
London NW1 3ND

By order of the Board
R.E.A.SERVICES LIMITED
Secretaries

28 October 2005

R.E.A. TRADING LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2004

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group at the end of the financial year and of the group profit or loss for the financial year. In preparing those financial statements the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on a 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 which disclose with reasonable accuracy at any time the financial position of the company and group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF R.E.A. TRADING LIMITED

We have audited the financial statements of R.E.A.Trading Limited for the year ended 31 December 2004 which comprise the consolidated and company balance sheets, the consolidated profit and loss account, the consolidated statement of recognised gains and losses, the consolidated cash flow statement, the statement of accounting policies and the related notes numbered 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than the company and the company's members as a body, for our audit work, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 1985. 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 with the company and other members of the group is not disclosed.

We read the directors' report for the above year 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 United Kingdom 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 circumstances of the company and of the group, consistently applied and adequately disclosed.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF R.E.A. TRADING LIMITED

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 and of the group as at 31 December 2004 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP
Chartered Accountants and Registered Auditors
London

31 ~~28~~ October 2005

R.E.A.TRADING LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2004

	Notes	2004 £'000	*2003 £'000*
Fixed assets			
Tangible fixed assets	1	4,195	*4,290*
Investments	2	372	*263*
		4,567	*4,553*
Current assets			
Stocks	3	1,047	*1,039*
Debtors	4	1,637	*1,376*
Bank balances and cash		105	*114*
		2,789	*2,529*
Creditors falling due within one year	5	(1,937)	*(2,362)*
Net current assets		852	*167*
Total assets less current liabilities		5,419	*4,720*
Creditors falling due after one year	6	(517)	*(255)*
Deferred taxation	8	(553)	*(365)*
Provision for liabilities and charges	9	(217)	*(206)*
Net assets		4,132	*3,894*
Capital and reserves			
Called up share capital	10	3,400	*3,400*
Share premium	10	450	*450*
Exchange reserve	10	(569)	*(477)*
Profit and loss account	10	(699)	*(932)*
Equity shareholders' funds	10	2,582	*2,441*
Equity minority interests		1,550	*1,453*
		4,132	*3,894*

Approved by the Board on 28 October 2005
J J ROBINOW
Director

The accompanying notes are an integral part of this consolidated balance sheet.

R.E.A.TRADING LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	2004 £'000	*2003 £'000*
Turnover	11	6,131	*5,701*
Cost of sales		(3,133)	*(3,084)*
Gross profit		2,998	*2,617*
Other operating income and expenses	12	(2,052)	*(2,037)*
Group operating profit		946	*580*
Interest payable - group	14	(135)	*(133)*
Profit on sale of tangible fixed assets		15	*36*
Profit on ordinary activities before taxation	13	826	*483*
Tax on profit on ordinary activities	15	(274)	*(204)*
Profit on ordinary activities after taxation		552	*279*
Minority interests		(319)	*(137)*
Retained profit for the year		233	*142*

All profit for the current year arises from continuing activities.

The accompanying notes are an integral part of the consolidated profit and loss account.

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the holding company is not presented as part of these accounts.

R.E.A.TRADING LIMITED
COMPANY BALANCE SHEET AS AT 31 DECEMBER 2004

	Notes	2004 £'000	*2003 £'000*
Fixed assets			
Investments	2	2,024	*2,598*
		2,024	*2,598*
Current assets			
Debtors	4	202	*115*
Bank balances and cash		2	*31*
		204	*146*
Creditors falling due within one year	5	(111)	*(569)*
Net current liabilities		93	*(423)*
Total assets less current liabilities		2,117	*2,175*
Capital and reserves			
Called up share capital	10	3,400	*3,400*
Share premium	10	450	*450*
Profit and loss account	10	(1,733)	*(1,675)*
Total equity shareholders' funds	10	2,117	*2,175*

Approved by the Board on 28 October 2005
J J ROBINOW
Director J. J. Robinow

The accompanying notes are an integral part of this consolidated balance sheet.

