

SC107209

**Report of the Directors and
Financial Statements for the Year Ended 30th December 2002
for
Aquascot Group Limited**



**Contents of the Financial Statements
for the Year Ended 30th December 2002**

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Aquascot Group Limited

**Company Information
for the Year Ended 30th December 2002**

DIRECTORS:

P C Williams
D K Overton
R R Murray

SECRETARY:

John Christie

REGISTERED OFFICE:

16 Charlotte Square
Edinburgh
EH2 4DF

REGISTERED NUMBER:

107209 (Scotland)

AUDITORS:

Ernst & Young LLP
Inverness

Aquascot Group Limited

Report of the Directors for the Year Ended 30th December 2002

The directors present their report with the financial statements of the company for the year ended 30 December 2002.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of aquaculture and food processing of related products.

REVIEW OF BUSINESS

The results for the period and financial position of the company are as shown in the annexed financial statements.

DIRECTORS

The directors during the period under review and subsequently were:

R R Murray (reappointed 23.2.02)

D K Overton (reappointed 23.2.02)

O Steiro (appointed 26.02.02, resigned 16 September 2002)

P C Williams

N Meakin (resigned 17/1/02)

The directors holding office at 30 December 2002 did not hold any beneficial interest in the issued share capital of the company at date of appointment or 30 December 2002. The interests of O Steiro and P Williams in the ultimate parent company are disclosed in those financial statements.

STATEMENT OF 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 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

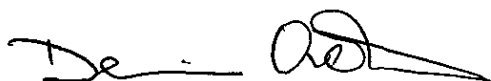
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

AUDITORS

Ernst & Young LLP were appointed as auditors during the year.

ON BEHALF OF THE BOARD:



D K Overton - DIRECTOR

Dated: 27.10.03

Aquascot Group Limited

Report of the Independent Auditors to the Members of Aquascot Group Limited

We have audited the financial statements of Aquascot Group Limited for the year ended 30 December 2002 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes numbered 1 to 25. 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 directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and 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 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.

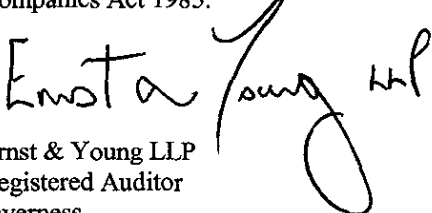
Basis of audit opinion

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 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 30 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young LLP
Registered Auditor
Inverness

Dated:

28/10/2003

Aquascot Group Limited

**Profit and Loss Account
for the Year Ended 30th December 2002**

		Year Ended 30.12.02	Period 07.07.00 to 30.12.01
	Notes	£	£
TURNOVER	3	20,256,429	21,882,308
Cost of sales		<u>(21,322,729)</u>	<u>(19,556,314)</u>
GROSS PROFIT		(1,066,300)	2,325,994
Administrative expenses		<u>(2,678,228)</u>	<u>(3,364,033)</u>
		(3,744,528)	(1,038,039)
Other operating income		<u>41,742</u>	<u>136,183</u>
OPERATING LOSS	5	(3,702,786)	(901,856)
Interest receivable and similar income		<u>0</u>	<u>124,809</u>
		(3,702,786)	(777,047)
Interest payable and similar charges	6	<u>(2,357,017)</u>	<u>(1,245,243)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(6,059,803)	(2,022,290)
Tax on loss on ordinary activities	7	<u>0</u>	<u>-</u>
LOSS FOR THE FINANCIAL PERIOD AFTER TAXATION		(6,059,803)	(2,022,290)
Retained (loss)/profit brought forward		(754,245)	1,269,045
Redemption of share capital		<u>0</u>	<u>(1,000)</u>
DEFICIT CARRIED FORWARD		<u>(6,814,048)</u>	<u>(754,245)</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current period or previous year.

