Company Registration No. 1058015 (England and Wales)

RITCHEY TAGG LIMITED

DIRECTORS' REPORT
AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2000

KENNETH EASBY & CO

CHARTERED ACCOUNTANTS

RITCHEY TAGG LIMITED

COMPANY INFORMATION

Directors	I Maxwell Scott G C Rhodes G H Fabretti S Hall FCCA The Earl of Hillsborough
Secretary	S Hall FCCA
Company number	1058015
Registered office	Fearby Road Masham Ripon North Yorkshire HG4 4ES
Auditors	Kenneth Easby & Co Thornfield Business Park Northallerton North Yorkshire DL6 2XQ
Bankers	Barclays Bank plc P O Box 76 25 James Street Harrogate North Yorkshire HG1 1QX

RITCHEY TAGG LIMITED

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RITCHEY TAGG LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2000

The directors present their report and financial statements for the year ended 30 June 2000.

Principal activities and review of the business

The principal activity of the company continues to be that of the manufacture and sale of identification products together with other animal products.

Although the agricultural economy continues to be depressed the company has again had an excellent year with increasing levels of turnover and profitability. The introduction during the year by MAFF of Numeric Cattle Tags meant that an evening shift was introduced on a temporary basis to cope with demand. The company has further invested during the year in 'laser technology' in connection with the marking of tags and has continued to develop its computer systems in relation to the processing of orders for and the manufacture of replacement ear tags for customers.

The company has during the year developed and introduced a new two piece ear tag for sheep which has had a good reception in the market place. The extensive Supershear range of sheep shearing products are now also being imported from Australia for resale in the UK and Eire.

The strength of sterling against the New Zealand dollar continues to benefit the cost of purchases made by the company for resale. Export sales, however, especially into Europe remain adversely affected.

Results and dividends

The results for the year are set out on page 4.

As detailed in the profit and loss account on page 4 the company has realised a net profit for the year after tax of £436,206 (1999: £324,838). A first and final dividend of 27p per share was paid to the shareholders on 14th July 2000 (1999: 19.8p per share).

Future developments

The company continues to concentrate on expanding its core business but is also seeking to develop new products and acquire new businesses which will compliment its existing business when opportunities arise.

The legislation relating to the compulsary tagging of sheep did not come into force in the year to 30th June 2000 as originally anticipated but is now imminent. This will benefit both turnover and profitability in the current year.

Directors

The following directors have held office since 1 July 1999:

I Maxwell Scott
G C Rhodes
G H Fabretti
S Hall FCCA
The Earl of Hillsborough

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	30 June 2000	**1 July 1999**
I Maxwell Scott	12,000	12,000
G C Rhodes	70,200	70,200
G H Fabretti	32,356	32,356
S Hall FCCA	16,178	16,178
The Earl of Hillsborough	4,266	4,266

In addition to the above, The Earl of Hillsborough has an interest in 107565 shares, all of these shares are held in settlement accounts.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Kenneth Easby & Co be reappointed as auditors of the company will be put to the Annual General Meeting.

Directors' responsibilities

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 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;
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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.

By order of the board

S Hall FCCA
Director
18 September 2000

RITCHEY TAGG LIMITED

AUDITORS' REPORT
TO THE SHAREHOLDERS OF RITCHEY TAGG LIMITED

We have audited the financial statements on pages 4 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2 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 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 30 June 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Kenneth Easby & Co

Kenneth Easby & Co

18 September 2000

Chartered Accountants
Registered Auditor

Thornfield Business Park
Northallerton
North Yorkshire
DL6 2XQ

RITCHEY TAGG LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2000

	Notes	2000 £	1999 £
Turnover	2	4,433,008	3,763,425
Cost of sales		(1,766,905)	(1,574,503)
Gross profit		2,666,103	2,188,922
Distribution costs		(199,173)	(172,516)
Administrative expenses		(1,855,633)	(1,582,198)
Other operating income		22,127	14,284
Operating profit	3	633,424	448,492
Other interest receivable and similar income	4	2,451	2,073
Interest payable and similar charges	5	(24,781)	(29,284)
Profit on ordinary activities before taxation		611,094	421,281
Tax on profit on ordinary activities	6	(174,888)	(96,443)
Profit on ordinary activities after taxation		436,206	324,838
Dividends	7	(123,812)	(90,795)
Retained profit for the year	17	312,394	234,043

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

RITCHEY TAGG LIMITED

BALANCE SHEET
AS AT 30 JUNE 2000

	Notes	2000 £	2000 £	1999 £	1999 £
Fixed assets					
Tangible assets	8		1,062,255		994,887
Current assets					
Stocks	10	730,471		545,075	
Debtors	11	711,109		631,052	
Cash at bank and in hand		370,845		346,615	
		1,812,425		1,522,742	
Creditors: amounts falling due within one year	12	(829,880)		(686,444)	
Net current assets			982,545		836,298
Total assets less current liabilities			2,044,800		1,831,185
Creditors: amounts falling due after more than one year	13		-		(120,718)
Provisions for liabilities and charges	14		(60,410)		(38,471)
			1,984,390		1,671,996
Capital and reserves					
Called up share capital	16		458,563		458,563
Share premium account	17		329,554		327,274
Capital redemption reserve	17		300		-
Profit and loss account	17		1,195,973		886,159
Shareholders' funds - equity interests	18		1,984,390		1,671,996

