

**Mainstream (Holdings) Limited**

**Directors' report and financial  
statements**

Registered number SC107209  
30 December 2008

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## Directors and officers

Directors:	S Homble T Sivertsen G Sjaastad W Young
Secretary:	R Dart
Registered office:	16 Charlotte Square Edinburgh EH2 4DF
Auditors:	KPMG LLP Chartered Accountants Aberdeen AB10 1JB

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 December 2008.

### Results and dividends

The results for the company show a loss for the year of £8,734 (2007: loss of £5,444).

The directors do not recommend payment of a dividend.

### Principal activities

The company has not traded during the year and up to the date of this report other than certain transactions related to the cessation of the former principal activity of aquaculture and food processing of related products. It remains the intermediate holding company for Mainstream Scotland Limited, which continues to trade.

### Directors

The directors who served during the year and up to the date of this report were as follows:

P C Williams	(resigned 29 April 2008)
F M Morales	(resigned 17 February 2009)
S Homble	(appointed 29 April 2008)
T Sivertsen	(appointed 19 September 2008)
G Sjaastad	(appointed 19 September 2008)
W Young	(appointed 17 February 2009)

### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Auditors

In accordance with section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



W Young  
Director

22/10/2009

## **Statement of directors' responsibilities in respect of the Directors' report and the financial statements**

The directors are responsible for preparing 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 period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company 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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



37 Albyn Place  
Aberdeen  
AB10 1JB  
United Kingdom

## **Independent auditors' report to the members of Mainstream (Holdings) Limited**

We have audited the financial statements of Mainstream (Holdings) Limited for the year ended 30 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 auditors**

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

## **Emphasis of matter - Going concern**

In forming our opinion on the financial statements, which is not qualified, 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 company incurred a net loss of £8,734 during the year ended 30 December 2008 and, at that date, the company's liabilities exceeded its total assets by £1,003,297. 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 on the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

*KPMG LLP*

KPMG LLP  
Chartered Accountants  
Registered Auditor

22 October 2009

**Profit and loss account**  
*for the year ended 30 December 2008*

	<i>Note</i>	<b>2008</b> £	2007 £
<b>Turnover</b>		-	-
Cost of sales		-	-
		<hr/>	<hr/>
<b>Gross result</b>		-	-
Administrative expenses		(8,284)	(8,240)
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>	2-4	(8,284)	(8,240)
Tax on loss on ordinary activities	5	(450)	2,796
		<hr/>	<hr/>
<b>Loss for the financial year</b>	11	<b>(8,734)</b>	<b>(5,444)</b>
		<hr/>	<hr/>

There were no recognised gains or losses other than those for the financial years reported above.

Turnover and operating loss in the current and previous years arose wholly from continuing operations.



**Balance sheet**  
**at 30 December 2008**

	<i>Note</i>	<b>2008</b>	<b>2007</b>
		£	£
<b>Current assets</b>			
Debtors	7	856,352	859,302
<b>Creditors: amounts falling due within one year</b>	8	(77,696)	(71,912)
<b>Net current assets</b>		<b>778,656</b>	<b>787,390</b>
<b>Total assets less current liabilities</b>		<b>778,656</b>	<b>787,390</b>
<b>Creditors: amounts falling due after more than one year</b>	9	(1,781,953)	(1,781,953)
<b>Net liabilities</b>		<b>(1,003,297)</b>	<b>(994,563)</b>
<b>Capital and reserves</b>			
Called up share capital	10	425,632	425,632
Share premium account	11	1,504,820	1,504,820
Other reserves	11	1,000	1,000
Profit and loss account	11	(2,934,749)	(2,926,015)
<b>Shareholders' deficit</b>	12	<b>(1,003,297)</b>	<b>(994,563)</b>

These financial statements were approved by the board of directors on 22/10 / 2009 and were signed on its behalf by:

*W Young*

**W Young**  
Director

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The financial statements have been prepared on the going concern basis, notwithstanding the company has net liabilities of £1,003,297. The directors believe that it is appropriate to prepare the financial statements on the going concern basis as Cermaq ASA, the company's parent company has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company to meet its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from this basis of preparation being inappropriate.

