

**PURE FISHING (UK) LIMITED**

**Report and Financial Statements**

**31 December 2004**



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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTOR**

G Thomas

**SECRETARY**

J E Frewer

**REGISTERED OFFICE**

39 St Vincent Place  
Glasgow  
G1 2QQ

**BANKERS**

Fortis Bank  
23 Camomile Street  
London  
EC3A 7PP

**SOLICITORS**

Hill Dickinson  
22 Dale Street  
Liverpool  
L2 4UK

**AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
Manchester

## **DIRECTOR'S REPORT**

The director presents his annual report and the audited financial statements for the year ended 31 December 2004.

## **ACTIVITIES**

The company's principal activity during the year was the importing and distribution of fishing tackle.

## **RESULTS AND DIVIDENDS**

The profit and loss account for the year is set out on page 5. An amount of £231,863 has been transferred to reserves (2003- £176,886). The director does not recommend the payment of any dividends (2003 - £Nil).

## **REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

Turnover in 2004 has been at a similar level to the previous year and operating profit is better than 2003 by £61,559.

During the year, the Middlewich warehouse was closed and all deliveries to customers are now made from a central warehouse in Holland.

Consistent sales together with good profit margins are expected in 2005.

## **FIXED ASSETS**

The movements in fixed assets during the year are set out in note 8 to the financial statements.

## **DIRECTORS AND THEIR INTERESTS**

The director who served during the year is:

G Thomas

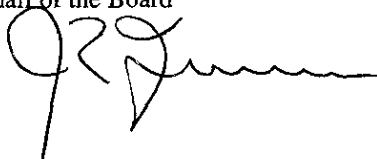
The director has no beneficial interests in the shares of the company or the parent company.

## **AUDITORS**

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board  
and signed on behalf of the Board

J E Frewer  
Secretary



## STATEMENT OF DIRECTOR'S RESPONSIBILITIES

United Kingdom company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the director is 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PURE FISHING (UK) LIMITED**

We have audited the financial statements of Pure Fishing (UK) Limited for the year ended 31 December 2004 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes 1 to 18. These financial statements have been prepared under 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 auditors' 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 the director and auditors**

As described in the statement of director's responsibilities, the company's director is responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 if, in our opinion, the director's 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 the director's remuneration and transactions with the company is not disclosed.

We read the director's report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

### **Basis of audit 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 director 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.

*Deloitte & Touche LLP*

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Manchester

25 April 2005

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 2004**

|   | Note | 2004<br>£   | 2003<br>£   |
|---|------|-------------|-------------|
| <b>TURNOVER</b>   | 2    | 5,365,724   | 5,526,256   |
| Cost of sales   |      | (3,877,908) | (3,256,903) |
| Gross profit  |      | 1,487,816   | 2,269,353   |
| Distribution expenses   |      | (1,127,733) | (866,927)   |
| Administration expenses   |      | (153,554)   | (1,257,456) |
| <b>OPERATING PROFIT</b>   | 4    | 206,529     | 144,970     |
| Interest receivable   | 6    | 148,282     | 124,792     |
| Interest payable and similar charges  | 5    | (217)       | (2,854)     |
| <b>PROFIT ON ORDINARY ACTIVITIES<br/>BEFORE TAXATION</b>  |      | 354,594     | 266,908     |
| Tax on profit on ordinary activities  | 7    | (122,731)   | (90,022)    |
| <b>PROFIT ON ORDINARY ACTIVITIES AFTER<br/>TAXATION AND RETAINED FOR THE<br/>FINANCIAL YEAR</b> |      | 231,863     | 176,886     |
| Retained profit brought forward   |      | 2,118,042   | 1,941,156   |
| Retained profit carried forward   |      | 2,349,905   | 2,118,042   |

The above results derive entirely from continuing operations.

The company has no recognised gains or losses other than the profit for the financial year and preceding year. Accordingly a Statement of Total Recognised Gains and Losses has not been prepared.

Other than the profit for the year there are no movements in shareholders' funds.

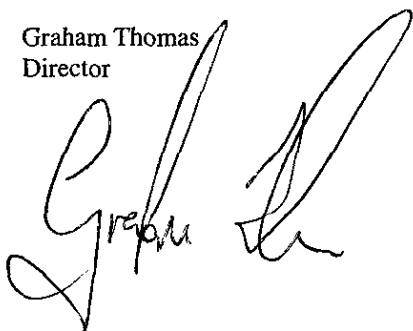
**BALANCE SHEET**  
**31 December 2004**

