

Deep Sea Leisure plc

Report and Financial Statements

31 October 2007

Contents

	<i>Page</i>
Directors and Advisers	2
Chairman's Statement	3
Operational and Financial Review	4
Director's report	11
Statement of Directors' responsibilities	14
Independent Auditors' report to the members of Deep Sea Leisure plc	15
Profit and loss account	17
Balance sheet	18
Cash flow statement	19
Notes to the financial statements	20 - 32

Directors and Advisers

Directors

E M P Denny
A Barrachina (Chairman)
C Marina
S J Elaiho

Secretary

S J Elaiho

Registered office

Deep Sea Leisure plc
North Queensferry
Fife
KY11 1JR
SC 135353

Auditors

Ernst & Young LLP
100 Barbirolli Square
Manchester
M2 3EY

Solicitors

Shepherd and Wedderburn
Saltire Court
20 Castle Terrace
Edinburgh
EH11 2ET

Bankers

National Westminster Bank plc
1 Spinningfields Square
Deansgate
Manchester
M3 3AP

Chairman's Statement

As a company, our two aquariums have a high seasonality with most visits taking place around the major holiday periods of Easter, Bank holidays and school summer holidays. The performance over the past year was influenced by the weather during these key holiday periods which affected visitor numbers to our indoor attractions. The business returned a pre-tax profit of £1.319m for the year ended 31 October 2007 (£1.417m – 31 October 2006) on turnover of £6.535m (£6.473m – 31 October 2006). The Board is not recommending a dividend.

At our peak periods, an unseasonably warm Easter adversely affected visitor numbers, though this was largely counterbalanced by an unusually wet July; resulting in a performance slightly beneath that achieved in 2006. We managed to maintain our gross profit, however higher administration costs reduced profit before tax year on year.

The Board sees the forthcoming year as presenting opportunities for the further development of the Group.

Blue Planet Aquarium celebrates its 10th birthday in 2008 and events will be held throughout the year to mark the occasion and encourage repeat visitation. Blue Planet Aquarium should also benefit from Liverpool's status as "City of Culture" in 2008, and the increased visitors to the City. We are also continuing to expand the range of experiences at our Aquariums – introducing a children's dive experience and our "crew for a day" packages – and to diversify our revenue streams.



A Barrachina

Chairman

Directors report

The directors present their report and the audited financial statements of the Company for the year ended 31 October 2007.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

Deep Sea Leisure owns and operates two public aquarium visitor attractions. Deep Sea World located in Fife, close to Edinburgh opened in 1983 and Blue Planet Aquarium located in Ellesmere Port near Chester opened in 1998.

The company is majority owned by the Aspro Group which was created in 1991 with the aim of becoming the leading European leisure and entertainment consortium and is currently regarded as one of the top three operators. Predominantly Spanish owned, the Group operates across several European countries operating across a wide range of parks including aquariums, water parks, zoological parks, marine zoos, botanical parks and bird sanctuaries.

CUSTOMER BASE

The customer base for both aquariums include families, education groups, individuals interested in marine life and the environment, corporate clients and, uniquely in the UK, qualified and unqualified divers who participate in our range of dive experiences.

The majority of visitors to both aquariums live within a two hour drive time and this allows us to draw on significant domestic populations in the North West of around 6.8 million and in Scotland of 5.1 million.

REGULATORY ENVIRONMENT

In addition to the usual regulations governing a business we are also required to have a Zoo Licence and to comply with the Zoo Licensing Act 1981 (amended). Zoo inspectors are required to assess compliance in accordance with the Secretary of States Standards of Modern Zoo Practice. The Standards are designed to ensure that the welfare of animals in zoos is protected, that zoos are safe places for the public to visit and that zoos participate in appropriate conservation and public education measures.

Both aquariums fully comply with the standards. Blue Planet Aquarium passed its full inspection in January 2007.

MANAGING THE BUSINESS

We are focused on growing the business by constantly improving the quality of our visitor experience whilst simultaneously seeking to influence customer behaviour to persuade visitors to become advocates of living sustainably by connecting with them on an intellectual and emotional level.

Our mission is

“To offer fun in parks which are safe and environmentally friendly and guarantee a high quality of service with customers served by a motivated team, to ensure they are satisfied and want to return”

This mission statement is embodied in our strategy, which looks for opportunities to acquire well-established parks offering a diverse range of services in key areas, and a potential for further optimisation of operations that is at all times firmly supported by Management Excellence. We continue to improve and develop our existing premises and facilities, assess and implement new attractions and seek full optimisation of technical and human resources.

Directors' report

MARKET OPPORTUNITY

The growth area in which we operate is in day trips and short breaks often themed around shopping, culture, heritage or attractions. This market is characterised by visitors wanting to “do” and be active and proactive. (*Tomorrow's Tourism Today – Executive Summary Department Culture, Media and Sport*). Both aquariums are well placed to serve this market appealing to a wide range of ages and fitting in with something to do on a short break. Although families are still the largest proportion of visitors to the aquariums anecdotal evidence does suggest a change in the make up of visitors with an increase in the 55+ age group and additionally this age group visiting with grandchildren.

Concern about the environment is of growing importance and as the science behind global warming becomes more generally accepted all businesses are being targeted to reduce their environmental impact. This has a two fold effect on Deep Sea Leisure. Sustainable tourism is in its infancy but there is an expectation amongst consumers that it will become increasingly important in future. This is supported by qualitative research conducted by Visit England. As an organisation educating and raising awareness of environmental matters of vital importance and we are uniquely placed to show visitors the hidden underworld of our rivers and oceans.

