

**LANDCATCH LIMITED**

**ABBREVIATED REPORT AND ACCOUNTS**

**DECEMBER 31, 2003**



SC060156

## **LANDCATCH LIMITED**

### **DIRECTORS' REPORT**

The directors submit their report and financial statements for the year ended December 31, 2003.

#### **Results and dividends**

The trading loss for the year, after taxation, amounted to £2,206,000.

The directors do not recommend the payment of an ordinary dividend, and provision has been made for the dividend of £42,000 due on the preference shares. Preference dividends totalling £210,000 provided for in previous years have not been paid due to insufficient reserves.

This results in a retained loss for the year, after taxation, of £2,248,000 which has been deducted from reserves.

#### **Review of the Business**

The company's principal activities are salmon breeding and the production of juvenile salmon.

The effect of depressed prices has created very difficult trading conditions for salmon ongrowers. Despite the very tough market for smolts, Landcatch was successful in placing all their smolt production through 2003. This underlines the importance of our family selective breeding programme in Atlantic salmon.

We are at the forefront of this emerging technology and are now delivering tangible genetic benefits to our egg and smolt customers. This combined with our strong freshwater production infrastructure has tremendous potential and is able to accelerate the benefit delivery within our products, to create an unassailable market lead in pedigree salmon egg and smolt production.

We continue to concentrate on delivery of additional customer benefit through added value to egg and smolt products, underpinned by a long-term commitment to research and development. The emerging customer awareness and acknowledgement of the differential advantages and benefits of the breeding programme will be enhanced by an increased marketing effort, to deliver increased value in terms of market price and demand.

Landcatch Chile Ltda. has faced difficult market conditions and continues to develop its fresh and sea water infrastructure. The selective breeding programme is now well established, supported by our Scottish based operation.

**LANDCATCH LIMITED****DIRECTORS' REPORT**

(continued)

**Directors and their interests**

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

H.M. Currie, Chairman  
J.F. Lithgow  
N.J. Manchester  
Dr. J.H. Ralph (appointed October 23, 2003)  
Professor R.J. Roberts  
A.A. Stewart  
D.S. Taylor (resigned April 2, 2004)  
A.W.C. Wishart

A.W.C. Wishart and H.M. Currie retire by rotation and, being eligible, offer themselves for re-election.

No director, who was not also a director of the holding company, held any interest in the shares of the company or any other group company during the year.

**Directors' responsibilities for the financial statements**

Company law requires the directors to prepare financial statements for each financial year which 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 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 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 proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**LANDCATCH LIMITED****DIRECTORS' REPORT**

(continued)

**Auditors**

On July 1, 2004, the Grant Thornton partnership transferred the business to a limited liability partnership, Grant Thornton UK LLP. Under Section 26(5) of the Companies Act 1989, the directors consented to extend the audit appointment to Grant Thornton UK LLP from July 1, 2004.

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



D. FULTON  
Secretary

December 13, 2004

**REPORT OF THE INDEPENDENT AUDITORS TO  
LANDCATCH LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts of Landcatch Limited on pages 6 to 22 together with the full financial statements of Landcatch Limited prepared under section 226 of the Companies Act 1985 for the year ended December 31, 2003.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to them in a special 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, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated accounts in accordance with the provisions of section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver to the Registrar of Companies abbreviated accounts prepared in accordance with section 246A(3) of the Act, and whether the abbreviated accounts have been properly prepared in accordance with those provisions.

**Basis of opinion**

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

**Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with the provision of sections 246(5) and 246(6) of the Companies Act 1985 and the abbreviated accounts on pages 6 to 20 which have been properly prepared in accordance with those provisions.

