



**KAMES FISH FARMING
LIMITED**

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED

28 FEBRUARY 2002

Company no SC051158

KAMES FISH FARMING LIMITED

ABBREVIATED ACCOUNTS

For the year ended 28 February 2002

Company registration number: SC051158

Registered office: Kilmelford
By Oban
PA34 4XA

Directors: Mr Alastair D S Rolland
Mr Stuart G Cannon
The Honourable E J H G Gully

Secretary: Mrs Shelagh J Cannon

Bankers: Bank of Scotland

Solicitors: Fyfe Ireland

Auditors: Grant Thornton
Registered auditors
Chartered accountants

KAMES FISH FARMING LIMITED

ABBREVIATED ACCOUNTS

For the year ended 28 February 2002

INDEX

PAGE

Report of the directors	1 - 2
Report of the independent auditors	3
Principal accounting policies	4 - 5
Abbreviated profit and loss account	6
Abbreviated balance sheet	7
Cash flow statement	8
Notes to the abbreviated accounts	9 - 17

KAMES FISH FARMING LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 28 February 2002.

Principal activities

The company is principally engaged in the farming of fish for table consumption and the construction and selling of fish cages for use in the fish farming industry.

Business review

There was a loss for the year after taxation amounting to £535,288 (2001: profit £41,247). The directors do not recommend payment of a dividend.

Directors

The present membership of the Board is set out below. All directors served throughout the year.

The interests of the directors and their families in the shares of the company as at 28 February 2002 and 1 March 2001, were as follows:

	Ordinary shares	
	28 February 2002	1 March 2001
Mr Alastair D S Rolland	1,383	1,383
Mr Stuart G Cannon	12,442	12,442
The Honourable E J H G Gully	3,314	3,314

Charitable contributions

Donations to charitable organisations amounted to £428.

Directors' responsibilities for the financial statements

Company law requires the directors to prepare financial statements for each financial year which 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. 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
- 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 maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.


KAMES FISH FARMING LIMITED

REPORT OF THE DIRECTORS

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



Secretary
Date 5 July 2002

REPORT OF THE INDEPENDENT AUDITORS TO KAMES FISH FARMING LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 4 to 17 together with the full financial statements of Kames Fish Farming Limited prepared under section 226 of the Companies Act 1985 for the year ended 28 February 2002.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with the provisions of section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver to the Registrar of Companies abbreviated accounts prepared in accordance with section 246A(3) of the Act and whether the abbreviated accounts have been properly prepared in accordance with that provision.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 17 have been properly prepared in accordance with that provision.



**REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

Date 5 July 2002

KAMES FISH FARMING LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

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

The company is exempt from preparing consolidated financial statements on the grounds that, taken together with its subsidiaries, it qualifies as a medium-sized group under section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The principal accounting policies of the company are set out below. The policies have remained unchanged from the previous year.

TURNOVER

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives. The rates generally applicable are:

Freehold buildings	2%
Cottage alterations	10%
Hatchery leasehold improvements	over the period of the lease
Plant, machinery and fixtures	20%
Motor vehicles	20%
Fish cages	20%
Mussel equipment	20%

INVESTMENTS

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

STOCKS

Stocks are stated at the lower of cost and net realisable value.

DEFERRED TAXATION

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Where exchange differences result from the translation of foreign currency borrowings raised to acquire foreign assets (including equity investments) they are taken to reserves and offset against the differences arising from the translation of those assets. All other exchange differences are dealt with through the profit and loss account.

KAMES FISH FARMING LIMITED

PRINCIPAL ACCOUNTING POLICIES

CONTRIBUTIONS TO PENSION FUNDS

Defined contribution scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

LEASED ASSETS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

GOVERNMENT GRANTS

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account by equal annual instalments over the expected useful lives of the relevant assets.

Government grants assistance of a revenue nature are credited to the profit and loss account in the same period as the related expenditure.

