

Company Registration No. SC195923 (Scotland)

LOCH DUART LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2015

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LOCH DUART LIMITED

DIRECTORS AND ADVISERS

Directors	Dr A Barbour A Balfour A Bing A Denton J Goerke N Joy S Maguire A Williamson
Secretary	S Maguire
Company number	SC195923
Registered office	15 Atholl Crescent Edinburgh EH3 8HA
Registered auditors	Johnston Carmichael LLP 7-11 Melville Street Edinburgh EH3 7PE

LOCH DUART LIMITED

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LOCH DUART LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2015

The directors present the strategic report and financial statements for the year ended 31 March 2015.

Review of the business

Loch Duart Limited is owned by a number of private shareholders and institutions, none of whom individually hold a majority. The company operates throughout Scotland.

The results for the year are set out on page 7 and the directors are disappointed to report a loss for before tax for the year of £3.8 million. The material loss of fish on Uist in the year, due to a bloom of jellyfish, has undermined the progress the company was making in its farming operations.

The company is grateful for the support of its bankers and investors as it seeks to recover from that loss.

SCOTLAND

The company has continued to invest heavily in Research and Development to improve various areas of Production. The changing nature of the biological and weather challenges prevalent in Scotland coupled with the company's attitude to improvement and developing best practice bring innovation and help maintain the company's record of sustainable quality. The implementation of the revised fallow process and stock rotation has been continued and, together with the ideas developed by the R&D team, are having a measurable improvement in the major health challenges faced.

Markets were firm in the year and strong prices were achieved. The company faced a material setback through the loss of over half of the stock in one site to a jellyfish swarm of levels not previously seen. As well as the write off of stock value, that will carry a legacy of reduced volumes and lower profitability into the next year. The limitation of the impact and the growth and care of the remaining fish has depended on the commitment of our staff, all of whom have demonstrated focus and intelligence in addressing the challenges faced.

CANADA

As a result of the Canadian authorities' decision to conduct a review of the Aquaculture industry and its position in the country, the site application process was halted whilst that review was completed. From it has come a set of guiding principles covering how the industry should operate and develop in the region and a revised application process for sea farming sites will result. The company supports those principles and remains committed to the strategic benefits of adding Canadian operations to its portfolio. Once the new site application process is in place, applications will be submitted for the areas in which the company wishes to operate.

The combination of the unknown duration of that application process, together with the extended time between any successful application and the eventual harvesting of fish, means the company has made the decision to write down the values of its interest in the area to the immediately realisable tangible assets. The licences to operate which the company holds will remain, but without value attributed, until such times as the company is able to resume operations in the manner and to the extent it deems necessary for a full implementation of its site rotation and fallowing model.

LOCH DUART LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

Principal risks and uncertainties


The company exports a significant percentage of its production and is therefore exposed to exchange rate movements. The company seeks to manage those risks via appropriate treasury management.

The geographic diversification spreads the group over many locations, sales markets and health & welfare issues. The pursuit of this diversification will reduce the operational, and hence financial, risk faced by the business.

The company has historically enjoyed good prices and been resilient to the more extreme market movements but remains exposed to some potential price volatility around issues of supply in the wider market.

Risks in relation to fish health and mortality levels are inevitable in aquaculture, but the company considers its husbandry and welfare practices are capable of minimising such risks to the extent that they can be addressed.

On behalf of the board


S. Maguire
Director
24 December 2015

LOCH DUART LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2015

The directors present their report and financial statements for the year ended 31 March 2015.

Results and dividends

The consolidated profit and loss account for the year is set out on page 7.

Directors

The following directors have held office since 1 April 2014:

Dr A Barbour

A Balfour

A Bing

A Denton

(Appointed 21 May 2015)

J Goerke

N Joy

S Maguire

(Appointed 14 May 2014)

A Williamson

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LOCH DUART LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015


Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

Environment and welfare

The welfare of both staff and fish are crucial to the company both for the quality of the product and the sustainability of the business. These are areas of differentiation on which the company was founded and which influence every area of operation. As well as being accredited to ISO 14001 and being an approved Freedom Food producer of salmon it is committed to continuous environmental and welfare improvement through its Policies and Principles. Those are available on the website at www.lochduart.com.