  
GRANT THORNTON UK LLP  
Registered Auditors  
Chartered Accountants  
Glasgow

December 13, 2004

**LANDCATCH LIMITED****ABBREVIATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Notes</u>	<u>2003</u> <u>£'000</u>	<u>2002</u> <u>£'000</u>
Gross loss		(1,163)	(784)
Other operating income and charges	3	(1,113)	(1,072)
Operating loss	4	----- (2,276)	----- (1,856)
Share of operating (loss)/profit of joint venture	10	(31)	227
Other income from investments		104	-
		----- (2,203)	----- (1,629)
Net interest	6	(12)	(1)
Loss on ordinary activities before taxation		----- (2,215)	----- (1,630)
Taxation on loss on ordinary activities	7	9	(38)
Loss for the financial year		----- (2,206)	----- (1,668)
Appropriations - non-equity dividends	8	(42)	(42)
Retained loss for the year	18	----- (2,248)	----- (1,710)
		=====	=====

The accompanying accounting policies and notes form an integral part of these abbreviated accounts.

**LANDCATCH LIMITED****ABBREVIATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>2003</u> £'000	<u>2002</u> £'000
Loss for the year	(2,248)	(1,710)
Exchange differences on foreign currency net investment	128	(173)
Total recognised gains and losses for the year	<u>(2,120)</u>	<u>(1,883)</u>

The accompanying accounting policies and notes form an integral part  
of these abbreviated accounts.

**LANDCATCH LIMITED****ABBREVIATED BALANCE SHEET AT DECEMBER 31, 2003**

	<u>Notes</u>	<u>2003</u> <u>£'000</u>	<u>2002</u> <u>£'000</u>
Fixed assets:			
Tangible assets	9	953	1,244
Investments:			
Subsidiary undertakings	10	1,427	1,425
Investments in partnerships	10	2	2
Joint venture	10	1,303	1,197
		-----	-----
		3,685	3,868
Current assets:			
Stocks	11	2,022	1,990
Debtors	12	957	948
Cash at bank and in hand		1	1
		-----	-----
		2,980	2,939
Creditors : amounts falling due within one year	13	(6,927)	(4,722)
Net current liabilities		-----	-----
		(3,947)	(1,783)
Total assets less current liabilities		-----	-----
		(262)	2,085
Creditors : amounts falling due after more than one year	14	(3,325)	(3,573)
Accruals and deferred income			
Deferred grants	16	(131)	(152)
		-----	-----
		(3,718)	(1,640)
Capital and reserves:		=====	=====
Called up share capital including non-equity interest	17	667	667
Share premium account	18	497	497
Capital redemption reserve	18	833	833
Profit and loss account	18	(5,715)	(3,637)
		-----	-----
		(3,718)	(1,640)
Analysis of shareholders' funds:		=====	=====
Equity		(4,345)	(2,225)
Non-equity		627	585
		-----	-----
		(3,718)	(1,640)
		=====	=====

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies.

The abbreviated accounts were approved by the Board of Directors on December 13, 2004.

 H.M. Currie Director

 A.W.C. Wishart Director

The accompanying accounting policies and notes form an integral part of these abbreviated accounts.



**LANDCATCH LIMITED****ABBREVIATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Notes</u>	<u>2003</u> £'000	<u>2002</u> £'000
Net cash outflow from operating activities	20	(2,092)	(55)
Returns on investments and servicing of finance			
Interest received		5	9
Finance lease interest paid		(17)	(10)
Dividends received		104	-
Net cash inflow/(outflow) from returns on investments and servicing of finance		92	(1)
Capital expenditure			
Purchase of tangible fixed assets		(176)	(125)
Sale of tangible fixed assets		55	169
Receipt of grants	16	-	23
Net cash (outflow)/inflow from capital expenditure		(121)	67
Financing			
Capital element of finance lease rentals and hire purchase contracts	15	(237)	(227)
Net cash outflow from financing		(237)	(227)
Decrease in cash	22	(2,358)	(216)

The accompanying accounting policies and notes form an integral part of these abbreviated accounts.

**LANDCATCH LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS AT DECEMBER 31, 2003****1. Accounting policies****Fundamental accounting concept**

The financial statements have been prepared on the basis of ongoing support from the parent company which has agreed not to recall its loan outstanding of £3,729,000 within the foreseeable future.

**Basis of preparation**

The financial statements are prepared in accordance with the historical cost convention.

The financial statements have been prepared on the going concern basis, which assumes that the company will continue in operational existence for the foreseeable future. There are some uncertainties that the directors have had to consider in deciding to prepare the financial statements on this basis, and these are set out below.

