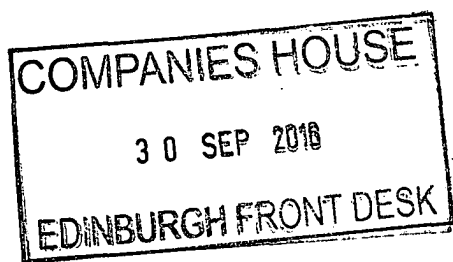


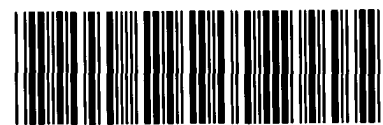
Terregles Salmon Co. Limited

Report and Financial Statements

31 December 2015



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COMPANIES HOUSE

Registered No. SC 107845

Directors

J F Gallagher

J Rea

Secretary

D Anderson

Auditors

Ernst & Young LLP

5 George Square

Glasgow

G2 1DY

Bankers

DNB Bank ASA

London Branch, 8th Floor,

The Walbrook Building

25 Walbrook

London

EC4N 8AF

Solicitors

Shepherd and Wedderburn

191 West George Street

Glasgow

G2 2LB

Registered office

Laurel House

Laurelhill Business Park

Stirling

FK7 9JQ

Registered No. SC 107845

Strategic report

The directors present their strategic report for the year ended 31 December 2015.

Review of the business

The principal activity of the company continued to be the production of smolts for farming and processing of Scottish Atlantic salmon.

The company has achieved a satisfactory result for the year to 31 December 2015.

Turnover was £634,000, a decrease of £775,000 on 2014.

Operating profit was £105,000, a decrease of £92,000 on 2014.

Key financial performance indicators include the monitoring of the management of profitability and working capital.

	2015	2014	
Profit margin	15.3%	13.0%	Profit before tax/turnover
Current ratio	0.00	0.35	Current assets: Current liabilities

Shareholders' deficit has increased by £57,000 to £295,000.

We consider that the Company is well placed in the salmon farming industry against a background of a challenging global environment.

Staff development continues to be an aim of the company with focus on training of our employees to be able to meet the demands of the business. Staff morale is high within the business with all of our employees committed to delivering performance which we believe will give consistent and sustainable returns to the shareholders in the future.

The business continues with the belief that the environment in which we operate needs to be protected and enhanced and to this aim we have identified targets and objectives for continuous improvement within 2015.

On behalf of the board



J F Gallagher
Director

28 SEPT 16

Registered No. SC 107845

Directors' report

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

Principal activity and review of the business

The principal activity of the company is the production of freshwater smolts for use in the marine farming of Scottish Atlantic salmon.

The profit for the year after taxation amounts to £57,000 (2014 – £152,000). No dividend was paid or is proposed.

Directors

The directors during the year were as listed on page 1.

Going concern

In line with the FRC guidance on Going Concern issued in April 2016, the Directors have undertaken an exercise to review the appropriateness of the continued use of the Going Concern basis, and taking into account the FRC's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' issued in September 2014, the directors have undertaken an exercise to review the appropriateness of the continued use of the going concern basis.

After making suitable enquiries, the Directors have a reasonable expectation that the company has adequate resources to meet its liabilities as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

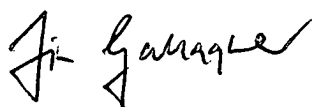
Directors' statement as to disclosure of information to auditors

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 company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and Ernst & Young LLP will therefore continue in office.

On behalf of the board



J F Gallagher
Director

28 SEPT 16

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. 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 including Financial Reporting Standard 102 'the financial reporting standard applicable to the UK and Republic of Ireland).

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 profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TERREGLES SALMON CO. LIMITED

We have audited the financial statements of Terregles Salmon Co. Limited for the year ended 31 December 2015 which comprise Income Statement, the Statement of Comprehensive Income, the Statement of changes in equity, the Statement of Financial Position and the related notes 1 to 15. 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 including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland').

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 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 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 Report and Financial Statements 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 company's affairs as at 31 December 2015 and of the company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

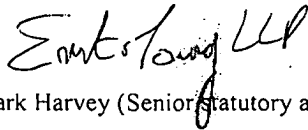
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TERREGLES SALMON CO. LIMITED (continued).