On behalf of the board


S. Maguire
Director
24 December 2015

LOCH DUART LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOCH DUART LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Loch Duart Limited for the year ended 31 March 2015 set out on pages 7 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 - 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2015 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The group incurred a net loss of £4,122,651 during the year ended 31 March 2015. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

LOCH DUART LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF LOCH DUART LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Johnston Carmichael LLP

David Holmes (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

24 December 2015

Chartered Accountants
Statutory Auditor

7-11 Melville Street
Edinburgh
EH3 7PE

LOCH DUART LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 £	2014 £
Turnover	2	20,869,626	23,986,467
Cost of sales		(19,040,822)	(18,352,647)
Gross profit		1,828,804	5,633,820
Administrative expenses		(4,783,047)	(4,497,569)
Other operating income		264,545	113,233
Operating (loss)/profit	3	(2,689,698)	1,249,484
Profit on sale of tangible assets		247,441	20,731
Impairment of intangible assets		(1,023,755)	-
Provision against associate debtor		(13,224)	-
(Loss)/profit on ordinary activities before interest		(3,479,236)	1,270,215
Income from interests in associated undertakings		-	88,483
Interest payable and similar charges	4	(316,053)	(657,309)
(Loss)/profit on ordinary activities before taxation		(3,795,289)	701,389
Tax on (loss)/profit on ordinary activities	5	(327,362)	210,923
(Loss)/profit on ordinary activities after taxation		(4,122,651)	912,312

The profit and loss account has been prepared on the basis that all operations are continuing operations.

LOCH DUART LIMITED

STATEMENT OF RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 £	2014 £
(Loss)/profit for the financial year		(4,122,651)	912,312
Currency translation differences on foreign currency net investments	18	(60,560)	(356,216)
Total recognised gains and losses relating to the year		<u>(4,183,211)</u>	<u>556,096</u>

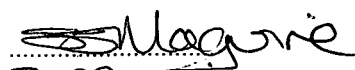
LOCH DUART LIMITED

BALANCE SHEETS

AS AT 31 MARCH 2015

	Notes	Group 2015 £	2014 £	Company 2015 £	2014 £
Fixed assets					
Intangible assets	7	1,133,132	2,163,073	1,133,132	1,114,762
Tangible assets	8	6,697,322	7,221,499	5,895,656	6,179,258
Investments	9	-	-	21	3,208,041
		<u>7,830,454</u>	<u>9,384,572</u>	<u>7,028,809</u>	<u>10,502,061</u>
Current assets					
Stocks	10	6,923,933	8,121,697	6,923,933	8,107,401
Debtors	11	2,062,939	3,367,322	2,040,289	3,258,887
Cash at bank and in hand		11,695	86,994	6,689	62,001
		<u>8,998,567</u>	<u>11,576,013</u>	<u>8,970,911</u>	<u>11,428,289</u>
Creditors: amounts falling due within one year	12	<u>(7,040,278)</u>	<u>(7,113,179)</u>	<u>(6,634,032)</u>	<u>(6,599,451)</u>
Net current assets		<u>1,958,289</u>	<u>4,462,834</u>	<u>2,336,879</u>	<u>4,828,838</u>
Total assets less current liabilities		<u>9,788,743</u>	<u>13,847,406</u>	<u>9,365,688</u>	<u>15,330,899</u>
Creditors: amounts falling due after more than one year	13	<u>(1,360,464)</u>	<u>(1,360,812)</u>	<u>(1,296,903)</u>	<u>(1,175,129)</u>
Provisions for liabilities	14	<u>(116,439)</u>	<u>-</u>	<u>(116,439)</u>	<u>-</u>
Accruals and deferred income	15	<u>(519,906)</u>	<u>(511,449)</u>	<u>(519,906)</u>	<u>(511,449)</u>
		<u><u>7,791,934</u></u>	<u><u>11,975,145</u></u>	<u><u>7,432,440</u></u>	<u><u>13,644,321</u></u>
Capital and reserves					
Called up share capital	17	316,812	316,812	316,812	316,812
Share premium account	18	3,979,716	3,979,716	3,979,716	3,979,716
Revaluation reserve	18	597,987	597,987	597,987	597,987
Other reserves	18	4,199,252	4,259,812	4,631,190	4,631,190
Profit and loss account	18	(1,301,833)	2,820,818	(2,093,265)	4,118,616
Shareholders' funds	19	<u>7,791,934</u>	<u>11,975,145</u>	<u>7,432,440</u>	<u>13,644,321</u>

