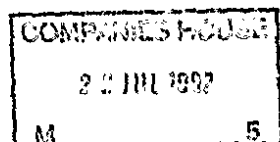


REPORT AND ACCOUNTS

Golden Sea Produce Limited

31 DECEMBER 1991

REGISTERED NO 958001



 ERNST & YOUNG

Golden Sea Produce Limited

Registered No 958001

DIRECTORS

T Gule	(Chairman, from 1 August 1991)
O Enger	(Chairman, resigned 31 July 1991)
G W Mace	(Managing Director)
M Arnisson-Newgass	
D Rackham	
J G Speirs	
M Gronningsaeter	(Resigned 31 October 1991)
J Refsnes	(Appointed 29 October 1991)

SECRETARY

Stephen J Warren

AUDITORS

Ernst & Young
George House
50 George Square
Glasgow
G2 1RR

BANKERS

National Westminster Bank PLC
Feltham Branch
48 The Centre
Middlesex
TW13 4BD

SOLICITORS

McClure Naismith Anderson & Gardiner
192 St Vincent Street
Glasgow
G2 5TQ

REGISTERED OFFICE

Bridge House
69 London Road
Twickenham
Middlesex

ERNST & YOUNG

Golden Sea Produce Limited

DIRECTORS' REPORT

The directors present their report for the year ended 31 December 1991.

ACCOUNTS AND DIVIDENDS

The directors submit the audited accounts of the group for the year ended 31 December 1991. The loss for the period amounts to £1,601,418 and is dealt with as shown in the consolidated profit and loss account. No dividend is proposed.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

During the year the activities of the group consisted of the farming of various marine species.

FIXED ASSETS

Freehold and leasehold houses have not been depreciated as required by SSAP 12 as it is the opinion of the directors that the residual value of these properties as a whole will be at least equal to their cost.

DIRECTORS

The directors during the year were those listed above.

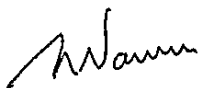
DIRECTORS' INTERESTS

No directors had any interest in the share capital of the company or its subsidiary throughout the year.

AUDITORS

A resolution to re-appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board



Secretary

6 MARCH 1992

ERNST & YOUNG

REPORT OF THE AUDITORS
to the members of Golden Sea Produce Limited

We have audited the accounts on pages 4 to 16 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 31 December 1991 and of the loss and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Chartered Accountants
Registered Auditor
Glasgow
6 MAR 1992

Golden Sea Produce Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1991

	Notes	1991 £	1990 £
TURNOVER	2	9,301,290	7,474,867
Cost of sales		8,821,739	6,847,281
Gross profit		479,551	627,586
Distribution costs		438,687	257,311
Administrative expenses		547,565	610,124
		986,250	867,435
GROUP OPERATING LOSS	3	(506,699)	(239,849)
Interest receivable	6	168,881	141,538
Interest payable	7	(1,415,600)	(1,321,725)
		(1,246,719)	(1,180,187)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,753,418)	(1,420,036)
Taxation	8	(152,000)	(168,000)
LOSS FOR THE FINANCIAL YEAR	17	(1,601,418)	(1,252,036)

ERNST & YOUNG

Golden Sea Produce Limited

CONSOLIDATED BALANCE SHEET at 31 December 1991

ERNST & YOUNG

	Notes	1991 £	1990 £
FIXED ASSETS			
Tangible assets	9	3,639,409	3,835,729
CURRENT ASSETS			
Stocks			
Debtors	10	7,303,534	5,815,285
Group relief debtor	11	3,316,513	2,659,110
Cash at bank and in hand		152,000	168,000
		124,188	4,876
		<u>10,896,237</u>	<u>8,647,271</u>
CREDITORS - amounts falling due within one year			
Bank overdraft		-	400,685
Ship mortgage finance	12	72,900	72,900
Amounts owed to parent and fellow subsidiary undertakings			
Trade and other creditors	13	11,787,609	10,024,870
		728,088	720,949
		<u>12,588,597</u>	<u>11,219,404</u>
NET CURRENT (LIABILITIES)		<u>(1,692,360)</u>	<u>(2,572,133)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,947,049	1,263,596
CREDITORS - amounts falling due after more than one year			
	14	692,944	908,073
		<u>1,254,105</u>	<u>355,523</u>
CAPITAL AND RESERVES			
Called up share capital	16	3,500,000	1,000,000
Profit and loss account	17	(2,262,094)	(666,076)
Revaluation reserve	18	16,199	21,599
		<u>1,254,105</u>	<u>355,523</u>

