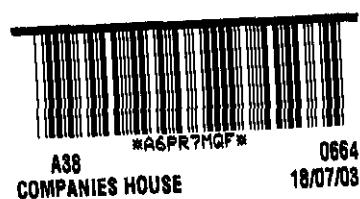


**Raymarine Holdings Limited**

**Directors' report and financial  
statements**

**Registered number 4056975**

**31 December 2002**



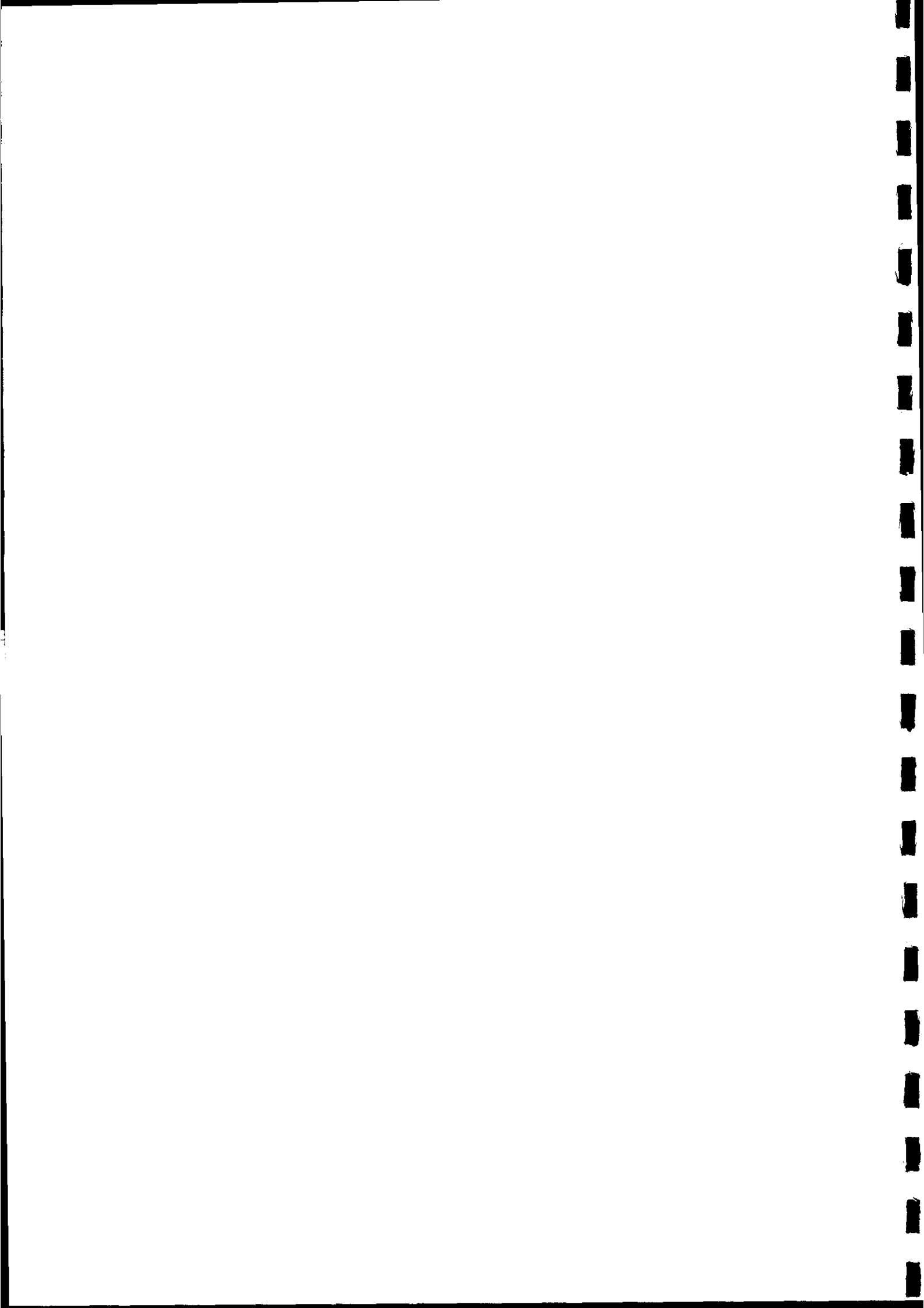


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Raymarine Holdings Limited  
Directors' report and financial statements  
31 December 2002

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## **Directors' report**

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

### **Principal activities**

The principal activities of the company are to act as a holding company for the group including maintaining the long term funding.