Approved by the Board and authorised for issue on 24 December 2015


S Maguire
Director

Company Registration No. SC195923

LOCH DUART LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2015

	£	2015 £	£	2014 £
Net cash inflow from operating activities		1,033,111		1,827,512
Returns on investments and servicing of finance				
Interest paid	(316,053)		(416,438)	
	<u>(316,053)</u>		<u>(416,438)</u>	
Net cash outflow for returns on investments and servicing of finance		(316,053)		(416,438)
Taxation		-		51,835
Capital expenditure				
Payments to acquire intangible assets	(18,370)		(14,470)	
Payments to acquire tangible assets	(1,497,733)		(233,071)	
Receipts from sales of tangible assets	981,873		51,668	
	<u>(1,534,229)</u>		<u>(295,873)</u>	
Net cash outflow from capital expenditure		(534,230)		(195,873)
		<u>182,828</u>		<u>1,267,036</u>
Net cash inflow before management of liquid resources and financing		182,828		1,267,036
Financing				
(Reduction in)/new invoice financing	(84,939)		113,285	
Other new long term loans	-		19,812	
Government grant received	241,875		-	
Repayment of long term bank loan	(125,750)		(19,433)	
Capital element of hire purchase contracts	(345,752)		(889,859)	
	<u>(314,566)</u>		<u>(776,195)</u>	
Net cash outflow from financing		(314,566)		(776,195)
(Decrease)/increase in cash in the year		<u>(131,738)</u>		<u>490,841</u>

LOCH DUART LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

1	Reconciliation of operating (loss)/profit to net cash inflow from operating activities		2015	2014	
			£	£	
	Operating (loss)/profit		(2,689,698)	1,249,484	
	Depreciation of tangible assets		1,205,783	1,335,737	
	Impairment of tangible assets		18,678	-	
	Decrease/(increase) in stocks		1,493,146	(89,592)	
	Decrease in debtors		1,080,236	1,567,579	
	Increase/(decrease) in creditors within one year		171,753	(2,140,785)	
	Net effect of foreign exchange differences		(13,369)	5,259	
	Movement on grant provision		(233,418)	(100,170)	
	Net cash inflow from operating activities		1,033,111	1,827,512	
2	Analysis of net debt	1 April 2014	Cash flow	Other non-cash changes	31 March 2015
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	86,994	(74,735)	(564)	11,695
	Bank overdrafts	(956,996)	(57,003)	-	(1,013,999)
		(870,002)	(131,738)	(564)	(1,002,304)
	Finance leases	(1,641,301)	345,752	(254,832)	(1,550,381)
	Debts falling due within one year	(2,500,397)	210,689	(107,255)	(2,396,963)
	Debts falling due after one year	(393,756)	-	119,582	(274,174)
		(4,535,454)	556,441	(242,505)	(4,221,518)
	Net debt	(5,405,456)	424,703	(243,069)	(5,223,822)
3	Reconciliation of net cash flow to movement in net debt		2015	2014	
			£	£	
	(Decrease)/increase in cash in the year		(131,738)	490,841	
	Cash outflow from decrease in debt and lease financing		556,441	1,002,765	
	Change in net debt resulting from cash flows		424,703	1,493,606	
	Net effect of foreign exchange differences		11,931	85,535	
	New finance lease		(255,000)	(811,905)	
	Debt for equity conversion		-	7,836,818	
	Movement in net debt in the year		181,634	8,604,054	
	Opening net debt		(5,405,456)	(14,009,510)	
	Closing net debt		(5,223,822)	(5,405,456)	

LOCH DUART LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

Going concern

The Group made a loss for the year of £4.1m; has made further losses for the period to December 2015 and is forecast to make a loss for the year ended 31 March 2016. The root causes of these losses was a fish mortality event in late 2014.

As a result, significant additional funding is required in early 2016. On the basis of commitments received to date and ongoing discussions with existing shareholders, the directors are satisfied that the required funding will be forthcoming. The directors also expect that with the additional funding in place, the group's banking facilities which expire in April 2016, will be renewed.

The Group has prepared cash flow projections to March 2017, based upon the receipt of the required additional funding and continuance of its banking facilities. These projections indicate that the group's ability to continue as a going concern is also dependent upon the assumptions used, the most significant of which are:

- Fish mortality – the group anticipates mortality will be within normal ranges
- Fish growth – growth performance consistent with the current year is projected across all sites
- Sea Lice – stock rotation, husbandry and treatment strategies are projected to continue to allow this risk to be managed and as a result allow fish to be harvested to market demand
- Price – price assumptions are based on current market prices. Although not anticipated, marginal falls in price would significantly impact financial headroom.

Having considered the above projections and the uncertainties inherent in them, the directors are satisfied that it remains appropriate to prepare the financial statements on a going concern basis.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 March 2015. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

Entities, other than subsidiary undertakings in which the group has a participating interest and over whose operating and financial policies the group exercises significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method, with the share of profits or losses of associated undertakings included in the profit and loss account.

The group's investment in associated companies is shown as the share of net assets or liabilities of the associates.

1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Sales are recognised when goods are despatched.

LOCH DUART LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

1 Accounting policies

(Continued)

1.5 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 10 years. Provision is made for any impairment when identified.

1.6 Sea sites

Sea site leases and associated rights are capitalised at cost. They are reviewed annually for impairment but are not subject to amortisation if it is considered likely that the lease will be renewed indefinitely.

