

AIM
ADMISSION
DOCUMENT

NOMINATED ADVISER:
ERNST & YOUNG



Sutton Harbour Holdings plc

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***Sutton Harbour
Holdings plc***

WINNER OF THE
SECRETARY OF STATE
FOR THE ENVIRONMENT'S
AWARD FOR PARTNERSHIP
IN REGENERATION 1996

If you are in any doubt about the contents of this document you should consult a person authorised under the Financial Services Act 1986 who specialises in advising on the acquisition of shares and other securities such as your stockbroker, bank manager, solicitor, accountant or other independent financial adviser immediately.

Application will be made for the ordinary shares of 25p each in the capital of Sutton Harbour Holdings plc ("the Company") to be admitted to trading on the Alternative Investment Market of the London Stock Exchange ("AIM"). It is expected that trading in the ordinary shares of 25p each in the capital of the Company ("Ordinary Shares") will commence on AIM on 23 December 1996.

It is emphasised that no application is being made for admission of these securities to the Official List. AIM is a market designed primarily for emerging or smaller companies. The rules of this market are less demanding than those of the Official List. The London Stock Exchange has not itself examined this document.

The directors of the Company, whose names appear on page 6 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the directors of the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and this document makes no omission likely to affect the import of such information.

Ernst & Young are nominated adviser and Rowan Dartington & Co Limited are nominated broker to the Company. Ernst & Young and Rowan Dartington & Co Limited are advising the Company on the admission of the Ordinary Shares of the Company to trading on AIM and will not be responsible to anyone other than the Company for providing the protections afforded to the customers of Ernst & Young and Rowan Dartington & Co Limited nor for providing advice in relation to the admission of the Company to trading on AIM. The information contained in this document has been prepared solely in connection with the proposed admission of the Ordinary Shares to AIM and, in particular, it is not intended to inform or be relied on by subsequent purchasers of Ordinary Shares (whether on or off exchange) and accordingly, no duty of care is accepted in relation to them.

Sutton Harbour Holdings plc

*Incorporated in England and Wales
(Registered in England No. 2425189)*

AIM Admission Document

Nominated Adviser:

Ernst & Young

Nominated Broker:

Rowan Dartington & Co. Limited

	Share capital			
	Authorised Number	Amount	Issued and fully paid Number	Amount
Ordinary shares of 25p each	40,000,000	£10,000,000	9,979,848	£2,494,962

At the close of business on 29 November 1996 the Company and its subsidiaries had outstanding indebtedness of £1,489,084 by way of secured bank overdraft.

Save as aforesaid and apart from intra-group liabilities, at the close of business on that date neither the Company nor any of its subsidiaries had any outstanding loan capital (including term loans) issued, or created but un-issued, or any other borrowings or indebtedness in the nature of borrowing, including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, obligations under finance leases, guarantees or other material contingent liabilities.

At the close of business on 29 November 1996, the Company and its subsidiaries had cash balances of nil.

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Definitions

The following definitions apply throughout this document unless the context otherwise requires:

"the Act"	the Companies Act 1985, as amended
"Admission"	admission of the Ordinary Shares to AIM becoming effective in accordance with the rules of AIM
"AIM"	the Alternative Investment Market of the London Stock Exchange
"the Company" or "Sutton Harbour Holdings"	Sutton Harbour Holdings plc
"the Directors" or "the Board"	the Board of Directors of the Company
"the Group"	the Company and its subsidiaries
"the Harbour"	Sutton Harbour, Plymouth
"London Stock Exchange"	London Stock Exchange Limited
"Ordinary Shares"	ordinary shares of 25p each of the Company

Copies of this document are available free of charge from Sutton Harbour Holdings plc, Harbour Office, Sutton Harbour, Plymouth PL4 0ES for 14 days from Admission.

Key Information

The following information should be read in conjunction with the full text of this document, from which it is derived.

The Group owns Sutton Harbour which is the historic harbour of Plymouth. In addition to acting as harbour authority, it provides a range of facilities and services to users of the Harbour and owns a number of tenanted investment properties in the immediate vicinity. In 1992, a major redevelopment programme was initiated by the Group's management with the aim of revitalising and expanding the Harbour's activities. The initial benefits of this redevelopment are now being seen. With the programme still continuing, the Directors are confident that growth will continue.

The Directors believe that Sutton Harbour Holdings has the following key strengths:

- a strong asset base including approximately £20.7 million of tangible fixed assets as at 30 September 1996, the majority of which is freehold property
- net debt as at 30 September 1996 representing less than 7 per cent. of shareholders' funds
- substantial growth in turnover and profit before tax in the six months ended 30 September 1996
- a long established business which is prominent in the Plymouth area
- strong relationships with grant-providing bodies
- modern harbour infrastructure
- an effective Harbour redevelopment programme

Since 30 September 1996, trading has been in line with budget and the Group has continued to benefit from the Group's re-generation programme.

The Directors believe that the Group will benefit significantly from a number of on-going property development projects and grant aided urban re-generation programmes in the Harbour area. New property developments include the Dartington Crystal Centre, the National Marine Aquarium and a Whitbread Brewers Fayre pub/restaurant. All of these developments are taking place on the Group's property and in the case of the Dartington Crystal Centre, the development itself is being undertaken by the Group.