### **Business review**

The profit for the year after taxation amounted to \$9,715,000 (2001: loss \$59,000) and was transferred to reserves. The directors do not recommend the payment of a dividend (2001: \$nil).

### **Research and development**

Raymarine Holdings Limited sub-contracts its research and development costs for Fishfinders and Communications to Raymarine Inc, and royalties are charged for the use of the technology.

### **Directors and directors' interests**

The directors who held office during the year were as follows:

Mr R Kane (resigned 13 December 2002)

Mr K F Breheny

Mr L Duerdin

Mr M McBride

Mr R C Green

Mr S A Thompson

Mr M Miller was appointed to the Board on 2 January 2003

The interests of the directors are disclosed in the directors report of Raymarine Group Limited. No director held any shares in the company as at 31 December 2002.

### **Auditors**

KPMG were reappointed auditors on 16 May 2002. However, since that date their business was transferred to a limited liability partnership, KPMG LLP. Accordingly, KPMG resigned as auditors on 11 June 2002 and the directors thereupon appointed KPMG LLP to fill the vacancy arising. Pursuant to a shareholders resolution the company is not obliged to reappoint its auditors annually and KPMG LLP will therefore continue in office.

By order of the board



**Martin McBride**  
Director

Anchorage Park, Portsmouth, Hampshire, PO3 5TD

16 April 2003



### **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then 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 financial statements;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.







Dukes Keep  
Marsh Lane  
Southampton SO14 3EX  
United Kingdom

## **Independent auditors' report to the members of Raymarine Holdings Limited**

We have audited the financial statements on pages 4 to 12.

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**

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 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 in our opinion 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.

### **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 as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**KPMG LLP**