The notes form part of these financial statements

Aquascot Group Limited

**Statement of Total Recognised Gains and Losses
for the Year Ended 30th December 2002**

	Year Ended 30.12.02	Period 07.07.00 to 30.12.01
	£	£
LOSS FOR THE FINANCIAL PERIOD	<u>(6,059,803)</u>	<u>(2,022,290)</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE PERIOD	<u>£(6,059,803)</u>	<u>£(2,022,290)</u>
PRIOR PERIOD ADJUSTMENT	<u>0</u>	<u>(261,651)</u>
TOTAL RECOGNISED GAINS AND LOSSES SINCE THE LAST ANNUAL REPORT AND FINANCIAL STATEMENTS	<u><u>£(6,059,803)</u></u>	<u><u>£(2,283,941)</u></u>

The notes form part of these financial statements

Aquascot Group Limited

Balance Sheet

30 December 2002

		<u>30.12.02</u>		<u>30.12.01</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible Assets	8		4,438,161		3,397,602
Investments	9		<u>150,999</u>		<u>150,999</u>
			£4,589,160		£3,548,601
CURRENT ASSETS:					
Stocks	10	339,774		5,891,973	
Debtors	11	35,203,300		20,995,664	
Cash in hand		<u>239,829</u>		<u>1,067</u>	
		£35,782,903		£26,888,704	
CREDITORS: Amounts falling due within one year	12	<u>(4,971,298)</u>		<u>(5,473,884)</u>	
NET CURRENT ASSETS:			<u>30,811,605</u>		<u>21,414,820</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			35,400,765		24,963,421
CREDITORS: Amounts falling due after more than one year	13		(40,242,656)		(23,562,244)
ACCRUALS AND DEFERRED INCOME:	16		<u>(27,525)</u>		<u>(210,790)</u>
NET ASSETS			<u><u>(4,869,416)</u></u>		<u><u>1,190,387</u></u>
CAPITAL AND RESERVES:					
Called up share capital	17		438,812		438,812
Share premium	18		1,504,820		1,504,820
Capital redemption reserve	19		1,000		1,000
Profit and Loss account			<u>(6,814,048)</u>		<u>(754,245)</u>
SHAREHOLDERS' FUNDS:					
Equity & Non-equity	22		<u><u>(4,869,416)</u></u>		<u><u>1,190,387</u></u>

ON BEHALF OF THE BOARD:

D K Overton – DIRECTOR

Approved by the Board on 27.10.03

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 30th December 2002**

1. FUNDAMENTAL ACCOUNTING CONCEPT

The company is dependent on continuing finance being made available by its ultimate parent company, Cermaq ASA, to enable it to continue operating and to meet its liabilities as they fall due.

Cermag ASA has agreed to provide sufficient funds to the company for these purposes; it has also agreed not to recall amounts advanced to the company which as at 30 December 2002 amounted to 40,238,803 (see note 14) until all other creditors have been met. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result should continuing finance cease to be made available.

2. ACCOUNTING POLICIES

The principal accounting policies are summarized below. They have all been applied consistently throughout the year and the preceding period.

Accounting convention

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

Basis of Accounting

In accordance with the provisions of Section 228 of the Companies Act 1985, group financial statements have not been prepared as the company is a subsidiary of Cermaq ASA, a company incorporated in Norway.

Cash flow statement

The company is a wholly owned subsidiary of Cermaq ASA, a company incorporated in Norway. The cash flows of the company are included in the consolidated group cash flow statement of Cermaq ASA, and consequently the company is exempt under the terms of FRS 1 (Revised) from publishing a cash flow statement.

Tangible fixed assets

Fixed Assets are stated at cost, net of depreciation, less any provision for impairment. Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Freehold property	- 5% on cost
Plant & Equipment	- 10 - 25% on cost
Motor vehicles	- 25% on cost

Fixed Asset Investments

Fixed asset investments are shown at cost less provision for impairment.

Operating Leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease, regardless of the timing of payments.

Stock

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost comprises actual purchase cost, feeding cost and attributable labour and production overheads based on the normal level of activity. Net realisable value is based on estimated selling price less estimated selling cost and additional costs to be incurred between the balance sheet date and the date of sale.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognized in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only

**Notes to the Financial Statements
for the Year Ended 30th December 2002**

Taxation (continued)

being recognized if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Previously the provision for deferred tax was accounted for under Statement of Standard Accounting Practice 15. The change in the accounting policy to Financial Reporting Standard 19 has no impact on the company.

Research and development

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

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Government Grants

Government grants in respect of capital expenditure are treated as deferred income and are released to the profit and loss account over a four year period. As this period does not match that over which the relevant assets are depreciated, this policy is not strictly in accordance with SSAP 4. However, the effect of the departure from SSAP 4 is not material to the results of the period.

Grants of a revenue nature are credited to the profit and loss account in the same period as the expenditure to which they relate.

Pensions

The company operates a defined contribution pension scheme for certain of its directors/employees. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

3. TURNOVER

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied.

