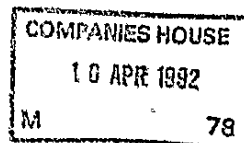


LEWMAR MARINE LIMITED

ACCOUNTS - 52 WEEKS ENDED 29TH MARCH 1991



COMPANY NUMBER 620277

LEYMAR MARINE LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 29TH MARCH 1991

The Directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the financial year from 31st March 1990 to 29th March 1991.

PRINCIPAL ACTIVITY:

The principal activity of the company continues to be the design, manufacture and marketing of sophisticated equipment for racing and cruising yachts.

CHANGE OF ULTIMATE HOLDING COMPANY

On 21st December 1990 the company's ultimate holding company, Benjamin Priest Group plc, was acquired by International Marine Holdings Inc.

FUTURE PROSPECTS:

The company will continue to seek opportunities in its own field of expertise to develop its business by the introduction of both products and processes.

RESEARCH AND DEVELOPMENT:

The company continues to work towards the development of new products and manufacturing techniques so as to keep the company at the forefront of its field of expertise.

RESULTS AND DIVIDENDS:

The results for the year are shown in the profit and loss account on page 4.
The loss for the year of £907,266 has been transferred to retained earnings.
The Directors recommend the payment of a dividend of £250,000 (1990: £Nil)

LEWMAR MARINE LIMITED

DIRECTORS' REPORT (Continued)

DIRECTORS AND THEIR INTERESTS:

The Directors who served during the year were as follows:-

D F Abel Smith	(Resigned 28th March 1991)
P J Horrell	
S A Hartley	
R D J Huggett	
D P Carter	
J Blackwood	
J Grunow Jnr	(Appointed 30th January 1991)
I Sidey	(Appointed 30th January 1991)
M Stauff	(Appointed 30th January 1991)
M Fajt	(Appointed 30th January 1991)

Beneficial shareholdings in the ultimate holding company:-

J Grunow Jnr, I Sidey, M Stauff and M Fajt are directors of the ultimate holding company based in the USA.

P J Horrell is a director of the ultimate UK holding company and his interests fall to be disclosed in the accounts of that company. The remaining directors are directors of Lewmar plc, the immediate parent company and their interests are disclosed in the accounts of that company.

FIXED ASSETS:

Information relating to changes in tangible fixed assets is given in Note 9 to the accounts.

EMPLOYMENT OF DISABLED PERSONS:

The company has continued its policy regarding the employment of disabled persons. Full and fair consideration is given to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. During the year, 2 disabled persons were employed compared to 2 in the preceding year.

AUDITORS:

Messrs KPMG Peat Marwick McLintock resigned as auditors during the year and Touche Ross and Co were appointed by the directors. In accordance with Section 384(1) of the Companies Act 1985, a resolution concerning the re-appointment of Touche Ross and Co will be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD

Priest House
Priest Street
Cradley Heath
Warley
West Midlands
B64 6JW

Helen Holt
H K HOLT
Secretary
14 April 1992

AUDITORS' REPORT TO THE MEMBERS OF
LEWMAR MARINE LIMITED

We have audited the financial statements on pages 4 to 16 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 29th March 1991 and of its profit for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

The financial statements do not include a statement of source and application of funds as required by Statement of Standard Accounting Practice No. 10.

Touche Ross & Co

Touche Ross & Co
Chartered Accountants
14 April 1992
Carlton House
Carlton Place
Southampton
SO1 2DZ

LEWMAR MARINE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 29TH MARCH 1991

	<u>Notes</u>	<u>1991</u>	<u>1990</u>
		£	£
TURNOVER	2	15,814,146	14,482,126
Change in stock of finished goods and work in progress		(200,918)	(515,302)
Own work capitalised		16,002	22,845
Raw materials and consumables		(5,295,701)	(6,091,302)
Other external charges		(4,261,193)	(2,737,895)
Staff costs	3	(3,906,339)	(3,321,800)
Depreciation		(553,033)	(499,702)
		<u>(14,201,182)</u>	<u>(13,143,156)</u>
TRADING PROFIT		1,612,964	1,338,970
Other Income	4	-	60,622
Interest(payable)/receivable	5	(266,652)	(405,320)
		<u>1,346,312</u>	<u>994,272</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION AND EXCEPTIONAL ITEM			
Exceptional Item	6	(1,521,615)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7	(175,303)	994,272
Taxation on profit on ordinary activities	8	(481,963)	(379,610)
		<u>(657,266)</u>	<u>614,662</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			
Dividends proposed	16	(250,000)	-
RETAINED (LOSS)/PROFIT FOR THE YEAR		(907,266)	614,662
RETAINED PROFIT AT THE BEGINNING OF THE YEAR		7,377,480	6,762,818
RETAINED PROFIT AT THE END OF THE YEAR		<u>6,470,214</u>	<u>7,377,480</u>