KAMES FISH FARMING LIMITED**ABBREVIATED PROFIT AND LOSS ACCOUNT**

For the year ended 28 February 2002

	Note	2002 £	2001 £
Gross profit		681,375	213,423
Administrative expenses		(229,744)	(175,984)
Operating profit		451,631	37,439
Exceptional items			
Loss on sale of fixed assets	3	(903,225)	32,033
Income from other fixed asset investments	4	84,280	-
Other interest receivable and similar income		126	89
Interest payable and similar charges	5	(28,722)	(26,030)
Loss on ordinary activities before taxation	2	(395,910)	43,531
Tax on loss on ordinary activities	7	(139,378)	(2,284)
Loss transferred from reserves	15	(535,288)	41,247

There were no recognised gains or losses other than the loss for the financial year. The results relate to continuing activities.

The accompanying accounting policies and notes form an integral part of these abbreviated accounts.

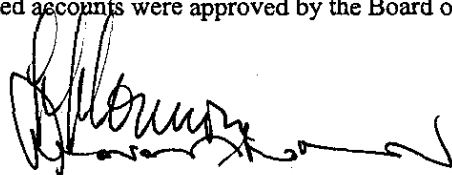
KAMES FISH FARMING LIMITED

ABBREVIATED BALANCE SHEET AT 28 FEBRUARY 2002

	Note	2002 £	2002 £	2001 £	2001 £
Fixed assets					
Tangible assets	8		549,257		438,760
Investments	9		324,676		1,171,651
			<u>873,933</u>		<u>1,610,411</u>
Current assets					
Stocks	10	640,912		552,790	
Debtors	11	677,725		437,068	
Cash at bank and in hand		<u>6,046</u>		<u>9,753</u>	
		1,324,683		999,611	
Creditors: amounts falling due within one year	12	<u>(839,286)</u>		<u>(748,821)</u>	
Net current assets			<u>485,397</u>		<u>250,790</u>
Total assets less current liabilities			<u>1,359,330</u>		<u>1,861,201</u>
Creditors: amounts falling due after more than one year	13		<u>(107,463)</u>		<u>(74,046)</u>
			<u>1,251,867</u>		<u>1,787,155</u>
Capital and reserves					
Called up share capital	14		26,267		26,267
Share premium account	15		27,715		27,715
Other reserves	15		74,495		74,495
Profit and loss account	15		<u>1,123,390</u>		<u>1,658,678</u>
Shareholders' funds	16		<u>1,251,867</u>		<u>1,787,155</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The abbreviated accounts were approved by the Board of Directors on 5 July 2002



Director

Director

The accompanying accounting policies and notes form an integral part of these abbreviated accounts.

KAMES FISH FARMING LIMITED**CASH FLOW STATEMENT**

For the year ended 28 February 2002

	Note	2002 £	2001 £
Net cash inflow from operating activities	17	212,248	279,059
Dividends received from joint ventures and associates		71,989	-
Returns on investments and servicing of finance			
Interest received		126	89
Interest paid		(21,478)	(16,303)
Finance lease interest paid		(7,244)	(9,727)
Net cash outflow from returns on investments and servicing of finance		(16,305)	(25,941)
Taxation		(15,947)	(7,155)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(59,523)	(75,966)
Sale of tangible fixed assets		-	38,798
Net cash outflow from capital expenditure and financial investment		(59,523)	(37,168)
Acquisitions and disposals			
Purchase of investments		(272,028)	-
Sale of investments		215,778	-
Net cash outflow from acquisitions and disposals		(56,250)	-
Financing			
Repayment of borrowings		(21,955)	(62,743)
Capital element of finance lease rentals		(64,291)	(60,991)
Net cash outflow from financing		(86,246)	(123,734)
Increase in cash	18	49,966	85,061

The accompanying accounting policies and notes form an integral part of these abbreviated accounts.

KAMES FISH FARMING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

For the year ended 28 February 2002

1 BASIS OF PREPARING THE FINANCIAL STATEMENTS

The group meets its day to day working capital requirements through an overdraft facility which is repayable on demand.

The directors have prepared detailed projected cashflow information for periods to 28 February 2003 and beyond.