The geographical analysis of turnover is as follows;

	Year Ended 30.12.02 £ 000s	Period 07.07.00 to 30.12.01 £ 000s
United Kingdom	16777	18832
EC countries	2443	2107
Other countries	1036	943
Total	<u>20,256</u>	<u>21,882</u>

Aquascot Group Limited

Notes to the Financial Statements for the Year Ended 30th December 2002

4. STAFF COSTS

	Year Ended 30.12.02 £	Period 07.07.00 to 30.12.01 £
Wages and Salaries	3720762	3,997,646
Social Security	305103	311,816
Pensions	71,163	96,070
	<u>4,097,028</u>	<u>4,405,532</u>

The average monthly number of employees during the period was as follows:

	Year Ended 30.12.02	Period 07.07.00 to 30.12.01
Employees	<u>268</u>	<u>224</u>

5. OPERATING (LOSS)/PROFIT

The operating loss is stated after charging / (crediting):

	Year Ended 30.12.02 £	Period 07.07.00 to 30.12.01 £
Hire of plant and machinery under operating lease	34,152	39,459
Depreciation - owned assets	296,095	522,673
Depreciation - leased assets	29,980	29,980
(Profit)/Loss on disposal of fixed assets	4,984	(105)
Development costs written off	0	88,663
Amortisation of government grants	(41,742)	(63,214)
Auditors' remuneration - current year auditors	10,000	0
Auditors' remuneration - prior year auditors	0	25,000
Auditors' remuneration - non -audit prior year auditors	<u>0</u>	<u>3,000</u>
Directors' emoluments	<u>137,855</u>	<u>222,184</u>
Split		
Wages and salaries	<u>125,323</u>	<u>217,234</u>
Pension contributions	<u>12,532</u>	<u>4,950</u>
Payments made to the highest paid director were;		
Wages and salaries	<u>64,982</u>	<u>183,108</u>
Pension contributions	<u>6498</u>	<u>3,458</u>

Aquascot Group Limited

Notes to the Financial Statements for the Year Ended 30th December 2002

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 30.12.02 £	Period 07.07.00 to 30.12.01 £
HIE Interest	0	15,177
Discounting Interest	19,632	114,637
Cermaq Loan Interest	2,337,385	1,066,835
Hire Purchase	0	32,207
Building Loan Interest	0	16387
	<u>2,357,017</u>	<u>1,245,243</u>

7. TAX ON LOSS ON ORDINARY ACTIVITIES

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 30 December 2002 nor for the preceding period. A nil tax charge arises through the level of accumulated losses and the significant loss for the period. The tax losses at the beginning of the year were approximately £2m and at the end of the year are approximately £8m. In addition, it is not considered prudent to recognise any deferred tax asset given the above.

Aquascot Group Limited

**Notes to the Financial Statements
for the Year Ended 30th December 2002**

8. TANGIBLE FIXED ASSETS

	<u>Freehold Property</u>	<u>Plant & Equipment</u>	<u>Motor Vehicles</u>	<u>Totals</u>
	£	£	£	£
COST:				
At 31 December 2001	1,433,152	3,887,961	169,088	5490201
Additions	84,565	1,356,231	16,907	1457703
Disposals		(4,209)	(12,973)	(17,182)
At 30 December 2002	<u>1,517,717</u>	<u>5,239,983</u>	<u>173,022</u>	<u>6,930,722</u>
DEPRICIATION:				
At 31 December 2001	577653	1410567	104379	2092599
Charge for year	46,906	360,643	4,460	412009
Eliminated on disposals		(4,209)	(7,838)	(12,047)
At 30 December 2002	<u>624,559</u>	<u>1,767,001</u>	<u>101,001</u>	<u>2,492,561</u>
NET BOOK VALUE:				
At 30 December 2002	<u>893,158</u>	<u>3,472,982</u>	<u>72,021</u>	<u>4,438,161</u>
At 30 December 2001	<u>855,499</u>	<u>2,477,394</u>	<u>64,709</u>	<u>3,397,602</u>

The Net Book Values of Plant & Equipment and Motor Vehicles above include amounts of £106,917 (2001 - £107,235) in respect of the assets held under finance leases and hire purchase contracts.