Director

John G. Hewitt

6 MARCH 1992

Golden Sea Produce Limited

BALANCE SHEET

at 31 December 1991

	Notes	1991 £	1990 £
FIXED ASSETS			
Tangible assets	9	3,639,409	3,835,729
CURRENT ASSETS			
Stocks	10	7,303,534	5,815,285
Debtors	11	3,377,440	2,720,035
Group relief debtor		152,000	168,000
Cash at bank and in hand		124,188	4,876
		<u>10,957,162</u>	<u>8,708,196</u>
CREDITORS - amounts falling due within one year			
Bank overdraft		-	400,685
Ship mortgage finance	12	72,900	72,900
Amounts owed to parent and fellow subsidiary undertakings		11,787,609	10,024,870
Trade and other creditors	13	728,088	720,949
		<u>12,588,597</u>	<u>11,219,404</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(1,631,435)</u>	<u>(2,511,208)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,007,974</u>	<u>1,324,521</u>
CREDITORS - amounts falling due after more than one year	14	692,944	908,073
		<u>1,315,030</u>	<u>416,448</u>
CAPITAL AND RESERVES			
Called up share capital	16	3,500,000	1,000,000
Profit and loss account	17	(2,201,169)	(605,151)
Revaluation Reserve	18	16,199	21,599
		<u>1,315,030</u>	<u>416,448</u>

John G. Spew

Director

6 MARCH 1992

Golden Sea Produce Limited

CONSOLIDATED SOURCE AND APPLICATION OF FUNDS

at 31 December 1991

	1991 £	1990 £
SOURCES OF FUNDS		
FROM OPERATIONS		
Loss on ordinary activities before taxation	(1,753,413)	(1,420,038)
Items not involving the movement of funds:		
Depreciation and amortisation of fixed assets	1,095,613	1,106,770
Profit on sale of fixed assets	(24,855)	(18,775)
Release of investment grant	(46,896)	(48,971)
TOTAL GENERATED FROM OPERATIONS	(729,556)	(381,014)
OTHER SOURCES		
Share capital	2,500,000	-
Proceeds of sale of fixed assets	39,966	37,547
TOTAL SOURCE OF FUNDS	1,810,410	(343,467)
FUNDS APPLIED		
Purchase of fixed assets	914,404	533,309
Obligations under finance leases	-	35,166
Loan repayments	168,233	168,233
	1,082,637	736,708
INCREASE/(DECREASE) IN WORKING CAPITAL	727,773	(1,080,175)
COMPONENTS OF INCREASE/(DECREASE) IN WORKING CAPITAL:		
Increase in stocks	1,488,249	1,731,329
Increase in debtors	489,405	389,530
Increase in trade and other creditors	(1,769,878)	(2,667,494)
Increase/(decrease) in liquid funds	519,997	(533,540)
	727,773	(1,080,175)

ERNST & YOUNG

Golden Sea Produce Limited

NOTES TO THE ACCOUNTS

at 31 December 1991

1. ACCOUNTING POLICIES

Fundamental accounting concept

The accounts have been prepared under the going concern concept because the parent company has undertaken to continue to support the ongoing operational activities of the company.

Accounting convention

The accounts are prepared under the historical cost convention.

The accounts are prepared in accordance with applicable accounting standards.

Basis of consolidation

The consolidated accounts incorporate the accounts of the company and its subsidiary undertaking for the year ended 31 December 1991.