The fisheries complex has significant additional capacity to cater for further anticipated growth.

The Directors view the Group's prospects with confidence.

Trading Record

The unaudited results for the 6 months ended 30 September 1996, which are extracted from Part II, and the trading record of the Group, which is extracted from the accountants' report set out in Part III, are summarised below:

	<i>6 months ended 30 September Unaudited 1996 £'000</i>	<i>Year ended 31 March</i>		
		<i>1996 £'000</i>	<i>1995 £'000</i>	<i>1994 £'000</i>
Turnover	1,397	2,095	1,289	1,117
Operating Profit	341	413	331	418
Exceptional Profit	—	59	—	95
Interest Payable	(121)	(198)	(94)	(38)
Profit Before Tax	220	274	237	475
Tax Credit	—	—	—	94
Net Assets	18,646	13,547	11,022	9,869

Directors, secretary and advisers

Directors:	Bryan Hayward Foster (Non-executive Chairman) Duncan Bruce Godefroy (Managing Director) Nigel John Godefroy (Executive Director) Malcolm Lawson Iley (Non-executive Director) Peter Anthony Langmaid (Non-executive Director) Peter Cecil Stedman (Non-executive Deputy Chairman) Jonathan Hugh Trafford (Non-executive Director) Thomas Ralph Winsor (Non-executive Director) Raymond Wood (Non-executive Director)
Alternate Director:	Margaret Ellen Winsor (alternate to Thomas Ralph Winsor)
Secretary, Registrar and Registered Office:	Duncan Godefroy Harbour Office Sutton Harbour Plymouth PL4 0ES
Nominated Adviser:	Ernst & Young Becket House 1 Lambeth Palace Road London SE1 7EU
Nominated Broker:	Rowan Dartington & Co. Limited Colston Tower Colston Street Bristol BS1 4RD
Local Broker:	Greig Middleton & Co. Limited St. Catherine's House Notte Street Plymouth PL1 2TW
Reporting Accountants & Taxation Advisers:	Ernst & Young Broadwalk House Southernhay West Exeter EX1 1LF
Auditors:	Nevill Hovey & Co Godwins House Hampton Street Plymouth PL4 8DB
Solicitors to the Admission — Company:	Bond Pearce Darwin House Southernhay East Exeter EX1 1LA
— Nominated Adviser:	Osborne Clarke Hillgate House 26 Old Bailey London EC4M 7HS
Bankers:	National Westminster Bank plc 14 Old Town Street Plymouth PL4 0YY

Part I: Information on the Business

Introduction

The Group owns Sutton Harbour which is the historic harbour of Plymouth. In addition to acting as harbour authority, it provides a range of facilities and services to users of the Harbour and owns a number of tenanted properties in the immediate vicinity. In 1992, a major redevelopment programme was initiated by the Group's management with the aim of revitalising and expanding the Harbour's activities. The initial benefits of this redevelopment are now being seen. With the programme still continuing, the Directors are confident that growth will continue.

In the six months ended 30 September 1996, Sutton Harbour Holdings achieved profit before taxation of £220,000 (1995: £91,000) on turnover of £1.4 million (1995: £1.0 million) and had net assets of £18.6 million (1995: £11.7 million).

Key Strengths

The Directors believe that Sutton Harbour Holdings has the following key strengths:

- a strong asset base including approximately £20.7 million of tangible fixed assets as at 30 September 1996, the majority of which is freehold property
- net debt as at 30 September 1996 representing less than 7 per cent. of shareholders' funds
- substantial growth in turnover and profit before tax in the six months ended 30 September 1996
- a long established business which is prominent in the Plymouth area
- strong relationships with grant-providing bodies
- modern harbour infrastructure
- an effective Harbour redevelopment programme

History

The Harbour has been a trading and fishing harbour for many centuries. It passed from the Duchy of Cornwall to private ownership under a Conveyance of 1891 under the authority of the Sutton Harbour (Duchy of Cornwall) Act 1876. In the 1970s and 1980s, the Harbour's trading activities went into sharp decline. Its traditional business of timber, coal and potato importation dwindled as did its fishing industry which was hampered by the inadequacies of the Barbican fish market and the tidal nature of the Harbour.

In the late 1980s, the Group's Managing Director, Duncan Godefroy, recognised the Harbour's potential as a major leisure and fishing centre in the South West. Up to that time, the Harbour's activities had been limited by statutory instruments. In 1989, a Scheme of Arrangement was approved by the High Court which enabled the Company's management to widen the Group's activities. In 1992, a redevelopment programme was put in place with the aim of revitalising and expanding the Harbour's operations.

The first phase of this programme was completed in April 1994, with the installation of a lock at the entrance to the Harbour, the reclamation of parts of the Harbour and the construction of 170 metres of new quays. The total cost of construction was approximately £6.6 million. This enabled 24 hour access to the Harbour for vessels. Between October 1993 and December 1994, the Group's new fisheries complex was constructed at a total cost of approximately £3.2 million. From 1992 to date, the management has overseen a range of property and business developments in the Harbour area including a prestigious new office block and significant quay enhancements. The Harbour has in particular benefited from the extension of a link road to the Harbour. As a result of this a number of new developments are taking place.