Aquascot Group Limited

Notes to the Financial Statements for the Year Ended 30th December 2002

9. FIXED ASSET INVESTMENTS

£

COST AND NET BOOK VALUE:

As at 30 December 2002 and 2001

150999

Investments in subsidiaries comprise:

Aquascot Seafarms Ltd (incorporated in Scotland). 100% (ordinary shares) owned. Principal activity – fish farming

West Coast Aquaculture Ltd (incorporated in Scotland). 100% (ordinary shares) owned. Principal activity – fish farming

10. STOCKS

	30.12.02 £	30.12.01 £
Fish Stock	339,774	5,784,511
Packaging and stationary		107,462
	<u>339,774</u>	<u>5,891,973</u>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.12.02 £	30.12.01 £
V.A.T	111,521	144,949
Trade Debtors	2,521,829	2,191,261
Other Debtors	14,766	33,867
Prepayment & Accrued Income	112,120	162,418
Ammounts due by subsidiaries	32,443,064	18,463,169
	<u>35,203,300</u>	<u>20,995,664</u>

Notes to the Financial Statements
for the Year Ended 30th December 2002

12. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR

	30.12.02 £	30.12.01 £
Bank loans and overdrafts (see note 14)	0	932,671
Other Loans (see note 14)	0	41,500
Hire purchase contracts (see note 15)	64,964	121,636
Trade Creditors	914,194	1,230,199
Amounts due in respect of financed receivables	2,950,851	1,565,047
Other Creditors	97,762	398,352
Amounts due to subsidiaries	509,996	742,374
Accrued Expenses	433,531	442,105
	<u>4,971,298</u>	<u>5,473,884</u>

13. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR

	30.12.02 £	30.12.01 £
Parent company loans (see note 14)	40,238,803	23,496,114
Hire purchase contracts (see note 15)	3,853	66,130
	<u>40,242,656</u>	<u>23,562,244</u>

14. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	30.12.02 £	30.12.01 £
Amounts falling due within one year or on demand:		
Bank overdrafts	0	932,671
Bank Loans		
Other Loans	0	41,500
	<u>0</u>	<u>974,171</u>
Amounts falling due in more than five years:		
Repayable otherwise by instalments		
Parent company loans	40,238,803	23,496,114

There are no fixed repayment terms to the parent company loans and interest is presently charged at 8.42% per annum.

Aquascot Group Limited

**Notes to the Financial Statements
for the Year Ended 30th December 2002**

15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	30.12.02	30.12.01
	£	£
Gross obligations repayable:		
Within one year	76,332	142922
Between one and five years	4,527	77703
	<u>80,859</u>	<u>220,625</u>
Finance charges repayable:		
Within one year	11,368	21286
Between one and five years	674	11573
	<u>12,042</u>	<u>32,859</u>
Net obligations repayable:		
Within one year	64,964	121636
Between one and five years	3,853	66130
	<u>68,817</u>	<u>187,766</u>

16. ACCRUALS AND DEFERRED INCOME

	30.12.02	30.12.01
	£	£
Deferred government grants		
Brought forward	210,790	94,507
Received in period	0	179,497
Transferred to subsidiary	(141,523)	0
Released in period	(41,742)	(63,214)
	<u>27,525</u>	<u>210,790</u>

Aquascot Group Ltd

**Notes to the Financial Statements
for the Year Ended 30th December 2002**

17. CALLED UP SHARE CAPITAL

	30.12.02 £	30.12.01 £
Authorised		
"A" Ordinary Share of £1	249,488	249,488
"C" Ordinary Share of £1	176,144	176,144
1050% Cumulative Redeemable "C" Preference shares of £0.01	5,680	5,680
Cumulative "D" Preference shares of £0.01	7,500	7,500
	<u>438,812</u>	<u>438,812</u>
Allotted, issued and fully paid		
"A" Ordinary Share of £1	249,488	249,488
"C" Ordinary Share of £1	176,144	176,144
1050% Cumulative Redeemable "C" Preference shares of £0.01	5,680	5,680
Cumulative "D" Preference shares of £0.01	7,500	7,500
	<u>438,812</u>	<u>438,812</u>
Equity Shares		
"A" Ordinary shares of £1 – voting	248,413	248,413
"C" Ordinary shares of £1 – voting	177,219	177,219
	<u>425,632</u>	<u>425,632</u>
Non-Equity Shares		
1050% Cumulative Redeemable "C" Preference shares of £0.01	5680	5680
Cumulative "D" Preference shares of £0.01	7,500	7500
	<u>13,180</u>	<u>13,180</u>

The "C" ordinary shares are entitled to a cumulative preferential dividend of 20% of the profit attributable to members.