The company meets its day-to-day working capital requirements by participating within banking arrangements for the Lithgows Limited group, and by receipt of ongoing support to the Group from the Lithgows Limited shareholders.

Since the year-end, the Group has successfully disposed of a number of redundant brownfield sites. These transactions have generated funds in excess of £12 million into the Group, and from the time of the receipt of these funds, the Group has no longer had a formal overdraft facility arrangement in place with its bankers.

As at the date of signing these financial statements, the directors of Lithgows Limited and of the company recognise that the Group remains dependant on its shareholders continuing to support the Group as a going concern, and the Lithgows Limited shareholders have indicated that the support currently provided will not be withdrawn in the short-term.

The directors of Lithgows Limited have recently prepared forecasts that show the Group's working capital requirements for the 12 months from the date of their approval of these financial statements, and in outline thereafter. These forecasts include transactions with third parties that would result in cash injections to the Group, further reducing the indebtedness of the Group and the level of shareholder support required. Negotiations in respect of these transactions are at an advanced stage, and the directors expect to conclude these negotiations successfully in the near future.

Whilst there can be no certainty that the Group will achieve its forecasts, the directors of Lithgows Limited consider that the Group will continue to have adequate shareholder support to enable it to operate satisfactorily for the foreseeable future. Accordingly, the directors of the company believe that the business is able to meet its liabilities as they fall due, and therefore consider that it is appropriate to prepare the financial statements on a going concern basis.

**LANDCATCH LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS AT DECEMBER 31, 2003**

(continued)

**1. Accounting policies** (continued)**Depreciation**

Fixed assets are stated at cost or valuation. Depreciation is calculated to write off the cost or valuation of each fixed asset, by equal annual instalments over its estimated useful life as follows:-

Buildings	- 4%-10%
Plant and machinery	- 6%-25%
Furniture and fittings	- 10%-20%
Computer equipment	- 50%
Motor vehicles	- 25%

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

**Investments**

Investments are stated at cost less amounts written off.

**Joint ventures**

Entities in which the company holds an interest on a long term basis, and which are jointly controlled by the company and other parties, are treated as joint ventures. The company's share of the profits or losses of joint ventures are included in the company's profit and loss account. In the financial statements joint ventures are accounted for using the gross equity method.

**Stocks**

Stocks are valued at the lower of cost and net realisable value as follows:-

Cost is actual purchase cost, feeding costs, attributable labour and production overheads, based on a normal activity level less an allowance for mortalities during the growth cycle.

Net realisable value is based on estimated selling prices less estimated selling costs.

**Deferred taxation**

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance date.

**Grants**

Grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account by equal annual instalments over the expected useful lives of the relevant assets. Grants of a revenue nature are credited to the profit and loss account in the same period as the related expenditure.

**LANDCATCH LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS AT DECEMBER 31, 2003**

(continued)

**1. Accounting policies** (continued)**Leasing and hire purchase commitments**

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful life.

The interest element of the rental obligations is charged to profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to profit and loss on a straight line basis over the term of the lease.

**Foreign currencies**

Transactions in foreign currencies during the year are converted into sterling at the rates ruling at the dates of the transactions. Assets and liabilities in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Unrealised gains and losses on translation of the assets, liabilities, profits and reserves of the overseas joint venture are dealt with as reserve movements, and other exchange differences are taken to the profit and loss account.

**Pensions**

The company participates in The Lithgows Limited Pension Scheme which requires contributions to be made to a separately administered fund. Contributions to the fund are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives within the group. The regular cost is attributed to individual years using the projected unit credit method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

The company also operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

**2. Pre-tax loss**

The pre-tax loss is attributable to the activity of fish farming and fish farm management.

