

ICELANDIC UK LIMITED

FOR THE YEAR ENDED

31 DECEMBER 2004

COMPANY REGISTRATION NUMBER: 3184635

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ICELANDIC UK LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 DECEMBER 2004

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ICELANDIC UK LIMITED

BUSINESS PARTICULARS

COMPANY REGISTRATION NUMBER 3184635

DIRECTORS

G. Svavarsson	Chairman, Icelandic
M.T. Geirsson	Managing, Icelandic
A. Fridriksson	Icelandic

The following directors resigned on 30 December 2004:

H. Andersen	Danish
F. Uhrenholt	Danish

SECRETARY M.T. Geirsson Icelandic

REGISTERED OFFICE

Suite 2
The Carlton Centre
Lincoln

BANKERS

Yorkshire Bank Plc
8 Guildhall Street
Lincoln

SOLICITORS

Andrew M. Jackson & Co.
Essex House
Manor Street
Hull

AUDITORS

Forrester Boyd
26 South Saint Mary's Gate
Grimsby

ICELANDIC UK LIMITED

DIRECTORS' REPORT

The directors submit their annual report and the audited accounts of the company for the year ended 31 December 2004. The profit for the year attributable to shareholders amounts to £881,492 and is dealt with as shown in the profit and loss account.

DIRECTORS' RESPONSIBILITIES FOR PREPARING THE FINANCIAL STATEMENTS

Company law requires the directors to prepare accounts that give a true and fair view of the state of affairs of the company and of the profit or loss for its financial year. In doing so 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, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

ACTIVITIES

The principal activity of the company, which has remained unchanged throughout the year, is that of a wholesaler of fresh and frozen fish.

BUSINESS REVIEW

This has been a satisfactory year for the company. Although the UK market has been considerably more favourable than in 2003, conditions remain competitive and the result has only been achieved as a result of the company's dedicated management and commitment to its long term strategy.

FIXED ASSETS

The movement on fixed assets is set out in the notes to the accounts.

DIVIDEND

The directors recommend that no dividend be paid.

DIRECTORS

The names of the present directors and changes during the year are set out on page 1. The directors do not have any beneficial interest in the issued share capital of the company or the UK group.

ICELANDIC UK LIMITED

DIRECTORS' REPORT (CONTINUED)

CHARITABLE DONATIONS

During the year, the company paid charitable donations amounting to £500 (2003 : £250).

AUDITORS

Forrester Boyd have signified their willingness to continue in office as auditors and a resolution proposing their reappointment will be put to the annual general meeting.

POLICY ON PAYMENT OF CREDITORS

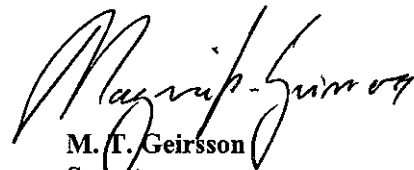
The company does not have a standard policy on payment of creditors. Terms are agreed with each supplier on an individual basis, and it is company policy to work within these terms as far as possible.

The number of creditor days outstanding at the balance sheet date was 59 (2003 : 49).

Suite 2
The Carlton Centre
Lincoln

24 February 2005

BY ORDER OF THE BOARD


M. T. Geirsson
Secretary

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ICELANDIC UK LIMITED

We have audited the financial statements of Icelandic UK Limited for the year ended 31 December 2004 which comprise Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, 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 law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

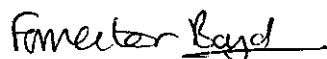
BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Audit 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 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



FORRESTER BOYD

Registered Auditors

Chartered Accountants

26 South Saint Mary's Gate,

GRIMSBY.

24 February 2005

ICELANDIC UK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	2004 £	2003 £
Turnover from continuing operations	1,2	39,468,100	35,442,148
Cost of sales		(36,819,837)	(34,061,195)
Gross profit		2,648,263	1,380,953
Net operating expenses	3	(1,162,398)	(920,508)
Operating profit from continuing operations	4	1,485,865	460,445
Interest payable less receivable	7	(198,373)	(152,470)
Profit on ordinary activities before taxation		1,287,492	307,975
Taxation	8	(406,000)	(96,000)
Retained profit for the financial year		881,492	211,975

Movements on reserves are set out in note 16.

The company has no recognised gains or losses other than as shown in the profit and loss account.

The company's results derive entirely from continuing operations.