*Chartered Accountants  
Registered Auditor*

26 June 2003



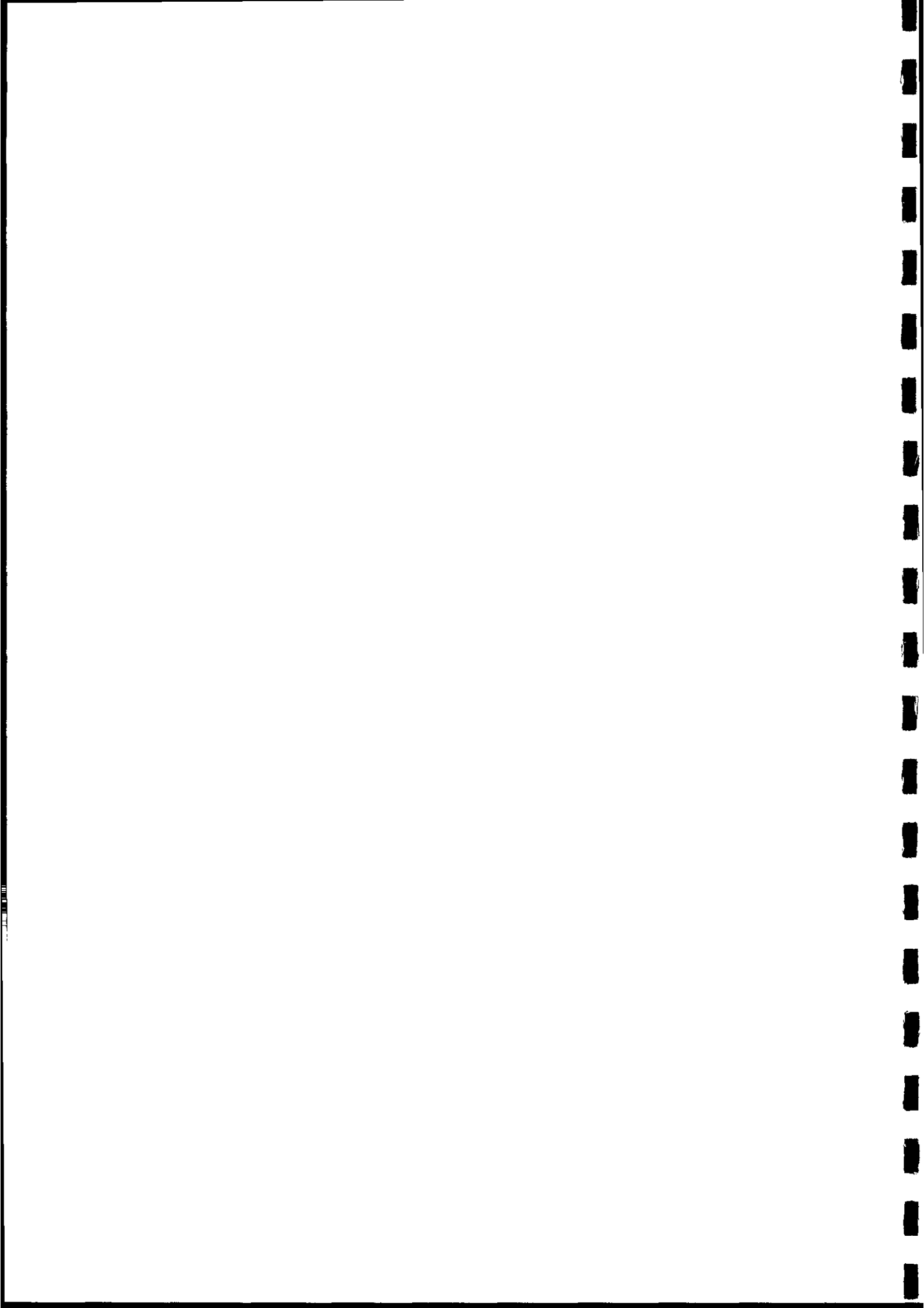
**Profit and loss account**  
*for the year ended 31 December 2002*

	<i>Note</i>	<b>12 months ended 31 December 2002 \$000</b>	<b>RESTATED 17 months ended 31 December 2001 \$000</b>
<b>Turnover</b>	<i>1</i>	<b>464</b>	656
Cost of sales		<b>(2,399)</b>	(2,779)
<b>Gross loss</b>		<b>(1,935)</b>	(2,123)
Administrative expenses		<b>(1,787)</b>	(1,471)
<b>Operating loss</b>		<b>(3,722)</b>	(3,594)
Income from shares in group undertakings		<b>18,980</b>	8,021
Other interest receivable and similar income	<i>5</i>	<b>1,605</b>	2,587
Interest payable and similar charges	<i>6</i>	<b>(11,032)</b>	(10,495)
<b>Profit/(loss) on ordinary activities before taxation</b>	<i>2- 4</i>	<b>5,831</b>	(3,481)
Tax on profit/(loss) on ordinary activities	<i>7</i>	<b>3,884</b>	3,422
<b>Profit/(loss) on ordinary activities after taxation and retained profit/(loss) for the period</b>		<b>9,715</b>	(59)

A statement of movement on reserves is given in note 15.

All results relate to continuing activities.

There are no recognised gains or losses other than the profit/(loss) for the periods reported above. There is also no difference between the profit/(loss) on ordinary activities before taxation and the retained profit/(loss) for the financial periods stated above and their historical cost equivalents.