|   | Note | £                  | 2004<br>£        | £                  | 2003<br>£        |
|---|------|--------------------|------------------|--------------------|------------------|
| <b>FIXED ASSETS</b>                                   |      |                    |                  |                    |                  |
| Tangible assets                                       | 8    |                    | 29,339           |                    | 41,229           |
| <b>CURRENT ASSETS</b>                                 |      |                    |                  |                    |                  |
| Stocks  | 9    | -                  |                  | 778,390            |                  |
| Debtors   | 10   | 7,689,690          |                  | 6,110,480          |                  |
| Cash at bank and in hand                              |      | 61,645             |                  | 58,180             |                  |
|   |      | <u>7,751,335</u>   |                  | <u>6,947,050</u>   |                  |
| <b>CREDITORS: amounts falling due within one year</b> | 11   | <u>(5,220,769)</u> |                  | <u>(4,660,237)</u> |                  |
| <b>NET CURRENT ASSETS</b>                             |      |                    | <u>2,530,566</u> |                    | <u>2,286,813</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |      |                    | <u>2,559,905</u> |                    | <u>2,328,042</u> |
| <b>CAPITAL AND RESERVES</b>                           |      |                    |                  |                    |                  |
| Called up share capital                               | 12   |                    | 210,000          |                    | 210,000          |
| Profit and loss account                               |      |                    | <u>2,349,905</u> |                    | <u>2,118,042</u> |
| Equity shareholders' funds                            |      |                    | <u>2,559,905</u> |                    | <u>2,328,042</u> |

These financial statements were approved by the Board of Directors on 6 April 2005.

Signed on behalf of the Board of Directors

Graham Thomas  
Director





**CASH FLOW STATEMENT**  
**Year ended 31 December 2004**

|  | Note | £         | 2004<br>£    | £         | 2003<br>£        |
|--|------|-----------|--------------|-----------|------------------|
| Net cash inflow/(outflow) from operating activities                  | 14   |           | 77,930       |           | (130,055)        |
| <b>Returns on investments and servicing of finance</b>               |      |           |              |           |                  |
| Interest received  |      | 148,282   |              | 124,792   |                  |
| Interest paid  |      | (217)     |              | (2,854)   |                  |
|  |      |           |              |           |                  |
| Net cash inflow from returns on investments and servicing of finance |      |           | 148,065      |           | 121,938          |
| <b>Taxation</b>  |      |           |              |           |                  |
| UK corporation tax paid  |      | (209,488) |              | (129,910) |                  |
|  |      |           |              |           |                  |
| Tax paid   |      |           | (209,488)    |           | (129,910)        |
| <b>Capital expenditure and financial investment</b>                  |      |           |              |           |                  |
| Purchase of tangible fixed assets                                    |      | (13,042)  |              | (23,530)  |                  |
|  |      |           |              |           |                  |
| Net cash outflow from capital expenditure and financial investment   |      |           | (13,042)     |           | (23,530)         |
| <b>Increase/(decrease) in cash</b>                                   | 15   |           | <u>3,465</u> |           | <u>(161,557)</u> |

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2004**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted by the directors are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Tangible fixed assets**

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

|   |                   |
|---|-------------------|
| Plant, machinery and motor vehicles     | over 3 to 5 years |
| Fixtures, fittings, tools and equipment | over 3 to 5 years |

**Stocks**

Stocks are stated at the lower of cost and net realisable value. In general cost is determined on a first in first out basis and includes transport and handling costs. Where necessary, provision is made for obsolete, slow moving and defective stock.

**Deferred taxation**

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**Leases**

Operating lease rentals are charged to income in equal annual amounts over the lease term.

**Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling of the balance sheet date.

**Pension costs**

Pension costs represent contributions to the defined contribution pension schemes of certain employees and are included in the profit and loss account for the period in which they are payable. The assets of the scheme are held separately from those of the company in independently administered funds.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2004**

**2. TURNOVER**

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax. The turnover and pre-tax profits are attributable to one activity. The geographical split is as follows:

|                | 2004<br>£        | 2003<br>£        |
|----------------|------------------|------------------|
| United Kingdom | 5,051,579        | 5,186,256        |
| Europe         | 314,145          | 340,000          |
|                | <u>5,365,724</u> | <u>5,526,256</u> |

**3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

|  | 2004<br>£      | 2003<br>£      |
|--|----------------|----------------|
| <b>Directors' emoluments</b>   |                |                |
| Emoluments   | <u>84,866</u>  | <u>87,051</u>  |
| The director (2003 – one) was a member of the company defined contribution pension scheme during the year. | £              | £              |
| Amounts paid into the company pension scheme on behalf of the director:                                    | <u>11,978</u>  | <u>11,361</u>  |
|  | No             | No             |
| <b>Average number of persons employed</b>  |                |                |
| Office and management  | 10             | 10             |
| Warehouse  | 8              | 9              |
|  | <u>18</u>      | <u>19</u>      |
|  | £              | £              |
| <b>Staff costs during the year (including the director)</b>  |                |                |
| Wages and salaries   | 447,792        | 404,811        |
| Social security costs  | 47,510         | 44,629         |
| Pension costs  | 24,139         | 24,438         |
|  | <u>519,441</u> | <u>473,878</u> |