The main mode of transport to the aquariums however is by car. With rising fuel costs and worries of the environmental impact the business is taking action to improve public transport access to the attractions. In the case of Deep Sea World by offering a joint promotional ticket with Scotrail. Further actions are planned at Blue Planet Aquarium in the coming year to make it easier for our customers to use the excellent rail links in North West England.

Liverpool Capital of Culture in 2008 presents an opportunity to Blue Planet Aquarium with an influx of 2 million visitors expected into the region. To this end the aquarium intends to increase its presence in the city during 2008.

INVESTING IN THE FUTURE

At Deep Sea World we continued with the temporary exhibition strategy which we successfully engaged in last year. This year the exhibition was entitled “Dinomites” linked to the popular BBC series Walking with Dinosaurs. The exhibition was free to enter being incorporated into the normal admission ticket. The exhibition proved very popular particularly with our younger visitors and attendance levels of up to 70%.

Significant investment in the moving walkway at Deep Sea World was also undertaken to rectify operational issues. Deep Sea World has one of the longest underwater tunnels in the world at 112 metres in length and it is an integral part of the attraction.

We continued the project started last year in improving the visitor environment with new flooring and carpeted panels. The improvement in the environment has been well received by visitors and also by Visit Scotland in their two yearly report where Deep Sea World retained its 4 star rating.

No major investment was carried out at Blue Planet Aquarium during the year although some small projects were completed. The entrance turnstiles were replaced ensuring the control of visitor numbers within the aquarium to remain compliant with fire safety requirements. Following several power cuts during the year the aquarium has taken delivery of a generator from another attraction within the parent company and this is to be commissioned to become part of the aquariums live stock support system.

A diver communication system has also been purchased to comply with diving regulations but also in a secondary use to enhance the presentations to visitors.

The investment in the EPOS last year is now bearing fruit in particular showing an increase in online sales of 258% (March – October 2006 v same period in 2007). The company's online strategy has continued with improvements in both aquariums websites with all marketing material driving potential customers to the websites.

Directors' report

RESOURCES

OUR PEOPLE

Despite the good results achieved last year in reducing staff turnover the picture this year shows a return to 2005 levels of staff turnover. Labour turnover in the sector is high when compared to other sectors and the industry records an average of 30%-33% with many large organisations reporting 60%-80% turnover. Whilst a relatively high level of turnover is something the business is used to operating with in non management positions, this year the business has also seen higher turnover in management positions. Some has been due to normal reasons such as relocation for personal reasons but there has also been a proportion of management turnover relating to pay. Average earnings have increased in the sector above trend rates driven by increased opportunities and skilled staff shortages.

Our employees are critical to our future business success and the business has implemented a plan to reduce turnover going forward. This includes reviewing benefits as well as pay and the introduction of a new induction procedure for all employees.

The board would like to thank all management and staff for their hard work and the team has continued to offer a high level of customer service and positive feedback from customers supports this.

	2007	2006
Total Staff Turnover	44.3%	28.9%

THE FISH

The company follows a prudent approach in its accounting treatment of fish stocks and believes that such costs should be written off as they are incurred. Though not valued in the balance sheet our biological assets - predominantly fish are a key business resource.

	<i>Blue Planet Aquarium</i>		<i>Deep Sea World</i>	
	2007	2006	2007	2006
Actual No.	3,274	2,453	3,446	3,439
No. of Species	408	310	196	202

Deep Sea Leisure has in place animal welfare policies which include an acquisition policy. This has been reviewed by the Ethical Review Committee established in 2005 in accordance with the Secretary of States Standards of Modern Zoo Practice.

Blue Planet Aquarium has formalised its links with the Marine Conservation Society by becoming a corporate benefactor which along with financial contributions means that we support the initiatives of the society and encourage our visitors to support the MCS. In June 2007 Blue Planet Aquarium hosted a charity gala dinner in aid of the Marine Reserves Now Campaign organised by MCS. The campaign lobbied the government to establish protected marine conservation zones and a marine planning system.

Deep Sea World has been awarded a Gold Award under Visit Scotland's Green business scheme. This is in recognition of the aquariums energy efficient manner of conducting its business. Working with Fife Council a recycling point has been located at the aquarium which is for the use of the business and the neighbouring village.

The business is committed to conducting its business in a sustainable manner and encourages its customers and suppliers to follow suit.

PRINCIPAL RISKS & UNCERTAINTIES

As a business serving the domestic market, it has a high seasonality with most of our visits taking place around the major holiday periods of Easter, Bank Holidays, Summer school holidays and half terms.

Directors' report

It is imperative, therefore, that we manage our business with this in mind and staffing and stock levels are monitored accordingly.

The weather also impacts on our visitor numbers. The perception that the aquariums are in-door attractions means that when the weather is wet and cool visitor numbers increase and the converse is true during bouts of hot sunny weather particularly when they occur at the key holiday periods.

To counter this uncertainty we continue to develop other non-weather dependent aspects of our business such as diving experiences, education and corporate revenue streams. We have also added outdoor attractions to each aquarium to counter the perception that we are an indoor only attraction.

Exposure to Price, credit, liquidity and cash flow risk

Price Risk

Price risk may occur where the admission prices for competitor visitor attractions are discounted compared to the aquariums admission prices. Admission prices for a wide range of local and national competitors are reviewed annually as part of the company's budgeting process and thereafter competitor prices are monitored on a monthly basis.