The Group's management has been successful in attracting substantial grant funding from a number of parties including the Department of the Environment, (now English Partnerships), The National Rivers Authority (now the Environment Agency) and Plymouth City Council, the Group's local authority. From the beginning of 1992 to date, the Group has received total grant funding of approximately £6.9 million. In August 1996, approximately £5 million was raised through the issue of 5 million new Ordinary Shares at an issue price of £1 per share to the Company's existing shareholders and to new investors.

In 1996, the Group was named the outright winner of the first Secretary of State for the Environment's Award for Partnership in Re-generation for its redevelopment programme.

Operations

Sutton Harbour comprises 1,305 metres of quayside and a lock which provides access 24 hours a day and maintains a minimum depth of water at the lock of plus 3.2 metres LAT (Lowest Astronomical Tide). It is used primarily by trawlers and yachts of up to approximately 40 metres in length. The Group owns approximately 15 acres of freehold land around the Harbour. The Group's principal activities include the operation of a wholesale fish market, Harbour property investment and development, the provision and operation of a yacht marina and the provision of fishing and leisure facilities. Details of these activities are set out below.

Plymouth Fisheries

The Group's fisheries complex was completed in December 1994 and became operational in February 1995, replacing the Barbican fish market facility. It comprises a purpose built fish market with approximately 1,562 square metres of market space, 484 square metres of offices and 2,300 square metres of merchants' units. All of the space is either used by the Group or rented out. One unit is used by the Group for a newly established fishing-chandlery service. Since the opening of the new market, the monthly volume of fish landed at the Harbour has increased substantially. Fuel and ice are available to customers. An independent company, Plymouth Trawler Agents Limited, is responsible for the auctioning process. A diverse range of fish is sold through the fisheries complex.

The Group's revenue from the fisheries complex includes rental income from tenants, which include RossFish and the Ministry of Agriculture Fisheries and Food, commission on the value of fish sold and revenue from the sale of ice and fuel.

Harbour Property Investment and Development

The Group owns a variety of properties and sites around the Harbour. These include North Quay House, a five storey building comprising approximately 17,500 square feet of office accommodation overlooking the Harbour, the China House, a quayside warehouse redeveloped as a pub/restaurant operated by Allied Domecq Inns Limited, and Salt Quay House, a converted building providing office and marine workshop accommodation. The developments at North Quay House and Salt Quay House were carried out by the Group and were completed in 1996 and 1990 respectively.

The Group is currently redeveloping its disused Barbican fish market for use by Dartington Crystal Limited. Dartington Crystal Limited intends to use this site as a glass blowing demonstration and retailing centre. In addition, a pub/restaurant is being developed by Whitbread on another of the Group's sites. A third party has commenced work on the development of the proposed National Marine Aquarium on a site owned by the Group. It is anticipated that a binding agreement will be signed shortly.

Much of the Group's existing property subject to the re-generation scheme has now been or is shortly to be developed and utilised.

In the year ended 31 March 1996, the Group's rental revenues represented 19.56 per cent. of Group turnover.

Sutton Harbour Marina

Sutton Harbour Marina provides berthing for up to 280 boats of up to 21 metres in length. It has a computerised entry system and closed circuit television for enhanced boat security. The Group provides free car parking for customers and a number of other amenities. Improvements were carried out to the Marina in 1994 and further renovation is currently in progress.

Other Activities

As the harbour authority, the Group charges levies on boats and goods using the Harbour.

In addition to the above principal activities, the Group has a small stainless steel fabrication business, a fishing-chandlery business and a marine yard providing a number of services including boat building, repairing and engineering.

As the owner and operator of a working harbour, the Company may, in the ordinary course of its business, be exposed to potential liability under environmental legislation for pollution or contamination in the Harbour area. Relevant insurance is maintained in this respect.

Competition and Customers

The South West area has two other major fishing ports, Brixham and Newlyn, both of which have significant fisheries operations. There are also a number of yacht marinas in the area. Customers of the Group's fisheries complex comprise trawlers operating in regional fishing grounds. To date the vast majority of these have been UK based.

The UK fishing industry has suffered as a result of a number of political and economic factors in the last decade. However, the new fisheries complex has succeeded in attracting substantially increased volumes of fish landed to the Harbour since it opened.

The Group's marina attracts yacht owners from around the UK and particularly the Midlands; there are many visiting yachts during the summer season.

The Group's properties have a wide range of tenants including English Partnerships, Allied Domecq Inns Limited, Ministry of Agriculture, Fisheries and Food, Whitbread plc, RossFish Limited, Plymouth City Council and Devon County Council.

Directors and Employees

Bryan Foster, aged 67, Non-executive Chairman

A Director since 1986. He became Chairman in 1991. He is a stockbroker having been the Senior Partner of Westlake & Co and a main board director of Allied Provincial Securities which Westlake & Co joined in 1986. He was also the Chairman of the Provincial Unit of the Stock Exchange from 1984 to 1987.