**LANDCATCH LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS AT DECEMBER 31, 2003**

(continued)

**3. Other operating income and charges**

	<u>2003</u> £'000	<u>2002</u> £'000
Distribution costs	188	190
Administrative costs	1,208	1,045
Other operating income	(283)	(163)
	-----	-----
	1,113	1,072
	=====	=====

**4. Operating loss**

(a) This is stated after charging:

	<u>2003</u> £'000	<u>2002</u> £'000
Exceptional costs - provision against net realisable value of stock	1,040	225
Auditor's remuneration : audit services	9	9
: non audit services	4	5
Management charge	446	453
Depreciation of owned assets	291	322
Depreciation of assets held under finance leases and hire purchase contracts	121	206
Operating leases:		
Hire of plant and machinery	64	92

and after crediting:

Release from deferred grants	21	21
Gain on sale of fixed assets	-	3
Release of provision against value of investments	2	151

**(b) Directors' remuneration**

	<u>2003</u> £'000	<u>2002</u> £'000
Fees	14	3
Other emoluments	204	203
	-----	-----
	218	206
	=====	=====

During the year 3 directors (2002 3 directors) participated in defined benefit pension schemes.

The emolument of the highest paid director, excluding pension contributions, was £60,445 (2002 £61,302). The highest paid director's accrued pension at the year end was £24,608 (2002 £22,532).

**LANDCATCH LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS AT DECEMBER 31, 2003**

(continued)

**5. Staff costs**

	<u>2003</u> £'000	<u>2002</u> £'000
Wages and salaries	330	228
Social security costs	28	18
Other pension costs	32	25
	-----	-----
	390	271
	=====	=====

The average weekly number of employees during the year reflected above was made up as follows:-

	<u>2003</u> No.	<u>2002</u> No.
Directors	4	4
Office and management	4	4
Household	5	-
	-----	-----
	13	8
	=====	=====

**6. Net interest**

	<u>2003</u> £'000	<u>2002</u> £'000
Finance charges under hire purchase and finance lease contracts	17	10
Interest charged to customers	(5)	(9)
	-----	-----
	12	1
	=====	=====

**7. Taxation on loss on ordinary activities**

	<u>2003</u> £'000	<u>2002</u> £'000
The taxation charge based on the loss for the year represents:		
Share of tax on joint venture's profit (see Note 10)	(9)	38
	=====	=====

There is no charge to UK corporation tax in the current year due to the availability of the tax losses carried forward from the previous year. The company has an unrecognised potential deferred asset of £1,066,000 (2002 £1,216,000) at December 31, 2003 due to the availability of other unrelieved tax losses.

**LANDCATCH LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS AT DECEMBER 31, 2003**

(continued)

**8. Appropriations**

	<u>2003</u> £'000	<u>2002</u> £'000
Non-equity dividends:		
Preference dividend of £0.10 per share proposed at year end	42	42
	<u>          </u>	<u>          </u>

**9. Tangible fixed assets**

	<u>Freehold</u> <u>property</u> £'000	<u>Short</u> <u>Leasehold</u> <u>property</u> £'000	<u>Plant</u> <u>machinery</u> <u>and</u> <u>vehicles</u> £'000	<u>Total</u> £'000
Cost:				
At January 1, 2003	463	60	7,447	7,970
Additions	-	-	176	176
Transfers to group undertakings	-	-	(1)	(1)
Disposals	-	-	(69)	(69)
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
At December 31, 2003	463	60	7,553	8,076
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
Depreciation:				
At January 1, 2003	228	34	6,464	6,726
Provided during the year	14	5	393	412
Transfers to group undertakings	-	-	(1)	(1)
Disposals	-	-	(14)	(14)
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
At December 31, 2003	242	39	6,842	7,123
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
Net book value:				
At January 1, 2003	235	26	983	1,244
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
Net book value:				
At December 31, 2003	221	21	711	953
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>

The net book value of plant and machinery above includes an amount of £38,000 (2002 £184,000) in respect of assets held under hire purchase contracts and group finance leases.

**LANDCATCH LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS AT DECEMBER 31, 2003**

(continued)

**10 Investments****a) Investment in subsidiary undertakings and partnerships**

	<u>Subsidiary undertakings</u> £'000	<u>Investments in partnerships</u> £'000	<u>Total</u> £'000
Cost:			
At January 1, 2003 and December 31, 2003	1,594	2	1,596
	=====	==	=====
Amounts written off investments			
At January 1, 2003	169	-	169
Adjustment to provisions made in the past	(2)	-	(2)
	-----	---	-----
At December 31, 2003	167	-	167
	=====	==	=====
Net book value:			
At January 1, 2003	1,425	2	1,427
	=====	==	=====
At December 31, 2003	1,427	2	1,429
	=====	==	=====