1.7 Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings freehold	50 years
Plant and machinery	2-10 years
Motor vehicles	2-4 years

Certain classes of land and buildings are stated in the balance sheet at their revalued amounts. In the directors' opinion, any depreciation on the revalued land and buildings would be immaterial and no depreciation charge has been booked. A review for impairment is carried out each year to ensure there has been no diminution in value of land and buildings.

Where depreciation charges are increased following revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserve.

1.8 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.9 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.10 Stock

Stock is valued at the lower of cost and net realisable value with due allowance being made for estimated stock losses due to weather, predation and disease. Cost includes fish purchases, feed, direct labour and all other costs directly associated with the rearing of fish. An element of indirect overheads, including depreciation, has also been included within the stock valuation.

1.11 Pensions

The company makes contributions to a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable.

LOCH DUART LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

1 Accounting policies

(Continued)

1.12 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. The deferred tax asset and/or liability balance has not been discounted.

1.13 Foreign currency translation

Assets, liabilities, revenues and costs denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions; monetary assets and liabilities at the balance sheet date are translated at the year end rate of exchange. The resulting profits or losses are dealt with in the profit and loss account.

The accounts of overseas subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The exchange rate difference arising on the retranslation of opening net assets is taken directly to reserves.

1.14 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

1.15 Share options

The company has considered the requirements of FRS20 "share based payment". The group issues equity settled share-based payments to certain employees of Loch Duart Limited. Equity settled share-based payments are measured at fair value at the date of the grant. The fair value determined at the grant date of the equity settled share-based payment, where material, is expensed on a straight line basis over the vesting period, based on the company's estimate of shares that will eventually vest.

2 Turnover

In the opinion of the directors it would be seriously prejudicial to the company's interests to disclose the geographical analysis of turnover.

3 Operating loss

	2015	2014
	£	£
Operating (loss)/profit is stated after charging:		
Depreciation of tangible assets	1,205,783	1,335,737
Impairment of tangible assets	18,676	-
Fees payable to the group's auditor for the audit of the group's annual accounts	24,350	23,650
and after crediting:		
Rents receivable	18,381	9,736
Government grants	246,164	113,233

£295,382 of depreciation charged in the year is included in the year end stock valuation (2014: £213,401).

LOCH DUART LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

4	Interest payable	2015 £	2014 £
	On bank loans and overdrafts	194,542	528,077
	Hire purchase interest	121,511	129,232
		<u>316,053</u>	<u>657,309</u>
5	Taxation	2015 £	2014 £
	Total current tax	-	-
	Deferred tax		
	Deferred tax charge credit current year	327,362	(210,923)
		<u>327,362</u>	<u>(210,923)</u>
	Factors affecting the tax charge for the year		
	(Loss)/profit on ordinary activities before taxation	(3,795,289)	701,389
		<u>(3,795,289)</u>	<u>701,389</u>
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21% (2014 - 23%)	(797,011)	161,319
		<u>(797,011)</u>	<u>161,319</u>
	Effects of:		
	Non deductible expenses	9,732	45,158
	Fixed asset differences	(49,033)	-
	Capital allowances	(21,493)	29,681
	Tax losses (utilised)/unrelieved	604,420	(408,081)
	Unrelieved foreign tax losses	271,757	160,948
	Income not taxable for tax purposes	(17,216)	-
	Other tax adjustments	(1,156)	10,975
		<u>797,011</u>	<u>(161,319)</u>
	Current tax charge for the year	-	-
		<u>-</u>	<u>-</u>
6	(Loss)/profit for the financial year	2015 £	2014 £
	Holding company's (loss)/profit for the financial year	(6,211,881)	1,612,083
		<u>(6,211,881)</u>	<u>1,612,083</u>

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The (loss)/profit for the financial year is made up as follows:

LOCH DUART LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

7 Intangible fixed assets Group

	Sea sites £	Goodwill £	Total £
Cost			
At 1 April 2014	2,285,142	223,755	2,508,897
Additions	18,370	-	18,370
Foreign-exchange	(23,661)	-	(23,661)
Write/off	(895)	-	(895)
	<u>2,278,956</u>	<u>223,755</u>	<u>2,502,711</u>
At 31 March 2015	2,278,956	223,755	2,502,711
Amortisation			
At 1 April 2014	122,069	223,755	345,824
Impairment	1,023,755	-	1,023,755
	<u>1,145,824</u>	<u>223,755</u>	<u>1,369,579</u>
At 31 March 2015	1,145,824	223,755	1,369,579
Net book value			
At 31 March 2015	<u>1,133,132</u>	<u>-</u>	<u>1,133,132</u>
At 31 March 2014	<u>2,163,073</u>	<u>-</u>	<u>2,163,073</u>

During the year, it was determined by the Directors that the value of the sea sites of the Canadian operation was impaired.