LEWMAR MARINE LIMITED

BALANCE SHEET AT 29TH MARCH 1991

	Notes	1991 £	1990 £
FIXED ASSETS			
Tangible assets			
Investments	9	3,378,252	2,960,066
	10	7,534,312	8,929,840
		<hr/>	<hr/>
		10,912,564	11,889,906
CURRENT ASSETS			
Stocks			
Debtors	11	4,362,314	4,537,607
Cash at bank	12	4,132,167	4,944,813
		13,341	94,389
		<hr/>	<hr/>
		8,507,822	9,576,809
CREDITORS: Amounts falling due within one year	13	(8,028,289)	(9,671,738)
		<hr/>	<hr/>
NET CURRENT ASSETS/(LIABILITIES)		479,533	(94,929)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		11,392,097	11,794,977
CREDITORS: Amounts falling due after more than one year	14	(4,000,000)	(4,000,130)
PROVISION FOR LIABILITIES AND CHARGES	15	(239,300)	(342,367)
		<hr/>	<hr/>
		7,152,797	7,452,480
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	16	75,000	75,000
Revaluation reserve	17	607,583	
Profit and loss account	18	6,470,214	7,377,480
		<hr/>	<hr/>
		7,152,797	7,452,480
		<hr/>	<hr/>

J Blackwood)
R D J Huggett)

Directors

The accounts were approved by the Board of Directors on 14 April 1992.

LEWMAR MARINE LIMITED

NOTES TO ACCOUNTS FOR THE YEAR ENDED 29TH MARCH 1991

1. ACCOUNTING POLICIES:

The financial statements have been prepared in accordance with statements of standard accounting practice issued by UK accountancy bodies. The particular accounting policies adopted are described below:-

a) Basis of accounting

The accounts are prepared under the historical cost convention modified to include the revaluation of the freehold and leasehold properties.

b) Consolidated accounts

Consolidated accounts have not been prepared as the company is a subsidiary undertaking within the context of Section 229 Companies Act 1985. The company's UK holding company is Benjamin Priest Group plc, a company incorporated in the United Kingdom.

c) Depreciation

Depreciation is provided at rates calculated to write off the cost of fixed assets on a straight-line basis over their estimated useful lives as follows:

Freehold Land	- Nil depreciation
Leasehold Land	- Over remaining life of lease
Freehold Buildings	- 25 years
Long leasehold Buildings	- Over the lower of 25 years or remaining life of lease
Machinery and equipment	- 7 1/2 years
Motor vehicles	- 5 years
Furniture and fittings	- 5-10 years

d) Fixed asset investments

Investments are shown at cost less provisions for any permanent diminution in value.

e) Stocks

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

Cost comprises direct materials, direct labour and appropriate overhead expenditure.

LEWMAR MARINE LIMITED

NOTES TO ACCOUNTS FOR THE YEAR ENDED 29TH MARCH 1991
(CONTINUED)

1. ACCOUNTING POLICIES (Continued):

f) Deferred taxation

Deferred taxation is provided at the anticipated tax rates on differences arising 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 to the extent that it is probable that a liability or asset will crystallise in the future.

g) Pension Costs

The company operates a contributory defined benefit pension scheme covering the majority of its permanent employees. The funds are administered by trustees and are independent of the group's finances. Contributions are paid to the defined benefit scheme in accordance with the recommendation of independent actuaries.

The company's contributions are charged against profits in the year so as to spread the cost over the service lives of employees in the scheme.

h) Foreign Currency

Trading transactions denominated in foreign currencies are recorded in sterling at the actual exchange rates as at the date of related forward exchange contracts. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rate of exchange prevailing at the year end or, where appropriate at the rate of exchange in a related forward exchange contract. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reflected in the profit and loss account.