The investments represent the cost of:

	<u>Class of share</u>	<u>Shareholding</u>
Subsidiary undertakings:		
1,000 shares Argyll Salmon Limited	£1 Ordinary	100%
1,315,000 shares Ormsary Fish Farms Limited	£1 Ordinary	100%
1,147 shares Inver Lochs Limited	£1 Ordinary	100%
202,499 shares Clachbreck Fish Farms Limited	£1 Ordinary	100%
Investment in partnerships:-		
Ormsary Farmers		
Inver Farmers		

Under section 228 of the Companies Act 1985, the company does not require to prepare consolidated financial statements as it is 100% owned by Lithgows Limited.



**LANDCATCH LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS AT DECEMBER 31, 2003**

(continued)

**10. Investments (continued)****b) Interest in joint ventures.**

At December 31, 2003 and December 31, 2002 the company had interests in the following joint venture:

<u>Joint Venture</u>	<u>Country of Incorporation</u>	<u>Class of Share Capital held</u>	<u>Proportion held by company</u>	<u>Nature of business</u>
Landcatch Chile Limitada	Chile	Ordinary shares	50%	Fish Farming
			<u>2003</u> £'000	<u>2002</u> £'000
At January 1			1,197	1,181
Share of profits retained by joint venture			(22)	189
Exchange difference			128	(173)
			-----	-----
At December 31			1,303	1,197
			=====	=====
The company's share in its joint venture comprises:				
			<u>2003</u> £'000	<u>2002</u> £'000
Fixed assets			1,091	1,020
Current assets			932	860
			-----	-----
Share of gross assets			2,023	1,880
			=====	=====
Liabilities due within one year			614	537
Liabilities due after one year or more			106	146
			-----	-----
Share of gross liabilities			720	683
			=====	=====
Share of net assets			1,303	1,197
			=====	=====
Turnover			898	1,160
			=====	=====
(Loss)/profit before tax			(31)	227
Taxation			9	(38)
			-----	-----
(Loss)/profit after tax			(22)	189
			=====	=====

**LANDCATCH LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS AT DECEMBER 31, 2003**

(continued)

<b>11. <u>Stocks</u></b>	<u>2003</u>	<u>2002</u>
	£'000	£'000
Live stocks	1,910	1,878
Sundry stocks	112	112
	-----	-----
	2,022	1,990
	=====	=====
<b>12. <u>Debtors</u></b>	<u>2003</u>	<u>2002</u>
	£'000	£'000
Trade debtors	714	124
Amount due from group undertakings	27	-
Other debtors	123	694
Prepayments and accrued income	93	130
	-----	-----
	957	948
	=====	=====

The trade debtors have been assigned for collection purposes to Lithgow Factoring Limited and Inver Salmon Limited both wholly owned subsidiaries of Lithgows Limited. The amounts due from group undertakings include £27,000 (2002 £nil) of advance payments due from Lithgow Factoring Limited.

<b>13. <u>Creditors : amounts falling due within one year</u></b>	<u>2003</u>	<u>2002</u>
	£'000	£'000
Bank overdraft	2,693	335
Group finance lease creditors (note 15)	214	192
Hire purchase creditors (note 15)	34	45
Trade creditors	1,315	1,229
Amount due to group undertakings	2,294	2,313
Other taxes and social security costs	16	7
Other creditors and accruals	361	601
	-----	-----
	6,927	4,722
	=====	=====

The amounts due to group undertakings include £nil (2002 £25,000) of advance payments due to Lithgow Factoring Limited under the factoring agreement described in note 12.

<b>14. <u>Creditors: amounts falling due after more than one year</u></b>	<u>2003</u>	<u>2002</u>
	£'000	£'000
Group finance lease creditors (note 15)	416	630
Amounts due to group undertakings	1,423	1,423
Subordinated loan	1,481	1,481
Hire purchase creditors (note 15)	5	39
	-----	-----
	3,325	3,573
	=====	=====

The subordinated loan is repayable to the parent company. The loan is interest free and any repayment shall be subordinated.