Duncan Godefroy, aged 57, Managing Director

Joined the Group in 1962, a Director since 1966. He became Managing Director of Sutton Harbour Company in 1973 and of the Company in 1989. He is a Justice of the Peace, a member of the Chartered Institute of Transport and a Fellow of the Royal Society for the Encouragement of Arts, Manufacturing and Commerce.

Nigel Godefroy, aged 32, Executive Director

Qualified as a Chartered Accountant with Hazlewoods in 1992 and has a degree in Business Studies specialising in finance. He has been with the Group since 1992 and has been the Group's financial controller since 1993. He joined the Board in October 1996.

Malcolm Iley, aged 46, Non-executive Director

A Director since 1991. He is a solicitor and the managing partner of Bevan Ashford, Plymouth. He is a member of Bevan Ashford's main board where he is responsible for its national public sector practice. He is a Governor of Plymouth College and a Governor and Trustee of Plymouth College of Art and Design.

Peter Langmaid, aged 61, Non-executive Director

A Director since 1993. He is a Chartered Accountant and the senior partner of Bromhead & Co., Plymouth. He is also a director of Marine Projects (Plymouth) Limited and a number of other companies.

Peter Stedman, aged 76, Non-executive Deputy Chairman

A Director since 1966 and the Chairman of the Group's Property Committee. He is a chartered surveyor.

Jonathan Trafford, aged 63, Non-executive Director

A Director since 1979. He is a solicitor and, until recently, was senior partner of Bond Pearce. He is also a director of a number of other companies including GWR Group PLC and a Deputy Lieutenant for the County of Devon. He is Chairman of the Governors of Mount House School Trust Limited.

Thomas Winsor, aged 67, Non-executive Director

A Director since January 1996. He is an Oxford graduate and was the Alternate to the Chairman of James Capel & Co, Stockbrokers. His last responsibility at James Capel before he retired was Group Compliance Officer. He is also a notable long distance yachtsman.

Raymond Wood, aged 60, Non-executive Director

A Director since 1993. He is a local businessman with strong property connections.

Ellen Winsor, aged 54, Alternate to Thomas Winsor

She is a Cambridge graduate, was a partner in James Capel & Co and was London's first woman stockbroker partner. She is non-executive chairman of River and Mercantile Asset Management Limited, an investment management company, and a Fellow of the Royal Geographical Society.

Senior Management

Senior management includes:

<i>Name</i>	<i>Role</i>	<i>Age</i>
Peter Bromley	Fisheries Complex Manager	41
Martin Emden ACIOB	Contracts Manager	53
Natasha Gadsdon ACA	Accountant	26
Patrick Marshall	Harbour Master	49
Christopher Price	Commercial Manager	34
Michael Willows	Manager of the marine yard	51

Employees

As at the date of this document, the Group had 40 full time employees (including the Executive Directors) of whom 9 were involved in administration, 7 in harbour operations, 8 in fisheries, 3 in marina operations and 13 in other operations.

Corporate Governance

The Company intends to comply with the recommendations of best practice in the corporate governance of public companies as set out in the Cadbury Committee Code of Best Practice in so far as is practicable for a relatively small public company and proposes to follow the recommendations on corporate governance of the City Group for Smaller Companies.

The Company holds at least 11 Board meetings regularly throughout the year with other meetings as needed. The Board is responsible for formulating, reviewing and approving Company policy, strategy, budgets, major items of capital expenditure and acquisitions.

The Remuneration Committee comprises Peter Langmaid and Raymond Wood and is chaired by Jonathan Trafford. It reviews the performance of Executive Directors and sets the scale and structure of their remuneration as well as the basis of their service agreements with due regard to the interests of shareholders. It is a rule of the Remuneration Committee that no director shall participate in discussions or decisions concerning his own remuneration.

The Audit Committee comprises the main Board. It meets as required, and is responsible for ensuring that the financial performance of the Company is properly controlled, monitored and reported on and for meeting the auditors and reviewing reports from the auditors relating to accounts and internal control systems.

The Property Committee comprises Bryan Foster, Raymond Wood and Duncan Godefroy and is chaired by Peter Stedman and is responsible for recommending acquisitions and lettings.

The Trading Committee, which deals with non-core businesses, is chaired by Bryan Foster and Duncan Godefroy, Nigel Godefroy and Peter Langmaid are the other members.

Voting Rights

The voting rights attaching to the ordinary shares in the Company, which are contained within the Articles of Association of the Company summarised in Part IV, are as follows:

- (a) for the first £250 of shares in nominal value held, one vote for each complete £1 of nominal value;
- (b) for the next £2,250, one vote for each complete £5 of nominal value; and
- (c) for the balance, one vote for each complete £10 of nominal value.