Credit risk

The nature of the company's business means that credit is granted to a very small number of corporate customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

Liquidity Risk

The business mitigates liquidity risk by cash generation from its operations.

Cash flow Risk

The company has a strong cash balance and finances its operations through a mixture of retained profits and bank borrowings. The Company has now repaid its bank loan from Natwest.

Directors' report

FUTURE DEVELOPMENTS

Blue Planet Aquarium celebrates its 10th birthday in 2008 and seasonal events will be held throughout the year to mark the occasion and encourage repeat visitation. In addition 2008 is The EAZA (European Association of Zoo's and Aquaria) Year of the Frog which aims to raise awareness of the Amphibian extinction crisis. The aquarium has one of the largest collections of frogs in the UK and a successful breeding programme.

A charity gala evening will once again be hosted by Blue Planet Aquarium in support of the Marine Conservation Society.

Capex investment at the aquarium will centre on activities to grow catering revenue streams as well as improving shop security. Deep Sea World is to invest in an indoor themed children's play area which will run and be charged for separately to the main aquarium. Capital expenditure will be invested in improving the building ensuring compliance with health and safety.

Both aquariums introduced two new activities during the summer and it is intended to grow both of these new revenue streams. Crew Member for a Day allows children between the ages of 7 and 16 to join our crew for the day, feeding fish and giving a presentation to our visitors as well as our meeting the divers. Bubblemaker is a PADI course purely for children. The session teaches children to use Scuba equipment in the safety of our holding pools.

Revenue from our dive experiences continues to be a valuable revenue stream and we will continue to expand the range of experiences and course we offer. The business will work with appropriate partners in promotional offers such as Scotrail in the case of Deep Sea World.

The level of business conducted via the internet continues to outperform expectations and will be an important part of the aquariums marketing and communications strategy. Building relationships with our customers using our websites will be important in encouraging repeat visitation.

Aside from the operational developments stated above the company will be changing the basis of its accounting from UK GAAP to be compliant with International Financial Reporting Standards (IFRS). The company is required to switch to International Accounting Standards in the financial statements ended 31 October 2008 and any interim accounts within that period, including comparatives for the current period. The major differences between UK GAAP and IFRS associated with Deep Sea Leisure pertain to classification of lease land and the valuation of livestock

FINANCIAL REVIEW

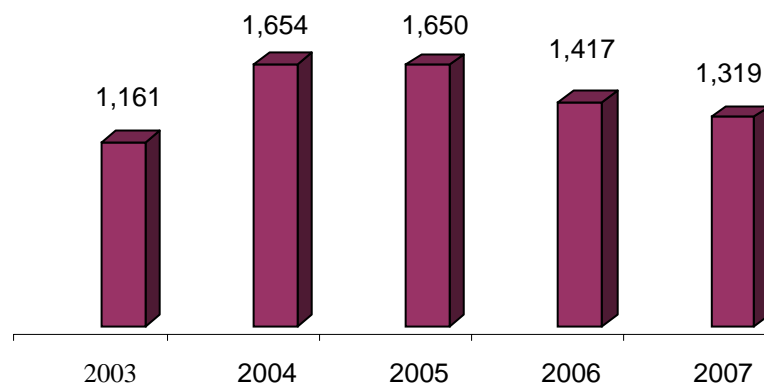
RESULTS FOR THE YEAR

The financial year covers the 12 months to 31 October 2007. Results for the year are reported under UK GAAP and there have been no changes in accounting policy.

<i>£000</i>	<i>2007</i>	<i>2006</i>
Turnover	6,535	6,473
Gross Profit	5,688	5,642
Admin Expenses	(4,514)	(4,241)
Operating Profit	1,174	1,401
Net Interest	145	16
Profit before Taxation	1,319	1,417
Tax	(301)	(450)
Profit for financial year	1,018	967
Earnings per share	5.30p	5.03p

Directors' report

PROFIT BEFORE TAX - 2003-2007



Turnover is driven by visitor numbers which in turn are influenced by the weather. The aquariums attract more visitors during cooler, wetter weather particularly if this coincides with school holidays. The weather in the year under review has not followed normal trends. Quarter one performed as expected and visitor numbers were slightly above expectations. However quarter two (Feb-April) which included the important Easter holiday period saw the warmest mean temperatures on records with well above average sunshine and little rainfall. In the month of April alone visitor numbers were down by 28%. Conversely in July the UK experienced rainfall significantly above average and visitor numbers were up by 36%. Some normality returned for the remainder of the year and the business performed just short of expectations. Visitor numbers ended up being 5% down on the previous year due to the poor weather related performance over the key Easter holidays.

Despite the reduction in visitor numbers turnover was up on the previous year by 0.9% supported by admission price increases at both aquariums.

Admin expenses have increased significantly in part due to a change in the basis of calculation in relation to the management fee payable to the company's parent company Net Ein. Above inflation cost increases in utilities accounts for an 8% increase in costs but personnel costs were held to just a 1.3% year on year increase despite the national minimum wage increase.