The financial statements were approved by the Board on 18 September 2000

G C Rhodes
Director

G H Fabretti
Director

RITCHEY TAGG LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2000

		2000 £		1999 £
Net cash inflow from operating activities		669,876		518,973
Returns on investments and servicing of finance				
Interest received	2,451		2,073	
Interest paid	(24,781)		(29,284)	
Net cash outflow for returns on investments and servicing of finance		(22,330)		(27,211)
Taxation		(93,746)		(29,814)
Capital expenditure				
Payments to acquire tangible assets	(247,106)		(258,458)	
Receipts from sales of tangible assets	10,200		23,800	
Net cash outflow for capital expenditure		(236,906)		(234,658)
Equity dividends paid		-		(90,795)
Net cash inflow before management of liquid resources and financing		316,894		136,495
Issue of ordinary share capital	2,280		-	
Purchase of own shares	(2,280)		-	
Decrease in debt	-		-	
Increase in cash in the year		316,894		136,495

RITCHEY TAGG LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2000

1	Reconciliation of operating profit to net cash inflow from operating activities	2000	1999
		£	£
	Operating profit	633,424	448,492
	Depreciation of tangible assets	174,020	170,760
	Profit on disposal of tangible assets	(4,482)	(3,337)
	(Increase)/decrease in stocks	(185,396)	5,337
	(Increase)/decrease in debtors	(80,057)	127,885
	Increase/(decrease) in creditors within one year	132,367	(230,164)
	Net cash inflow from operating activities	669,876	518,973

2	Analysis of net funds	1 July 1999	Cash flow	Other non-cash changes	30 June 2000
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	346,615	24,230		370,845
	Bank overdrafts	(160,547)	159,907		(640)
		186,068	184,137		370,205
	Debt:				
	Finance leases	(23,716)	14,526	-	(9,190)
	Debts falling due within one year	(6,616)	6,616	-	-
	Debts falling due after one year	(111,615)	111,615	-	-
	Net funds	44,121	316,894	-	361,015

3	Reconciliation of net cash flow to movement in net funds	2000	1999
		£	£
	Increase in cash in the year	184,137	106,890
	Cash outflow from decrease in debt and lease financing	132,757	29,605
	Change in net debt resulting from cash flows	316,894	136,495
	New finance lease	-	(17,965)
	Movement in net funds in the year	316,894	118,530
	Opening net funds/(debt)	44,121	(74,409)
	Closing net funds	361.015	44,121

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	2% straight line basis
Plant and equipment	25% reducing balance basis
Office furniture and equipment	25% reducing balance basis
Motor vehicles	33% (high mileage) and 25% (low mileage) reducing balance basis

1.6 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.7 Stock

Stock is valued at the lower of cost and net realisable value.

1.8 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.9 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.10 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2000

2 Turnover

Geographical market

	2000 £ (000's)	1999 £ (000's)
United Kingdom	4,202	3,466
Europe	126	201
Americas	10	23
Australasia	11	15
Rest of the world	84	58
	4,433	3,763

3 Operating profit

	2000 £	1999 £
Operating profit is stated after charging:		
Depreciation of tangible assets	174,020	170,760
Research and development	4,282	8,426
Auditors' remuneration	7,500	7,500

4 Other interest receivable and similar income

	2000 £	1999 £
Bank interest	2,451	2,073

5 Interest payable

	2000 £	1999 £
On bank loans and overdrafts	20,973	23,195
Hire purchase and finance lease interest	3,808	6,089
	24,781	29,284

KENNETH EASBY & Co

CHARTERED ACCOUNTANTS

RITCHEY TAGG LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2000

6	**Taxation**	**2000**	**1999**
		£	**£**
	U.K. current year taxation		
	U.K. corporation tax at 24% (1999- 24%)	151,724	93,596
	Deferred taxation	12,779	3,073
		164,503	96,669
	Prior years		
	U.K. corporation tax	1,225	(226)
	Deferred taxation	9,160	-
		174,888	96,443

7	**Dividends**	**2000**	**1999**
		£	**£**
	Ordinary interim paid 30 June 1999	-	90,795
	Ordinary final proposed	123,812	-
		123,812	90,795