R.E.A. TRADING LIMITED
CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2004

	2004 £'000	*2003* *£'000*
Profit for the financial year	233	*142*
Currency translation adjustments	(92)	*(257)*
Total recognised gains and losses for the year	141	*(115)*

R.E.A. TRADING LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2004

	2004 £'000	*2003* *£'000*
Net cash inflow from operating activities	703	*713*
Returns on investment and servicing of finance		
Interest paid	(135)	*(133)*
Dividends paid to minority shareholders	(71)	*(62)*
	(206)	*(195)*
Taxation	(39)	*(28)*
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(802)	*(711)*
Purchase of investments	(109)	*(45)*
Proceeds of disposal of tangible fixed assets	23	*43*
	(888)	*(713)*
Acquisitions and disposals		
Purchase of shares in subsidiary undertaking	-	*(1)*
Financing		
Proceeds from long-term borrowings	347	*30*
Repayment of long-term borrowings	-	*(113)*
Finance lease principal repayments	(134)	*(121)*
	213	*(204)*
(Decrease) in cash	(217)	*(428)*

The accompanying notes are an integral part of the statement. See note 19.

Reconciliation of operating profit to operating cash flow

	2004	*2003*
Operating profit	946	*580*
Depreciation	518	*527*
(Increase)/decrease in stocks	(116)	*(73)*
(Increase)/decrease in debtors	(368)	*(142)*
Decrease in creditors	(450)	*(259)*
Increase in provision for liabilities and charges	33	*15*
Exchange profit	140	*65*
Net cash inflow from operating activities	703	*713*

R.E.A. TRADING LIMITED
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2004

The financial statements have been prepared in accordance with accounting standards and company law applicable in the United Kingdom. The principal accounting policies have been prepared consistently.

BASIS OF ACCOUNTING
The financial statements have been prepared under the historical cost convention.

BASIS OF CONSOLIDATION
The group financial statements consolidate those of the company and its subsidiary companies and undertakings ("subsidiaries"), drawn up to 31 December each year with the exception of REA Vipingo Plantations Limited and Sisal and General Consultants Limited which were drawn up to 30 September. Unless otherwise stated the acquisition method of accounting has been adopted. Results of subsidiaries acquired or disposed of are consolidated from or to the date on which control passed.

TANGIBLE FIXED ASSETS
Tangible fixed assets are stated at cost or valuation less accumulated depreciation net of any provision for impairment. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	50 years
Sisal development	8 years
Plant and machinery	5-10 years

Freehold land is not depreciated. Plant and machinery are included at cost net of any provision for impairment. Leasehold land is depreciated over the remaining period of the leases by equal instalments.

INVESTMENTS
Associated companies ("associates") are entities in which a consolidated member of the group has a participating interest and over which the group exercises significant influence. Associates are accounted for using the equity method. The group's investments in associated companies are stated at its share of year end net asset values. The consolidated profit and loss account includes the group's share of associated companies profits less losses.

The company's investments in its subsidiaries and associates are stated at cost less impairment in value. Diminutions in value are charged to the profit and loss account. Only dividends received or receivable are credited to the company's profit and loss account.

Other fixed asset investments are stated at cost less any provision for any impairment.

STOCK
Stocks of processed sisal are valued at the lower of factory production cost and net realisable value. Cost comprises direct factory labour, other direct costs and related production overheads but excludes interest expense. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and applicable selling expenses. Spares, lubricants, chemicals, stores and other stocks are valued at the lower of cost or net realisable value.

FOREIGN EXCHANGE
Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

For consolidation purposes, the results of group companies with a functional currency other than sterling are translated using the average exchange rates for the period and the balance sheets are translated using the closing exchange rates at the relevant date. Differences arising on translation of opening net assets and foreign currency loans, to the extent that they relate to investment in overseas operations, are taken to reserves and are also shown in the consolidated statement of recognised gains and losses. All other exchange differences are included in the profit and loss account.

TURNOVER
Turnover is the total amount receivable by the group in the ordinary course of business for goods supplied and services rendered to third parties net of sales related taxes.

