

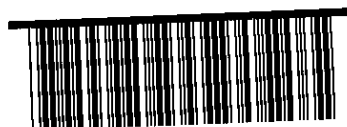
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Registration Number 140736

Moray Holdings Limited

Directors' Report and Financial Statements

for the year ended 31 March 2002



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Moray Holdings Limited

Company Information

Directors	Mrs I E Eckersley C G Eckersley J E Eckersley
Secretaries	CLP Secretaries Limited Commercial House 2 Rubislaw Terrace Aberdeen AB10 1XE
Company Number	140736
Registered Office & Business Address	3-13 Low Street Buckie Banffshire AB56 1UX
Auditors	Johnston Carmichael Chartered Accountants Commerce House South Street Elgin Moray IV30 1JE
Bankers	Bank of Scotland 21 East Church Street Buckie AB56 1EX
Solicitors	The Commercial Law Practice Commercial House 2 Rubislaw Terrace Aberdeen AB10 1XE

Moray Holdings Limited

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Moray Holdings Limited

Directors' Report for the year ended 31 March 2002

The directors present their report and the financial statements for the year ended 31 March 2002.

Principal Activity and Review of the Business

The principal activity of the company is that of a holding company for its wholly owned subsidiary, Moray Seafoods Limited, whose principal activity is seafood processing. During the year the company's other subsidiary Moray Fishing Fleet Limited, which was dormant, was dissolved.

Results And Dividends

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

The directors do not recommend payment of a final dividend.

Directors and their Interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	2002	2001
	or date of	
	appointment	
Mrs I E Eckersley	-	-
C G Eckersley	1,012,747	1,012,747
J E Eckersley	1,012,747	1,012,747

In addition to the above Mrs I E Eckersley has an interest in the 1 redeemable deferred non-participating ordinary share as a beneficiary of the trust which holds the share.

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and 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.

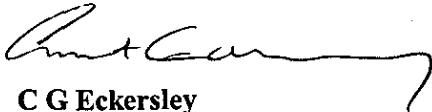
Moray Holdings Limited

**Directors' Report
for the year ended 31 March 2002**

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Johnston Carmichael be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 11 July 2002 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'C G Eckersley', written over a horizontal line.

**C G Eckersley
Director**

Moray Holdings Limited

Independent Auditors' Report to the Shareholders of Moray Holdings Limited

We have audited the financial statements of Moray Holdings Limited for the year ended 31 March 2002 as detailed on pages 4 to 13. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 1 the company's directors are responsible for the preparation of 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 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 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 March 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

11 July 2002
Commerce House
South Street
Elgin
Moray
IV30 1JE

Johnston Carmichael
Johnston Carmichael

Chartered Accountants and
Registered Auditor

Moray Holdings Limited

**Profit and Loss Account
for the year ended 31 March 2002**

		Continuing operations	
		2002	2001
	Notes	£	£
Turnover	2	-	3,500
Administrative expenses		-	(28,510)
Operating profit/(loss)	3	-	(25,010)
Amounts written off investments	4	-	(2)
Exceptional write off	5	-	(832,450)
Profit/(loss) on ordinary activities before taxation		-	(857,462)
Tax on profit/(loss) on ordinary activities	7	(125)	221,539
(Loss) for the year		(125)	(635,923)
Accumulated (loss) brought forward		(1,292,921)	(656,998)
Accumulated (loss) carried forward		<u>(1,293,046)</u>	<u>(1,292,921)</u>

There are no recognised gains or losses other than the profit or loss for the above two financial years.

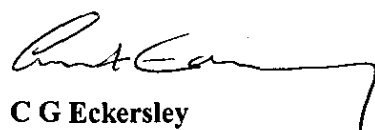
The notes on pages 7 to 13 form an integral part of these financial statements.