ICELANDIC UK LIMITED

BALANCE SHEET

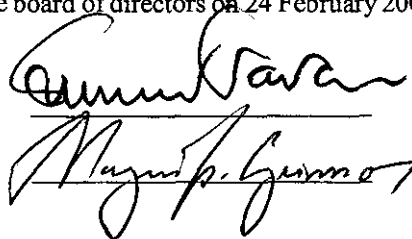
AT 31 DECEMBER 2004

	Note	2004		2003	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9		56,952		69,291
Investments	10		23,917		-
			80,869		69,291
CURRENT ASSETS					
Stock	11	7,891,461		4,634,099	
Debtors	12	6,951,541		4,012,469	
Cash at bank and in hand		114,383		13,894	
		14,957,385		9,296,448	
CREDITORS					
Amounts falling due within one year	13	12,108,415		7,087,406	
NET CURRENT ASSETS			2,848,970		1,573,056
TOTAL ASSETS LESS CURRENT LIABILITIES					
			2,929,839		1,334,372
CREDITORS					
Amounts falling due after one year	14		802,000		396,000
NET ASSETS			2,127,839		1,246,347
CAPITAL AND RESERVES					
Called up share capital	15		300,000		300,000
Profit and loss account	16		1,827,839		946,347
EQUITY SHAREHOLDERS' FUNDS	17		2,127,839		1,246,347

The financial statements were approved by the board of directors on 24 February 2005 and were signed on its behalf by:

G. Svavarsson

M. T. Geirsson



DIRECTORS

ICELANDIC UK LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	2004 £	2003 £
CASH FLOW STATEMENT			
Net cash (outflow) inflow from operating activities	18	(477,734)	580,553
Returns on investments and servicing of finance	19	(198,373)	(152,470)
Acquisitions and disposals	20	(23,917)	-
Taxation	21	-	50,000
Capital expenditure	22	(31,203)	7,521
Net (decrease) increase in cash before financing		(731,227)	485,604
Financing		-	-
(Decrease) increase in cash	23	(731,227)	485,604

Reconciliation of net cash flow to movement in net debt

(Decrease) increase in cash in the year, being change in net funds		(731,227)	485,604
Net debt at beginning of year		(2,508,253)	(2,993,857)
Net debt at end of year	23	(3,239,480)	(2,508,253)

ICELANDIC UK LIMITED

NOTES TO THE ACCOUNTS

Note

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below and have been consistently applied.

Basis of preparation of financial statements

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

The effect of events relating to the year ended 31 December 2004 which occurred before the date of approval of the financial statements by the Board of Directors, have been included in the statements to the extent required to show a true and fair view of the state of affairs at 31 December 2004 and of the results for the year ended on that date.

Turnover

Turnover represents the amount derived from the provision of goods and services by the company exclusive of V.A.T. All of the company's turnover is derived from one class of business.

Depreciation – Tangible fixed assets

Depreciation has been computed to write off the cost of tangible fixed assets over their expected useful lives using the following rates:

Motor vehicles	3 years straight line
Fixtures and fittings	8 years straight line
Computer equipment	3 years straight line

Stocks

Stocks have been valued at the lower of cost and net realisable value. Cost includes the cost of materials plus costs of bringing goods to their final location prior to sale.

Deferred taxation

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences on a full provision basis.

At 31 December 2004 there was no material unprovided deferred taxation.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction.

Balances at the year end denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the balance sheet date.

ICELANDIC UK LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

Note

1. ACCOUNTING POLICIES (Continued)

Leasing

Tangible fixed assets acquired under finance leases or hire purchase contracts are capitalised at a value equal to the cost incurred by the company in acquiring the relevant assets and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges, are included in creditors. Finance charges arising are shown under interest payable in the profit and loss account.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs

The company operates a group personal pension scheme. Contributions payable for the year are charged in the profit and loss account as they fall due.

Compliance with accounting standards

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

2. ANALYSIS OF TURNOVER

	2004 £	2003 £
Geographical market		
United Kingdom	37,074,461	33,583,013
Europe	2,203,083	1,847,019
America	190,556	-
Asia	-	12,116
	39,468,100	35,442,148

3. NET OPERATING EXPENSES

	2004 £	2003 £
Net operating expenses comprise:		
Selling and distribution costs	659,338	458,286
Administrative expenses	503,060	462,222
	1,162,398	920,508

ICELANDIC UK LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

Note

4. OPERATING PROFIT	2004	2003
	£	£
This is stated after charging:-		
Auditors' remuneration and expenses		
- audit	7,000	7,000
- other services	1,300	1,775
Depreciation and amortisation of owned assets	45,447	54,780
Hire of plant and vehicles – operating leases	2,455	1,549
(Profit) on sale of tangible fixed assets	(1,905)	(3,991)

5. STAFF COSTS

The average monthly number of persons, including directors, employed by the company during the year was as follows.