On the basis of this cash flow information and discussions with the company's bankers, the directors consider that the company will continue to operate within facilities currently agreed. On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result in the withdrawal of the overdraft facility by the company's bankers.

2 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities is stated after:

	2002 £	2001 £
Depreciation and amortisation:		
Tangible fixed assets, owned	46,204	82,856
Tangible fixed assets, held under finance leases and hire purchase contracts	<u>62,486</u>	<u>35,539</u>
Other operating income includes:		
Government grants	<u>24,838</u>	<u>154,828</u>

3 EXCEPTIONAL ITEM

During the year ended 28 February 2002, the company disposed of its investment in Anemoessa SA resulting in an exceptional loss of £903,225.

4 INCOME FROM OTHER FIXED ASSET INVESTMENTS

	2002 £	2001 £
From other fixed asset investments in group undertakings	<u>84,280</u>	<u>-</u>

KAMES FISH FARMING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

For the year ended 28 February 2002

5 NET INTEREST

	2002 £	2001 £
Hire purchase interest and finance charges in respect of finance leases	7,244	9,727
Other interest payable and similar charges	21,478	16,303
	<u>28,722</u>	<u>26,030</u>
Other interest receivable and similar income	(126)	(89)
	<u>28,596</u>	<u>25,941</u>

6 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2002 £	2001 £
Wages and salaries	531,435	457,748
Social security costs	45,132	39,995
Other pension costs	15,092	10,761
	<u>591,659</u>	<u>508,504</u>

The average number of employees of the company during the year was 37 (2001: 37).

Remuneration in respect of directors was as follows:

	2002 £	2001 £
Directors' fees	10,111	10,111
Pension contributions to money purchase pension schemes	9,703	7,127
Management remuneration	54,984	45,000
	<u>74,798</u>	<u>62,238</u>

The company operates a defined contribution pension scheme for certain employees. Annual premiums are charged to the profit and loss account.

KAMES FISH FARMING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

For the year ended 28 February 2002

7 TAX ON LOSS ON ORDINARY ACTIVITIES

The tax charge represents:

	2002 £	2001 £
UK Corporation tax at 22.2% (2001: 20.1%)	139,378	3,667
Adjustments in respect of prior periods:		
Corporation tax overprovided	-	(1,383)
	<u>139,378</u>	<u>2,284</u>

8 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Hatchery leasehold £	Plant and machinery £	Motor vehicles £	Trout equipment £	Mussel equipment £	Total £
Cost							
At 1/3/01	333,440	25,754	406,953	211,730	626,516	176,055	1,780,448
Additions	-	-	128,732	15,500	53,823	21,131	219,186
At 28/02/02	<u>333,440</u>	<u>25,754</u>	<u>535,685</u>	<u>227,230</u>	<u>680,339</u>	<u>197,186</u>	<u>1,999,634</u>
Depreciation							
At 1/3/01	53,573	25,754	341,839	196,519	567,962	156,040	1,341,687
Provided in the year	3,830	-	49,528	8,061	33,800	13,471	108,690
At 28/02/02	<u>57,403</u>	<u>25,754</u>	<u>391,367</u>	<u>204,580</u>	<u>601,762</u>	<u>169,511</u>	<u>1,450,377</u>
Net book amount at 28/02/2002	<u>276,037</u>	<u>-</u>	<u>144,318</u>	<u>22,650</u>	<u>78,577</u>	<u>27,675</u>	<u>549,257</u>
Net book amount at 28/02/2001	<u>279,867</u>	<u>-</u>	<u>65,114</u>	<u>15,211</u>	<u>58,554</u>	<u>20,015</u>	<u>438,761</u>

Included in the figures above are assets held under finance leases and similar hire purchase contracts at a cost of £432,967 (2001 : £282,136) and an aggregate depreciation of £270,416 (2001 : £207,932).