Company

	Sea sites £	Goodwill £	Total £
Cost			
At 1 April 2014	1,236,831	223,755	1,460,586
Additions	18,370	-	18,370
	<u>1,255,201</u>	<u>223,755</u>	<u>1,478,956</u>
At 31 March 2015	1,255,201	223,755	1,478,956
Amortisation			
At 1 April 2014 & at 31 March 2015	122,069	223,755	345,824
	<u>122,069</u>	<u>223,755</u>	<u>345,824</u>
At 31 March 2015	122,069	223,755	345,824
Net book value			
At 31 March 2015	<u>1,133,132</u>	<u>-</u>	<u>1,133,132</u>
At 31 March 2014	<u>1,114,762</u>	<u>-</u>	<u>1,114,762</u>

LOCH DUART LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

8 Tangible fixed assets

Group

	Land and buildings freehold	Plant and machinery	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 April 2014	1,779,755	13,764,271	482,518	16,026,544
Additions	90,522	1,605,087	57,124	1,752,733
Foreign exchange	(6,893)	(22,671)	(423)	(29,987)
Disposals	-	(1,104,171)	(24,572)	(1,128,743)
At 31 March 2015	1,863,384	14,242,516	514,647	16,620,547
Depreciation				
At 1 April 2014	213,305	8,269,200	322,540	8,805,045
Foreign exchange	(220)	(6,133)	(104)	(6,457)
Impairment	18,676	-	-	18,676
On disposals	-	(370,632)	(24,572)	(395,204)
Charge for the year	28,334	1,395,914	76,917	1,501,165
At 31 March 2015	260,095	9,288,349	374,781	9,923,225
Net book value				
At 31 March 2015	1,603,289	4,954,167	139,866	6,697,322
At 31 March 2014	1,566,450	5,495,071	159,978	7,221,499

Certain classes of the company's land and buildings were revalued to £947,500 on an existing use basis by Knight Frank LLP Property Consultants, on 21 November 2012. The directors consider this valuation to approximate to the value in use basis of the relevant assets at 31 March 2015.

Comparable historical cost for the land and buildings included at valuation:

	£
Cost	
At 1 April 2014 & at 31 March 2015	879,019
Depreciation based on cost	
At 1 April 2014	127,386
Charge for the year	17,580
At 31 March 2015	144,966
Net book value	
At 31 March 2015	734,053
At 31 March 2014	751,633

LOCH DUART LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

8 Tangible fixed assets

(Continued)

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery £	Motor vehicles £	Total £
Net book values			
At 31 March 2015	1,135,777	118,927	1,254,704
At 31 March 2014	2,197,789	153,635	2,351,424
	<u> </u>	<u> </u>	<u> </u>
Depreciation charge for the year			
31 March 2015	240,617	33,105	273,722
31 March 2014	464,603	34,721	499,324
	<u> </u>	<u> </u>	<u> </u>

LOCH DUART LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

8 Tangible fixed assets

(Continued)

Company	Land and buildings freehold	Plant and machinery	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 April 2014	1,474,444	12,760,058	463,782	14,698,284
Additions	90,522	1,605,087	57,124	1,752,733
Disposals	-	(996,322)	(24,572)	(1,020,894)
At 31 March 2015	1,564,966	13,368,823	496,334	15,430,123
Depreciation				
At 1 April 2014	203,541	7,997,552	317,933	8,519,026
Impairment	18,676	-	-	18,676
On disposals	-	(348,015)	(24,572)	(372,587)
Charge for the year	22,686	1,273,536	73,130	1,369,352
At 31 March 2015	244,903	8,923,073	366,491	9,534,467
Net book value				
At 31 March 2015	1,320,063	4,445,750	129,843	5,895,656
At 31 March 2014	1,270,903	4,762,506	145,849	6,179,258

Certain classes of the company's land and buildings were revalued at £947,500 on an existing use basis by Knight Frank LLP Property Consultants, on 21 November 2012. The directors consider this valuation to approximate to the value in use basis of the relevant assets at 31 March 2015.

