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**17 MAR 2004**

**BETTA FOODS (NZ) LIMITED**

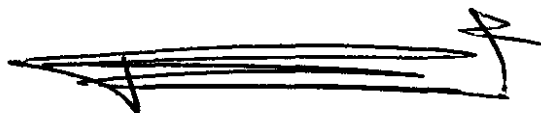
**ANNUAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2002**

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The Directors are pleased to present the Annual Report of Betta Foods (NZ) Limited for the year ended 30 June 2002.

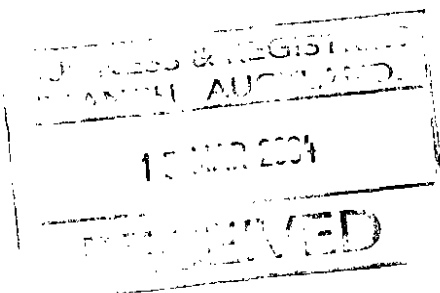
For and on behalf of the Directors:

  
\_\_\_\_\_  
*Director*

*Date: 25 August 2003*

  
\_\_\_\_\_  
*Director*

*Date: 25 August 2003*



**BETTA FOODS (NZ) LIMITED**

**COMPANY DIRECTORY**

**AS AT 30 JUNE 2002**

**Directors:**

Patrick Salera  
3 Lisson Grove  
Hawthorn VIC 3122  
AUSTRALIA

Pasquale Amuso  
25 King William Street  
Broadmeadows  
Victoria  
AUSTRALIA

**Registered Office:**

27 Sunshine Avenue  
Te Rapa  
Hamilton

**Auditors:**

KPMG  
11th Floor  
KPMG Centre  
85 Alexandra Street  
Hamilton

**Solicitors:**

Tanner Fitzgerald Getty  
Clarence Street  
Hamilton

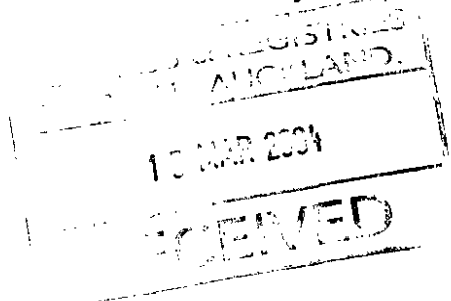
**Bankers:**

National Bank of (NZ) Limited  
Te Rapa  
Hamilton

**BETTA FOODS (NZ) LIMITED**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2002**

	<i>Note</i>	<i>2002</i> \$	<i>2001</i> \$
Total Operating Revenue		5,587,718	5,608,726
Operating Surplus before Taxation	2	680,016	507,388
Tax expense		(230,845)	(168,591)
<b>NET SURPLUS FOR THE YEAR</b>		<b>449,171</b>	<b>338,797</b>

The notes to the financial statements on pages 6 to 10 form part of these accounts and should be read in conjunction with these statements.



BETTA FOODS (NZ) LIMITED

STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2002

	Note	2002 \$	2001 \$
<b>TOTAL EQUITY</b>	10	787,969	338,798
<b>NON CURRENT ASSETS</b>			
Fixed Assets	3	1,889,611	1,788,421
Betta Foods Australia	7	896,406	833,495
<b>TOTAL NON CURRENT ASSETS</b>		2,786,017	2,621,916
<b>CURRENT ASSETS</b>			
Inventories	6	630,359	615,875
Accounts Receivable	4	549,463	354,881
Cash		260,903	132,601
Provision for Tax		-	4,039
<b>TOTAL CURRENT ASSETS</b>		1,440,725	1,107,396
<b>TOTAL ASSETS</b>		4,226,742	3,729,312
<b>NON CURRENT LIABILITIES</b>			
Finance Lease - Motor Vehicles	9	27,937	61,666
Loans	8	2,500,000	2,500,000
Deferred Tax		29,847	23,063
		2,557,784	2,584,729
<b>CURRENT LIABILITIES</b>			
Bank overdraft	8	480,000	318,000
GST Payable		20,802	12,652
Accounts Payable	5	306,421	445,216
Finance Lease - Motor Vehicle	9	54,137	29,917
Provision for Income tax		19,629	-
		880,989	805,785
<b>TOTAL LIABILITIES</b>		3,438,773	3,390,514
<b>TOTAL NET ASSETS</b>		787,969	338,798

The Directors are pleased to present the financial statements of Betta Foods (NZ) Limited for the year ended 30 June 2002.

For and on behalf of the Directors

  
Director

Date: 25 AUGUST 2003

  
Director

Date: 25 AUGUST 2003



**BETTA FOODS (NZ) LIMITED**  
**STATEMENT OF MOVEMENTS IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2002**

	2002	2001
	\$	\$
TOTAL EQUITY AT BEGINNING OF THE YEAR	338,798	494,194
Dividend paid to Betta Foods Australia	-	(494,193)
Net Surplus	449,171	338,797
	<hr/>	<hr/>
TOTAL EQUITY AT END OF YEAR	<b>787,969</b>	<b>338,798</b>
	<hr/>	<hr/>

The notes to the financial statements on pages 6 to 10 form part of these accounts and should be read in conjunction with these statements.