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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



Mark Harvey (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Glasgow

30 September 2016

Income Statement

for the year ended 31 December 2015

	Notes	2015 £000	2014 £000
Turnover	3	634	1,409
Cost of sales		(524)	(1,208)
Gross profit		109	201
Administrative expenses		(4)	(4)
Operating profit	4	105	197
Interest payable		(8)	(13)
Profit on ordinary activities before taxation		97	184
Tax on profit on ordinary activities	6	40	32
Profit for the financial year		57	152

Statement of other comprehensive income

for the year ended 31 December 2015

There is no other comprehensive income attributable to shareholders of the company other than the profit of £57,000 in the year ended 31 December 2015 and £152,000 in the year ended 31 December 2014.

Statement of changes in equity

for the year ended 31 December 2015

	<i>Called up Share capital</i> £000	<i>Profit and loss account</i> £000	<i>Total equity</i> £000
At 1 January 2014	-	(504)	(504)
Profit for the year	-	152	152
At 1 January 2015	-	(352)	(352)
Profit for the year	-	57	57
At 31 December 2015	-	(295)	(295)

Statement of Financial Position

at 31 December 2015

	Notes	2015 £000	2014 £000
Fixed assets			
Tangible assets	7	-	247
		<hr/>	<hr/>
Current assets			
Stocks	8	-	267
Debtors	9	-	39
		<hr/>	<hr/>
		-	306
Creditors: amounts falling due within one year	10	(295)	(905)
		<hr/>	<hr/>
Net current liabilities		(295)	(599)
		<hr/>	<hr/>
Net liabilities		(295)	(352)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account		(295)	(352)
		<hr/>	<hr/>
Equity shareholders' deficit		(295)	(352)
		<hr/>	<hr/>

The financial statements were approved by the Board of Directors on 28th September and were signed on its behalf by



J F Gallagher
Director

Notes to the financial statements

at 31 December 2015

1. Fundamental accounting concept

At the balance sheet date the company had an excess of liabilities over assets of £295,000.

The company depends upon continued financial support from a parent undertaking to meet its liabilities as they fall due.

The directors have received confirmation of continued support from a parent undertaking that necessary facilities will be put in place to ensure that the company meets its liabilities as they fall due.

On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. Should continuing finance not be available, adjustments would be required to reduce the carrying value of assets to their recoverable amounts, to provide for any further liabilities which may arise and to reclassify fixed assets and long term liabilities as current assets and liabilities.

2. Accounting policies

Statement of compliance

Terregles Salmon Co. Limited is a limited liability company incorporated in Scotland. The registered office is Laurel House, Laurelhill Business Park, Stirling, FK7 9JQ. The company's financial statements have been prepared in compliance with FRS102 and it applies to the financial statements of the Company for the year ended 31 December 2015. The company transitioned from previously extant UK GAAP to FRS102 as at 1 January 2014. An explanation of how transition to FRS102 has affected the reporting financial position and financial performance is given in note 15.

Basis of preparation

The financial statements are prepared under the historical cost convention and are prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the company.

Depreciation

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

Computers	-	5-6 years
Machinery and equipment	-	5 -6 years
Site costs	-	25 - 50 years
Motor vehicles	-	3 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are stated at the lower of cost and net realisable value. Costs include direct labour, feed and direct overheads attributable to smolt production.

Notes to the financial statements

at 31 December 2015

2. Accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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.

Cash flow statement

The company has taken advantage of the exemption conferred by FRS 102 with the requirements of section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d).

3. Turnover

Turnover comprises the value of freshwater smolt sales provided by the company.

4. Operating profit

This is stated after charging:	2015	2014
	£000	£000
Depreciation of owned fixed assets	78	79
Auditors' remuneration is borne by the parent company.		

5. Staff costs

All staff are employed by the parent company, Scottish Sea Farms Limited.