**Balance sheet**  
*at 31 December 2002*

	Note	2002 \$000	2001 \$000
<b>Fixed assets</b>			
Intangible assets	8	12,221	13,671
Investments	9	83,957	87,157
		<hr/>	<hr/>
		96,178	100,828
<b>Current assets</b>			
Debtors	10	11,315	14,213
Cash at bank and in hand		6,016	4
		<hr/>	<hr/>
		17,331	14,217
<b>Creditors: amounts falling due within one year</b>	11	(6,936)	(4,062)
		<hr/>	<hr/>
<b>Net current assets</b>		10,395	10,155
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		106,573	110,983
<b>Creditors: amounts falling due after more than one year</b>	12	(95,945)	(110,464)
<b>Provisions for liabilities and charges</b>	13	(972)	(578)
		<hr/>	<hr/>
<b>Net assets/(liabilities)</b>		9,656	(59)
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	14	-	-
Profit and loss account	15	9,656	(59)
		<hr/>	<hr/>
<b>Equity shareholders' funds/(deficit)</b>		9,656	(59)
		<hr/>	<hr/>

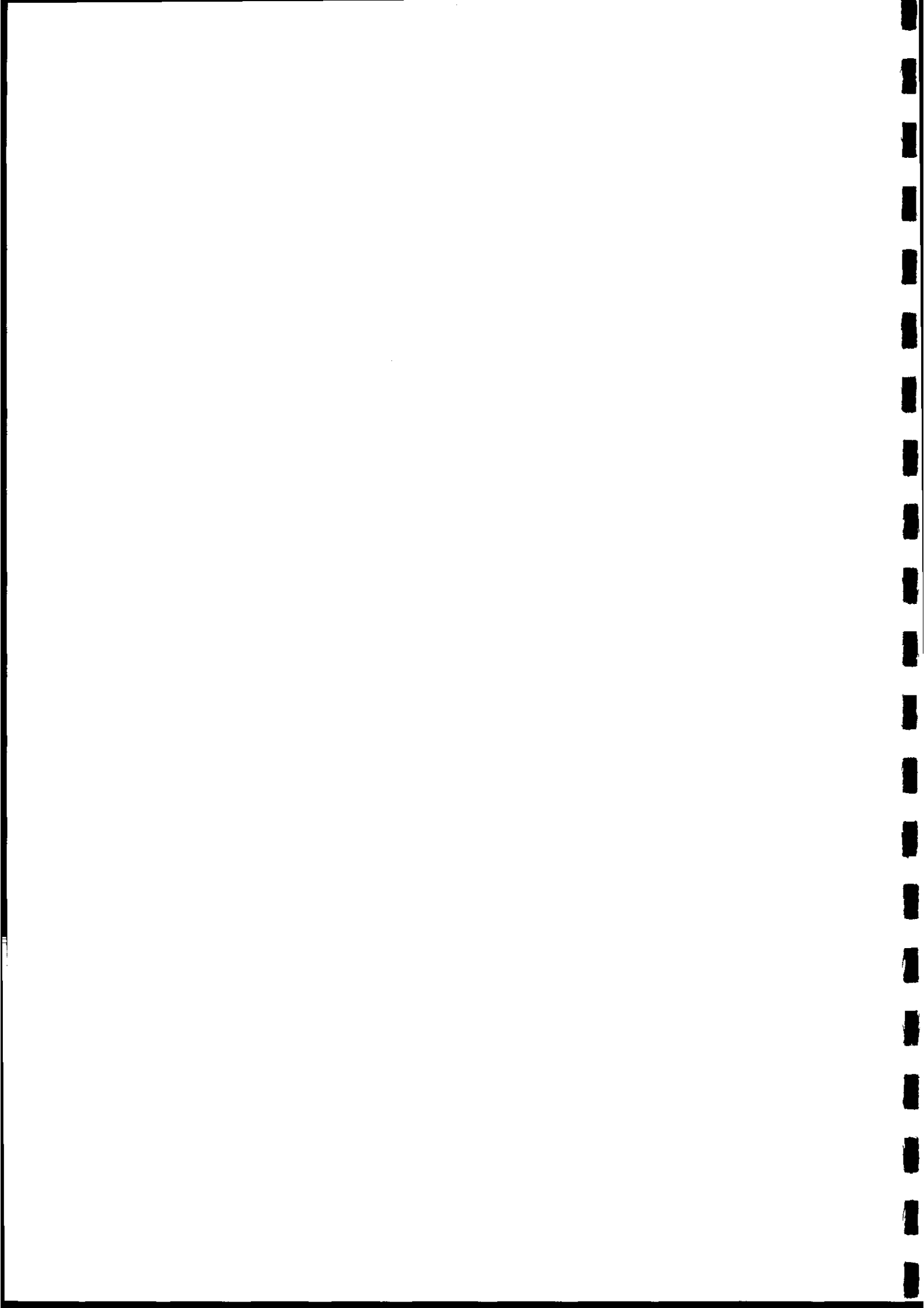
These financial statements were approved by the board of directors on 16 April 2003 and were signed on its behalf by:

  
**Martin McBride**  
Director



**Reconciliation of movements in shareholders' funds**  
*for the year ended 31 December 2002*

	12 months ended 31 December 2002 \$000	17 months ended 31 December 2001 \$000
Profit/(loss) for the financial year	9,715	(59)
Opening shareholders' deficit	(59)	-
<b>Closing shareholders' funds/(deficit)</b>	<b>9,656</b>	<b>(59)</b>





## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements. The company has adopted FRS 18 'Accounting policies' and FRS 19 'Deferred tax' in these financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Raymarine Group Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Raymarine Group Limited, within which this company is included, can be obtained from Anchorage Park, Portsmouth, Hampshire PO3 5TD.

#### *Intangible fixed assets and amortisation*

Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably.

Know-how and patents purchased by the company are amortised to nil by equal annual instalments over their useful economic lives of 10 years.

Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life of 20 years.

#### *Investments*

Fixed asset investments are stated at cost, but provision is made if it is considered that there has been any impairment in value.

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the forward hedged rate as at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### *Research and development expenditure*

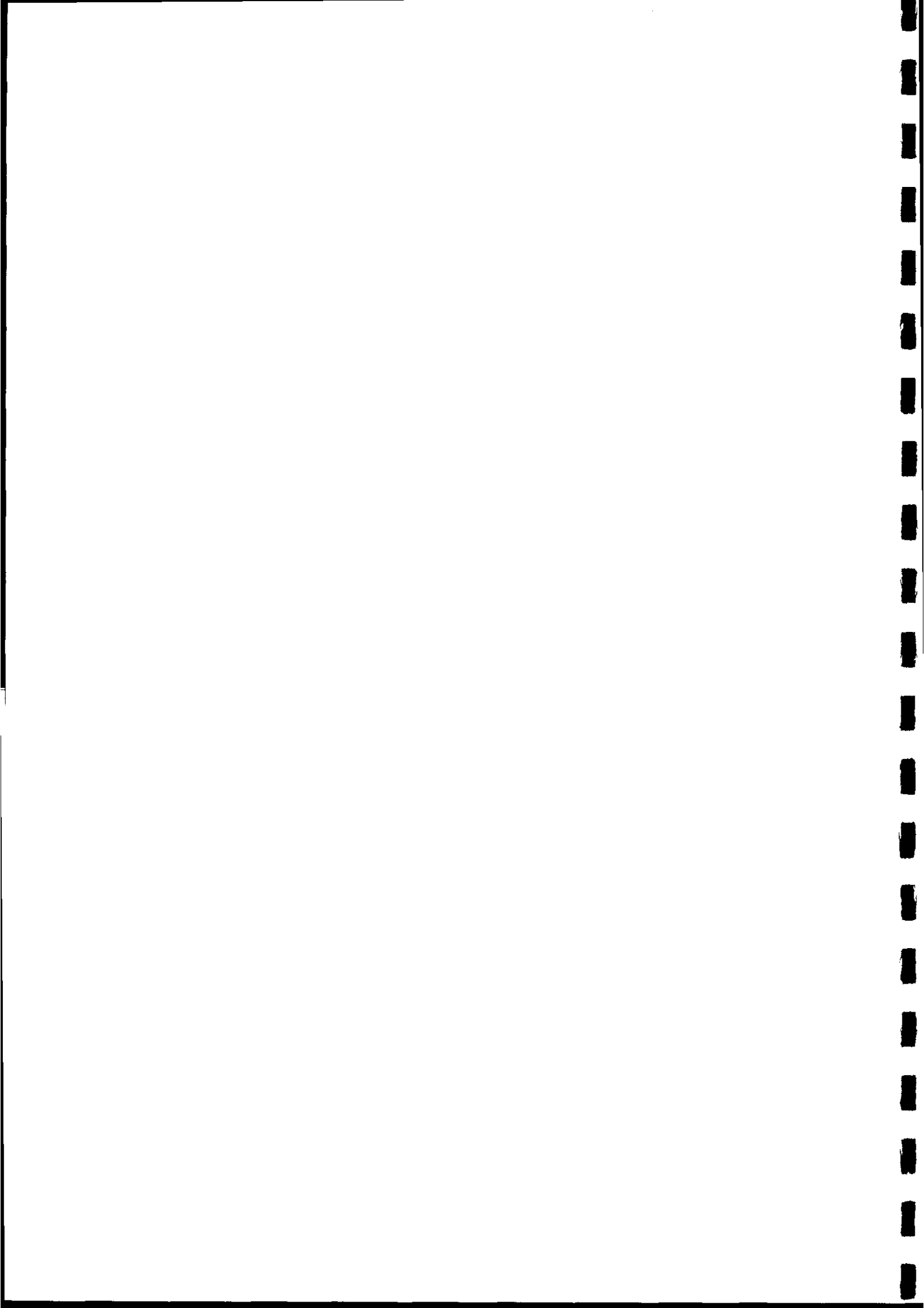
Expenditure on research and development is written off against profits in the period in which it is incurred.