KAMES FISH FARMING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

For the year ended 28 February 2002

The gross amounts of land and buildings on which depreciation is being provided is as follows:

	£
Freehold buildings	199,540
Long leasehold	25,754
	<u>225,294</u>

9 FIXED ASSETS INVESTMENTS

	£
Cost	
At 28 February 2001	1,171,651
Additions	272,028
Disposals	(1,119,003)
At 28 February 2002	<u>324,676</u>
Net book amount at 28 February 2002	<u>324,676</u>
Net book amount at 28 February 2001	<u>1,171,651</u>

Included in the additions figure above is an amount of £215,778 relating to 177,379 shares in Selonda Aquaculture SA, a company registered in Greece. These shares will be transferred to Kames Fish Farming Limited on 1 July 2002. The shares are being given in exchange for 26,690 shares in Anemoessa Aquaculture SA which were transferred under the terms of the contract agreement on 28 December 2001. The disposal of the investment in Anemoessa Aquaculture SA has resulted in an exceptional loss as detailed in note 3 to the financial statements. Under the terms of the contract agreement, the investment in Selonda cannot be realised until 30 June 2003.

At 28 February 2002 the company held more than 20% of the allotted share capital of the following undertakings:

	Country of incorporation /year ended	Class of share capital held	Proportion held	Nature of business	Capital and reserves	Profit/(Loss) for the financial year
					£	£
Subsidiaries:						
Kames Marine Fish Farming Ltd	Scotland 28 Feb 2002	Ordinary	87%	Fish farming	3,628	(33,946)
Associates:						
Fusion Marine Chile SA	Chile 31 Dec 2001	Ordinary	45%	Fish farming	987,369	54,485
Maine Aquaculture Equipment LLC	U.S.A 31 Dec 2001	Unit	25%	Marine equipment supply	16,540	2,262

KAMES FISH FARMING LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS**

For the year ended 28 February 2002

10 STOCKS

	2002 £	2001 £
Fish	571,683	485,933
Fish cages, materials and equipment	8,225	14,416
Feed stuffs and consumables	61,004	52,441
	<u>640,912</u>	<u>552,790</u>

11 DEBTORS

	2002 £	2001 £
Trade debtors	71,673	162,702
Other debtors	360,156	133,412
VAT recoverable	23,978	9,462
Prepayments and accrued income	221,918	131,492
	<u>677,725</u>	<u>437,068</u>

Included above are the following amounts which are due after more than one year:

Other debtors	<u>360,156</u>	<u>133,412</u>
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12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Bank overdraft	114,331	168,004
Trade creditors	309,410	378,977
Corporation tax	127,098	3,667
Social security and other taxes	13,795	11,550
Loans from directors, shareholders and related parties	62,416	84,371
Accruals and deferred income	150,585	78,331
Amounts due under finance leases and hire purchase	61,651	23,921
	<u>839,286</u>	<u>748,821</u>

The company's overdraft facilities are grouped with Kames Marine Fish Farming Limited. The bank overdraft is secured by a bond and floating charge over all of the company's assets, by a standard security over certain land and buildings and under cross-guarantee with a subsidiary company.

The loans from directors are interest free and have no fixed terms of repayment.

The amounts due under finance leases and hire purchase contracts are secured on the underlying assets.

KAMES FISH FARMING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

For the year ended 28 February 2002

13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002 £	2001 £
Accruals and deferred income	32,024	56,249
Amounts due under finance leases and hire purchase	75,439	17,797
	<u>107,463</u>	<u>74,046</u>
Borrowings are repayable as follows:	2002 £	2001 £
Within one year		
Bank and other borrowings	176,747	252,375
Finance leases	61,651	23,921
After one and within two years		
Finance leases	48,375	17,797
After two and within five years		
Finance leases	27,064	-
	<u>313,837</u>	<u>294,093</u>

14 SHARE CAPITAL

	2002 £	2001 £
Authorised		
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
26,267 ordinary shares of £1 each	<u>26,267</u>	<u>26,267</u>

15 SHARE PREMIUM ACCOUNT AND RESERVES

	Share premium account £	Capital redemption reserve £	Profit and loss account £
At 1 March 2001	27,715	74,495	1,658,678
Retained loss for the year	-	-	(535,288)
At 28 February 2002	<u>27,715</u>	<u>74,495</u>	<u>1,123,390</u>