Non-monetary assets and liabilities denominated in foreign currencies at the year end are recorded at the historic exchange rate prevailing at the date of the transaction.

i) Research and Development

Expenditure on research and development is written off as incurred.

LEWMAR MARINE LIMITED
NOTES TO ACCOUNTS FOR THE YEAR ENDED 29TH MARCH 1991
(Continued)

2. TURNOVER

Turnover consists of sales less returns and allowances after excluding value added tax.

The analysis of turnover by geographical area is as follows:-

	<u>1991</u> £	<u>1990</u> £
United Kingdom	2,557,582	2,219,941
Europe (EEC)	8,043,078	6,387,410
Europe (Non EEC)	976,188	1,783,624
USA	1,925,442	2,459,051
Other	2,311,856	1,632,100
	<hr/>	<hr/>
	15,814,146	14,482,126
	<hr/>	<hr/>

3. STAFF NUMBERS AND COSTS

The average number of persons employed by the Company (including directors) during the year was as follows:

	<u>1991</u> Number	<u>1990</u> Number
Sales & Distribution	16	13
Administration	79	68
Production	154	168
	<hr/>	<hr/>
	249	249
	<hr/>	<hr/>

The aggregate payroll costs of these persons comprised:

	<u>1991</u> £	<u>1990</u> £
Wages and Salaries	3,503,615	2,951,236
Social Security Costs	342,091	308,388
Pension Costs	60,633	62,176
	<hr/>	<hr/>
	3,906,339	3,321,800
	<hr/>	<hr/>

4. OTHER INCOME

Contribution to other income, all from within the United Kingdom, was as follows:

	<u>1991</u> £	<u>1990</u> £
Proceeds from life assurance policy	-	60,622
	<hr/>	<hr/>

LEWMAR MARINE LIMITED
NOTES TO ACCOUNTS FOR THE YEAR ENDED 29TH MARCH 1991
(CONTINUED)

5. INTEREST (PAYABLE)/RECEIVABLE

	<u>1991</u>	<u>1990</u>
	£	£
Bank overdrafts, loans and debentures repayable within five years	(323,197)	(597,952)
Interest due to group companies	(137,000)	-
Interest due from group companies	187,882	185,221
Interest on currency deposits	5,663	7,411
	<u>(266,652)</u>	<u>(405,320)</u>

6. EXCEPTIONAL ITEM

	<u>1991</u>	<u>1990</u>
	£	£
Provision made against investments for permanent diminution in value.	1,521,615	NIL

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1991</u>	<u>1990</u>
	£	£
The profit on ordinary activities before taxation is stated after charging:		
(a) Directors' remuneration		
Emoluments (including pension contributions)	179,003	125,514

The directors' remuneration disclosed above (excluding pension contributions) includes amounts paid to:

Chairman	Nil	Nil
Highest paid director	60,576	51,546

Other directors in the following ranges:

	<u>1991</u>	<u>1990</u>
	Number	Number
£Nil - £ 5,000	5	2
£25,001 - £30,000	-	1
£30,001 - £35,000	1	1
£35,001 - £40,000	1	-
£40,001 - £45,000	1	1

Four of the directors who served during the year performed their duties outside the United Kingdom.

(b) Auditors' remuneration	33,500	32,825
(c) Hire of plant and machinery	10,622	17,236

LEWMAR MARINE LIMITED
NOTES TO ACCOUNTS FOR THE YEAR ENDED 27TH MARCH 1991
(CONTINUED)

7. **PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION CONT'D**

(d) Research & Development	331,684	<u>573,908</u>
(e) Depreciation	<u>553,033</u>	<u>499,702</u>

8. **TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

	<u>1991</u>	<u>1990</u>
	£	£
Corporation tax at 34% based upon taxable profit for the year (1990 35%)	585,030	298,000
Deferred taxation	(103,067)	68,610
	<u>481,963</u>	<u>366,610</u>
Adjustments to prior years:		
Deferred taxation	-	13,000
	<u>481,963</u>	<u>379,610</u>