#### *Taxation*

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as required by FRS 19.

#### *Turnover*

Turnover represents the amounts received from Raymarine Inc in the form of royalty income for use of the Fishfinder technology. In the prior year financial statements this income was included within 'other income' in the profit and loss account and has now been restated to be included within 'turnover'.



## Notes (continued)

### 2 Profit/(loss) on ordinary activities before taxation

	12 months ended 31 December 2002 \$000	17 months ended 31 December 2001 \$000
<i>Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting)</i>		
Auditors' remuneration:		
Audit	4	6
Other services – fees paid to the auditor and its associates	10	7
Depreciation and other amounts written off intangible fixed assets	1,450	1,329
Research and development	2,240	2,779
	<u>          </u>	<u>          </u>

### 3 Remuneration of directors

The directors received no remuneration from the Company in the period. Directors remuneration is borne by fellow group companies.

### 4 Staff numbers and costs

The only employees of the company at 31 December 2002 were directors.

### 5 Other interest receivable and similar income

	12 months ended 31 December 2002 \$000	17 months ended 31 December 2001 \$000
Receivable from group undertakings	1,605	2,587
	<u>          </u>	<u>          </u>

### 6 Interest payable and similar charges

	12 months ended 31 December 2002 \$000	17 months ended 31 December 2001 \$000
On bank loans	5,066	5,212
Subordinate loan stock	5,966	5,206
Exchange losses	-	77
	<u>          </u>	<u>          </u>
	11,032	10,495
	<u>          </u>	<u>          </u>



## Notes (continued)

### 7 Taxation

	12 months ended 31 December 2002 \$000	17 months ended 31 December 2001 \$000
<i>UK corporation tax</i>		
Current tax on income for the period at 30% (2001:30%)	(4,274)	(4,000)
Prior year adjustment	(4)	-
	<hr/>	<hr/>
Total current tax credit	(4,278)	(4,000)
	<hr/>	<hr/>
Deferred tax charge at 30% (2001:30%)	388	578
Prior year adjustment	6	-
	<hr/>	<hr/>
	(3,884)	(3,422)
	<hr/>	<hr/>

#### *Factors affecting the tax charge for the current year*

The current tax credit for the year is higher (2001:higher) than the standard rate of corporation tax in the UK of 30%, (2001: 30%). The differences are explained below:

	12 months ended 31 December 2002 \$000	17 months ended 31 December 2001 \$000
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before taxation	5,831	(3,481)
	<hr/>	<hr/>
Current tax at 30% (2001: 30%)	1,749	(1,044)
<i>Effects of</i>		
Expenses not deductible for tax purposes	59	14
Capital allowances for period in excess of depreciation	(388)	(564)
Dividend income not taxable	(5,694)	(2,406)
Adjustments to tax charge in respect of previous periods	(4)	-
	<hr/>	<hr/>
Total current tax credit (see above)	(4,278)	(4,000)
	<hr/>	<hr/>