**LANDCATCH LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS AT DECEMBER 31, 2003**

(continued)

**15. Obligations under hire purchase contracts and group finance leases**

Commitments under hire purchase contracts and finance leases:-

	<u>Hire purchase contracts</u>		<u>Group finance leases</u>	
	<u>2003</u> £'000	<u>2002</u> £'000	<u>2003</u> £'000	<u>2002</u> £'000
Amounts due within one year	35	50	275	275
Amounts due after more than one year but within five years	6	41	471	746
	-----	-----	-----	-----
	41	91	746	1,021
Less: charges allocated to future periods	(2)	(7)	(116)	(199)
	-----	-----	-----	-----
	39	84	630	822
	=====	=====	=====	=====
The above shown as:-				
Current obligations (note 13)	34	45	214	192
Non current obligations (note 14)	5	39	416	630
	-----	-----	-----	-----
	39	84	630	822
	=====	=====	=====	=====

Analysis of changes in hire purchase contracts and group finance leases during the current and previous years:

	<u>2003</u> £'000	<u>2002</u> £'000
At January 1	906	1,133
Capital element of payments	(237)	(227)
	-----	-----
At December 31	669	906
	=====	=====

**16. Deferred grants**

	<u>2003</u> £'000	<u>2002</u> £'000
At January 1	152	150
Received in year	-	23
Released in year	(21)	(21)
	-----	-----
At December 31	131	152
	=====	=====

**LANDCATCH LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS AT DECEMBER 31, 2003**

(continued)

**17. Share capital**

	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>	
	<u>2003</u> <u>No</u>	<u>2002</u> <u>No</u>	<u>2003</u> <u>£'000</u>	<u>2002</u> <u>£'000</u>
Equity interest - ordinary shares of .1 each	500,000	500,000	250	250
Non-equity interest - 10% preference shares of .1 each	1,250,000	1,250,000	417	417
	<u>1,750,000</u>	<u>1,750,000</u>	<u>667</u>	<u>667</u>

The preference shares are non-voting and non-convertible and have no rights to share in dividends other than the fixed 10% dividend which is cumulative. The shares are due for redemption by the company in three equal annual instalments commencing January 1, 1998 on which date 416,667 preference shares were redeemed at par. On January 1, 1999 a further 416,667 preference shares were redeemed at par. On January 1, 2000 the final 416,667 preference shares were due to be redeemed at par. However, due to the lack of distributable reserves within the company, the company was unable to process the redemption at this time, or able to pay the preference dividend accrued at December 31, 1999. Further dividends have been accrued for the years to December 31, 2000, 2001, 2002 and 2003, but these remain unpaid. In the event of a winding up, the holders of the preference shares rank ahead of the holders of the ordinary shares, but only to the extent of being repaid at par.

**18. Reserves and reconciliation of movements in shareholders' funds**

	<u>Share premium account</u> <u>£'000</u>	<u>Capital redemption reserve</u> <u>£'000</u>	<u>Profit and loss account</u> <u>£'000</u>	<u>Total reserves</u> <u>£'000</u>	<u>Called up share capital</u> <u>£'000</u>	<u>Total shareholders' funds</u> <u>£'000</u>
At January 1, 2003	497	833	(3,637)	(2,307)	667	(1,640)
Loss for year	-	-	(2,248)	(2,248)	-	(2,248)
Proposed dividends not yet paid	-	-	42	42	-	42
Exchange difference-joint venture	-	-	128	128	-	128
	<u>497</u>	<u>833</u>	<u>(5,715)</u>	<u>(4,385)</u>	<u>667</u>	<u>(3,718)</u>
At December 31, 2003	497	833	(5,715)	(4,385)	667	(3,718)
Equity interest						(4,345)
Non-equity interest						627
						<u>(3,718)</u>

**LANDCATCH LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS AT DECEMBER 31, 2003**

(continued)

**19. Capital commitments**

There were no capital commitments at December 31, 2003 or December 31, 2002.