RITCHEY TAGG LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2000

8 Tangible fixed assets

	Land and buildings Freehold	Plant and equipment	Office furniture and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 July 1999	581,864	730,693	166,040	135,088	1,613,685
Additions	24,230	196,237	26,639	-	247,106
Disposals	(1,250)	(3,000)	-	(11,482)	(15,732)
At 30 June 2000	604,844	923,930	192,679	123,606	1,845,059
Depreciation					
At 1 July 1999	144,368	377,227	47,712	49,491	618,798
On disposals	-	(3,000)	-	(7,014)	(10,014)
Charge for the year	9,120	108,031	33,174	23,695	174,020
At 30 June 2000	153,488	482,258	80,886	66,172	782,804
Net book value					
At 30 June 2000	451,356	441,672	111,793	57,434	1,062,255
At 30 June 1999	437,496	353,466	118,328	85,597	994,887

Included above are assets held under finance leases or hire purchase contracts as follows:

	Motor vehicles
	£
Net book values	
At 30 June 2000	28,130
At 30 June 1999	43,613
Depreciation charge for the year	
30 June 2000	11,015
30 June 1999	4,112

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2000

9 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 July 1999 & at 30 June 2000	102
Provisions for diminution in value	
At 1 July 1999 & at 30 June 2000	102
Net book value	
At 30 June 2000	-

Holdings of more than 20%
The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Ritchey Europe Limited	England	Ordinary	100
Allbrooks Products Limited	England	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
Ritchey Europe Limited	100	-
Allbrooks Products Limited	2	-

10 Stocks

	2000 £	1999 £
Raw materials and consumables	30,181	37,512
Finished goods and goods for resale	700,290	507,563
	730,471	545,075

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2000

11 Debtors	**2000**	**1999**
	£	**£**
Trade debtors	709,260	629,740
Other debtors	1,474	561
Prepayments and accrued income	375	751
	711,109	631,052

12 Creditors: amounts falling due within one year	**2000**	**1999**
	£	**£**
Bank loans and overdrafts	640	164,068
Net obligations under finance lease and hire purchase contracts	9,190	14,613
Trade creditors	203,770	188,760
Corporation tax	152,799	93,596
Other taxes and social security costs	131,024	65,559
Other creditors	-	3,095
Accruals and deferred income	208,645	156,753
Proposed dividend	123,812	-
	829,880	686,444

The bank overdraft £640 is secured by a debenture over the companys' assets. The finance lease and hire purchase contracts £9,190 are secured on the assets concerned.

13 Creditors: amounts falling due after more than one year

	2000	1999
	£	£
Bank loans	-	64,093
Other loans	-	47,522
Net obligations under finance leases and hire purchase agreements	-	9,103
	-	120,718

Analysis of loans

	2000	1999
Wholly repayable within five years	-	118,231
	-	118,231
Included in current liabilities	-	(6,616)
	-	111,615

The bank loan and rural development loan were repaid during the year.

14 Provisions for liabilities and charges

	Deferred taxation
	£
Balance at 1 July 1999	38,471
Profit and loss account	21,939
Balance at 30 June 2000	60,410

Deferred tax is provided at 26% (1999- 21%) analysed over the following timing differences:

	Fully provided	
	2000	1999
	£	£
Accelerated capital allowances	60,410	38,471

15 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £37,018 (1999- £31,360). Contributions totalling £nil (1999- £nil) were payable to the fund at the year end and are included in creditors.

RITCHEY TAGG LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2000

16 **Share capital**	**2000**	**1999**
	£	**£**
Authorised		
560,000 Ordinary shares of £1 each	560,000	560,000
Allotted, called up and fully paid		
458,563 Ordinary shares of £1 each	458,563	458,563

17 Statement of movements on reserves

	Share premium account	**Capital redemption reserve**	**Profit and loss account**
	£	**£**	**£**
Balance at 1 July 1999	327,274	-	886,159
Retained profit for the year	-	-	312,394
Purchase of own shares	-	300	(2,580)
Premium on shares issued during the year	2,280	-	-
Balance at 30 June 2000	329,554	300	1,195,973

During the year the company repurchased 300 Ordinary £1 shares for £8.60 each.
During the year the company issued 300 Ordinary £1 shares for £8.60 each.

18 **Reconciliation of movements in shareholders' funds**	**2000**	**1999**
	£	**£**
Profit for the financial year	436,206	324,838
Dividends	(123,812)	(90,795)
Proceeds from issue of shares	2,280	-
Movements on other reserves	(2,280)	-
Net addition to shareholders' funds	312,394	234,043
Opening shareholders' funds	1,671,996	1,437,953
Closing shareholders' funds	1,984,390	1,671,996

RITCHEY TAGG LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2000

		2000	1999
19	**Directors' emoluments**	**£**	**£**
	Emoluments for qualifying services	169,751	136,060

20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2000 Number	1999 Number
Production	29	29
Selling and administration	39	36
	68	65

Employment costs

	£	£
Wages and salaries	1,027,403	831,739
Social security costs	91,807	67,315
Other pension costs	37,018	31,360
	1,156,228	930,414