**4. OPERATING PROFIT**

|                                     | 2004<br>£ | 2003<br>£      |
|-------------------------------------|-----------|----------------|
| Operating profit is after charging: |           |                |
| Depreciation                        |           |                |
| Owned assets                        | 24,932    | 18,851         |
| Rentals under operating leases      |           |                |
| Land and buildings                  | 75,000    | 67,450         |
| Other                               | 60,608    | 27,996         |
| Auditors' remuneration - audit      | 10,000    | 10,800         |
| - non audit                         | 4,500     | 4,150          |
| Exceptional items in admin expenses |           |                |
| - legal costs                       | <u>-</u>  | <u>695,331</u> |

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2004**

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

|       | 2004<br>£  | 2003<br>£    |
|-------|------------|--------------|
| Other | 217        | 2,854        |
|       | <u>217</u> | <u>2,854</u> |

**6. INTEREST RECEIVABLE**

|                                  | 2004<br>£      | 2003<br>£      |
|----------------------------------|----------------|----------------|
| Interest from group undertakings | 137,848        | 119,628        |
| Bank interest                    | 10,434         | 4,258          |
| Other                            | -              | 906            |
|                                  | <u>148,282</u> | <u>124,792</u> |

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

(a) Analysis of charge in year

|   | 2004<br>£      | 2003<br>£     |
|---|----------------|---------------|
| United Kingdom corporation tax at 30% (2003 – 30%) based on the profit for the year | 119,426        | 85,522        |
| Adjustments in respect of previous periods  | 3,305          | 4,500         |
|   | <u>122,731</u> | <u>90,022</u> |

(b) Factors affecting tax charge for the year.

The tax assessed for the year is higher than that resulting from applying the standard rate of corporation tax for companies in the UK (30%). The differences are explained below.

|  | 2004<br>£        | 2003<br>£       |
|--|------------------|-----------------|
| Profit on ordinary activities before tax     | 354,594          | 266,908         |
| Tax at 30% (2003 – 30%) thereon              | (106,378)        | (80,072)        |
| Effects of:                                  |                  |                 |
| Expenses not deductible for tax purposes     | (10,989)         | (5,704)         |
| Capital allowances in excess of depreciation | (2,029)          | (239)           |
| Movement in short term timing differences    | (30)             | 493             |
| Adjustments in respect of prior periods      | (3,305)          | (4,500)         |
|  | <u>(122,731)</u> | <u>(90,022)</u> |

Deferred tax assets have not been recognised in respect of timing differences relating to depreciation in excess of capital allowances on general pool assets and general provisions, as there is insufficient evidence that the assets will be recovered. The amount of assets not recognised is £11,000 (2003 - £9,059). The asset would be recovered if these timing differences were to reverse without replacement capital expenditure in subsequent accounting periods.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2004**

**8. TANGIBLE FIXED ASSETS**

|                          | <b>Plant,<br/>machinery<br/>and motor<br/>vehicles<br/>£</b> | <b>Fixtures,<br/>fittings,<br/>tools and<br/>equipment<br/>£</b> | <b>Total<br/>£</b> |
|--------------------------|--|--|--------------------|
| Cost                     |  |  |                    |
| At 1 January 2004        | 162,325  | 174,720  | 337,045            |
| Additions                | 396  | 12,646   | 13,042             |
| Transfer                 | (36,592)   | 36,592   | -                  |
| At 31 December 2004      | <u>126,129</u>   | <u>223,958</u>   | <u>350,087</u>     |
| Accumulated depreciation |  |  |                    |
| At 1 January 2004        | 153,702  | 142,114  | 295,816            |
| Charge for the year      | 10,019   | 14,913   | 24,932             |
| Transfer                 | (40,508)   | 40,508   | -                  |
| At 31 December 2004      | <u>123,213</u>   | <u>197,535</u>   | <u>320,748</u>     |
| Net book value           |  |  |                    |
| At 31 December 2004      | <u>2,916</u>   | <u>26,423</u>  | <u>29,339</u>      |
| At 31 December 2003      | <u>8,623</u>   | <u>32,606</u>  | <u>41,229</u>      |

**9. STOCKS**

|                                     | <b>2004<br/>£</b> | <b>2003<br/>£</b> |
|-------------------------------------|-------------------|-------------------|
| Finished goods and goods for resale | <u>-</u>          | <u>778,390</u>    |