	2004	2003
	Number	Number
Directors (non-remunerated)	4	4
Management and administration	3	3
Sales	7	7
	14	14

The aggregate payroll costs of these persons were as follows:-

	2004	2003
	£	£
Wages and salaries	575,088	396,360
Social security costs	66,422	47,691
Other pension costs	34,871	18,797
	676,381	462,848

6. DIRECTORS' REMUNERATION

	2004	2003
	£	£
Directors' emoluments, including estimated benefits in kind	140,721	117,912
Company contribution to personal pension arrangement	33,900	9,000
Total directors' emoluments	174,621	126,912

The number of directors accruing benefits under the group personal pension plan was:

1	1

ICELANDIC UK LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

Note

7.	INTEREST PAYABLE LESS RECEIVABLE	2004 £	2003 £
	Interest receivable on:		
	- other balances	1,704	1,678
	Interest payable on:		
	- ultimate holding company balance	(2,826)	(9,972)
	- bank borrowings	(197,251)	(144,176)
	Net interest payable	<u>(198,373)</u>	<u>(152,470)</u>

8.	TAXATION	2004 £	2003 £
	Current Year:		
	Provision for payment in respect of group relief	<u>406,000</u>	<u>96,000</u>

Factors affecting the tax charge for the year:

The tax assessed is higher than the standard rate of UK Corporation tax (30%).
The differences are explained below.

	2004 £	2003 £
Profit on ordinary activities before taxation	<u>1,287,492</u>	<u>307,975</u>
Profit multiplied by standard rate of UK Corporation tax – 30%	386,247	92,393
<i>Add (deduct) effects of:</i>		
Expenses not deductible for tax purposes	1,901	1,088
Depreciation in excess of capital allowances	4,850	4,335
Rounding	13,002	(1,816)
Provision made	<u>406,000</u>	<u>96,000</u>

The provision made represents the total of sums payable to group companies for the surrender of group relief and amounts payable to the UK tax authorities in respect of the profit for the year.

Deferred Taxation

The potential amount of deferred taxation is wholly immaterial.

ICELANDIC UK LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

Note

9. TANGIBLE FIXED ASSETS

	Fixtures, fittings and office equipment £	Motor vehicles £	Total £
Cost			
At 31 December 2003	116,879	73,244	190,123
Additions	15,388	29,815	45,203
Disposals	-	(22,414)	(22,414)
At 31 December 2004	132,267	80,645	212,912
Depreciation:			
At 31 December 2003	86,530	34,302	120,832
Charge for the year	15,989	29,458	45,447
Relating to disposals	-	(10,319)	(10,319)
At 31 December 2004	102,519	53,441	155,960
Net book value			
At 31 December 2004	29,748	27,204	56,952
At 31 December 2003	30,349	38,942	69,291
Capital commitments		2004	2003
		£	£
At 31st December the company had authorised capital expenditure amounting to:			
Contracted		-	29,000
Not-contracted		22,500	-
		22,500	29,000

Leasing commitments

At 31 December 2004 the company had annual commitments under operating leases which expire in relation to the balance sheet date as follows:

	2004 Land & buildings £	2004 Other Leases £	2003 Land & buildings £	2003 Other Leases £
After more than five years	19,000	-	19,000	-

ICELANDIC UK LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

Note

10. INVESTMENTS

Unlisted Trade Investment at Cost	Unlisted £
At 31 December 2003	-
Additions	23,917
Disposals	-
At 31 December 2004	23,917

11. STOCKS

	2004	2003
	£	£
Fish for resale	7,891,461	4,634,099

12. DEBTORS

	2004	2003
	£	£
Amounts due within one year:		
Trade debtors	6,261,706	3,806,970
Amount owed by immediate holding company	360,913	49,663
Amount owed by fellow subsidiary undertakings	159,971	28,834
Other debtors	53,214	51,805
Prepayments and accrued income	115,737	75,197
	6,951,541	4,012,469

13. CREDITORS

	2004	2003
	£	£
Amounts due within one year:		
Bank overdraft	159,673	-
Bank loan -- other	3,194,190	2,522,147
Trade creditors	7,662,356	4,053,949
Amounts owed to ultimate holding company	240,685	170,977
Amounts owed to immediate holding company	4,498	-
Amounts owed to fellow subsidiary undertakings	600,899	184,523
Other tax and social security	40,268	30,298
Accruals and deferred income	205,846	125,512
	12,108,415	7,087,406

Borrowings

The company's other bank loan fluctuates daily and is secured by a first charge over all trade debts and a debenture over all other assets.