Depreciation

Freehold land and houses are not depreciated. The cost or valuation of other fixed assets is written off over the expected useful lives of the assets as follows:

Leasehold property	10 years or over the period of the lease if shorter
Machinery and equipment	2.5 - 10 years
Motor vehicles	3 - 4 years
Wellboat	20 years

Stocks

Stocks are valued at the lower of cost and net realisable value. In the case of ongrown fish, costs include direct labour, feed and direct overheads attributable to fish production.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Deferred taxation

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

Government grants

Grants are credited to reserves and released to the profit and loss account over the useful life of the assets.

Leased assets

Assets held on finance leases are shown as part of the company's fixed assets.

Pensions

The expected cost of pensions in respect of the group's defined benefit pension scheme in which the company's employees participate is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the scheme. Variations from the regular cost are spread over the expected remaining service lives of current employees in the scheme. Contributions made by each subsidiary are based on pension cost across the scheme as a whole.

Golden Sea Produce Limited

NOTES TO THE ACCOUNTS

at 31 December 1991

2. TURNOVER

Turnover comprises the invoice value of goods and services supplied by the group exclusive of VAT and intra-group transactions.

A geographical analysis is as follows:

	1991 £	1990 £
United Kingdom	6,417,810	6,353,427
Other European countries	2,872,603	1,121,440
USA	10,877	-
	<u>9,301,290</u>	<u>7,474,867</u>

3. OPERATING COSTS

	1991 £	1990 £
Auditors' remuneration	16,500	16,165
Depreciation of owned assets	1,062,121	1,073,278
Depreciation of assets held under finance leases	33,492	33,492
Hire of plant and equipment	227,678	87,509
Government grants	(46,896)	(48,971)
Exceptional item - smolt production culled due to disease	488,896	-
	<u>488,896</u>	<u>-</u>

4. DIRECTORS' REMUNERATION

	1991 £	1990 £
Fees	5,167	6,000
Other emoluments (including pension contributions)	72,659	75,590
	<u>77,826</u>	<u>81,590</u>

	1991 £	1990 £
Emoluments (excluding pension contributions) of the Chairman		
T Gule	833	-
O Enger	1,167	1,000
H Skinnemoen	-	1,000
Emoluments (excluding pension contributions) of the highest paid director	<u>52,894</u>	<u>46,492</u>

Prior to his appointment as Chairman, T Gule received emoluments of £1,167 as a director of the Company.

NOTES TO THE ACCOUNTS

at 31 December 1991

4. EMOLUMENTS OF DIRECTORS (continued)

Directors' emoluments, (excluding pension contributions), fell within the following ranges:

	1991 No.	1990 No.
Not more than £5,000	6	6
£5,001 - £10,000	1	-
£15,001 - £20,000	-	1
£45,001 - £50,000	-	1
£50,001 - £55,000	1	-

5. STAFF COSTS

	1991 £	1990 £
Wages and salaries	1,620,215	1,363,776
Social security costs	129,845	107,667
Other pension costs	101,204	85,403
	<u>1,851,264</u>	<u>1,561,846</u>

The average number of persons employed by the group, including directors, during the year was as follows:

	No.	No.
Management	20	24
Administration	9	9
Fish farming and ancillary activities	122	96
	<u>151</u>	<u>129</u>

6. INTEREST RECEIVABLE AND OTHER INCOME

	1991 £	1990 £
Interest from group companies	-	109,227
Other interest	168,881	32,311
	<u>168,881</u>	<u>141,538</u>

Golden Sea Produce Limited

NOTES TO THE ACCOUNTS

at 31 December 1991

7. INTEREST PAYABLE

	1991 £	1990 £
Leased assets	-	3,678
Group loans	950,364	108,314
FELOS account	436,198	1,175,782
Ship mortgage finance	29,038	33,951
	<u>1,415,600</u>	<u>1,321,725</u>

8. TAXATION

	1991 £	1990 £
Taxation based on the result for the year comprises:		
UK Corporation tax - group relief receivable	<u>(152,000)</u>	<u>(168,000)</u>

Credit for group relief has been provided at 35% (1990 - 35%).

