

**Nufish Limited**

**Directors' report and financial  
statements**

**Registered number 220468**

**31 December 2005**



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## Directors' report

The directors present their directors' report and the financial statements for the 9 month period ended 31 December 2005

### Change of accounting reference date

On 21 August 2006, the company's accounting reference date was changed from 31 March 2006 to 31 December 2005

### Principal activities

The principal activity of the company during the period was production of juvenile cod

### Business review

The loss for the period after taxation amounted to £152,000 (*year to 31 March 2005 loss £277,000*) as reported in the profit and loss account on page 4 and has been added to the deficit on reserves brought forward

### Directors

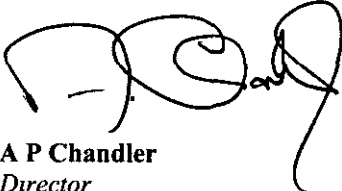
The directors who held office during the period were as follows

DJ Smith	(appointed 19 July 2005, resigned 29 August 2006)
J Heathcote	(appointed 19 July 2005, resigned 6 September 2006)
PC Tarrant	(resigned 19 July 2005)
DG Blackmore	(resigned 19 July 2005)
K Rzepkowski	(appointed 19 July 2005)
LLA Vigue	(appointed 19 July 2005, resigned 14 March 2006)
RS Mason	(appointed 19 July 2005, resigned 29 August 2006)

The undernoted directors have been appointed since the end of the period

AP Chandler	(appointed 14 July 2006)
JH Foulkes	(appointed 14 July 2006)
G Johnson	(appointed 27 July 2006)
MA Lloyd	(appointed 27 July 2006)

By order of the board



A P Chandler  
Director

27 April 2007

## **Statement of directors' responsibilities in respect of the Directors' report and the financial statements**

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to 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 these 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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



37 Albyn Place  
Aberdeen  
AB10 1JB  
United Kingdom

## **Independent auditors' report to the members of Nufish Limited**

We have audited the financial statements of Nufish Limited for the period ended 31 December 2005 which comprise the Profit and Loss Account, the Statement of total recognised gains and losses, the Balance Sheet, and the related notes. 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 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' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the period then ended, and
- have been properly prepared in accordance with the Companies Act 1985.

### **Emphasis of matter – going concern**

In forming our opinion on the financial statements, which is not qualified, we have considered the disclosure made in note 1 to the financial statements concerning the application of the going concern principle in the preparation of the company's accounts. The company incurred a net loss of £152,000 during the period ended 31 December 2005 and, at that date, the company had net liabilities of £340,000. These conditions, along with the matters explained in note 1 indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

### **Emphasis of matter – prior period financial statements**

In forming our opinion, which is not qualified, we note that the prior period financial statements were not audited. Consequently, International Standards on Auditing (UK and Ireland) require the auditors to state that the corresponding figures contained within these financial statements are unaudited.

  
KPMG LLP  
Chartered Accountants  
Registered Auditor

27 April 2007

## Profit and loss account

for the period ended 31 December 2005

	Note	9 months to 31 December 2005 £000	Year to 31 March 2005 £000
Turnover	2	435	58
Cost of sales		(424)	(124)
<b>Gross profit (loss)</b>		<b>11</b>	<b>(66)</b>
Distribution costs		(5)	(6)
Administrative expenses		(149)	(183)
<b>Operating loss</b>		<b>(143)</b>	<b>(255)</b>
Interest payable and similar charges	6	(9)	(22)
<b>Loss on ordinary activities before taxation</b>	3	<b>(152)</b>	<b>(277)</b>
Tax on loss on ordinary activities	7		
<b>Loss on ordinary activities after taxation being loss for the financial period</b>	14	<b>(152)</b>	<b>(277)</b>

All of the above relates to continuing operations

## Statement of total recognised gains and losses

for the period ended 31 December 2005

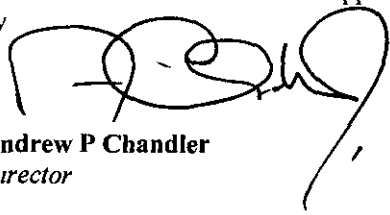
	9 months to 31 December 2005 £000	Year to 31 March 2005 £000
Loss for the financial period attributable to the shareholders	(152)	(277)
Correction in grant recognition		(14)
<b>Total gains and losses recognised since the last annual report</b>	<b>(152)</b>	<b>(291)</b>

Full details of the prior year adjustment in the previous financial year are included in the financial statements for the year to 31 March 2005

**Balance sheet**  
*at 31 December 2005*

	<i>Note</i>	<b>At 31 December 2005</b>		<b>At 31 March 2005</b>	
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>					
Tangible assets	8		800		794
			<hr/>		<hr/>
			800		794
<b>Current assets</b>					
Stocks		165		205	
Debtors	9	455		10	
		<hr/>		<hr/>	
		620		215	
<b>Creditors: amounts falling due within one year</b>	10	(1,185)		(569)	
		<hr/>		<hr/>	
<b>Net current liabilities</b>			(565)		(354)
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			235		440
<b>Creditors, amounts falling due after more than one year</b>	11	(293)		(284)	
<b>Deferred income</b>	12	(282)		(344)	
		<hr/>		<hr/>	
<b>Net liabilities</b>			(340)		(188)
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	13	282		282	
Profit and loss account	14	(622)		(470)	
		<hr/>		<hr/>	
<b>Shareholders' deficit</b>	15	(340)		(188)	
		<hr/>		<hr/>	