9. **FIXED ASSETS -**

	Freehold Land & Buildings £	Long Leasehold Buildings £	Plant and Machinery £	Total £
COST				
At 31st March 1990	121,699	1,047,245	4,566,811	5,735,755
Additions	-	10,701	359,106	369,807
Disposals	-	-	(12,516)	(12,516)
Group Transfers	-	-	(10,522)	(10,522)
Revaluation	8,301	241,857	-	250,158
Exchange adjustment	-	-	(955)	(955)
At 29th March 1991	<u>130,000</u>	<u>1,299,803</u>	<u>4,901,924</u>	<u>6,331,727</u>
DEPRECIATION				
At 31st March 1990	4,858	313,030	2,457,801	2,775,689
Provision for year	4,858	40,254	507,921	553,033
Disposals	-	-	(10,700)	(10,700)
Group Transfers	-	-	(6,709)	(6,709)
Revaluation	(15,557)	(341,868)	-	(357,425)
Reclassification	5,841	-	(5,841)	-
Exchange adjustment	-	-	(413)	(413)
At 29th March 1991	<u>-</u>	<u>11,416</u>	<u>2,942,059</u>	<u>2,953,475</u>
NET BOOK VALUES				
At 29th March 1991	<u>130,000</u>	<u>1,288,387</u>	<u>1,959,865</u>	<u>3,378,252</u>
At 30th March 1990	<u>116,841</u>	<u>734,215</u>	<u>2,109,010</u>	<u>2,960,066</u>

LEWMAR MARINE LIMITED

NOTES TO ACCOUNTS FOR THE YEAR ENDED 29TH MARCH 1991
(CONTINUED)

10. INVESTMENTS

a) The following are included in the cost of investments.

	<u>1991</u>	<u>1990</u>
	£	£
Ordinary shares in subsidiary companies	3,520,349	5,069,275
Loans to subsidiary companies	3,712,261	3,558,863
Other shares in group companies	301,702	301,702
	<u>7,534,312</u>	<u>8,929,840</u>

b) The movement in the year was as follows:

	Ordinary Shares in subsidiary companies	Loans to subsidiary companies	Other shares in subsidiary companies (Note i)	Total
	£	£	£	£
COST				
At 31st March 1990	5,069,275	3,558,863	301,702	8,929,840
Additions	-	187,882	-	187,882
Reductions	(27,311)	-	-	(27,311)
Loss on translation	-	(34,484)	-	(34,484)
Provided in year	(1,521,615)	-	-	(1,521,615)
	<u>3,520,349</u>	<u>3,712,261</u>	<u>301,702</u>	<u>7,534,312</u>
29th March 1991	<u>3,520,349</u>	<u>3,712,261</u>	<u>301,702</u>	<u>7,534,312</u>

NOTES:

(i) \$450,000 10% cumulative preferred stock, Lewmar Marine Systems Inc.

LEWMAR MARINE LIMITED

NOTES TO ACCOUNTS FOR THE YEAR ENDED 29TH MARCH 1991
(CONTINUED)

10. INVESTMENTS (Continued)

c) Principal company investments

Details of the principal subsidiaries of the company are set out below. All subsidiaries are wholly owned private companies. Shares of subsidiaries marked * are held by Lewmar Marine Limited and shares of all other companies are held by subsidiaries.

	Country of incorporation/ registration & main operations	Principal activity
<u>Subsidiaries</u>		
Lewmar Marin AB*	Sweden	Distribution
Lewmar Sud Europe EURL*	France	Distribution
Brookes & Gatehouse Ltd *	England	Manufacturing
Waterford Engineering Ltd	Ireland	Manufacturing
Navtec Inc	USA	Manufacturing
Lewmar Mid Europe BV	Netherlands	Distribution
Lewmar Marine Inc	USA	Distribution
Brookes & Gatehouse Inc	USA	Distribution

LEWMAR MARINE LIMITED

NOTES TO ACCOUNTS FOR THE YEAR ENDED 29TH MARCH 1991 (CONTINUED)

11. STOCKS

	<u>1991</u>	<u>1990</u>
	£	£
Raw materials and consumables	702,514	676,889
Work in progress	1,528,444	1,649,727
Finished goods	2,131,356	2,210,991
	<u>4,362,314</u>	<u>4,537,607</u>

12. DEBTORS

	<u>1991</u>	<u>1990</u>
	£	£
Trade debtors	622,610	343,479
Other debtors	362,986	365,660
Amounts due from group companies	3,146,565	3,735,674
	<u>4,132,167</u>	<u>4,944,813</u>