**Notes (continued)**

**8 Intangible fixed assets**

	Patents & know-how \$000	Goodwill \$000	Total \$000
<i>Cost</i>			
At beginning and end of period	14,000	1,000	15,000
<i>Amortisation</i>			
At beginning of period	1,283	46	1,329
Charged in period	1,400	50	1,450
At end of period	2,683	96	2,779
<i>Net book value</i>			
At 31 December 2002	11,317	904	12,221
At 31 December 2001	12,717	954	13,671

The patents and know-how were acquired on the acquisition of Raymarine Limited.

**9 Fixed asset investments**

	Loans to group undertakings \$000	Shares in group undertakings \$000	Total \$000
<i>Cost</i>			
At beginning of period	33,800	53,357	87,157
Repayment	(3,200)	-	(3,200)
At end of period	30,600	53,357	83,957
<i>Provisions</i>			
At beginning and end of period	-	-	-
<i>Net book value</i>			
At 31 December 2002	30,600	53,357	83,957
At 31 December 2001	33,800	53,357	87,157

	Country of incorporation	Principal activity	Class and percentage of shares held	(Loss) for period \$000	Capital & reserves \$000
<i>Subsidiary undertakings</i>					
Raymarine 2002 Limited	United Kingdom	Recreational marine	Ordinary Shares 100%	(4,628)	9,216
Raymarine Inc	United States of America	Recreational marine	Ordinary Shares 100%	(674)	4,912





**Notes (continued)**

**10 Debtors**

	2002 \$000	2001 \$000
Amounts owed by group undertakings	7,040	10,213
Corporation tax	4,275	4,000
	<u>11,315</u>	<u>14,213</u>

**11 Creditors: amounts falling due within one year**

	2002 \$000	2001 \$000
Bank loans and overdrafts	4,438	4,000
Accruals and deferred income	2,498	62
	<u>6,936</u>	<u>4,062</u>

**12 Creditors: amounts falling due after more than one year**

	2002 \$000	2001 \$000
Bank loans and overdrafts	91,579	105,817
Amounts owed to group undertakings	4,366	4,647
	<u>95,945</u>	<u>110,464</u>

