Sea Catch PLC

Report and financial statements

for the year ended 31 December 2000

Registered no. SC 103739



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Directors' report
for the year ended 31 December 2000

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2000.

Principal activities
The principal activity of the Company is that of fish farming.

Results and dividends
The Company's profit for the financial year after taxation is £646,472 (1999 £78,559). The directors propose that no dividend be paid on the share capital and the profit for the year be deducted from the accumulated deficit on reserves.

Review of business activities and future developments
High selling prices and an improvement in production performance has returned the company to profitability. Continuing production efficiencies and initiatives to reduce operating costs should sustain this profitability in 2001 despite the forecast reduction in the selling price.

Directors
The directors in office during the year and up to the date of this report were:

E C Garrett
J G Masson
R I Auckland
M Hislop

Directors' interests
None of the directors has an interest in the share capital of the Company.

Mr J G Masson and Mr M Hislop have no interest in the share capital of the group at 31 December 2000. The two other directors are also directors of J W Holdings Ltd, the Company's ultimate parent company. The directors' share interests in J W Holdings Ltd are declared by that company.

Directors' responsibilities
The directors are required by UK company law to prepare financial statements for each financial period that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2000. The directors also confirm that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and 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

Robert I Auckland

Secretary

Auditors' report to the members of Sea Catch PLC

We have audited the financial statements on pages 3 to 11.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the financial statements. As described on page 1, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the Annual Report 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 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 at 31 December 2000 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the United Kingdom Companies Act 1985.

PricewaterhouseCoopers 18/5/01

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Aberdeen

Profit and loss account
for the year ended 31 December 2000

	Note	2000 £	1999 £
Turnover	**2**	**6,138,121**	2,880,769
Changes in stock of fish		**(628,590)**	1,248,979
Exceptional stock losses	**3**	**-**	(239,997)
		5,509,531	3,889,751
Other operating income		**-**	64,293
		5,509,531	3,954,044
Raw materials and consumables		**(1,989,631)**	(1,546,690)
Depreciation	**6**	**(106,127)**	(104,710)
Other operating charges		**(2,767,301)**	(2,306,636)
Profit/(loss) on ordinary activities before taxation	**3**	**646,472**	(3,992)
Taxation	**5**	**-**	82,551
Profit for the year	**12**	**646,472**	78,559

All of the above activities relate to continuing operations.

The Company had no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

Balance sheet
at 31 December 2000

	Note	2000 £	1999 £
Fixed assets			
Tangible fixed assets	6	**532,708**	604,045
Current assets			
Stocks	7	**2,313,561**	2,942,151
Debtors	8	**72,585**	63,606
Cash at bank		**3,036,862**	-
		5,423,008	3,005,757
Current liabilities			
Creditors: amounts falling due within one year	9	**(5,318,678)**	(3,619,236)
Net current assets/(liabilities)		**104,330**	(613,479)
Total assets less current liabilities		**637,038**	(9,434)
Capital and reserves			
Called up share capital	11	**934,558**	934,558
Share premium account	12	**846,807**	846,807
Profit and loss account	12	**(1,144,327)**	(1,790,799)
Surplus/(deficiency) of equity shareholder's funds	13	**637,038**	(9,434)

The financial statements on pages 3 to 11 were approved by the board of directors on 10 May 2001 and are signed on its behalf by:

E C Garrett **Director**

R I Auckland **Director**

Cash flow statement
for the year ended 31 December 2000

	Note	2000	1999
		£	£
Net cash inflow/(outflow) from:			
Operating activities	17a	**3,389,722**	(309,768)
United Kingdom corporation tax recovered/(paid)		**39,877**	(77,665)
Capital expenditure and financial investments		**(34,790)**	(16,312)
Net cash inflow/(outflow)	17b	**3,394,809**	(403,745)
Increase/(decrease) in cash		**3,394,809**	(403,745)

Notes to the financial for the year ended 31 December 2000

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

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

Turnover

Turnover represents amounts received and receivable, exclusive of VAT and trade discounts, for goods and services supplied during the year.

Tangible fixed assets

Tangible fixed assets are stated at cost.

Depreciation is calculated by reference to cost at rates estimated to write off the relevant assets by equal annual instalments over their expected useful lives, which are mainly:

Leasehold property	Over the terms of the leases, 10 to 35 years
Plant and equipment	5 to 18 years
Vehicles	4 years

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost, where appropriate, includes a proportion of overhead expenses.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Notes to the financial statements for the year ended 31 December 2000 (continued)

2 Turnover

	2000	1999
	£	£
The geographical analysis of sales by destination is as follows:		
United Kingdom	**5,991,678**	2,862,954
Rest of Europe	**146,443**	17,815
	6,138,121	2,880,769

3 Profit/(loss) before taxation

	2000	1999
	£	£
Profit/(loss) before taxation is stated after charging:		
Auditors' remuneration	**1,000**	1,000
Loss on sale of fixed assets	-	415

During 1999 the Company suffered abnormal stock losses of £239,997 as a result mainly of plankton blooms and torn nets.

Goods and services are provided to the Company by its immediate parent company. The charges for these goods and services take account of interest on bank balances.

4 Directors and employees

The Company has no employees and the directors received no remuneration during the year (1999 £nil). Directors' emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the parent companies.