SOURCES OF TURNOVER AND GROSS PROFIT

	<i>Blue Planet Aquarium</i>		<i>Deep Sea World</i>	
	<i>Turnover £000</i>	<i>Variance to Prior Year</i>	<i>Turnover £000</i>	<i>Variance to Prior Year</i>
Entrance	2,634	2.7%	1,452	3.6%
Retail	528	(2.5%)	350	(5.7%)
Catering	546	0.9%	379	2.1%
Other	425	(1.8%)	221	(9.8%)
Total	4,133	1.3%	2,402	0.4%
Gross Profit	3,635	0.8%	2,054	0.8%

Directors' report

REVENUE PER VISITOR (RPV)

	<i>Blue Planet Aquarium</i>		<i>Deep Sea World</i>	
	<i>RPV £</i>	<i>Variance to Prior Year</i>	<i>RPV £</i>	<i>Variance to Prior Year</i>
Entrance	8.23	8.1%	7.06	7.6%
Retail	1.65	6.4%	1.70	(2.2%)
Catering	1.71	3.0%	1.85	5.1%
Other	1.32	3.1%	1.08	(6.1%)
Total	12.91	6.7%	11.69	4.1%

The growth in entrance revenue has been achieved by increases in admission prices and the introduction of a new corporate membership scheme which allows business to bulk buy tickets at a discounted rate.

Retail at Blue Planet Aquarium has performed well driven by consistency in service and a product buying strategy in part assisted by the parent company. Deep Sea World retail was affected by some stock shortages and some stock management issues now rectified.

Both aquariums have seen strong performances in catering with the introduction of new service points. In the case of Deep Sea World the introduction of a new speciality ice cream and juice outlet as well as improved signage and service in the main restaurant were responsible for the increases in spend per visitor. At Blue Planet Aquarium the introduction of a premium product fair trade coffee bar along with locally made ice cream saw spends increase over the summer.

Other revenue at Blue Planet Aquarium benefited from the introduction of a new simulator ride acquired on a 50/50 profit share whilst dive revenue at both aquariums experiencing the first dip in sale in 6 years.

FINANCING AND CASHFLOW

A final capital repayment of £945,000 was paid on the company's development loan leaving the business with no outstanding loans.

The business has lent a fellow group company Aspro-Ocio £2,500k. The first of the loan agreements entered into in March 2007 was for the sum of £2,000k and interest has been charged at a rate of 5.25% for the duration of the loan. A second loan agreement entered into in May 2007 provided Aspro-Ocio with a further £500k and interest has been charged at a rate of 1% above Bank of England base rate. Both of the loans were due to be repaid in full by Aspro-Ocio by 30 September 2007. However an extension to both loans was agreed and a new interest rate set at Bank of England base rate less 0.25%. The loans are due to be repaid in March 2008.

Although overall cash has gone down due to the loans to Aspro-Ocio there has been a positive influx of cash excluding this transaction of £581k. Interest is receivable at a rate of Natwest base rates minus 1%.

GRANTS

During the year £140k of grant income has been released to the profit and loss account.

TAXATION

The business utilised its remaining corporation tax losses during 2005 and therefore all profits are now subject to corporation tax.

Directors' report

DIVIDENDS AND TRANSFER TO RESERVES

The results for the year are shown in the attached financial statements. The directors have not recommended a dividend (2006: £nil) and the profit for the year of £1,018,000 (2006: £967,000) is transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors who held office during the year are as follows:

E M P Denny
A Barrachina
C Marina
S J Elaiho

All directors are non-executive with the exception of S J Elaiho.

The director's beneficial and family interests in shares in the capital of Signet Investments SA, the Company's ultimate holding company, at the year end were as follows:

	<i>As at</i> <i>31 October</i> <i>2007</i>	<i>As at</i> <i>31 October</i> <i>2006</i>
A Barrachina	1,972	1,972

Directors' report (continued)

Donations

During the year, Deep Sea Leisure plc made donations of £11,918 (2006: £9,730) to various charitable institutions as stated below:

Charity Name	2007 £	2006 £	Charity Description
The Shark Trust	577	2,987	Promotes the study, management and conservation of sharks
SSPCA	399	246	Scottish society for the prevention of cruelty to animals
Riding for the Disabled (Dunfermline Branch)	849	1,437	Buys horses and teaches disabled children to ride
Marine Conservation Society	5,705	986	Promotes the conservation of all marine animals
Children in Need	292	-	Helps disadvantaged children around the UK
Anthony Nolan Trust	-	176	Provides donors for people in need of a bone marrow transplant
Sense Scotland	-	127	Help children and adults who have communication needs because of deaf/blindness, sensory impairments
Sick Kids Friends Foundation	-	356	Supports the work of Royal Hospital for Sick Children in Edinburgh
PADI Project Aware	-	218	Promotes the preservation of the aquatic environment
Hearing Dogs for Deaf People	1,052	912	Train dogs to alert deaf people to specific sounds in the home, workplace and public buildings
Seahorse Trust	-	352	Promotes research and conservation of Seahorses worldwide
Dreams Come True	-	518	Helps children with terminal illnesses to fulfil their dreams
Guide Dogs for the Blind	-	915	Provide trained dogs for the blind
IUCN Shark Specialist Group	-	500	Promotes conservation of sharks, skates, rays and chimaeras
The Scottish Fisheries Museum Trust Ltd	173	-	Promotes Scottish Fishing Industry, dealing with the past and the present
Cancer Research UK	419	-	Cancer Research Organisation
RNLI	634	-	Lifeboats
Keep Scotland Beautiful	991	-	KSB tries to improve the quality of local environments in Scotland. The group has been at the forefront of anti litter, waste and marine issues to encourage good practice and sustainable development.
Scottish Society of Autism	251	-	The leading provider in Scotland of services and support for people with Autism Spectrum Disorder.
Scottish Wildlife Trust	576	-	SWT is a leading conservation organisation, working to protect Scotland's natural environment and wildlife.
Total donations	11,918	9,730	

Directors' report (continued)

Payment policies

It is the policy of the Company to agree terms of payment when orders for goods and services are placed and to adhere to these arrangements when making payments. The number of days billing from suppliers outstanding at the end of the financial year is 27 days (2006: 24 days).