Comparable historical cost for the land and buildings included at valuation:

	£
Cost	
At 1 April 2014 & at 31 March 2015	879,019
Depreciation based on cost	
At 1 April 2014	127,386
Charge for the year	17,580
At 31 March 2015	144,966
Net book value	
At 31 March 2015	734,053
At 31 March 2014	751,633

Included above are assets held under finance leases or hire purchase contracts as follows:

LOCH DUART LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

8 Tangible fixed assets (Continued)

	Plant and machinery £	Motor vehicles £	Total £
Net book values			
At 31 March 2015	1,127,167	118,927	1,246,094
At 31 March 2014	2,197,789	136,531	2,334,320
Depreciation charge for the year			
31 March 2015	238,467	33,105	271,572
31 March 2014	464,603	32,525	497,128

9 Fixed asset investments Company

	Shares in group undertakings £	Loans to group undertakings £	Total £
Cost or valuation			
At 1 April 2014	154,053	3,208,020	3,362,073
Additions	-	175,290	175,290
At 31 March 2015	154,053	3,383,310	3,537,363
Provisions for diminution in value			
At 1 April 2014	154,032	-	154,032
Charge for the year	-	3,383,310	3,383,310
At 31 March 2015	154,032	3,383,310	3,537,342
Net book value			
At 31 March 2015	21	-	21
At 31 March 2014	21	3,208,020	3,208,041

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Salar Smokehouse Limited	Scotland	Ordinary	100.00
Drumbeg Salmon Limited	Scotland	Ordinary	100.00
The Sustainable Salmon Company Limited	Scotland	Ordinary	100.00

LOCH DUART LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

9 Fixed asset investments				(Continued)
The Sustainable Food Company Limited	Scotland	Ordinary		100.00
Snow Island Salmon Inc	Canada	Ordinary		100.00
Loch Duart (Mozambique) Limited	Scotland	Ordinary		100.00
Atlantic Sea Smolt Inc*	Canada	Ordinary		100.00
Participating interests				
Aquapemba Limitada	Mozambique	Ordinary		27.00

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Salar Smokehouse Limited	Dormant
Drumbeg Salmon Limited	Dormant
The Sustainable Salmon Company Limited	Dormant
The Sustainable Food Company Limited	Dormant
Snow Island Salmon Inc	Salmon farming
Loch Duart (Mozambique) Limited	Holding company
Atlantic Sea Smolt Inc*	Salmon farming
Aquapemba Limitada	Production and commercialisation of fish

*Investment held directly by Snow Island Salmon Inc

10 Stocks	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Raw materials and consumables	304,979	226,804	304,979	226,804
Finished goods and goods for resale	6,618,954	7,894,893	6,618,954	7,880,597
	<u>6,923,933</u>	<u>8,121,697</u>	<u>6,923,933</u>	<u>8,107,401</u>

11 Debtors	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	1,684,905	2,812,703	1,678,795	2,701,735
Other debtors	185,823	226,162	170,401	231,929
Prepayments and accrued income	192,211	117,534	191,093	114,300
Deferred tax asset (see note 14)	-	210,923	-	210,923
	<u>2,062,939</u>	<u>3,367,322</u>	<u>2,040,289</u>	<u>3,258,887</u>

LOCH DUART LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

12 Creditors : amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Debt factoring account	1,234,874	1,319,813	1,234,874	1,319,813
Bank overdrafts	1,013,999	956,996	1,013,847	956,996
Other loans	1,162,089	1,180,584	815,000	815,000
Net obligations under finance lease and hire purchase contracts	464,091	674,245	461,666	671,903
Trade creditors	2,879,830	2,648,966	2,841,253	2,571,549
Taxes and social security costs	87,702	69,583	75,170	69,583
Accruals and deferred income	197,693	195,047	192,222	194,607
Preference shares classed as a financial liability	-	67,945	-	-
	<u>7,040,278</u>	<u>7,113,179</u>	<u>6,634,032</u>	<u>6,599,451</u>

LOCH DUART LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

13 Creditors : amounts falling due after more than one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Other loans	274,174	393,756	213,182	213,182
Net obligations under finance leases and hire purchase agreements	1,086,290	967,056	1,083,721	961,947
	<u>1,360,464</u>	<u>1,360,812</u>	<u>1,296,903</u>	<u>1,175,129</u>
Analysis of loans				
Wholly repayable within five years	1,436,263	1,574,340	1,028,182	1,028,182
Included in current liabilities	(1,162,089)	(1,180,584)	(815,000)	(815,000)
	<u>274,174</u>	<u>393,756</u>	<u>213,182</u>	<u>213,182</u>
Loan maturity analysis				
In less than one year	1,162,089	1,180,584	815,000	815,000
In two to five years	60,992	180,574	-	-
In more than five years	213,182	213,182	213,182	213,182
	<u>1,550,381</u>	<u>1,641,301</u>	<u>1,545,387</u>	<u>1,633,850</u>
Net obligations under finance leases and hire purchase contracts				
Repayable within one year	464,091	674,245	461,666	671,903
Repayable between one and five years	994,559	967,056	991,990	961,947
Repayable after five years	91,731	-	91,731	-
	<u>1,550,381</u>	<u>1,641,301</u>	<u>1,545,387</u>	<u>1,633,850</u>
Included in liabilities falling due within one year	(464,091)	(674,245)	(461,666)	(671,903)
	<u>1,086,290</u>	<u>967,056</u>	<u>1,083,721</u>	<u>961,947</u>

Loans due in greater than 5 years represent interest free convertible loan notes repayable on 31 October 2024. The loan notes automatically convert in to fully paid A preference shares on the earlier of the next fundraising or a change of control at a conversion price of £1 per A preference share.