The "C" preference shares have first call over the company's assets in the event of a winding up or liquidation or similar event. Thereafter, the remaining assets are applied in order to the "D" preference shares, the "C" ordinary shares, and finally the "A" ordinary shares. The sums received are restricted for all categories other than the "A" ordinary shares, to the sum subscribed plus arrears of dividends.

The "C" preference shares are redeemable in equal annual instalments of £710 together with a premium of £70,290 from 30 June 1998 to 30 June 2005. The first five redemptions on 30 June 1998, 30 June 1999, 30 June 2000, 30 June 2001 and 30 June 2002 have not been made. On redemption the holders of "C" preference shares are entitled to a special dividend of 10p per share. At the shareholders' direction, this will be paid either as a dividend or the redemption price will be increased to reflect this.

The "D" preference shares are redeemable in equal annual instalments of £1,500, together with a premium of £188,500 from 30 June 2003 to 30 June 2007.

The premiums payable on redemption are annual and not aggregate.

Aquascot Group Ltd

**Notes to the Financial Statements
for the Year Ended 30th December 2002**

18. SHARE PREMIUM

At 30 December 2001 and 2002	£ <u>1,504,820</u>
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19. CAPITAL REDEMPTION RESERVE

At 30 December 2001 and 2002	£ <u>1,000</u>
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20. ULTIMATE PARENT COMPANY

The ultimate parent company at the balance sheet date was Cermaq ASA, a company registered in Norway. The immediate parent company is EWOS Ltd. The company's accounts are consolidated into Cermaq ASA's group results. Parent company accounts can be obtained by writing to Cermaq ASA, Grev Wedels Plass 5, Postboks 472, Sentrum 0105, Oslo.

21. RELATED PARTY DISCLOSURES

As a wholly owned subsidiary, the company has availed itself of the exemption in FRS8 from disclosing related party transactions with other group undertakings and investees.

Notes to the Financial Statements
for the Year Ended 30th December 2002

22. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	30.12.02	30.12.01
	£	£
Loss for the financial period	(6,059,803)	(2,022,290)
Redemption of Share Capital	<u>0</u>	<u>(1,000)</u>
Net reduction in shareholders' funds	(6,059,803)	(2,023,290)
Opening shareholders' funds	<u>1,190,387</u>	<u>3213677</u>
	<u>(4,869,416)</u>	<u>1,190,387</u>
Equity Interests	(4,882,596)	1177207
Non-Equity interests	<u>13,180</u>	<u>13,180</u>
	<u>(4,869,416)</u>	<u>1,190,387</u>

23. PENSION COMMITMENTS

The company operates a defined contribution pension scheme for certain employees and directors. The assets of the scheme are held separately from those of the company in an independently administered fund. During the year contributions payable amounted to £71,163 (2001 - £96,070).

24. OTHER FINANCIAL COMMITMENTS

At 30 December 2002 the company had annual commitments under non-cancellable operating leases as set out below:

	2002	2001
	£	£
Land and buildings		
Operating leases which expire:		
Within one year		
Within two to five years	35,000	35,000
In over five years	<u>35,000</u>	<u>35,000</u>
Others		
Operating leases which expire:		
Within one year	6,874	
Within two to five years	67,668	74,842
In over five years	<u>74,542</u>	<u>74,542</u>

**Notes to the Financial Statements
for the Year Ended 30th December 2002**

25. PRIOR YEAR ADJUSTMENTS

As disclosed last year, following the acquisition of the company by Cermaq in November 2002, the company has changed its accounting policies for Tangible and Intangible Fixed Assets to align with the accounting policies of the new ultimate holding company. Tangible Fixed Assets are now included at cost necessitating the removal of the revaluation reserve and Development expenditure is expensed immediately requiring Intangible Fixed Assets to be written off. As a result a prior year adjustment was made to the accounts for the 18 month period to 30 December 2001 and the 30 June 2000 accounts were restated.

The effects of the changes are summarized below:

	2000 £
Profit and loss Account:	
Increase in Administrative expenses	<u>(261,651)</u>
Increase/(decrease) in (loss)/profit in period	<u>(261,651)</u>
Balance Sheet:	
Decrease in Intangible Fixed Assets	(715,701)
Decrease in Tangible Fixed Assets	(364,077)
Decrease in Revaluation Reserve	<u>491,228</u>
Increase/(decrease) in net assets	<u>(588,550)</u>