Financial Information

Trading Record

The results for the 6 months ended 30 September 1996, which are extracted from Part II, and the trading record of the Group, which is extracted from the Accountants' Report set out in Part III, are summarised below:

	6 months ended 30 September Unaudited 1996 £'000	Year ended 31 March 1996 £'000	1995 £'000	1994 £'000
Turnover	1,397	2,095	1,289	1,117
Operating Profit	341	413	331	418
Exceptional Profit	—	59	—	95
Interest Payable	(121)	(198)	(94)	(38)
Profit Before Tax	220	274	237	475
Tax Credit	—	—	—	94
Net Assets	18,646	13,547	11,022	9,869

Turnover consistently increased from 1994 due in the main to the opening of the new fish market with a corresponding increase in fish volumes, the sale of fuel as a principal rather than its sale on a commission basis, increased rental streams following the completion of developments and increased trade as a result of the development of businesses including the marine yard and the fishing chandlery. The change in the way fuel was sold and the development of the trading activities have reduced gross margins considerably.

Administration costs remained fairly constant over the period and only increased as a result of the growth in trading activities. Exceptional items were in respect of the sale of a surplus property in 1996 and compensation for an old yard demolished to enable Plymouth City Council to build a multi-storey car park in 1994.

Interest payable reflected both the size of the Group's debt and the amount of interest capitalised, which itself depended on the stage of development of each asset.

The Group has available substantial trading losses which result in part from the sale and repurchasing of the lock in 1993. As a result no tax was payable in the two years ended 31 March 1996.

Net assets increased by 38 per cent. between 31 March 1996 and 30 September 1996 principally as a result of the share issue in August 1996 which raised £4.9 million net of expenses. Net debt as at 30 September 1996 represented 6.6 per cent. of shareholders' funds compared with 44.2 per cent. at 31 March 1996.

Taxation

Information on UK Taxation is set out in paragraph 7 of Part IV. If you are in any doubt as to your tax position in relation to the shares in the company you should consult your tax or other professional adviser.

As noted in the 1996 Report and Accounts, for Shareholders to be able to retain Reinvestment Relief the Company must continue to qualify for three years after the investment is made. The Company will only continue to qualify for Reinvestment Relief if its rental income does not exceed 20 per cent. of total turnover. Currently rental income is slightly less than this. The new developments taking place on the Company's land will significantly increase such income. The Group's existing budgets indicate that rental income may be greater than 20 per cent. of Group turnover in each of the years ending 31 March 1997 and 31 March 1998. However, whenever possible, the Directors will be taking reasonable steps to increase the Company's trading income thereby seeking to retain this relief. No guarantee can be given by Directors that the Company will continue to be a qualifying Company for Reinvestment Relief.

Current Trading

Since 30 September 1996, trading has been in line with budget and the Group has continued to benefit from the Group's re-generation programme. The Directors believe that the demand for leisure properties and well situated office space in Plymouth is now increasing and that the market for industrial and warehouse premises in Plymouth is recovering.

Funding

Equity

In August 1996, approximately £5 million was raised through the issue of 5 million 25p ordinary shares at £1 per share to the Company's existing shareholders and to new investors. Additionally, the Board issued 232,000 25p ordinary shares at £1.10 per share to Thomas and Ellen Winsor in January 1996.

Debt

The Group has the benefit of an overdraft facility provided by National Westminster Bank plc.

Grants

The following grants and contributions have been received by the Group up to 30 September 1996:

		£'000	£'000
Lock	Environment Agency (formerly National Rivers Authority)	2,604	
	Plymouth City Council	100	2,704
Harbour re-generation	English Partnerships (formerly Department of the Environment)		3,999
Capital reserve at 30 September 1996			6,703
Harbour re-generation (for integral plant and fixtures)	English Partnerships (formerly Department of the Environment)		225
	Amortised to profit and loss account		(59)
			166
Included in deferred income at 30 September 1996			

All conditions of the grants have been met and it is the intention of the Directors that they will continue to be met. The contributions from the National Rivers Authority and Plymouth City Council vest in the Group. It is anticipated that the remainder will vest in the Group by 1998.

Part II: Unaudited interim statement for 6 months ended 30 September 1996

Set out below is the text of the Group's unaudited interim statement for the 6 months ended 30 September 1996.

"SUTTON HARBOUR HOLDINGS PLC CHAIRMAN'S INTERIM STATEMENT

The Company has made good progress in the first six months of the current year in terms of turnover and profits. It has also been successful in raising new equity finance. Compared with the first six months of 1995/96 turnover, operating profit and pre-tax profits have all increased substantially.

In August the Company raised approximately £5 million through the issue of new Ordinary Shares to existing shareholders and new investors at 100p per share. The money raised has been used to repay some borrowings and to finance a new development. As at 30 September 1996 gearing was 6.6 per cent. compared with 50.5 per cent. as at 30 September 1995.

The Directors have declared an interim dividend of 1.2p per share on the enlarged capital which is at the same rate per share as the interim dividend in 1995/96. The dividend will be payable on 31 January 1997. It is the Board's policy, generally, that dividends be at least twice covered by annual earnings. It should be noted that earnings per share for the six months to 30 September 1996 are stated on the basis of the weighted average number of shares in issue during that period and not the number of shares currently in issue and ranking for the interim dividend.