**20. Net cash (outflow)/inflow from operating activities**

	<u>2003</u> £'000	<u>2002</u> £'000
Operating loss	(2,276)	(1,856)
Depreciation	412	528
Profit on sale of fixed assets	-	(3)
Increase in stock	(32)	(573)
(Increase)/decrease in debtors	(9)	314
(Decrease)/increase in creditors	(164)	1,707
Deferred grants release	(21)	(21)
Provision against investments	(2)	(151)
	-----	-----
Net cash outflow from operating activities	(2,092)	(55)
	=====	=====

**21. Reconciliation of net cash flow to movements in net debt**

	<u>2003</u> £'000	<u>2002</u> £'000
Decrease in cash in year	(2,358)	(216)
Cash outflow from hire purchase contracts and group finance leases	237	227
	-----	-----
Change in net debt resulting from cash flows	(2,121)	11
Inception of hire purchase contracts	-	-
	-----	-----
Movement in net debt in year	(2,121)	11
Net debt at January 1	(1,240)	(1,251)
	-----	-----
Net debt at December 31	(3,361)	(1,240)
	=====	=====

**22. Analysis of change in net debt**

	<u>At January 1,</u> <u>2003</u> £'000	<u>Cash flow</u> £'000	<u>Non cash items</u> £'000	<u>At December 31,</u> <u>2003</u> £'000
Cash at bank and in hand	1	-	-	1
Bank overdraft	(335)	(2,358)	-	(2,693)
	-----	-----	-----	-----
	(334)	(2,358)	-	(2,692)
Hire purchase contracts and group finance leases	(906)	237	-	(669)
	-----	-----	-----	-----
	(1,240)	(2,121)	-	(3,361)
	=====	=====	=====	=====

**LANDCATCH LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS AT DECEMBER 31, 2003**

(continued)

**23. Guarantees and financial commitments**

The company participates in an overdraft facility arrangement for the Lithgows Group. In addition to the provision of shareholders' personal guarantees and monies held on deposit in a pledge account, a floating charge and cross guarantees over the company's assets have been provided as security in respect of these group bank facilities. At December 31, 2003, borrowings in respect of this group facility amounted to £11,272,000 (2002 £7,690,000).

**24. Related parties**

The company's parent company is Lithgows Limited which is registered in Scotland. The results of the company are consolidated within the group financial statements of Lithgows Limited, and these group financial statements are available from the Registrar of Companies.

The company has taken advantage of the exemption in Financial Reporting Standard No. 8 from the requirement to report transactions within the group on the grounds that more than 90% of the voting rights of the company are controlled within the group and consolidated financial statements, which include the company, are publicly available.

During the year the company was involved in ongoing contracts with Ormsary Farmers and Inver Farmers. Sir William Lithgow, a shareholder and director of the parent company, holds an interest in both these partnerships and James Lithgow, also a shareholder and director of the parent company, holds an interest in the Ormsary Farmers partnership. These contracts were on an arms length basis and were in respect of the provision of services by Ormsary Farmers and Inver Farmers to rear fish stocks in Argyll and payments due in respect of these contracts totalled £1,575,000 (2002 £1,746,000) for Ormsary Farmers and £114,000 (2002 £208,000) for Inver Farmers. At the balance sheet date an amount of £278,000 (2002 £249,000) was due to Ormsary Farmers and £43,000 (2002 £58,000) was due to Inver Farmers.

The company provided services in the provision of production support and technical know-how to its joint venture entity, Landcatch Chile Limitada. The value of this service supplied during 2003 totalled £277,000 (2002 £342,000), of which £17,000 was outstanding at the balance sheet date (2002 £nil).

**25. Pension commitments**

The company participates in a defined benefit group pension scheme, the assets of which are held separately from those of the company in independent trustee administered funds. The pension cost relating to the scheme is assessed in accordance with the advice of a qualified actuary. The latest actuarial assessments of the three categories within the scheme were at April 6, 2003.

The provisions of Financial Reporting Standard No.17, Retirement Benefits, will be fully applicable to the company in relation to the 2005 financial statements. In terms of the provisions of this standard for multi-employer schemes, the company is unable to identify its share of the underlying assets and liabilities of the Lithgow Pension Scheme. On this basis the company will, on full implementation of this standard, account for its contribution to the scheme on a defined contribution basis.

Full details of the scheme are disclosed in the financial statements of the holding company, Lithgows Limited.