Corporate Governance

The Company is not required to report on compliance with the Combined Code on Corporate Governance. However, the Board of Directors fully supports the principles contained in the Combined Code and have sought to generally comply with the provisions of the Code in so far as it is appropriate given the Company's size and structure.

The main features of the Company's corporate governance procedures are:

- The Board meets quarterly and brings independent judgements to bear. It approves budgets, long term plans and significant contracts;
- The majority of the Board are non-executive directors who take an active role in Board matters concerning strategy, performance, resources, key appointments and standard of conduct; and
- The Board of Directors recognise their overall responsibility for the Company's systems of internal control and for monitoring effectiveness. All activity is organised within a defined structure with formal lines of responsibility and delegation of authority. The Company produces performance information reports on a monthly basis. These reports together with annual budgets and forecasts enable the Board to monitor operational performance and the cash position each month.

Auditors

Ernst & Young LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Annual General Meeting

The annual general meeting of the Company will be held at Blue Planet Aquarium, Cheshire Oaks, Ellesmere Port, CH65 9LF on 20 February 2008. The notice convening the annual general meeting is enclosed with this annual report.

By order of the Board



S J Elaiho
Director

Date: 10 January 2008

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group 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;
- 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 group and the company and to 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report

to the members of Deep Sea Leisure plc

We have audited the financial statements of Deep Sea Leisure plc for the year ended 31 October 2007 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow Statement and the related notes 1 to 25. These financial statements have been prepared on the basis of 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

The directors' responsibilities for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 whether in our opinion the Directors' Report is consistent with the financial statements.

In addition we report to you if in our opinion, 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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises of the Chairmans's Statement and Directors report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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.

Independent auditors' report

to the members of Deep Sea Leisure plc (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 October 2007 and of the company's profit for the year then ended
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Handwritten signature in black ink, appearing to be 'EY e 3 WY'.

Ernst & Young LLP
Registered Auditor
Manchester

Date: 10 January 2008

Profit and loss account

For the year ended 31 October 2007

	<i>Note</i>	<i>2007</i>	<i>2006</i>
		<i>£000</i>	<i>£000</i>
Turnover (continuing operations)	2	6,535	6,473
Cost of sales		(847)	(831)
		<hr/>	<hr/>
Gross profit		5,688	5,642
Administrative expenses		(4,514)	(4,241)
		<hr/>	<hr/>
Operating profit	3	1,174	1,401
Interest receivable and similar income	7	206	121
Interest payable and similar charges	7	(61)	(105)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		1,319	1,417
Tax charge on profit on ordinary activities	8	(301)	(450)
		<hr/>	<hr/>
Profit for the financial year	19	1,018	967
		<hr/> <hr/>	<hr/> <hr/>
Earnings per ordinary share (basic and diluted)	9	5.30p	5.03p
		<hr/> <hr/>	<hr/> <hr/>

A statement of movements in shareholders equity is given in Note 19.

Statement of Total Recognised Gains and Losses

For the year ended 31 October 2007

There are no recognised gains and losses other than the profit of £1,040 attributable to the shareholders for the year ended 31 October 2007.

Balance sheet

As at 31 October 2007

	Note	<i>31 October 2007</i>		<i>31 October 2006</i>	
		£000	£000	£000	£000
Fixed assets					
Tangible fixed assets	10		14,834		15,664
Current assets					
Stock	11	141		151	
Debtors	12	2,631		85	
Cash at bank and in hand		1,608		3,527	
		4,380		3,763	
Creditors: amounts falling due within one year	13	(1,517)		(2,317)	
Net current assets			2,863		1,446
Total assets less current liabilities			17,697		17,110
Provisions for liabilities and charges	14		(1,929)		(2,220)
Deferred income	15		(2,441)		(2,581)
Net assets			13,327		12,309
Capital and reserves					
Called up share capital	16		960		960
Share premium account	17		5,902		5,902
Capital redemption reserve	17		1,003		1,003
Profit and loss account	17		5,462		4,444
Shareholders' equity	18		13,327		12,309

The financial statements were approved by the Board of Directors on 10 January 2008 and were signed on its behalf by:



S J Elaiho
Director

Cash flow statement

For the year ended 31 October 2007

	<i>Note</i>	<i>2007</i>	<i>2006</i>
		<i>£000</i>	<i>£000</i>
Cash flow statement			
Net cash inflow from operating activities	20	2,016	2,064
Returns on investments and servicing of finance	21	124	20
Tax paid	21	(535)	(495)
Capital expenditure and financial investment	21	(2,579)	(340)
Cash inflow before financing		(974)	1,249
Financing	21	(945)	(945)
Church Commissioners grant	15	-	87
Increase/(decrease) in cash		(1,919)	391
Reconciliation of net cash flow to movement in net funds/(debt)			
Increase/(decrease) in cash		(1,919)	391
Cash outflow from movement in net debt		945	945
Non cash outflows		-	138
Change in net funds resulting from cash flows		(974)	1,474
Net funds at beginning of year	22	2,582	1,108
Net funds at end of year	22	1,608	2,582

Notes to the financial statements

For the year ended 31 October 2007

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements of Deep Sea Leisure plc were approved for issue by the Board of Directors on 10 January 2008.