LOCH DUART LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

14 Provisions for liabilities Group

	Deferred taxation £
Balance at 1 April 2014	(210,923)
Profit and loss account	327,362
	<u>116,439</u>
Balance at 31 March 2015	<u>116,439</u>

Company

Balance at 1 April 2014	(210,923)
Profit and loss account	327,362
	<u>116,439</u>
Balance at 31 March 2015	<u>116,439</u>

The deferred tax liability is made up as follows:

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Accelerated capital allowances	116,439	96,591	116,439	96,591
Tax losses available	-	(307,514)	-	(307,514)
	<u>116,439</u>	<u>(210,923)</u>	<u>116,439</u>	<u>(210,923)</u>

Deferred tax assets are only recognised to the extent that they are regarded as recoverable. Unrecognised deferred tax assets at 31 March 2015 amounted to £1,151,597 (2014 - £320,826).

LOCH DUART LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

15 Accruals and deferred income

Group	Government grants £
Balance at 1 April 2014	511,449
Amortisation in the year	(233,418)
Grants received during the year	241,875
	<u>519,906</u>
Balance at 31 March 2015	<u><u>519,906</u></u>
Company	
Balance at 1 April 2014	511,449
Amortisation in the year	(233,418)
Grants received during the year	241,875
	<u>519,906</u>
Balance at 31 March 2015	<u><u>519,906</u></u>

16 Retirement Benefits

	2015 £	2014 £
Contributions payable by the group for the year	<u>57,751</u>	<u>54,832</u>

LOCH DUART LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

17 Share capital	2015	2014
	£	£
Allotted, called up and fully paid		
103,646 Ordinary shares of £1 each	103,646	103,646
63,020 B Preference shares of £1 each	63,020	63,020
150,146 A Preference shares of £1 each	150,146	150,146
	<u>316,812</u>	<u>316,812</u>

The terms of the A and B preference shares provide the following preferred rights:

(a) A dividend accruing at an annual rate equivalent to 8% of the price at which the preference shares were acquired, but payable only in the event of a sale or liquidation (and only if the preference shares had not been converted into Ordinary shares);

(b) A preference on liquidation or sale in respect of the amount paid by the investors when they acquired their shares, plus the amount of the accrued dividend referred to at (a) above;

(c) The right to convert into Ordinary shares.

18 Statement of movements on reserves Group

	Share premium account £	Revaluation reserve £	Other reserves (see below) £	Profit and loss account £
Balance at 1 April 2014	3,979,716	597,987	4,259,812	2,820,818
Loss for the year	-	-	-	(4,122,651)
Foreign currency translation differences	-	-	(60,560)	-
Balance at 31 March 2015	<u>3,979,716</u>	<u>597,987</u>	<u>4,199,252</u>	<u>(1,301,833)</u>

Other reserves

Capital contribution reserve

Balance at 1 April 2014 & at 31 March 2015

4,631,190

Foreign exchange reserve

Balance at 1 April 2014

(371,378)

Currency translation reserve movement

77,464

Exchange movement on long term intercompany loan in subsidiary

(138,024)

Balance at 31 March 2015

(431,938)

LOCH DUART LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

18 Statement of movements on reserves (Continued)

Company

	Share premium account £	Revaluation reserve £	Other reserves (see below) £	Profit and loss account £
Balance at 1 April 2014	3,979,716	597,987	4,631,190	4,118,616
Loss for the year	-	-	-	(6,211,881)
Balance at 31 March 2015	<u>3,979,716</u>	<u>597,987</u>	<u>4,631,190</u>	<u>(2,093,265)</u>

Other reserves

Capital contribution reserve

Balance at 1 April 2014 & at 31 March 2015 4,631,190

19 Reconciliation of movements in shareholders' funds

Group	2015 £	2014 £
(Loss)/profit for the financial year	(4,122,651)	912,312
Other recognised gains and losses	(60,560)	(356,216)
Proceeds from issue of shares	-	3,846,528
Purchase of own shares	-	4,631,190
Net (depletion in)/addition to shareholders' funds	<u>(4,183,211)</u>	<u>9,033,814</u>
Opening shareholders' funds	11,975,145	2,941,331
Closing shareholders' funds	<u>7,791,934</u>	<u>11,975,145</u>