These financial statements were approved by the board of directors on 27 April 2007 and were signed on its behalf by

  
**Andrew P Chandler**  
Director

  
**Karol Rzepkowski**  
Director

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

#### ***Basis of preparation***

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

A summary of the more important accounting policies is set out below. These policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements with the exception of the following new standards which have been adopted for the first time in 2005

- FRS 21 *Events after the balance sheet date*,
- The presentation requirements of FRS 25 *Financial instruments presentation and disclosure*, and
- FRS 28 *Corresponding amounts*

None of these standards has had a material impact on the financial statements in 2005 or the comparative period

#### ***Going concern***

The Company's ultimate parent undertaking is Shetland Organic Seafood Limited ("SOS") (see note 18). Since its acquisition of the Company, SOS together with its principal subsidiary Johnson Seafarms Ltd, has arranged funding to support group companies and fund expected losses in the early years of development. To date this funding has been provided principally from private equity funds, grants received and debt facilities. The SOS consolidated accounts at 31 December 2005 indicate that further funding will be required to fulfil the group's business plan and that this is expected to be raised from a similar combination of sources during 2007. SOS has on this basis indicated to the Company that it intends to provide or procure the necessary financial support to enable the Company to continue to trade for the foreseeable future. In view of this the directors are satisfied that the Company is able to meet its liabilities as and when they fall due and believe that it is appropriate to prepare the financial statements on a going concern basis.

#### ***Cash flow statement***

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cashflow statement on the grounds of its size.

#### ***Related party disclosures***

As the company is a wholly owned subsidiary of Shetland Organic Seafood Limited, the company has taken advantage of the exemption contained in Financial Reporting Standard 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 Shetland Organic Seafood Limited, within which this company is included, can be obtained from the address given in note 18.

#### ***Tangible fixed assets and depreciation***

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal monthly instalments over their expected useful economic life as follows:

Leasehold property	25 years, or the life of the lease, if shorter
Plant and machinery	4-13 years
Motor vehicles	4 years
Equipment	4 years



## Notes (continued)

### 1 Accounting policies (continued)

#### *Stock*

##### *Raw materials and consumables*

Stock is stated at lower of cost or net realisable value after making due allowance for obsolete and slow moving items

##### *Work in progress and finished goods*

Stocks which primarily consist of juvenile fish and feed, are stated at the lower of cost and net realisable value with due allowance being made for estimated stock losses in the period. Cost includes fish purchases, feed, direct labour and all other costs directly associated with the rearing of fish. An element of indirect overheads is also included within the stock valuation.

#### *Taxation*

The charge or credit for taxation is based on the profit or loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised 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 and that result in an obligation to pay more, or a right to pay less tax in the future, except as otherwise required by FRS 19.

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

#### *Turnover*

Turnover represents the amounts (excluding value added tax) derived from sales of juvenile cod to group companies.

#### *Deferred government grants*

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

### 2 Turnover

Turnover and the operating profit are derived entirely from sales in the United Kingdom. In the view of the directors, the company has only one class of business being sales of juvenile cod to group companies.

### 3 Loss on ordinary activities before taxation

	9 months to 31 December 2005 £000	Year to 31 March 2005 £000
<i>Loss on ordinary activities before taxation is stated</i>		
<i>after charging (crediting)</i>		
Depreciation written off tangible fixed assets – owned	85	126
Hire of plant and machinery – rentals payable under operating leases	7	
Hire of other assets – operating leases	14	17
Release of government grant	(62)	(82)
	<hr/>	<hr/>

The audit fee for the current period was borne on the company's behalf by another group company.

## Notes (continued)

### 4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows

	Number of employees	
	9 months to 31 December 2005	Year to 31 March 2005
Operations	14	10

The aggregate payroll costs of these persons were as follows

	9 months to 31 December 2005 £000	Year to 31 March 2005 £000
Wages and salaries	210	163
Social security costs	17	14
Pension costs	1	
	<u>228</u>	<u>177</u>

### 5 Remuneration of directors

	9 months to 31 December 2005 £000	Year to 31 March 2005 £000
Aggregate emoluments	14	36

## Notes (continued)

### 6 Interest payable and similar charges

	9 months to 31 December 2005 £000	Year to 31 March 2005 £000
On bank overdraft	9	22

### 7 Tax on loss on ordinary activities

#### Analysis of charge in period

	9 months to 31 December 2005 £000	Year to 31 March 2005 £000
UK corporation tax		
Current tax on income for the period		

#### Factors affecting the tax charge for the current period

The current tax charge for the period is higher (*year to 31 March 2005 higher*) than the standard rate of corporation tax in the UK 30% (*year to 31 March 2005 30%*). The differences are explained below