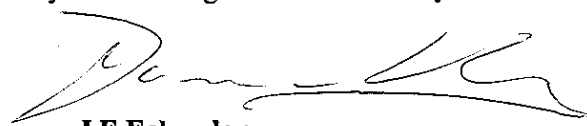
Moray Holdings Limited

**Balance Sheet
as at 31 March 2002**

		2002		2001	
	Notes	£	£	£	£
Fixed Assets					
Investments	8		2,174,200		2,174,200
Current Assets					
Debtors (due after one year)	9	1,152		1,152	
		<u>1,152</u>		<u>1,152</u>	
Creditors: amounts falling due within one year	10	<u>(4,150)</u>		<u>(2,250)</u>	
Net Current Liabilities			<u>(2,998)</u>		<u>(1,098)</u>
Total Assets Less Current Liabilities			2,171,202		2,173,102
Creditors: amounts falling due after more than one year (including convertible debt)	11		<u>(1,438,753)</u>		<u>(1,440,528)</u>
Net Assets			<u><u>732,449</u></u>		<u><u>732,574</u></u>
Capital and Reserves					
Called up share capital	12		2,025,495		2,025,495
Profit and loss account			<u>(1,293,046)</u>		<u>(1,292,921)</u>
Equity Shareholders' Funds	13		<u><u>732,449</u></u>		<u><u>732,574</u></u>
Equity interests			732,448		732,573
Non-equity interests			<u><u>1</u></u>		<u><u>1</u></u>

The financial statements were approved by the Board on 11 July 2002 and signed on its behalf by


C G Eckersley
Director


J E Eckersley
Director

The notes on pages 7 to 13 form an integral part of these financial statements.

Moray Holdings Limited

**Cash Flow Statement
for the year ended 31 March 2002**

	Notes	2002 £	2001 £
Reconciliation of operating profit/(loss) to net cash inflow from operating activities			
Operating profit/(loss)		-	(25,010)
Depreciation		-	26,260
Rental income charged to inter company account		-	(3,500)
Expenses paid by subsidiary		-	2,250
Net cash inflow from operating activities		<u>-</u>	<u>-</u>
CASH FLOW STATEMENT			
Increase in cash in the year		<u>-</u>	<u>-</u>
Reconciliation of net cash flow to movement in net debt (Note 17)			
Increase in cash in the year		-	-
Net debt at 1 April 2001		<u>(533,852)</u>	<u>(533,852)</u>
Net debt at 31 March 2002		<u>(533,852)</u>	<u>(533,852)</u>

Moray Holdings Limited

Notes to the Financial Statements for the year ended 31 March 2002

1. Accounting Policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of rental income charged in the year.

1.3. Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.4. Group accounts

The company is entitled to the exemption under Section 248 of the Companies Act 1985 from the obligation to prepare group accounts. These accounts therefore only contain information about the company and not its group.

2. Turnover

The total turnover of the company for the year has been derived from property rentals wholly undertaken in the UK.

3. Operating profit/(loss)	2002	2001
	£	£
Operating profit/(loss) is stated after charging:		
Depreciation and other amounts written off tangible assets	-	26,260
Auditors' remuneration	-	2,250
	<u>-</u>	<u>28,510</u>
4. Amounts written off investments	2002	2001
	£	£
Loss on disposal of fixed asset investments	-	2
	<u>-</u>	<u>2</u>
5. Exceptional write off	2002	2001
	£	£
Loss on write off of inter company account	-	832,450
	<u>-</u>	<u>832,450</u>

Moray Holdings Limited

Notes to the Financial Statements for the year ended 31 March 2002

..... continued

6. Directors' emoluments

	2002	2001
	£	£
Remuneration and other emoluments	82,678	66,356
Pension contributions	10,020	10,020
	<u>92,698</u>	<u>76,376</u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	2	2

The remuneration disclosed above was paid to the directors by the company's wholly owned subsidiary, Moray Seafoods Limited.

7. Taxation

	2002	2001
	£	£
UK current year taxation		
Transfer from deferred taxation	-	(221,539)
Prior years		
UK Corporation Tax	125	-
	<u>125</u>	<u>(221,539)</u>

Moray Holdings Limited

Notes to the Financial Statements for the year ended 31 March 2002

..... continued

8. Fixed Asset Investments

	Subsidiary Undertakings Shares	Total
	£	£
Cost		
At 1 April 2001	2,415,228	2,415,228
Disposals	(241,028)	(241,028)
At 31 March 2002	<u>2,174,200</u>	<u>2,174,200</u>
Provisions for diminution in value:		
At 1 April 2001	241,028	241,028
Disposals	(241,028)	(241,028)
At 31 March 2002	<u>-</u>	<u>-</u>
Net book values		
At 31 March 2002	<u>2,174,200</u>	<u>2,174,200</u>
At 31 March 2001	<u>2,174,200</u>	<u>2,174,200</u>

8.1. Holdings of 20% or more

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

Company	Country of registration or incorporation	Nature of business	Shares held	
			Class	Proportion
Subsidiary undertaking				
Moray Seafoods Limited	Scotland	Seafood processing	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
	£	£
Moray Seafoods Limited	2,373,749	53,605

Moray Holdings Limited

**Notes to the Financial Statements
for the year ended 31 March 2002**

..... continued

9. Debtors

	2002	2001
	£	£
Group relief receivable	<u>1,152</u>	<u>1,152</u>

All debtors included above are due after more than one year.