FINANCE LEASES
Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

OPERATING LEASES
Payments made under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

TAXATION
Current tax including UK corporation tax and foreign tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is calculated on the liability method. Deferred tax is provided on a non discounted basis on timing and other differences which are expected to reverse, at the rate of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

R.E.A.TRADING LIMITED
NOTES TO FINANCIAL STATEMENTS 31 DECEMBER 2004

1 TANGIBLE FIXED ASSETS

Consolidated balance sheet	Sisal development, land and buildings £'000	Plant and machinery £'000	Total £'000
Cost			
As at 1 January 2004	4,174	2,391	6,565
Additions	471	383	854
Disposals	-	(66)	(66)
Foreign exchange translation	(431)	(226)	(657)
As at 31 December 2004	4,214	2,482	6,696
Depreciation			
As at 1 January 2004	939	1,336	2,275
Charge	250	268	518
Disposals	-	(58)	(58)
Foreign exchange translation	(103)	(131)	(234)
As at 31 December 2004	1,086	1,415	2,501
Net book value			
As at 31 December 2004	3,128	1,067	4,195
As at 1 January 2004	3,235	1,055	4,290

The net book value of finance leases included in plant and machinery is £217,000 (2003: £314,000).

2 INVESTMENTS

Consolidated balance sheet	2004 £'000	*2003 £'000*
Listed investments	372	*263*
	372	*263*

The movements during the year were:	£'000
At 1 January 2004	263
Purchase of further shares in a listed investment	109
At 31 December 2004	372

The market value of the listed investments is £430,000 (2003: £307,000).

R.E.A.TRADING LIMITED
NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2004

2 INVESTMENTS (continued)

Company balance sheet	2004	*2003*
	£'000	*£'000*
Shares in and loans to subsidiary companies (including listed £1,093,000, 2003: £1,093,000)	1,652	*2,335*
Other listed investments	372	*263*
	2,024	*2,598*

The movements during the year were:	£'000
At 1 January 2004	2,598
Repayment of loans by subsidiaries	(683)
Purchase of further shares in a listed investment	109
At 31 December 2004	2,024

The market value of the listed investments is £2,264,000 (2003: £1,457,000).

Subsidiaries

The principal subsidiaries at the year end are listed below:

Afchem Limited (incorporated in Kenya)	Chemical agent	67 per cent
Aftex Limited (incorporated in Guernsey)	Textile machinery agent	67 per cent
REA Vipingo Plantations Limited (incorporated in Kenya)	Plantations	56 per cent
Sisal & General Consultants Limited (incorporated in Guernsey)	Consultancy	100 per cent
Unitbuckle Holdings Limited (incorporated in England and Wales)	Investment	80 per cent

All investments except for Afchem Limited and 10 per cent of REA Vipingo Plantations Limited were held directly by the company. All the above holdings are in ordinary shares. In addition the company owns 84 per cent of the issued preference shares of Unitbuckle Holdings Limited.

3 STOCKS

Consolidated balance sheet	2004	*2003*
	£'000	*£'000*
Agricultural (sisal)	425	*430*
Engineering, stores etc	622	*609*
	1,047	*1,039*

4 DEBTORS

	Group		Company	
	2004	*2003*	2004	*2003*
	£'000	*£'000*	£'000	*£'000*
Due within one year				
Trade debtors	685	*559*	-	-
Other debtors	169	*108*	202	*115*
Taxation	458	*435*	-	-
Prepayments and accrued income	325	*274*	-	-
	1,637	*1,376*	202	*115*

R.E.A.TRADING LIMITED
NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2004

5 CREDITORS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2004	*2003*	2004	*2003*
	£'000	*£'000*	£'000	*£'000*
Bank loans and overdrafts (note 7)	1,107	*1,001*	-	-
Obligations under finance leases	81	*126*	-	-
Trade creditors	266	*267*	-	-
Taxation	11	-	-	-
Other taxation and social security	1	-	-	-
Other creditors *	297	*779*	100	*550*
Accruals	174	*189*	11	*19*
	1,937	*2,362*	111	*569*

** includes shareholders' loan £nil (2003: £167,000).*

6 CREDITORS FALLING DUE AFTER ONE YEAR

	Group	
	2004	*2003*
	£'000	*£'000*
Bank loans and overdrafts	377	*62*
Obligations under finance leases	23	*77*
Other borrowings	117	*116*
	517	*255*

7 BORROWINGS

	Group	
	2004	*2003*
	£'000	*£'000*
Total borrowings		
Bank loans	560	*158*
Bank overdrafts	924	*905*
Other borrowings	117	*116*
Obligations under finance leases	104	*203*
	1,705	*1,382*
The borrowings are repayable as follows		
On demand or within one year	1,188	*1,127*
In the second year	175	*139*
In the third year or thereafter	225	-
Unspecified	117	*116*
	1,705	*1,382*
Less amounts due for settlement within 12 months	1,188	*1,127*
Amounts due for settlement after 12 months	517	*255*

Bank borrowings at 31 December 2004 include liabilities of £1,596,000 (2003: £962,000) secured by a first legal charge over certain of the immovable properties and other assets of REA Vipingo Plantations Limited.