	9 months to 31 December 2005 £000	Year to 31 March 2005 £000
Current tax reconciliation		
Loss on ordinary activities before tax	(152)	(277)
Current tax at 30% ( <i>year to 31 March 2005 30%</i> )	(46)	(83)
<i>Effects of</i>		
Expenses not deductible for tax purposes	2	1
Difference between depreciation and capital allowances for the period	7	62
Losses carried forward	37	20
Total current tax charge (see above)		

There is a potential deferred tax asset of £192,000 (*year to 31 March 2005 £148,000*) at the period end, calculated at 30% (*year to 31 March 2005 30%*) which principally relates to the difference between accumulated depreciation and capital allowances and tax losses carried forward. At this early stage of development of the Group's business plan the inherent uncertainty surrounding the recoverability of the potential deferred tax asset in the foreseeable future is such that the directors consider it imprudent to recognise any such asset at 31 December 2005.

## Notes (continued)

### 8 Tangible fixed assets

	Leasehold property £000	Motor vehicles £000	Fixtures & fittings £000	Plant and machinery £000	Total £000
<i>Cost</i>					
At beginning of period	311	16	4	729	1,060
Additions			4	87	91
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	311	16	8	816	1,151
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At beginning of period	66	12	3	185	266
Charge for period	24	3	2	56	85
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	90	15	5	241	351
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 December 2005	221	1	3	575	800
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2005	245	4	1	544	794
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

### 9 Debtors

	31 December 2005 £000	31 March 2005 £000
Amounts owed by group undertakings	430	
Other debtors	24	5
Prepayments	1	5
	<hr/>	<hr/>
	455	10
	<hr/>	<hr/>

### 10 Creditors: amounts falling due within one year

	31 December 2005 £000	31 March 2005 £000
Bank overdraft	8	52
Trade creditors	41	49
Amounts owed to group undertakings	704	303
Amounts due to former directors	342	93
Loans	46	42
Other taxation and social security	9	15
Other creditors		9
Accruals and deferred income	35	6
	<hr/>	<hr/>
	1,185	569
	<hr/>	<hr/>

## Notes (continued)

### 11 Creditors: amounts falling due after more than one year

	31 December 2005 £000	31 March 2005 £000
Loans	293	284
	<hr/>	<hr/>
	31 December 2005 £000	31 March 2005 £000
Debt can be analysed as falling due		
In one year or less, or on demand	46	42
Between one and two years	48	46
Between two and five years	123	138
In five years or more	122	100
	<hr/>	<hr/>
	339	326
	<hr/>	<hr/>

Loans relate to £339,000 (31 March 2005 £326,000) advanced by Shetland Development Trust which are secured by a floating charge over the assets of the company. These loans are repayable in monthly instalments and are all repayable in full by 2013. The loans bear interest at rates between 6.5% and 7% per annum.

### 12 Deferred income

	31 December 2005 £000	31 March 2005 £000
<i>Government Grants</i>		
At beginning of period	344	336
Receivable during year		90
Released to profit and loss account in the period	(62)	(82)
	<hr/>	<hr/>
	282	344
	<hr/>	<hr/>

### 13 Called up share capital

	31 December 2005 £000	31 March 2005 £000
<i>Authorised</i>		
282,000 Ordinary shares of £1 each	282	282
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
282,000 Ordinary shares of £1 each	282	282
	<hr/>	<hr/>

## Notes (continued)

### 14 Profit and loss account

	31 December 2005 £000
At beginning of period	(470)
Retained loss for the financial period	(152)
	<hr/>
At end of period	(622)
	<hr/>

### 15 Reconciliation of movements in shareholders' (deficit)/ funds

	31 December 2005 £000	31 March 2005 £000
Retained loss for the financial period being net addition to / (reduction in) shareholders' (deficit)/ funds	(152)	(277)
Opening shareholders' (deficit)/ funds	(188)	89
	<hr/>	<hr/>
Closing shareholders' deficit	(340)	(188)
	<hr/>	<hr/>

### 16 Contingent liabilities

Contingent liabilities exist in respect of various grants from Shetland Enterprise Company Limited and Scottish Executive. The total funds subject to conditions being met between January 2009 and November 2010 is £534,526.

### 17 Commitments

The company had annual commitments under non cancellable operating leases as follows

	Other 31 December 2005 £000	Other 31 March 2005 £000
Operating leases which expire		
Within one year		17
In two to five years	40	-
	<hr/>	<hr/>
	40	17
	<hr/>	<hr/>

### 18 Ultimate parent company

The company is a subsidiary undertaking of Shetland Organic Seafood Limited which is its ultimate parent company and ultimate controlling party.

The only group in which the results of the company are consolidated is that headed by Shetland Organic Seafood Limited. The consolidated accounts of this company are available to the public and a copy may be obtained from Johnson Seafarms Limited, The Pier, Vidlin, Shetland, ZE2 9QB.

### 19 Post balance sheet event

Since the period end the Company has (i) entered into cross guarantees of amounts due to Kaupthing, Singer & Friedlander Limited ("KSF") by other group companies and (ii) has granted floating charges in favour of KSF.