ICELANDIC UK LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

Note

14. CREDITORS

	2004	2003
	£	£
Amounts due after one year:		
Amounts owed to immediate holding company	802,000	396,000

15. SHARE CAPITAL

	2004	2003
	£	£
Authorised		
300,000 (2003 : 300,000) Ordinary shares of £1 each	300,000	300,000
Allotted, called up and fully paid		
300,000 (2003 : 300,000) Ordinary shares of £1 each	300,000	300,000

16. RESERVES

	Profit and loss account £
At 31 December 2003	946,347
Retained profit	881,492
At 31 December 2004	1,827,839

17. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2004	2003
	£	£
Profit for the financial year	881,492	211,975
Net increase in shareholders' funds	881,492	211,975
Opening shareholders' funds	1,246,347	1,034,372
Closing shareholders' funds	2,127,839	1,246,347

ICELANDIC UK LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

Note

18.	RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES	2004 £	2003 £
	Operating profit	1,485,865	460,445
	Depreciation charges	45,447	54,780
	(Profit) loss on sale of tangible fixed assets	(1,905)	(3,991)
	Increase in stocks	(3,257,362)	(739,100)
	(Increase) decrease in debtors	(2,939,072)	1,329,352
	Increase (decrease) in creditors excluding debt and corporation tax	4,189,293	(520,933)
	Net cash (outflow) inflow from operating activities	<u>(477,734)</u>	<u>580,553</u>
19.	RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	2004 £	2003 £
	Interest received	1,704	1,678
	Interest paid	(200,077)	(154,148)
	Net cash outflow from returns on investments and servicing of finance	<u>(198,373)</u>	<u>(152,470)</u>
20.	ACQUISITIONS AND DISPOSALS		
	Purchase of trade investment	<u>(23,917)</u>	<u>-</u>
21.	TAXATION	2004 £	2003 £
	UK Corporation tax repaid	<u>-</u>	<u>50,000</u>
22.	CAPITAL EXPENDITURE	2004 £	2003 £
	Payments to acquire tangible fixed assets	(45,203)	(27,569)
	Proceeds on sale of tangible fixed assets	14,000	35,090
	Net cash (outflow) inflow from capital expenditure	<u>(31,203)</u>	<u>7,521</u>

ICELANDIC UK LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

Note

23. ANALYSIS OF CHANGES IN NET DEBT

	At beginning of year £	Cash flows £	Other changes £	At end of year £
Cash at bank and in hand	13,894	100,489	-	114,383
Bank overdraft	-	(159,673)	-	(159,673)
Bank loan – other	(2,522,147)	(672,043)	-	(3,194,190)
	<u>(2,508,253)</u>	<u>(731,227)</u>	<u>-</u>	<u>(3,239,480)</u>

24. PENSION COSTS

The company operates a group personal pension arrangement.

The cost to the company of making payments to this scheme during the year amounted to £34,871 (2003 : £18,797).

As at the balance sheet date, there were no material prepaid or accrued contributions.

25. RELATED PARTY TRANSACTIONS AND HOLDING COMPANIES

Controlling Parties

The whole of Icelandic UK Limited's issued share capital is owned by Coldwater Seafood (UK) Limited, a company incorporated in England and Wales.

The ultimate controlling party is Icelandic Group Plc, a company incorporated in Iceland. That company owns 100% of the issued share capital of Coldwater Seafood (UK) Limited.

Related Party Transactions

In its ordinary course of business, Icelandic UK Limited has engaged in commercial transactions with and incurred balances with the ultimate holding company and fellow subsidiaries.

Transactions during the year and year end balances with all companies have been eliminated in the consolidated accounts of Icelandic Group Plc. Copies of those accounts are available to the public from the Icelandic UK Limited registered office shown on page 1.