# BETTA FOODS (NZ) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### NOTE 1: STATEMENT OF ACCOUNTING POLICIES

#### A) REPORTING ENTITY

Betta Foods (NZ) Limited is a private company, registered under the Companies Act 1993. The financial statements of the company have been prepared in accordance with the Financial Reporting Act 1993.

#### B) GENERAL ACCOUNTING POLICIES

The general accounting policies recommended by the Institute of Chartered Accountants of New Zealand for the measurement and reporting of earnings and financial position on an historical cost basis have been followed in the preparation of these accounts.

#### C) PARTICULAR ACCOUNTING POLICIES

The particular accounting policies which materially affect the measurement of profit and financial position have been applied as follows:

##### (i) Accounts Receivable

Accounts receivable are stated at expected realisable value.

##### (ii) Inventory

Inventory is stated at the lower of cost, using a first in, first out basis, and net realisable value.

##### (iii) Goods & Services Tax

These accounts have been prepared on a GST exclusive basis.

##### (iv) Foreign Currencies

Foreign currency transactions are translated to New Zealand currency at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities in foreign currencies are translated at the exchange rate at balance date.

##### (v) Fixed Assets & Depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided to allocate the cost of the assets over their expected economic lives. The basis of allocation is as follows:

Land	Nil
Buildings	2% Straight Line
Motor Vehicles	20% Diminishing Value
Office Equipment	20% Diminishing Value
Plant & Equipment	10% Diminishing Value



BETTA FOODS (NZ) LIMITED

NOTES TO THE FINANCIAL STATEMENTS CONTD  
FOR THE YEAR ENDED 30 JUNE 2002

(vi) **Leased Assets**

Assets acquired under finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased property, are included as fixed assets in the statement of financial position. A corresponding liability is also established and each lease payment is allocated between the liability and interest expense.

(vii) **Differential Reporting**

The company qualifies for differential reporting as it is not publicly accountable and there is no separation between owners and the governing body. The company has taken advantage of all available differential reporting exemptions.

(viii) **Taxation**

Income tax expense is recognised on the operating surplus before taxation adjusted for permanent differences between taxable and accounting income. The tax effect of all timing differences is recognised in the statement of financial position as a tax benefit or a provision for deferred tax. The future tax benefit or provision for deferred tax is stated at the income tax rates prevailing at balance date.

Future tax benefits are not recognised unless realisation of the asset is virtually certain.

(ix) **Changes in Accounting Policies**

There have been no changes in accounting polices. All policies have been applied on basis consistent with those of prior years.

(x) **Comparatives**

Certain comparative information has been restated in order to provide a more consistent basis for comparison.



BETTA FOODS (NZ) LIMITED

NOTES TO THE FINANCIAL STATEMENTS CONT'D  
FOR THE YEAR ENDED 30 JUNE 2002

NOTE 2: OPERATING SURPLUS BEFORE INCOME TAX

	2002	2001
	\$	\$
After deducting:		
Auditors remuneration	8,000	16,214
Other fees paid to auditors	3,876	-
Bad debts	3,163	564
Depreciation – Motor vehicles	23,517	20,494
Depreciation – Office equipment	9,185	6,027
Depreciation – Plant and fittings	78,711	84,167
Depreciation – Land and buildings	14,092	14,102
Depreciation – Spare parts	8,625	-
Donations	1,504	1,895
Interest	60,218	71,773
Loss on sale of assets	5,842	6,008

NOTE 3: FIXED ASSETS

	2002 Cost	Accum Depn	2002 Book Value	2001 Cost	Accum Depn	2001 Book Value
	\$	\$	\$	\$	\$	\$
Land	68,000	-	68,000	68,000	-	68,000
Buildings	705,092	155,705	549,387	705,092	141,613	563,479
Motor Vehicles	169,827	75,185	94,642	166,931	64,053	102,878
Office Equipment	144,793	99,593	45,200	126,084	90,408	35,676
Plant & Machinery	1,683,863	754,572	929,291	1,436,844	679,834	757,010
Spare Parts	238,091	35,000	203,091	279,128	17,750	261,378
	<u>3,009,666</u>	<u>1,120,055</u>	<u>1,889,611</u>	<u>2,782,079</u>	<u>993,658</u>	<u>1,788,421</u>

NOTE 4: ACCOUNTS RECEIVABLE

	2002	2001
	\$	\$
Trade Receivables	357,204	354,881
Intercompany Receivable	192,259	-
	<u>\$549,463</u>	<u>\$354,881</u>