5 Taxation

	2000	1999
	£	£
Based on the result for the year:		
UK corporation tax at 30% (1999 30.25%)	-	-
Adjustment in respect of prior year		
- deferred	-	82,551

The incidence of taxation losses carried forward which are not recognised for deferred taxation, results in the disproportionate tax charge compared to profit/(loss) on ordinary activities.

Notes to the financial statements for the year ended 31 December 2000 (continued)

6 Tangible fixed assets

	Short leasehold property £	Plant and equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2000	166,388	963,821	11,162	1,141,371
Additions	-	34,790	-	34,790
At 31 December 2000	**166,388**	**998,611**	**11,162**	**1,176,161**
Aggregate depreciation				
At 1 January 2000	88,069	441,020	8,237	537,326
Charge for the year	9,817	95,410	900	106,127
At 31 December 2000	**97,886**	**536,430**	**9,137**	**643,453**
Net book value				
At 31 December 2000	**68,502**	**462,181**	**2,025**	**532,708**
At 31 December 1999	78,319	522,801	2,925	604,045

7 Stocks

	2000 £	1999 £
Fish livestock	**2,313,561**	2,942,151

Included in the value of fish is interest of £83,608 (1999 £121,449).

8 Debtors

	2000 £	1999 £
Amounts due from parent company and fellow subsidiary undertakings	**72,585**	23,729
Group relief compensation receivable	-	39,877
	72,585	63,606

Notes to the financial statements for the year ended 31 December 2000 (continued)

9 Creditors

	2000 £	1999 £
Amounts falling due within one year:		
Bank overdraft	-	357,947
Amounts owed to parent company and fellow subsidiary undertaking	**5,318,678**	3,261,289
	5,318,678	3,619,236

10 Provision for liabilities and charges

The deferred taxation liability, which has been provided for in these accounts at 30% (1999 30%) is as follows:

	Provided		Not provided	
	2000 £	1999 £	**2000 £**	1999 £
Accelerated capital allowances	**70,945**	78,370	-	-
Losses carried forward	**(70,945)**	(78,370)	**(164,678)**	(358,620)
	-	-	**(164,678)**	(358,620)

11 Called up share capital

	2000 £	1999 £
Authorised		
3,000,000 ordinary shares of 50p each	**1,500,000**	1,500,000
Allotted, called up and fully paid		
1,869,115 ordinary shares of 50p each	**934,558**	934,558

12 Reserves

	Profit and loss account £	Share premium £
At 1 January 2000	**(1,790,799)**	**846,807**
Profit for the year	**646,472**	-
At 31 December 2000	**(1,144,327)**	**846,807**

Notes to the financial statements for the year ended 31 December 2000 (continued)

13 Reconciliation of movement in shareholder's funds

	2000	1999
	£	£
Profit for the year	**646,472**	78,559
Opening shareholder's funds	**(9,434)**	(87,993)
Closing shareholder's funds	**637,038**	(9,434)

14 Contingent liabilities

The Company has a contingent liability arising from a guarantee without limit extended to the group's principal bankers in respect of sums advanced to the Company and to certain other members of the group.

15 Related party transactions

	Year ended 31 December 2000		At 31 December 2000	
	Purchases from	Sales to	Due to	Due from
	£	£	£	£
Allan and Dey Ltd	-	4,964,888	-	72,585
Highland Fish Farmers Ltd	2,875,475	815,218	5,318,678	-
	2,875,475	**5,780,106**	**5,318,678**	**72,585**

A substantial part of the Company's turnover in 2000 was with fellow subsidiary undertaking Allan and Dey Ltd and immediate parent company Highland Fish Farmers Ltd. Similarly the Company's raw materials and consumables and other operating charges were charged by immediate parent company Highland Fish Farmers Ltd.

16 Ultimate parent company

The directors report that Highland Fish Farmers Ltd, registered in Scotland, is the Company's immediate parent company and that J W Holdings Ltd, registered in Scotland, is the Company's ultimate parent company. J W Holdings Ltd is controlled by Sir Ian Wood and his children through a number of trusts.

Notes to the financial statements for the year ended 31 December 2000 (continued)

17 Cash flow statement

	2000 £	1999 £
(a) Reconciliation of operating profit/(loss) to net cash outflow		
Operating profit/(loss)	**646,472**	(3,992)
Depreciation on tangible fixed assts	**106,127**	104,710
Loss on sale of fixed assets	**-**	415
Decrease/(increase) in stocks	**628,590**	(1,248,979)
Decrease in stocks due to exceptional item (note 3)	**-**	239,997
(Increase)/decrease in amounts due from fellow subsidiary undertakings	**(48,856)**	244,581
Increase in amounts due to parent company and fellow subsidiary undertakings	**2,057,389**	353,500
Net cash inflow/(outflow) from operating activities	**3,389,722**	(309,768)

	2000 £	1999 £
(b) Analysis of changes in net debt during the year:		
At 1 January 2000	**(357,947)**	45,798
Net cash inflow/(outflow)	**3,394,809**	(403,745)
At 31 December 2000	**3,036,862**	(357,947)

(c) Analysis of balances of cash as shown in the balance sheet:

	31 December 2000 £	Change in year £	31 December 1999 £	Change in year £	31 December 1998 £
Cash at bank/(bank overdraft)	**3,036,862**	**3,394,809**	(357,947)	(403,745)	45,798