13. CREDITORS: Amounts falling due within one year

	<u>1991</u>	<u>1990</u>
	£	£
Bank overdrafts (unsecured)	1,623,137	3,429,741
Trade creditors	1,579,124	1,817,634
Amounts due to group companies	2,656,625	2,354,338
Corporation tax	976,095	1,165,065
Other taxes & Social Security	82,962	79,269
Accruals	909,996	604,403
Proposed dividend	250,000	-
Other creditors	-	221,238
	<u>8,028,289</u>	<u>9,671,738</u>

14. CREDITORS: Amounts falling due after more than one year

	<u>1991</u>	<u>1990</u>
	£	£
Amounts due to group companies	4,000,000	4,000,000
Other creditors	-	130
	<u>4,000,000</u>	<u>4,000,130</u>

LEWMAR MARINE LIMITED

NOTES TO ACCOUNTS FOR THE YEAR ENDED 29TH MARCH 1991 (CONTINUED)

15. PROVISION FOR LIABILITIES AND CHARGES

	Deferred Taxation £
At the beginning of the year	342,367
Credit for the year	(103,067)
	<u>239,300</u>
At the end of the year	<u>239,300</u>

The amount provided for deferred taxation which comprises the full liability calculated on the liability method at a corporation tax rate of 33% is as follows:-

	1991 £	1990 £
Deferred: Due to capital allowances	49,300	217,371
Due to other timing differences	190,000	124,996
	<u>239,300</u>	<u>342,367</u>

16. SHARE CAPITAL

	1991 £	1990 £
Authorised ordinary shares of £1 each	<u>80,000</u>	<u>80,000</u>
Issued and fully paid Ordinary shares of £1 each	<u>75,000</u>	<u>75,000</u>

	1991 Per share £	1991 £	1990 Per share £	1990 £
Dividends:				
Proposed Final	<u>3.33</u>	<u>250,000</u>	<u>NIL</u>	<u>NIL</u>

17. REVALUATION RESERVE

On May 23, 1991 the freehold and long leasehold properties of the company were revalued by Lambert, Smith & Hampton (consultant Surveyors and Valuers) to their values at March 29, 1991. The freehold property is valued on the basis that the property will be disposed in the foreseeable future. The leasehold properties are revalued on the basis of an Open Market valuation.

The excess of the revaluation of properties over the book value of these properties has been credited to the revaluation reserve.

LEWMAR MARINE LIMITED

**NOTES TO ACCOUNTS FOR THE YEAR ENDED 29TH MARCH 1991
(CONTINUED)**

18. RESERVES

All reserves are considered by the directors to be distributable with the exception of £Nil (1990: £29,236) arising from translation gains on fixed asset investments.

19. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

a) Capital commitments

At the end of the year, capital commitments were:

	<u>1991</u>	<u>1990</u>
	£	£
Contracted for	41,525	4,391
Authorised but not contracted for	121,401	2,823
	<u>162,926</u>	<u>7,214</u>

b) Foreign currency commitments

At the end of the year, the company has entered into contracts totalling £6,102,650 to sell foreign currencies up to 9 months in the future as a hedge against foreign currency fluctuations.

c) Pension arrangements

The company operates a defined benefit pension scheme for all qualified employees. The assets of this scheme are held in separate trustee administered funds. The scheme is subject to triennial valuation by independent actuaries the last valuation being carried out as at 5th April 1988 using the projected unit method in which the actuarial liability is calculated by summing the present value of all benefits accrued at the valuation date. The following actuarial assumptions were applied:

Investment returns	9.0% per annum
Salary growth	7.0% per annum
Pensions increase	NIL% per annum

At the last actuarial valuation date the market value of the assets of the scheme was £894,700 and the actuarial value was sufficient to cover 128% of the benefits which had accrued to members, after allowing for expected future increases in earnings.

d) Bank guarantees

The company together with its ultimate holding company and certain of its fellow subsidiaries have entered into cross guarantees in respect of monies borrowed from time and time by group companies from the group' bankers.

LEWMAR MARINE LIMITED

NOTES TO ACCOUNTS FOR THE YEAR ENDED 29TH MARCH 1991
(CONTINUED)

20. SOURCE AND APPLICATION OF FUNDS

A statement of source and application of funds of the company has not been prepared as in the opinion of the directors since the company is a wholly owned subsidiary the cost of preparation of the statement is not justified.

21. ULTIMATE HOLDING COMPANY

The Ultimate Holding Company is International Marine Holdings Inc, a company incorporated in the United States of America.