Fisheries related activities continue to make excellent progress with landings well ahead of the corresponding period last year. Plymouth Fisheries Chandlery Services, to which I referred at the Annual General Meeting, is now fully operational and based in one of the merchants' units in the harbour. All remaining merchants' units are now let.

The marina is fully let and improvements are being carried out during the winter months.

The demand for leisure properties and well situated office space in Plymouth is now increasing and the market for industrial and warehouse premises in Plymouth is recovering. As reported at the AGM, the ground floor of North Quay House has been let to a first-class covenant. The third and fourth floors are also let but the first and second floors remain vacant. The Whitbread Brewers Fayre pub/restaurant at Coxside is due to be completed at the end of 1996. We are in discussion about a possible further development on the adjoining site at Coxside.

Work is well underway on the Dartington Crystal Visitors' Centre on the site of the old Barbican Fish Market and many of you may have seen on television on 5 November the opening ceremony to mark the start of the construction of the National Marine Aquarium on our Company's land. These new projects will considerably enhance the harbour area and will be of major importance to Plymouth.

The Directors are delighted to announce that they have appointed Nigel Godefroy to the Main Board as Executive Director. Nigel is a Chartered Accountant, has a degree in Business Studies and has been our Financial Controller for the last three years.

The Board has appointed Messrs. Ernst & Young as the Nominated Adviser with a view to joining the Alternative Investment Market (AIM) of the London Stock Exchange by the end of 1996. Rowan Dartington & Co. Limited has been appointed as the Nominated Broker but Greig Middleton & Co. Limited, Plymouth, has been retained as the local broker. AIM is a regulated market which should provide greater liquidity in the shares and thus facilitate dealing. It will also allow certain institutional investors to hold shares.

The Company is issuing an Admission Document for AIM and copies are available from the Company Secretary.

Bryan Foster,
Chairman

18 December 1996

Reasons for Admission

The Company's shares were traded under the London Stock Exchange's Rule 4.2 facility, and its predecessor, Rule 535.2, until 1995 and then on OFEX (an "off exchange" dealing mechanism) from that time. When dealings on AIM become effective it is expected that the OFEX facility will be relinquished.

The Directors have decided to make an application to AIM in respect of the Ordinary Shares in order to provide shareholders with a wider market in their shares, to attract a broader group of potential investors to the Ordinary Shares and to enhance the Company's ability to raise further funds in the future.

Dividend Policy

An interim dividend is paid in January of each year, and a final dividend in October of each year. To date this has generally been in the proportions of approximately one-third and two-thirds respectively. It is the Board's policy, generally, that dividends be at least twice covered by annual earnings.

Prospects

The Directors believe that the Group will benefit significantly from a number of on-going property development projects and grant aided urban re-generation programmes in the Harbour area. New property developments include the Dartington Crystal Centre, the National Marine Aquarium and a Whitbread Brewers Fayre pub/restaurant. All of these developments are taking place on the Group's property and in the case of the Dartington Crystal Centre, the development itself is being undertaken by the Group.

The fisheries complex has significant additional capacity to cater for further anticipated growth.

The Directors view the Group's prospects with confidence.

SUTTON HARBOUR HOLDINGS PLC
GROUP PROFIT AND LOSS ACCOUNT

	<i>6 months to 30 September 1996 (unaudited) £'000</i>	<i>6 months to 30 September 1995 (unaudited) £'000</i>
Turnover	<u>1,397</u>	<u>1,007</u>
Operating Profit	341	200
Exceptional Profit on Disposal of Fixed Assets	—	59
Interest	<u>(121)</u>	<u>(168)</u>
Profit on Ordinary Activities Before Taxation	220	91
Tax on Profit on Ordinary Activities	<u>—</u>	<u>—</u>
Profit on Ordinary Activities After Taxation and Attributable to Shareholders	220	91
Dividends	120	57
Retained Profit	<u>100</u>	<u>34</u>
Earnings Per Ordinary Share	3.623p	1.810p
Dividend Per Ordinary Share	1.2p	1.2p

Group Balance Sheet

	<i>As at 30 September 1996 (unaudited) £'000</i>	<i>As at 30 September 1995 (unaudited) £'000</i>
Fixed Assets	20,672	18,227
Current Assets		
Stock	211	99
Debtors:		
due within one year	700	879
due after one year	53	39
Cash at bank and in Hand	—	108
	<u>964</u>	<u>1,125</u>
Creditors (due within one year)		
Bank Overdraft and Loans	(1,231)	(4,167)
Other	(1,317)	(1,413)
	<u>(2,548)</u>	<u>(5,580)</u>
Net Current Liabilities	<u>(1,584)</u>	<u>(4,455)</u>
Total Assets less Current Liabilities	<u>19,088</u>	<u>13,772</u>
Creditors (due after more than one year)	(—)	(1,860)
Deferred Income	<u>(442)</u>	<u>(191)</u>
	<u>(442)</u>	<u>(2,051)</u>
Net Assets	<u>18,646</u>	<u>11,721</u>
Shareholders' Funds	<u>18,646</u>	<u>11,721</u>