The financial statements have been prepared in accordance with the Companies Act 1985, applicable United Kingdom accounting standards and under the historical cost accounting convention and on a going concern basis.

Fixed assets and depreciation

Property, plant and machinery is stated at cost less accumulated depreciation. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Buildings	50 years
Fixed plant	20 years
Plant and machinery	3, 5 or 10 years
Office equipment	5 years
Computer equipment	3 years

Tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future cash flows of the relevant income generating unit or disposal value if higher. The discount rate applied is based upon the Company's weighted average cost of capital with appropriate adjustments for the risks associated with the relevant unit.

Leasehold land is amortised over the remaining period of the leasehold.

No depreciation is provided on freehold land.

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Notes to the financial statements

For the year ended 31 October 2007

Grants

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

Classification of shares as debt or equity

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if (i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and (ii) the instrument is a non-derivative that contains no contractual obligations to deliver a variable number of shares or is a derivative that will be settled only by the Company exchanging a fixed amount of cash or other assets for a fixed number of the Company's own equity instruments.

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at net proceeds. After initial recognition debt is increased by the finance cost in respect of the reporting period and reduced by payments made in respect of the debts of the period.

Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount.

Finance costs

Finance costs that are directly attributable to the construction of a new aquarium are capitalised until the date of the aquaria being ready for use. Otherwise finance costs are charged to the profit and loss account.

Stocks

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

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax except that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax 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.

Revenue Recognition

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year. In particular:

- Entrance fee revenue is recognised on entrance to the aquaria.
- Revenue generated from the sale of annual memberships is recognised in the profit and loss account in one twelfth proportions each month over the twelve months to which the membership relates.
- Dive income is recognised in the profit and loss account, in the month the dive takes place.

All turnover is derived in the United Kingdom and is from the business of operating aquaria.

Notes to the financial statements

For the year ended 31 October 2007

2. Turnover

The Company operates in a single principal area of activity which is the operation of two undersea marine exhibits as visitor attractions. All turnover, profits and net assets relate to one geographical area being the United Kingdom.

3. Operating profit

This is stated after charging/(crediting):

	<i>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
Depreciation – owned assets:		
- Buildings	212	212
- Land	18	18
- Plant	694	650
	<u>924</u>	<u>880</u>
Auditor's remuneration:		
- audit	42	42
- non-audit	-	-
Operating leases – hire of plant and machinery	9	7
Deferred grants release	(140)	(223)
	<u><u> </u></u>	<u><u> </u></u>

4. Remuneration of auditors

	<i>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
Audit of the financial statements	42	42
Other fees to auditors	-	-
	<u><u> </u></u>	<u><u> </u></u>

Notes to the financial statements

For the year ended 31 October 2007

5. Remuneration of directors

	2007 £000	2006 £000
Directors' emoluments	89	85
Directors' fees	19	17
Company contributions to money purchase pension schemes	-	-
Compensation for loss of office	-	-
Amounts paid to third parties in respect of directors' services	-	69
	<u> </u>	<u> </u>

The emoluments of the highest paid director were £88,734 (2006: £84,927).

The amounts paid to third parties comprise:

- Fee of £nil (2006 £18,666) to Floatrich Limited for the services of JM Flinn; and
- Fee of £196,100 (2006: £50,283) to Aspro-Ocio SA, a fellow subsidiary of Signet Investments SA, for the provision of support services covering but not limited to marketing, accounting, purchasing and professional know-how. In the previous year the fee was for the services of two Aspro-Ocio directors only.

6. Staff numbers and costs

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

	<i>Number of employees</i>	
	2007 <i>No.</i>	2006 <i>No.</i>
Management and administration	5	4
Operations	140	152
	<u> </u>	<u> </u>
	145	156
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	1,427	1,406
Social security costs	108	102
Pension costs	-	-
	<u> </u>	<u> </u>
	1,535	1,508
	<u> </u>	<u> </u>

Notes to the financial statements

For the year ended 31 October 2007

7. Net interest payable/ (receivable)

	<i>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
Interest payable on bank loans and overdrafts	61	105
Total interest payable	<u>61</u>	<u>105</u>
Bank interest receivable	(118)	(121)
Interest receivable from group undertaking	(88)	-
Total interest receivable	<u>(206)</u>	<u>(121)</u>
Net interest receivable	<u>(145)</u>	<u>(16)</u>

No interest was capitalised in the year (2006: £nil)

Notes to the financial statements

For the year ended 31 October 2007

8. Tax on profit on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2007	2006
	£000	£000
Current tax		
UK Corporation tax	544	504
Adjustment in respect of prior year	48	-
Total current tax	<u>592</u>	<u>504</u>
Deferred tax		
Origination and reversal of timing differences:		
Deferred taxation – current year	(123)	(47)
Deferred taxation – prior year	(21)	(7)
Deferred taxation – corporation tax rate change adjustment	(147)	(7)
Total deferred taxation	<u>(291)</u>	<u>(54)</u>
Tax on profit on ordinary activities	<u>301</u>	<u>450</u>

(b) Factors affecting current tax charge

The tax assessed is lower than the standard rate of corporation tax charged in the UK of 30% (2006: 30%). The differences are reconciled below:

	2007	2006
	£000	£000
Current tax		
Profit on ordinary activities before tax	1,319	1,417
Profit on ordinary activities by standard rate of tax 30%	<u>396</u>	<u>425</u>
Effects of:		
Expenses not deductible for tax purposes	7	1
Depreciation for year in excess of capital allowances	142	78
Utilisation of tax losses	-	-
Adjustment to the tax charge with respect to previous years	47	-
Total current tax charge	<u>592</u>	<u>504</u>

Notes to the financial statements

For the year ended 31 October 2007

9. Earnings per ordinary share

There are no potentially dilutive instruments in issue; consequently basic earnings per share are the same as diluted earnings per share. The calculation of earnings per share is based on the weighted average number of ordinary shares which were in issue during the year of 19,199,783 shares (2006: 19,199,783) calculated in accordance with Financial Reporting Standard 22.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2007 £000	2006 £000
Earnings are calculated as follows:		
Profit after tax	1,018	967
	=====	=====
Basic and diluted earnings per share	5.30p	5.03p
	=====	=====

10. Tangible fixed assets

	<i>Land</i> £000	<i>Buildings</i> £000	<i>Plant</i> £000	<i>Total</i> £000
Cost				
At 1 November 2006	2,241	10,608	10,200	23,049
Additions	-	-	94	94
	-----	-----	-----	-----
At 31 October 2007	2,241	10,608	10,294	23,143
	-----	-----	-----	-----
Depreciation				
At 1 November 2006	110	1,698	5,577	7,385
Charge for the year	18	212	694	924
	-----	-----	-----	-----
At 31 October 2007	128	1,910	6,271	8,309
	-----	-----	-----	-----
Net book value				
At 31 October 2007	2,113	8,698	4,023	14,834
	=====	=====	=====	=====
At 1 November 2006	2,131	8,910	4,623	15,664
	=====	=====	=====	=====

Included in the net book value of land is land held under a lease of 150 years of £1,622,000 (2006: £1,639,000) and freehold land of £196,000 (2006: £196,000).

Land incorporates costs of construction of the access road into the Blue Planet Aquarium which has a net book value of £291,000 (2006: £296,000). These construction costs are now being depreciated over 45 years.

The net book value of buildings includes freehold buildings of £2,927,000 (2006: £3,001,000) and leasehold buildings of £5,769,947 (2006: £5,908,000) subject to a lease of 150 years. Depreciation charged in the year on freehold buildings was £74,104 (2006: £74,000) and on leasehold buildings was £138,053 (2006: £138,153).

Notes to the financial statements

For the year ended 31 October 2007

11. Stocks

	<i>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
Goods for resale	141	151
	<u>141</u>	<u>151</u>

12. Debtors

	<i>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
Trade debtors	9	8
Amounts owed by group undertaking	2,500	-
Prepayments	122	77
	<u>2,631</u>	<u>85</u>
	<u>2,631</u>	<u>85</u>

13. Creditors: amounts falling due within one year

	<i>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
Bank loans	-	945
Trade creditors	210	188
Corporation tax	231	199
Other taxation and social security	305	307
Deferred income	126	158
Accruals	645	520
	<u>1,517</u>	<u>2,317</u>
	<u>1,517</u>	<u>2,317</u>

The bank loan, from the national Westminster Bank plc, has now been fully discharged, with payments amounting to £945,000 (2006: £945,000) being paid in the year.

Notes to the financial statements

For the year ended 31 October 2007

14. Provisions for liabilities and charges

	2007 £000	2006 £000
Deferred taxation - Accelerated capital allowances and tax losses		
At 1 November 2006	2,220	2,274
Corporation tax rate change adjustment	(147)	-
Adjustment to prior years	(21)	(7)
Charged to profit and loss account	(123)	(47)
At 31 October 2007	1,929	2,220
	1,929	2,220

The elements of deferred taxation are as follows:

	2007 £000	2006 £000
Difference between accumulated depreciation and capital allowances	1,929	2,220
	1,929	2,220
	1,929	2,220

15. Deferred income

	2007 £000	2006 £000
Government Grants		
At 1 November 2006	2,581	2,579
Grant received – Church Commissioners	-	87
Scottish Enterprise Fife Grant	-	138
Amount credited to profit and loss account	(140)	(223)
At 31 October 2007	2,441	2,581
	2,441	2,581

No Grants were received during the year (2006: £225,000)

16. Authorised and issued share capital

	2007 £000	2006 £000
Authorised Equity		
41,200,000 ordinary shares of 5p each (2005: 41,200,000)	2,060	2,060
	2,060	2,060
Allotted, called up and fully paid Equity		
19,199,783 ordinary shares of 5p each (2005: 19,199,783)	960	960
	960	960
	960	960

Notes to the financial statements

For the year ended 31 October 2007

17 Share premium and other reserves

	<i>Share premium Account £000</i>	<i>Capital redemption reserve £000</i>	<i>Profit and loss account £000</i>
At 1 November 2005	5,902	1,003	3,477
Retained profit for year	-	-	967
At 31 October 2006	5,902	1,003	4,444
Retained profit for year	-	-	1,018
At 31 October 2007	5,902	1,003	5,462

18. Reconciliation of movements in shareholders equity

	<i>2007 £000</i>	<i>2006 £000</i>
Opening shareholders' equity	12,309	11,342
Profit for the financial year	1,018	967
Closing shareholders' equity	13,327	12,309

19. Commitments

The company has not entered into any capital commitments.