Notes to the financial statements

at 31 December 2015

6. Taxation

(a) Tax on profit on ordinary activities

The tax credit is made up as follows:

		2015	2014
	Notes	£000	£000
UK corporation tax:			
UK corporation tax on profit for year		25	35
Overprovision in previous periods		2	-
		<u>27</u>	<u>35</u>
Deferred tax:			
Originating and reversal of timing differences	6b	15	(3)
Adjustment in respect of previous periods		(2)	-
		<u>40</u>	<u>32</u>

(b) Factors affecting the current tax charge

The tax assessed on the profit on ordinary activities for the year is different than the standard rate of corporation tax in the UK of 20.25% (2014 – 21.5%). The differences are reconciled below:

	2015	2014
	£000	£000
Profit on ordinary activities before tax	97	184
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 – 21.5%)	20	40
Effect of:		
Expenses not deductible/ income not taxable	20	(2)
Fixed asset timing differences	-	1
Utilisation of brought forward tax losses	-	(7)
	<u>40</u>	<u>32</u>

(c) Factors that may affect future tax charges

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015.

As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements. The overall effect of that change, if it had applied to the deferred tax balance at the balance sheet date, would not be material to the financial statements.

Notes to the financial statements

at 31 December 2015

6. Taxation (continued)

d) Deferred tax

	2015 £000	2014 £000
Decelerated capital allowances	-	(13)
	<u> </u>	<u> </u>
		£000
At 1 January 2015		(13)
Adjustment in respect of prior periods		(2)
Deferred tax charge to income statement for the period		15
		<u> </u>
At 31 December 2015		-
		<u> </u>

7. Tangible fixed assets

	Computers £000	Machinery and equipment £000	Site costs £000	Motor vehicles £000	Total £000
Cost:					
At 1 January 2015	1	774	132	97	1,004
Transfer to parent company	(1)	(774)	(132)	(97)	(1,004)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2015	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation:					
At 1 January 2015	1	576	95	85	757
Provided during the year		71	5	1	78
Transfer to parent company	(1)	(647)	(100)	(86)	(834)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2015	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value:					
At 31 December 2015	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 1 January 2015	-	198	37	12	246
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

8. Stocks

	2015 £000	2014 £000
Materials and feed	-	17
Ongrowing fish	-	250
	<u> </u>	<u> </u>
	-	267
	<u> </u>	<u> </u>

Notes to the financial statements

at 31 December 2015

9. Debtors

	2015 £000	2014 £000
Prepayments and accrued income	-	1
Deferred tax asset (note 6d)	-	13
Other debtors	-	25
	<u>-</u>	<u>39</u>
	<u>-</u>	<u>39</u>

10. Creditors: amounts falling due within one year

	2015 £000	2014 £000
Trade creditors	-	385
Due to parent and fellow subsidiary undertakings	295	503
Accruals and deferred income	-	17
	<u>295</u>	<u>905</u>
	<u>295</u>	<u>905</u>

11. Called up share capital

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	2015 <i>No</i>	2014 <i>No</i>	2015 <i>£</i>	2014 <i>£</i>
Ordinary shares of £1 each	10,000	10,000	100	100
	<u>10,000</u>	<u>10,000</u>	<u>100</u>	<u>100</u>

12. Capital commitments

There were no capital commitments at 31 December 2015 or 31 December 2014.

13. Related parties

There have been no related party transactions except for intra group transactions which have not been disclosed due to the exemption for wholly owned subsidiaries contained in Financial Reporting Standard 102.

There are no other related party transactions required to be disclosed under the provisions of FRS102.

Notes to the financial statements

at 31 December 2015

14. Parent undertakings and controlling parties

The parent undertaking is Scottish Sea Farms Limited. The smallest group of which the company is a member and for which group financial statements are prepared is Scottish Sea Farms Limited.

In the opinion of the directors, the company's ultimate parent undertakings and controlling parties are Leroy Seafood Group ASA and Salmar AS, both companies incorporated in Norway. Copies of their group financial statements, which include the company, are available from P O Box 7600, N-5020 Bergen, Norway, and N-216 Kverva, Norway, respectively.

15. Transition to FRS102

The group and company transitioned to FRS102 from previously extant UK GAAP as at 1 January 2014. There is no material financial impact on the transition to FRS102.