SUTTON HARBOUR HOLDINGS PLC
GROUP CASHFLOW STATEMENT

	<i>6 months to 30 September 1996 (unaudited) £'000</i>	<i>6 months to 30 September 1995 (unaudited) £'000</i>
Net Cash Inflow from Operating Activities	451	328
Returns on Investments and Servicing of Finance		
Interest and Dividends Paid	(264)	(231)
Interest and Dividends Received	3	—
Taxation Paid and Received	9	(42)
Investing Activities		
Purchase of Fixed assets	(418)	(1,507)
Receipts from Disposal of Fixed Assets and Investments	—	209
Financing		
Issue of Share Capital	5,000	—
Costs of Share Issue	(88)	—
Capital Reserve (Grants)	45	540
Grants on Plant and Machinery	30	34
Repayment of Amounts Borrowed	(1,731)	(87)
Increase/(Decrease) in Cash and Cash Equivalents	<u>3,037</u>	<u>(756)</u>

SUTTON HARBOUR HOLDINGS PLC
SEGMENTAL INFORMATION

	<i>6 months to 30 September 1996 (unaudited) £'000</i>	<i>6 months to 30 September 1995 (unaudited) £'000</i>
Turnover		
Fisheries Related	686	443
Marine Leisure	502	389
Property	209	175
	<u>1,397</u>	<u>1,007</u>

NOTES

- The foregoing do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.
- Earnings per share have been calculated by reference to the weighted average number of shares in issue in the period, amounting to 6,072,549 shares (1995: 4,747,848 shares) and on earnings for the period attributable to shareholders of £220,000 (1995: £91,000). The earnings per share in respect of the 6 months ended 30 September 1996 and the comparative earnings per share in respect of the 6 months ended 30 September 1995 have been adjusted to account for the bonus element attaching to the placing of 5,000,000 25p Ordinary Shares on 22 August 1996.
- No taxation has been provided due to the availability of losses brought forward from previous years.
- The interim ordinary dividend of 1.2p (net) per share (1995: 1.2p) totalling £119,758 (1995: £56,974) will be paid on 31 January 1997.
- The interim financial statements have been prepared on the basis of the accounting policies set out in the Annual Report and Accounts.
- Fixed assets include North Quay House which at 30 September 1996 was deemed to be an investment property.
- The interim financial statements are not audited but have been reviewed by the auditor and their report is set out on page 20.
- Copies of this announcement are available to members of the general public from the Company's registered office: Sutton Harbour Holdings plc, Harbour Office, Sutton Harbour, Plymouth, PL4 0ES.

Part III: Accountants' Report

SUTTON HARBOUR HOLDINGS PLC

AUDITOR'S REVIEW REPORT

We have reviewed the interim financial information for the six months ended 30 September 1996 set out on pages 15 to 19 which is the responsibility of, and has been approved by, the Directors. Our responsibility is to report on the results of our review.

Our review was carried out having regard to the Bulletin "Review of Interim Financial Information" issued by the Auditing Practices Board. This review consisted principally of applying analytical procedures to the underlying financial data, assessing whether accounting policies have been consistently applied, and making enquiries of management responsible for financial and accounting matters. The review excluded audit procedures such as tests of controls and verification of assets and liabilities, and was therefore substantially less in scope than an audit performed in accordance with Auditing Standards. Accordingly we do not express an audit opinion on the interim financial information.

On the basis of our review:

in our opinion the interim financial information has been prepared using accounting policies consistent with those adopted by Sutton Harbour Holdings plc in its financial statements for the year ended 31 March 1996; and

we are not aware of any material modifications that should be made to the interim financial information as presented.

Nevill Hovey & Co
Chartered Accountants,
Registered Auditor.

Godwins House,
Hampton Street,
Plymouth,
PL4 8DB

18 December 1996"

The following is the text of a report addressed to the Directors of the Company and Ernst & Young, London.

ERNST & YOUNG

Chartered Accountants
Broadwalk House
Southernhay West
Exeter EX1 1LF

18 December 1996

The Directors
Sutton Harbour Holdings plc
Harbour Office
Sutton Harbour
Plymouth PL4 0ES

and

Ernst & Young
Becket House
1 Lambeth Palace Road
London
SE1 7EU

Gentlemen

Introduction

We report in connection with the application for the ordinary shares of 25p each in the capital of Sutton Harbour Holdings plc to be admitted to trading on the Alternative Investment Market of the London Stock Exchange ("AIM").

Sutton Harbour Holdings plc ("the Company") was incorporated on 21 September 1989 as Sutton Harbour Holdings Limited and was re-registered as a Public Limited Company on 12 August 1994. The Company has four 100 per cent. owned subsidiaries, namely Sutton Harbour Company, Sutton Harbour Fisheries Limited, Sutton Harbour Services Limited and Sutton Harbour Development Limited. The Company and its subsidiaries are referred to collectively as the "Group".

We have examined the audited financial statements of the Company and its subsidiaries for the three years ended 31 March 1996 ("the Relevant Periods"). These financial statements were audited by Nevill Hovey & Co., chartered accountants and registered auditors, of Godwins House, Hampton Street, Plymouth, PL4 8DB who have acted as auditors to the Group throughout the period covered by this report. Our work has been carried out in accordance with the Auditing Guideline : "Prospectuses and the reporting accountant".