KAMES FISH FARMING LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS**

For the year ended 28 February 2002

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Loss for the financial year	(535,288)	41,247
Net decrease in shareholders' funds	(535,288)	41,247
Shareholders' funds at 1 March 2001	1,787,155	1,745,908
Shareholders' funds at 28 February 2002	1,251,867	1,787,155

17 NET CASH INFLOW/OUTFLOW FROM OPERATING ACTIVITIES

	2002 £	2001 £
Operating profit	451,631	37,439
Depreciation	108,690	118,395
Loss on sale of tangible fixed assets	-	(760)
Increase in stocks	(88,122)	(79,221)
Increase in debtors	(240,657)	180,840
Decrease in creditors	(19,294)	22,366
Net cash inflow from continuing operating activities	212,248	279,059

18 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2002 £	2001 £
Increase in cash in the year	49,966	85,061
Cash outflow from financing in the year	21,955	62,743
Cash outflow from finance leases in the year	64,291	60,991
Change in net debt resulting from cashflows	136,212	208,795
Inception of finance leases	(159,663)	(40,400)
Movement in net debt in the year	(23,451)	168,395
Net debt at 1 March 2001	(284,340)	(452,735)
Net debt at 28 February 2002	(307,791)	(284,340)

KAMES FISH FARMING LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS**

For the year ended 28 February 2002

19 ANALYSIS OF CHANGES IN NET DEBT

	At 1 March 2001 £	Cash flow £	Non - cash items £	At 28 February 2002 £
Cash in hand and at bank	9,753	(3,707)	-	6,046
Overdrafts	(168,004)	53,673	-	(114,331)
Debt	(84,371)	21,955	-	(62,416)
Finance leases	(41,718)	64,291	(159,663)	(137,090)
	<u>(284,340)</u>	<u>136,212</u>	<u>(159,663)</u>	<u>(307,791)</u>

20 MAJOR NON-CASH TRANSACTIONS

During the year the company entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £159,663 (2001 £40,400).

21 CAPITAL COMMITMENTS

	2002 £	2001 £
Contracted for but not provided in these statements	-	32,000

The company had no capital commitments at 28 February 2002.

22 CONTINGENT LIABILITIES

There were no contingent liabilities at 28 February 2002 or 28 February 2001.

KAMES FISH FARMING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

For the year ended 28 February 2002

23 RELATED PARTIES

During the year £147,256 was invoiced and settled by the company on behalf of its subsidiary undertaking Kames Marine Fish Farming Limited. Of this, £163,324 was repaid during the year leaving a balance £16,068 due to Kames Marine Fish Farming Limited.

During the year, the company also incurred costs on behalf of Semp Fisheries of which Mr Stuart G Cannon is a partner, relating to food, medication, labour and other costs of £207,251. The amount repaid by Semp Fisheries during the year was £206,969, leaving £282 due to Kames Fish Farming Limited.

During the year the company also made sales of equipment to an associated undertaking, Fusion Marine Chile SA, totalling £229,733. The amount repaid by Fusion Marine SA was £229,641, leaving £92 due from Fusion Marine SA at the year end.

The company holds a £100 investment in the Scottish Shellfish Marketing Group. During the year the company made sales of mussels to SSMG of £103,338. Of this SSMG repaid £102,275 leaving £1,063 due by SSMG at the year end.

At 28 February 2002, amounts due to/(from) these businesses were as follows:

	2002	2001
	£	£
Semp Fisheries	(282)	(436)
Scottish Shellfish Marketing Group	(1,063)	467
Kames Marine Fish Farming Limited	16,068	(6,286)
Fusion Marine Chile SA	(92)	(87,690)

Included in other creditors amounts falling due within one year is an amount of £20,000 due to Semp Fisheries (2001 - £20,000 falling due within one year). There are no fixed terms for repayment and no interest is being charged on this amount.