At the end of the period the Company had annual commitments under non-cancellable operating leases as follows:

	<i>31 October 2007 Plant £000</i>	<i>31 October 2006 Plant £000</i>
Operating leases which expire:		
Within one year	9	7

Notes to the financial statements

For the year ended 31 October 2007

20. Reconciliation of operating profit to net cash inflow from operating activities

	2007	2006
	£000	£000
Operating profit	1,174	1,401
Depreciation charges	924	880
(Increase)/decrease in stocks	10	(28)
(Increase)/decrease in debtors	(46)	22
Increase in creditors	93	(4)
Amortisation of grant	(140)	(223)
Sundry adjustments	1	16
Net cash inflow from operating activities	<u>2,016</u>	<u>2,064</u>

21. Gross cash flows

	2007	2006
	£000	£000
Returns on investments and servicing of finance		
Interest received	186	129
Interest paid	(62)	(109)
Net cash outflow from returns on investments and servicing of finance	<u>124</u>	<u>20</u>
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(79)	(340)
Amounts issued to group undertaking	(2,500)	-
Net cash outflow from capital expenditure	<u>(2,579)</u>	<u>(340)</u>
Financing		
Loans repaid	(945)	(945)
Net cash outflow from financing	<u>(945)</u>	<u>(945)</u>
Taxation		
Tax paid	(535)	(495)
Net cash outflow from tax paid	<u>(535)</u>	<u>(495)</u>

Notes to the financial statements

For the year ended 31 October 2007

22. Analysis of changes in net (debt)/funds

	<i>At beginning of year £000</i>	<i>Cash flows £000</i>	<i>Non-cash flows £000</i>	<i>At end of year £000</i>
Cash at bank and in hand	3,527	1,919	-	1,608
Debt due within one year	(945)	(945)	-	-
Debt due after one year	-	-	-	-
	(945)	(945)	-	-
Net funds	2,582	974	-	1,608

23. Financial instruments

The Company's principal financial instruments comprise bank loans, cash and loans granted to Aspro-Ocio. The main purpose of the bank loan is to raise finance for the Company's operations. The bank loan has been repaid during the year to 31 October 2007. The Company also has short term debtors and creditors, which arise directly from its operation and as permitted by FRS 13 have been excluded from these disclosures.

The main risks arising from the Company's financial instruments are interest rate risks and liquidity risks. The Company does not have any foreign currency exposure. The board reviews and agrees policies for managing each of these risks, which are summarised below.

Interest rate risk

The Company finances its operations through a mixture of retained profits and bank borrowings.

The company is not perceived to have significant interest rate risk. As at the balance sheet date the company had financial assets in excess of its liabilities.

	<i>2007 £000</i>	<i>2006 £000</i>
Financial assets comprise:		
Cash at bank (all Sterling)	1,608	3,527
Loan granted to Aspro-Ocio	2,500	-
	=====	=====
Floating rate	4,108	3,527
	=====	=====
Financial liabilities comprise:		
Bank loans (all Sterling)	-	(945)
	-----	-----
	-	(945)
	=====	=====

Notes to the financial statements

For the year ended 31 October 2007

Floating rate	-	(945)
	<u>-</u>	<u>(945)</u>
Total financial assets less financial liabilities		
Floating rate	4,108	2,582
Interest free	-	-
Total	<u>4,108</u>	<u>2,582</u>

Liquidity risk

The Company's policy is to maintain a balance between continuity of funding and flexibility through loans secured on its assets from sufficient to enable it to meet its commitments and to make further investment.

The maturity profile of the group's financial liabilities is as follows:

	2007	2006
	£000	£000
Debt can be analysed as falling due:		
In one year or less, or on demand	-	945
Between one and two years	-	-
Between two and five years	-	-
	<u>-</u>	<u>945</u>
	<u>-</u>	<u>945</u>

A comparison of book values and fair values of the Company's financial assets and liabilities at 31 October 2007 was performed and identified no material differences between the two amounts.

24. Related party transactions

During the year the Company has been charged £196,100 (2006: £50,283) by Aspro-Ocio SA, a fellow subsidiary of Signet Investments SA, in respect of management services.

The company entered into two loan agreements amounting to £2,500k with Aspro- Ocio. The first of the loan agreements entered into in March 2007 was for the sum of £2,000k and interest has been charged at a rate of 5.25% for the duration of the loan. A second loan agreement entered into in May 2007 provided Aspro-Ocio with a further £500k and interest has been charged at a rate of 1% above Bank of England base rate. Both of the loans were due to be repaid in full by Aspro-Ocio by 30 September 2007. However an extension to both loans was agreed and a new interest rate set at Bank of England base rate less 0.25%. The loans are due to be repaid in March 2008.

Notes to the financial statements

For the year ended 31 October 2007

25. Ultimate parent undertaking

Net Ein, a company incorporated in Luxembourg is the immediate parent undertaking and the majority shareholder in Deep Sea Leisure owns 98.35% of the company's equity share capital.

The immediate parent undertaking and company which prepares consolidated accounts for the smallest group that includes the company is Aspro-Ocio SA, a company incorporated in Spain.

The directors consider Signet Investments SA, a Company incorporated in Luxembourg as the ultimate parent undertaking and controlling party. It heads the largest group of undertakings for which consolidated financial statements are prepared. Signet Investments SA and its subsidiaries, which include Aspro-Ocio SA are collectively known as the Aspro Group.