The financial information set out below reflects the results and state of affairs shown by the audited financial statements of the Group, after making such adjustments as we consider necessary.

In our opinion, the financial information set out below gives a true and fair view of the profits, cash flows, recognised gains and losses of the Group for each of the three years ended 31 March 1994, 1995 and 1996, and of the state of affairs of the Group at the end of each of those years.

We hereby consent to the inclusion of this report in the AIM Admission Document and accept responsibility for the information contained therein.

1. Group Accounting Policies

The following accounting policies have been consistently applied for all years (where appropriate wording has been revised to provide greater clarity):

(a) Accounting Basis

The Accounts are prepared under the historical cost convention modified to include the revaluation of certain freehold properties and investments.

The Accounts are prepared in accordance with applicable accounting standards except where, in the opinion of the Directors, departure is necessary in order to show a true and fair view. Explanations of these departures are given in paragraphs (f) and (g) below.

(b) Consolidated Accounts

The Accounts incorporate the results of Sutton Harbour Holdings plc and its subsidiary undertakings.

The Accounts have been consolidated in accordance with Financial Reporting Standard 6, Acquisitions and mergers, and advantage has been taken of the merger relief offered by Section 131 of the Companies Act 1985. Financial Reporting Standard 6 superseded Statement of Standard Accounting Practice 23, Accounting for acquisitions and mergers with effect from 1 April 1995.

(c) Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the Group's ordinary activities, stated net of value added tax. Transactions between Group companies are excluded.

(d) Freehold Properties

The Group's freehold properties can be divided into two categories:

- properties that are an integral part of the Group's harbour operations which generate income directly or indirectly through the marina and fish market business and also freehold properties in the course of development which form part of the harbourside re-generation project. Once the re-generation is complete an exercise will be carried out to allocate the overall cost and valuation of the project to individual assets and where appropriate transfer those assets to the investment property category; and
- investment properties, both within and outside the harbour area.

Freehold properties were professionally valued in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors by Stratton Creber, Independent Surveyors, part of the Lloyds TSB Group, at 31 March 1996 on the following bases:

- (i) marina (valued as a fully equipped operational entity with regard to its trading potential) and other properties mainly occupied for the business — existing use value;
- (ii) new fish market, harbour lock and quays — depreciated replacement cost (subject to the adequate potential profitability of the business compared with the value of the total assets employed); and
- (iii) investment properties and properties in the course of development, including those which will be classified as investment properties once the re-generation project is complete — open market value.

The valuations are incorporated in the Accounts for the year ended 31 March 1996 and the revaluation surplus has been credited to the revaluation reserve. In previous years these assets were carried at prior revaluations plus the costs of any intervening additions.

The Directors have reviewed the combined valuation assigned to the marina, fish market, harbour, lock and quays comprising the harbour valuation and are satisfied that the net book value of these assets in aggregate is supported by their value in use. As the re-generation of the harbour is nearing completion the Directors have resolved to undertake a freehold property valuation every three years and will incorporate the result of such revaluations in the accounts. Once the Harbour assets have reached the expected level of activity this exercise will include the revaluation of the whole harbourside operation (namely the marina, new fish market, harbour lock and quays) on the basis of existing use value.

Clare Place, a warehouse away from the immediate Harbour environs, is held for investment. This investment property is valued annually by the Directors in accordance with Statement of Standard Accounting Practice 19, Accounting for investment properties, and is included in the consolidated Balance Sheet at 31 March 1996, as valued by Stratton Creber, any temporary aggregate surplus or deficit arising being transferred to the revaluation reserve.

(e) Freehold Properties in the Course of Development

Freehold properties in the course of development which include properties which may be held for investment once completed and occupied are included in the consolidated Balance Sheet at 31 March 1996, as valued by Stratton Creber, as a partly completed project. All subsequent costs of a capital nature incurred post the valuation will be capitalised. In prior years these were included at prior valuation plus additional costs.

When the time taken to bring a freehold property into use exceeds twelve months, the finance costs incurred in funding land and construction have been capitalised. For this purpose the borrowing rate applied is that specifically to fund the development. In the case of bank borrowings this is the weighted average cost of debt capital.

Where the property will generate income, finance costs are capitalised during developments until the earliest of two years after practical completion, or

- (i) in the case of assets which will be held as investment properties, the date when a property becomes substantially let and income producing; or
- (ii) in the case of Harbour properties the date when income exceeds outgoings, including development interest.

In the case of developments which generate no direct income, interest is capitalised until each stage of the development is substantially complete.

(f) Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets over their estimated useful lives at the following rates per annum:

Floating Plant and Machinery	15 per cent. reducing balance
Dry Plant and Machinery	20 per cent. reducing balance
Fixtures and Fittings	10 per cent. straight line
Motor Vehicles	25 per cent. reducing balance

Freehold properties comprise the harbour, lock, quays and ancillary land and buildings, a substantial proportion of which property is subject to re-generation. Freehold property is not depreciated where