Lease obligations are effectively secured on the assets acquired.

8 DEFERRED TAX

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2003: 30%). The movement on the deferred tax account in the consolidated balance sheet is as follows:

	2004	*2003*
	£'000	*£'000*
At start of year	365	*215*
Profit and loss account charge (Note 15)	224	*189*
Translation adjustment	(36)	*(39)*
	553	*365*

Deferred tax assets and liabilities and deferred tax charge/(credit) in the profit and loss account, are attributable to the following items:

	01.01.2004	Charged/(credited) to profit and loss account	Translation adjustment	31.12.2004
	£'000	£'000	£'000	£'000
Deferred tax liabilities:				
Tangible fixed assets	699	54	(67)	686
Deferred tax assets:				
Provisions	(82)	(16)	9	(89)
Tax losses carried forward	(252)	186	22	(44)
	(334)	170	31	(133)
Net deferred tax liability	365	224	(36)	553

9 PROVISION FOR LIABILITIES AND CHARGES

Consolidated balance sheet	2004	*2003*
	£'000	*£'000*
Staff retirement benefit:		
Beginning of year	206	*211*
Charged to profit and loss account	43	*23*
Utilised during year	(10)	*(9)*
Translation adjustment	(22)	*(19)*
End of year	217	*206*

Staff retirement gratuity is awarded to unionised employees after the completion of two years of service and on termination of such services.

R.E.A.TRADING LIMITED
NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2004

10 SHARE CAPITAL AND RESERVES

	2004 £'000	*2003 £'000*
(a) Share capital		
Authorised:		
3,500,000 Ordinary shares of £1 each	3,500	*3,500*
Issued, called-up and fully paid:		
3,400,000 Ordinary shares of £1 each	3,400	*3,400*

(b) Reserves

Consolidated balance sheet

	Share premium £'000	Exchange reserve £'000	Profit and loss account £'000
Beginning of year 1 January 2004	450	(477)	(932)
Foreign exchange translation	-	(92)	-
Retained profit for the year	-	-	233
End of year 31 December 2004	450	(569)	(699)

Company balance sheet

	Share premium £'000	Profit and loss account £'000
Beginning of year 1 January 2004	450	(1,675)
Retained loss for the year	-	(58)
End of year 31 December 2004	450	(1,733)

(c) Reconciliation of shareholders' funds

Consolidated balance sheet

	2004 £'000	*2003 £'000*
Beginning of year 1 January 2004	2,441	*2,556*
Foreign exchange translation	(92)	*(257)*
Retained profit for the year	233	*142*
End of year 31 December 2004	2,582	*2,441*

Company balance sheet

	2004 £'000	*2003 £'000*
Beginning of year 1 January 2004	2,175	*2,137*
Retained (loss)/profit for the year	(58)	*38*
End of year 31 December 2004	2,117	*2,175*

As permitted by section 230 of the Companies Act 1985, a separate profit and loss account dealing with the results of the company has not been presented. The loss before dividends recognised in the company's profit and loss account is £58,000 (2003: profit £38,000).

R.E.A.TRADING LIMITED
NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2004

11 SEGMENTAL INFORMATION

In the tables below, the group's turnover, net assets and profit before taxation are analysed by geographical area. No analysis is provided of these items by business class as the operations of the group are mainly within the agricultural sector with any other income being incidental to that activity. Net assets are allocated to the area in which the activity related to the assets is located.

	2004 £'000	*2003* *£'000*
Turnover by geographical area and origin:		
United Kingdom	37	*47*
Africa	6,094	*5,654*
	6,131	*5,701*
Profit/(loss) before taxation by geographical area, by origin:		
United Kingdom	(134)	*(28)*
Africa - group	960	*511*
	826	*483*
Net assets by geographical area:		
United Kingdom	519	*(124)*
Africa	3,613	*4,018*
	4,132	*3,894*

12 OTHER OPERATING INCOME AND EXPENSES

	2004 £'000	*2003* *£'000*
Other operating income	62	-
Administrative and distribution expenses	(2,114)	*(2,037)*
	(2,052)	*(2,037)*

13 PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION

	2004 £'000	*2003* *£'000*
This is stated after charging:		
Depreciation, including finance leases £28,000 (2003: £16,000)	518	*527*
Amortisation of leasehold land	1	*1*
Foreign exchange losses	183	*93*
Operating leases	37	*40*
Auditors' remuneration - audit fees (company £4,000; 2003: £5,000)	28	*37*

No director received any remuneration during the year (2003: £nil).