9. TANGIBLE ASSETS

	At 1 January 1991 £	Additions and reclassifications £	Disposals and transfers £	At 31 December 1991 £
<i>Group and Company</i>				
Non leased assets				
At cost				
Freehold land and buildings	58,511	304,910	-	363,421
Buildings on leasehold land	1,309,929	(288,697)	-	1,021,232
Machinery and equipment	6,669,518	815,384	(28,800)	7,456,102
Motor vehicles	311,278	82,807	(85,294)	308,791
	<u>8,349,236</u>	<u>914,404</u>	<u>(114,094)</u>	<u>9,149,546</u>
Depreciation				
Freehold land and buildings	-	160,723	-	160,723
Buildings on leasehold land	584,925	(64,809)	-	520,116
Machinery and equipment	3,834,232	888,937	(17,400)	4,705,769
Motor vehicles	194,833	77,270	(81,583)	190,520
	<u>4,613,990</u>	<u>1,062,121</u>	<u>(98,983)</u>	<u>5,577,128</u>
Net book value				
At 31 December 1991				<u>3,572,418</u>

Golden Sea Produce Limited

NOTES TO THE ACCOUNTS

at 31 December 1991

9. TANGIBLE ASSETS (continued)

	<i>At 1 January 1991 £</i>	<i>Additions and reclassifications £</i>	<i>Disposals and transfers £</i>	<i>At 31 December 1991 £</i>
<i>Group and Company</i>				
Leased assets				
At cost				
Freehold land & buildings	-	-	-	-
Buildings on leasehold land	85,167	-	-	85,167
Machinery & equipment	476,175	-	-	476,175
Motor vehicles	-	-	-	-
	<u>561,342</u>	<u>-</u>	<u>-</u>	<u>561,342</u>
Depreciation				
Freehold land & buildings	-	-	-	-
Buildings on leasehold land	67,335	8,517	-	75,852
Machinery & equipment	393,524	24,975	-	418,499
Motor vehicles	-	-	-	-
	<u>460,859</u>	<u>33,492</u>	<u>-</u>	<u>494,351</u>
Net book value At 31 December 1991				<u>66,991</u>
TOTAL ASSETS				
Net book value At 31 December 1991				<u>3,639,409</u>
At 31 December 1990				<u>3,835,729</u>

10. STOCKS

	<i>Group and Company</i>	
	<i>1991 £</i>	<i>1990 £</i>
Materials and feed	472,898	382,403
Ongrowing fish	6,830,636	5,432,882
	<u>7,303,534</u>	<u>5,815,285</u>

Golden Sea Produce Limited

NOTES TO THE ACCOUNTS

at 31 December 1991

11. DEBTORS

	1991 £	Group 1990 £	1991 £	Company 1990 £
Trade debtors	3,091,017	1,807,102	3,091,017	1,807,102
Prepayments and accrued income	140,200	116,595	140,200	116,595
Amount owed by subsidiary undertaking	-	-	60,925	60,925
Amounts owed by parent and fellow subsidiary undertakings	-	682,566	-	682,566
Other debtors	85,298	52,847	85,298	52,847
	<u>3,316,515</u>	<u>2,659,110</u>	<u>3,377,440</u>	<u>2,720,035</u>

12. SHIP MORTGAGE FINANCE

Group and Company

	1991 £	1990 £
Due within one year	72,900	72,900
Within two to five years	291,600	291,600
More than five years	-	72,900
	<u>364,500</u>	<u>437,400</u>

13. TRADE AND OTHER CREDITORS

Group and Company

	1991 £	1990 £
Trade creditor	261,967	308,013
Social security	40,382	40,331
Accruals and deferred income	425,739	372,605
	<u>728,088</u>	<u>720,949</u>

Golden Sea Produce Limited

NOTES TO THE ACCOUNTS

at 31 December 1991

14. CREDITORS: amounts falling due after more than one year *Group and Company*

	1991 £	1990 £
Ship mortgage finance	291,600	364,500
Group loan	143,000	238,333
Deferred grants	258,344	305,240
	<u>692,944</u>	<u>908,073</u>

The group loan is payable to the parent company twice yearly and interest is charged at 1% above the prevailing base rate. The amount included under current liabilities is £95,333. The ship mortgage is payable to the Bank of Scotland twice yearly and interest is charged at 7½%. The amount included under current liabilities is £72,900.