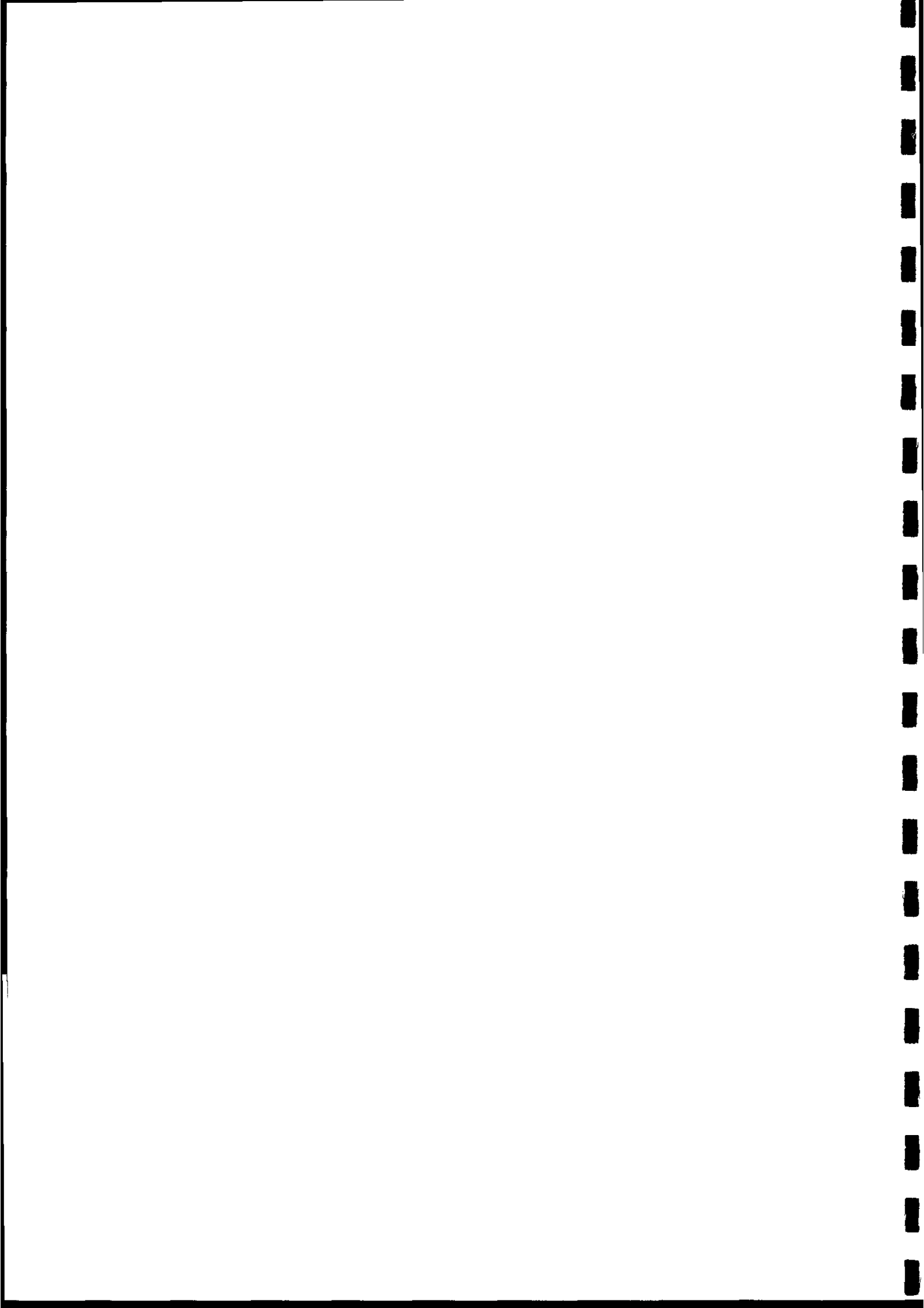
**Analysis of debt:**

	2002 \$000	2001 \$000
Debt can be analysed as falling due:		
In one year or less, or on demand	4,438	4,000
Between one and two years	5,304	4,925
Between two and five years	19,806	20,650
In five years or more	66,469	80,242
	<u>96,017</u>	<u>109,817</u>

**Amounts repayable in more than five years:**

	2002 \$000	2001 \$000
Bank loans	66,469	80,242

The company has four categories of debt with interest rates of LIBOR plus 2%, LIBOR plus 2.75%, LIBOR plus 5.5% and a flat rate of 9%. In addition the company has an interest rate swap over some of the debt. The effective interest rate paid in the year was 9.5%.



**Notes (continued)**

**13 Provisions for liabilities and charges**

	Deferred tax \$000
At beginning of period	578
Provided during the period	388
Adjustments to tax charge in respect of previous periods	6
	<hr/>
At end of period	972
	<hr/>

The deferred tax liability at 31 December 2002 and 31 December 2001 is in respect of accelerated capital allowances.

**14 Called up share capital**

	2002 \$000	2001 \$000
<i>Authorised</i>		
Equity: 1,000 Ordinary shares of \$1.00 each	1	1
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Equity: 1 Ordinary share of \$1.00 each	-	-
	<hr/>	<hr/>

**15 Reserves**

	Profit and loss account \$000
At beginning of year	(59)
Retained profit for the year	9,715
	<hr/>
At end of year	9,656
	<hr/>

**16 Ultimate parent undertaking**

The company is a subsidiary undertaking of Raymarine Group Limited incorporated in England and Wales.

The largest group in which the results of the company are consolidated is that headed by Raymarine Group Limited. The consolidated financial statements of this group are available to the public and may be obtained from Anchorage Park, Portsmouth, Hampshire, PO3 5TD. No other group financial statements include the results of the company.