**10. DEBTORS**

|   | <b>2004<br/>£</b> | <b>2003<br/>£</b> |
|---|-------------------|-------------------|
| Trade debtors                               | 1,603,374         | 1,755,264         |
| Amounts owed from ultimate parent company   | 5,752,051         | 3,875,345         |
| Amounts owed from fellow group undertakings | 188,474           | 208,138           |
| Other debtors                               | 27,065            | 168,650           |
| Prepayments and accrued income              | 84,941            | 103,083           |
| Corporation tax debtor                      | 33,785            | -                 |
|   | <u>7,689,690</u>  | <u>6,110,480</u>  |

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2004**

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|   | <b>2004</b>      | <b>2003</b>      |
|---|------------------|------------------|
|   | <b>£</b>         | <b>£</b>         |
| Trade creditors                           | 117,831          | 446,770          |
| Amounts owed to ultimate parent company   | 713,688          | -                |
| Amounts owed to fellow group undertakings | 3,876,645        | 3,529,306        |
| Corporation tax payable                   | 16,381           | 69,353           |
| Other taxation and social security        | 217,236          | 169,738          |
| Accruals and deferred income              | 278,988          | 445,070          |
|   | <u>5,220,769</u> | <u>4,660,237</u> |

**12. CALLED UP EQUITY SHARE CAPITAL**

|  | <b>2004</b>    | <b>2003</b>    |
|--|----------------|----------------|
|  | <b>£</b>       | <b>£</b>       |
| Authorised<br>500,000 ordinary shares of £1 each                         | <u>500,000</u> | <u>500,000</u> |
| Called up, allotted and fully paid<br>210,000 ordinary shares of £1 each | <u>210,000</u> | <u>210,000</u> |

**13. FINANCIAL COMMITMENTS**

There were no capital commitments at 31 December 2004 or 31 December 2003.

At 31 December 2004 the company had annual commitments under non cancellable operating leases as follows:

|                                     | <b>2004</b>   | <b>2003</b>   |
|-------------------------------------|---------------|---------------|
|                                     | <b>£</b>      | <b>£</b>      |
| Land and buildings                  |               |               |
| Expiring within one year            | 12,500        | -             |
| Expiring between two and five years | 25,000        | 25,000        |
| Expiring after five years           | -             | 50,000        |
|                                     | <u>37,500</u> | <u>75,000</u> |
| Motor vehicles and office equipment |               |               |
| Expiring within one year            | 7,470         | -             |
| Expiring between two and five years | 21,495        | 29,333        |
| Expiring in greater than five years | -             | 1,324         |
|                                     | <u>28,965</u> | <u>30,657</u> |

**14. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES**

|   | <b>2004</b>   | <b>2003</b>      |
|---|---------------|------------------|
|   | <b>£</b>      | <b>£</b>         |
| Operating profit                                    | 206,529       | 144,970          |
| Depreciation  | 24,932        | 18,851           |
| Decease in stock                                    | 778,390       | 5,867            |
| Increase in debtors                                 | (1,545,425)   | (3,507,336)      |
| Increase in creditors                               | 613,504       | 3,207,593        |
|   | <u>77,930</u> | <u>(130,055)</u> |
| Net cash inflow/(outflow) from operating activities |               |                  |

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2004**

**15. ANALYSIS OF NET FUNDS**

|      | At 1<br>January<br>2004<br>£ | Cash flow<br>£ | At 31<br>December<br>2004<br>£ |
|------|------------------------------|----------------|--------------------------------|
| Cash | 58,180                       | 3,465          | 61,645                         |

**16. RECONCILIATION OF MOVEMENT IN NET CASH FLOW TO MOVEMENT IN NET FUNDS**

|   | 2004<br>£ | 2003<br>£ |
|---|-----------|-----------|
| Increase/(decrease) in cash in the year | 3,465     | (161,557) |
| Changes in net funds                    | 3,465     | (161,557) |
| Net funds at 1 January 2004             | 58,180    | 219,737   |
| Net funds at 31 December 2004           | 61,645    | 58,180    |

**17. ULTIMATE PARENT COMPANY**

In the opinion of the directors, Outdoor Technologies Group, a company incorporated in the USA is the ultimate parent company. This is the largest group of which Pure Fishing (UK) Limited is a member. Copies of the consolidated financial statements can be obtained from 1 Berkley Drive, Spirit Lake, IA 51360 USA.

The smallest group of which Pure Fishing (UK) Limited is a member is that headed by the immediate controlling party Abu AB, a company incorporated in Sweden. Copies of the financial statements for Abu AB may be obtained from Svangsta, SE-37681, Sweden.

**18. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption included in Financial Reporting Standard No.8 "Related Party Disclosures" (para.3) for wholly owned subsidiaries not to disclose transactions with entities that are part of the group or investees of the group qualifying as related parties.