R.E.A.TRADING LIMITED
NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2004

13 PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION (continued)	2004 £'000	*2003 £'000*
Overseas staff costs were:		
Wages and salaries	1,739	*1,924*
Social security costs	76	*67*
Pension costs	25	*22*
	1,840	*2,013*
Average number of persons employed:		
Agricultural - permanent	1,872	*1,791*
Agricultural - temporary	623	*588*
Head office	6	*6*
	2,501	*2,385*

14 INTEREST PAYABLE - GROUP

Group interest payable comprises interest on bank loans overdrafts of £118,000 (2003: £133,000) and other loans of £17,000 (2003: £nil).

15 TAX ON PROFIT ON ORDINARY ACTIVITIES	2004 £'000	*2003 £'000*
Analysis of the tax charge for the year		
UK corporation tax	-	-
Foreign taxation	(50)	*(15)*
Deferred tax	(224)	*(189)*
	(274)	*(204)*
Factors affecting the tax charge		
Profit on ordinary activities before taxation	826	*483*
Tax on ordinary activities at 30 per cent (2003: 30 per cent)	(248)	*(145)*
Income not liable for tax	1	*4*
Expenses not deductible for tax purposes	(16)	-
Higher tax rates on overseas earnings	2	*(36)*
Overseas tax relieved	-	-
Overseas tax expensed	(10)	*(14)*
Losses not relieved	(46)	*(9)*
Realised exchange losses	44	-
Timing differences subject to deferred tax	224	*189*
Underprovision of deferred tax in prior year	(1)	*(4)*
	(50)	*(15)*

15 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

A deferred tax asset of £30,000 (2003: £75,000) in respect of surplus management expenses carried forward as at 31 December 2004 has not been recognised as there is insufficient evidence that such asset will be recoverable.

16 COMMITMENTS

Commitments for capital expenditure at the balance sheet date are £110,000 (2003: £12,000). Commitments for operating leases at 31 December 2004 were £96,000 (2003: £138,000).

17 RELATED PARTIES

Save as disclosed below, the company did not during the year ended 31 December 2004 enter into any related party transactions as defined in FRS 8.

Wigglesworth & Co. Limited ("Wigglesworth") is a related party by virtue of the shareholdings of Mr H M Robinow in both the company and Wigglesworth.

At 30 September 2004 REA Vipingo Plantations Limited ("REA Vipingo") had borrowings from Wigglesworth of £117,000 (2003: £116,000), debtors of £628,000 (2003: £451,000) and creditors of £10,000 (2003: £49,000). In addition for the year ended 30 September 2004, REA Vipingo made sales to Wigglesworth of £5,111,000 (2003: £5,002,000).

18 DIVIDENDS

No dividend was paid during the year (2003: £nil). No final dividend is proposed (2003: £nil).

19 CASH FLOW STATEMENT

(a) Analysis of net debt

	Opening £'000	Exchange £'000	Other £'000	Cash flow £'000	Closing £'000
Cash	114	(7)	-	(2)	105
Bank overdrafts up to one year	(1,001)	109	-	(215)	(1,107)
Net cash	(887)	102	-	(217)	(1,002)
Debt over one year	(178)	31	-	(347)	(494)
Finance leases	(203)	16	(52)	134	(105)
	(1,268)	149	(52)	(430)	(1,601)

(b) Reconciliation of net debt

	2004 £'000	*2003 £'000*
Decrease in cash in the year	(2)	*(11)*
New subsidiary undertaking	-	*(5)*
Cash flow from debt and leases	(428)	*(455)*
Exchange	149	*128*
Other	(52)	*50*
	(333)	*(293)*
Net debt at beginning of year	(1,268)	*(975)*
Net debt at end of year	(1,601)	*(1,268)*