15. DEFERRED TAXATION

No provision for deferred taxation is required.

16. CALLED UP SHARE CAPITAL

	1991 No.	Authorised 1990 No.	1991 £	Allotted, called up and fully paid 1990 £
Ordinary shares of £1 each	3,500,000	1,000,000	3,500,000	1,000,000

17. PROFIT AND LOSS ACCOUNT

	Group £	Company £	Subsidiary £
As at 31 December 1990 - as previously reported	(666,076)	(605,151)	(60,925)
Loss for the year	(1,601,418)	(1,601,418)	-
	<u>(2,267,494)</u>	<u>(2,206,569)</u>	<u>(60,925)</u>
Transfer from revaluation reserve	5,400	5,400	-
	<u>(2,262,094)</u>	<u>(2,201,169)</u>	<u>(60,925)</u>

The company has not presented its own profit and loss account for the year ended 31 December 1991. Of the group loss for the financial year, £1,601,418 has been dealt with in the accounts of the company.

NOTES TO THE ACCOUNTS

at 31 December 1991

18. REVALUATION SURPLUS

	<i>Group</i> £
As at 31 December 1990	21,599
Amount included in depreciation charges to date transferred to retained profits	5,400
	<u>16,199</u>

19. FINANCIAL COMMITMENTS

At 31 December authorised future capital expenditure before deduction of available government grants amounted to:

	<i>Group and Company</i>	
	<i>1991</i>	<i>1990</i>
	£	£
Contracted	24,000	14,000
Not contracted	9,000	114,000
	<u> </u>	<u> </u>

20. SUBSIDIARY UNDERTAKINGS

	<i>Class of shares</i>	<i>Country of incorporation</i>	<i>Proportion held</i>
Scottish Sea Farms Limited	Ordinary £1	Scotland	100%
Seafresh Farms Limited	Ordinary £1	Scotland	100%
Seafresh Salmon Limited	Ordinary £1	Scotland	100%
Lismore Salmon Limited	Ordinary £1	Scotland	100%

21. HOLDING COMPANY

The parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is Norsk Hydro a.s., the ultimate parent company, incorporated in Norway, and the parent undertaking of the smallest group is Norsk Hydro (UK) Limited, incorporated in England. Copies of the Norsk Hydro a.s. and the Norsk Hydro (UK) Limited accounts can be obtained from the Registered Office of the company.

22. CONTINGENT LIABILITIES

The company has a contingent liability which the board estimates to be £30,000 in respect of liabilities under the terms of the lease of the land at Hunterston.

Golden Sea Produce Limited

NOTES TO THE ACCOUNTS

at 31 December 1991

23. PENSION SCHEME

The company's employees participate in the Norsk Hydro UK 1988 Pension Scheme, which is a funded scheme of the defined benefit type with assets held in trust separately from the company.

The pension cost charge is determined by the Scheme's consulting actuaries, Bacon & Woodrow. The charge for the year ended 31 December 1991 is based on the most recent valuation, which took place as at 31 March 1990. The attained age method was used.

The principal actuarial assumptions adopted were that the annual rate of return on investments would be 2% higher than the general level of increase in pensionable earnings and 4% higher than the annual rate of increase of present and future pensions.

At the most recent actuarial valuation the Scheme had assets with a total market value of £4.09 million. The actuarial value of the assets represented 109% of the benefits that had accrued to members after allowing for expected future increases in pensionable earnings.

The pension cost for the year was £85,403 (1990 - £101,204). A prepayment of £970 (1990 - £9,707) is included in the debtors representing the excess of the contributions paid over the pension cost during the year.