Company	2015 £	2014 £
(Loss)/Profit for the financial year	(6,211,881)	1,612,083
Proceeds from issue of shares	-	3,846,528
Purchase of own shares	-	4,631,190
Net (depletion in)/addition to shareholders' funds	<u>(6,211,881)</u>	<u>10,089,801</u>
Opening shareholders' funds	13,644,321	3,554,520
Closing shareholders' funds	<u>7,432,440</u>	<u>13,644,321</u>

LOCH DUART LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

20 Security

Group and company

The HSBC Bank plc and HSBC Invoice Finance (UK) Limited hold a floating charge over the assets of the group and parent company.

The various properties owned by the parent company are subject to a standard security in favour of HSBC Bank plc.

In addition, Eksport Kreditt hold a bond and floating charge.

The above securities are subject to a ranking agreement.

A cross guarantee is in place between the parent company and its subsidiary undertakings. At 31 March 2015 the group had bank borrowings of £1,828,999 (2014 - £1,686,100).

21 Financial commitments

At 31 March 2015 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2015	2014	2015	2014
	£	£	£	£
Expiry date:				
Between two and five years	-	-	138,838	3,454
In over five years	267,071	271,214	-	-
	<u>267,071</u>	<u>271,214</u>	<u>138,838</u>	<u>3,454</u>

At 31 March 2015 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2015	2014	2015	2014
	£	£	£	£
Expiry date:				
Between two and five years	-	-	138,838	3,454
In over five years	267,071	271,214	-	-
	<u>267,071</u>	<u>271,214</u>	<u>138,838</u>	<u>3,454</u>

22 Capital commitments

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Contracted for but not provided in the financial statements	-	255,000	-	255,000
	<u>-</u>	<u>255,000</u>	<u>-</u>	<u>255,000</u>

LOCH DUART LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

23 Directors' remuneration	2015 £	2014 £
Remuneration for qualifying services	588,803	573,787
Company pension contributions to defined contribution schemes	26,980	26,600
	<u>615,783</u>	<u>600,387</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	<u>126,559</u>	<u>129,680</u>
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24 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2015 Number	2014 Number
Management	6	5
Administration	10	10
Operations	93	99
	<u>109</u>	<u>114</u>

Employment costs

	2015 £	2014 £
Wages and salaries	2,824,248	2,775,443
Social security costs	262,255	249,437
Other pension costs	106,353	54,832
	<u>3,192,856</u>	<u>3,079,712</u>

LOCH DUART LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

25 Share based payments

On 30 September 2013, options were granted in respect of 64,540 ordinary shares of £1 each with an exercise price of £9.96. These options have a maximum life of 10 years and will become exercisable before that date if the parent company is sold. 60% of the options are exercisable based on meeting performance criteria to 31 March 2015 based on the companies EBITDA at that date. 20% of the remaining options vest at 31 March 2016 and a further 20% at 31 March 2017 provided the option holder is still employed by the company at that date. No options have been exercised in the period since grant.

Under Financial Reporting Standard 20: Share Based Payments ("FRS20"), companies are required to estimate the fair value of share options granted and to recognise this fair value annually as a cost in the profit and loss account, over the life of the options.

Accordingly, the fair value of the parent company's share options has been estimated using a Black Scholes option pricing model. Based on the assumptions used the expense to be recognised in the profit and loss account at the period end is immaterial.

Adoption of accounting standards is not mandatory where the transaction balances to which they relate are not material, on this basis the directors have decided not to adopt FRS20 for these accounts.

26 Contingent liabilities

Group and company

The A and B preference share dividend payment is dependant on uncertain future events, being the sale or liquidation of the business. As a result the potential liability at the balance sheet date amounting to £49,144 (2014 - £32,090) has not been provided for in these financial statement.

27 Control

In the opinion of the directors, there is no ultimate controlling party.

28 Related party relationships and transactions

Group and company

During the year, the company rented land and buildings for £53,550 (2014: £49,776) from Scourie Estate which is jointly owned by a director and other members of his family.

The company paid interest of £6,500 (2014: £6,500) to C Balfour, the wife of a director in respect of a loan. At the year end, the loan balance outstanding was £65,000 (2014: £65,000).

During the year the company made purchases of £402,633 (2014: £nil) from Scottish Quality Salmon Limited, a company in which Alan Balfour is a director. Included in creditors at the year end is an amount of £11,933 (2014: £nil) due to Scottish Quality Salmon Limited.

At the year end the company is due £13,224 from Aquapemba Limitada, which has been provided for in full.