**10. Creditors: amounts falling due
within one year**

	2002	2001
	£	£
Amounts owed to group undertaking	4,150	-
Accruals and deferred income	<u>-</u>	<u>2,250</u>
	<u>4,150</u>	<u>2,250</u>

Moray Holdings Limited

Notes to the Financial Statements for the year ended 31 March 2002

..... continued

11. Creditors: amounts falling due after more than one year	2002 £	2001 £
Cumulative convertible loan stock	533,852	533,852
Directors loan	904,901	906,676
	<u>1,438,753</u>	<u>1,440,528</u>
Loans		
Repayable between one and two years	533,852	-
Repayable between two and five years	-	533,852
Repayable in five years or more	904,901	906,676
	<u>1,438,753</u>	<u>1,440,528</u>
Repayable in five years or more:		
Directors loan	904,901	906,676
	<u>904,901</u>	<u>906,676</u>

The cumulative convertible loan stock is repayable on 31 October 2003 or on giving one month's notice the company shall be entitled to repay the stock at par in full or in tranches of £10,000 on the next following interest date. Interest is payable quarterly on the loan at a rate of 15% per annum and the loan is secured by a floating charge over the assets of the company.

All interest charged up to 31 March 2002 has been waived.

The stockholders are entitled to convert the loan stock into ordinary shares of £1 each at par fully paid, at any time after 1 November 1996.

Moray Holdings Limited

Notes to the Financial Statements for the year ended 31 March 2002

..... continued

12. Share capital	2002 £	2001 £
Authorised equity		
11,999,999 Ordinary shares of £1 each	11,999,999	11,999,999
1 Redeemable deferred non-participating ordinary share of £1 each	1	1
	<u>12,000,000</u>	<u>12,000,000</u>
 Equity interest	 11,999,999	 11,999,999
Non-equity interest	1	1
	<u>1</u>	<u>1</u>
Allotted, called up and fully paid		
2,025,494 Ordinary shares of £1 each	2,025,494	2,025,494
1 Redeemable deferred non-participating ordinary share of £1 each	1	1
	<u>2,025,495</u>	<u>2,025,495</u>
 Equity interest	 2,025,494	 2,025,494
Non-equity interest	1	1
	<u>1</u>	<u>1</u>

The redeemable deferred non-participating ordinary share (redeemable share) was issued to the trustees of the cumulative convertible secured loan stock in order to secure this capital instrument.

The redeemable share is not entitled to any dividends or other distributions. It may be redeemed at any time after 22 days notice is given to the company by the holder requesting to do so, or by the company to the holder provided there is not in existence the cumulative convertible secured loan stock.

On winding up of the company the redeemable share is entitled only to the nominal value of the share less the sum unpaid thereon after paying the holders of the ordinary shares the nominal value of the ordinary shares less the sum unpaid thereon.

The holder of the redeemable share shall be entitled to such number of votes as is equal to 110% of the number of ordinary shares in issue from time to time, whether the share is nil paid, partly paid or fully paid.

Moray Holdings Limited

Notes to the Financial Statements for the year ended 31 March 2002

..... continued

13. Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Loss for the year	(125)	(635,923)
Opening shareholders' funds	732,574	1,368,497
Closing shareholders' funds	<u>732,449</u>	<u>732,574</u>

14. Contingent liabilities

The company has given a guarantee and letter of offset to the group's bank in relation to the borrowings of its subsidiary company, Moray Seafoods Limited. At the year end the liability outstanding under this arrangement was £808,763.

15. Transactions with directors

At 31 March 2002 the directors had advanced to the company a loan of £904,901 (2001-£906,676). The loan is unsecured, interest free and has no fixed repayment terms. Although the loan has no fixed repayment terms it is unlikely to be repaid within the next 5 years and hence has been shown as such in note 11.

16. Controlling interest

No one individual has overall control of the company; it is jointly controlled by the directors.

17. Analysis of changes in net debt

	Opening balance £	Closing balance £
Debt due after one year	(533,852)	(533,852)
Net debt	<u>(533,852)</u>	<u>(533,852)</u>