**BETTA FOODS (NZ) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS CONT'D  
FOR THE YEAR ENDED 30 JUNE 2002**

**NOTE 5: ACCOUNTS PAYABLE**

	2002	2001
	\$	\$
Trade Payables	174,512	172,135
Intercompany Payable	-	136,997
Other Payables	131,909	136,084
	<hr/>	<hr/>
	<b>\$306,421</b>	<b>\$445,216</b>
	<hr/>	<hr/>

**NOTE 6: INVENTORIES**

	2002	2001
	\$	\$
Finished Goods	465,642	413,513
Raw Materials	164,717	202,362
	<hr/>	<hr/>
	<b>\$630,359</b>	<b>\$615,875</b>
	<hr/>	<hr/>

**NOTE 7: BETTA FOODS AUSTRALIA PTY LIMITED**

	2002	2001
	\$	\$
Betta Foods Australia Pty Ltd	896,406	833,495
	<hr/>	<hr/>
	<b>\$896,406</b>	<b>\$833,495</b>
	<hr/>	<hr/>

The loan account to Betta Foods Australia Pty Limited is non-interest bearing and unsecured.

Movements in the balance relate to a management fee and insurance charge from Betta Foods Australia Pty Ltd.

The financial statements have been prepared on a going concern basis, the validity of which depends upon the ability of the parent company to repay the loan. Betta Foods New Zealand Limited consider the going concern basis is appropriate as they consider the loan to the parent company is fully collectible.



**BETTA FOODS (NZ) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS CONT'D  
FOR THE YEAR ENDED 30 JUNE 2002**

**NOTE 8: LOAN**

**NATIONAL BANK**

The National Bank loan of \$500,000 is repayable on an interest only basis at a current rate of 7.1%. The above loan and overdraft are secured by way of a mortgage over the company's land and buildings and a debenture over the assets of the company and a letter of undertaking relating to shareholders funds.

Betta Foods Australia Pty Limited has arranged for the Bank of Western Australia Limited to have a second debenture over the assets of the company

**NEWTON SECURITIES (1991) LTD**

The Newton Securities loan of \$2,000,000 is non-interest bearing and unsecured and is not due for repayment until 30 June 2005.

**NOTE 9: FINANCE LEASE - MOTOR VEHICLES**

The company has three finance leases to purchase motor vehicles. The finance lease liabilities carry interest rates of 12.49%, 9.99% and 10.54%.

	2002	2001
	\$	\$
(a) Finance lease payments payable	87,940	100,579
Less future lease finance charges	5,866	8,996
	82,074	\$91,583
<b>Classified as:</b>		
Long term	27,937	61,666
Current	54,137	29,917
	82,074	\$91,583

**NOTE 10: PAID IN CAPITAL**

Paid in Capital includes 100 shares which are fully paid up. The shares carry equal voting rights upon winding up, shareholders rank equally with regard to the Company's residual assets.

**NOTE 11: COMMITMENTS**

There were no capital or operating lease commitments as at year end (2001:Nil).

**NOTE 12: CONTINGENCIES**

There were no contingencies at year end (2001:Nil).





## Audit report

### To the shareholders of Betta Foods (NZ) Limited

We have audited the financial statements on pages 3 to 10. The financial statements provide information about the past financial performance of the company and its financial position as at 30 June 2002. This information is stated in accordance with the accounting policies set out on pages 6 and 7.

#### Directors' responsibilities

The Directors are responsible for the preparation of financial statements which give a true and fair view of the financial position of the company as at 30 June 2002 and the results of its operations for the year ended on that date.

#### Auditors' responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to you.

#### Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Directors in the preparation of the financial statements;
- whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. 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 obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Our firm has also provided other services to the company in relation to taxation and general accounting services. These matters have not impaired our independence as auditors of the company. The firm has no other relationship with, or interest in, the company.

### ***Fundamental Uncertainty***

In forming our unqualified opinion, we have considered the adequacy of the disclosures made in the financial statements regarding the parent company's ability to meet its obligations to repay the loan from Betta Foods (NZ) Limited of \$896,406 included in the statement of financial position.

The financial statements have been prepared on a going concern basis, the validity of which depends upon the ability of the parent company to repay the loan. If the company was unable to continue in operational existence for the foreseeable future, adjustments may have to be made to reflect the fact that assets may need to be realised at amounts other than those at which they are currently recorded in the statement of financial position, and the company may have to provide for further liabilities that may arise. Further details of the circumstances of this fundamental uncertainty are described in note 7 of the financial statements.

### **Unqualified opinion**

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the company as far as appears from our examination of those records;
- the financial statements on pages 3 to 10:
  - comply with New Zealand generally accepted accounting practice;
  - give a true and fair view of the financial position of the company as at 30 June 2002 and the results of its operations for the year ended on that date.

Our audit was completed on 25 August 2003 and our unqualified opinion is expressed as at that date.

*KPMG*

Hamilton