The Company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare and deliver group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Cermaq ASA, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Cermaq ASA, within which this Company is included, can be obtained from the address given in note 13.

#### ***Fixed asset investments***

Fixed asset investments are shown at cost less provision for impairment.

#### ***Classification of financial instruments issued by the Company***

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Dividends on shares presented within shareholders' funds*

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

#### *Taxation*

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

#### *Deferred taxation*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

### 2 Notes to the profit and loss account

	2008 £	2007 £
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
<i>Auditors' remuneration</i>		
Audit of these financial statements	1,500	1,000

### 3 Remuneration of directors

None of the directors received any remuneration from the Company during the year (2007: nil).

**4 Staff numbers and costs**

The Company had no employees during the year (2007: *none*).

## Notes (continued)

### 5 Taxation

#### *Analysis of tax charge (credit) in year*

	2008 £	2007 £
<i>Group relief</i>		
Current year	-	(2,346)
Adjustments in respect of prior periods	450	(450)
	<hr/>	<hr/>
Total current tax being tax on loss on ordinary activities	450	(2,796)
	<hr/>	<hr/>

#### *Factors affecting the tax charge (credit) for the current year*

The rate of corporation tax in the UK was reduced from 30% to 28% effective 1 April 2008. The composite rate applied during the year was 28.5%.

The current tax charge (credit) for the year is higher (2007: higher) than the standard rate of corporation tax in the UK of 28.5% (2007: 30%).

The differences are reconciled below:

	2008 £	2007 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before taxation	(8,284)	(8,240)
	<hr/>	<hr/>
Current tax at 28.5% (2007: 30%)	(2,361)	(2,472)
<i>Effects of:</i>		
Losses not recognised	2,361	-
Expenses not deductible for tax purposes	-	126
Adjustments in respect of prior periods	450	(450)
	<hr/>	<hr/>
Total current tax charge (credit) (see above)	450	(2,796)
	<hr/>	<hr/>

#### Deferred tax

The deferred taxation asset not recognised in the financial statements is as follows:

	2008 £	2007 £
Tax losses available	13,637	13,507
	<hr/>	<hr/>

**Notes** *(continued)*

**6 Investments**

	Shares in group companies £
<b>Cost</b>	
At beginning and end of year	150,999
<b>Provisions</b>	
At beginning and end of year	(150,999)
<b>Net book value</b>	
At 30 December 2008 and 30 December 2007	-

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Name of company	Holding	Proportion of voting rights and shares held	Nature of business
Mainstream Scotland Limited	Ordinary	100%	Fish farming
West Coast Aquaculture Limited	Ordinary	100%	Dormant

**7 Debtors**

	2008 £	2007 £
Amount owed by group undertakings	856,352	859,302

**8 Creditors: amounts falling due within one year**

	2008 £	2007 £
Amounts owed to group undertakings	65,916	65,916
Accruals and deferred income	11,780	5,996
	77,696	71,912

**Notes (continued)**

**9 Creditors: amounts falling due after more than one year**

	2008 £	2007 £
Amounts owed to group undertakings	1,768,773	1,768,773
Shares classified as liabilities	13,180	13,180
	<hr/>	<hr/>
	1,781,953	1,781,953
	<hr/>	<hr/>

There are no fixed repayment terms to the group undertaking loans and interest no longer accrues.

**10 Called up share capital**

	2008 £	2007 £
<i>Authorised, allotted, called up and fully paid</i>		
249,488 A ordinary shares of £1 each	249,488	249,488
176,144 C ordinary shares of £1 each	176,144	176,144
568,000 1050% cumulative redeemable C preference shares of £0.01 each	5,680	5,680
750,000 Cumulative D preference shares of £0.01 each	7,500	7,500
	<hr/>	<hr/>
	438,812	438,812
	<hr/>	<hr/>
Shares classified as liabilities	13,180	13,180
Shares classified in shareholders' funds	425,632	425,632
	<hr/>	<hr/>
	438,812	438,812
	<hr/>	<hr/>

The 'C' ordinary shares are entitled to a cumulative preferential dividend of 20% of the profit attributable to members.

The 'C' preference shares have first call over the company's assets in the event of a winding up or liquidation or similar event. Thereafter, the remaining assets are applied in order to the 'D' preference shares, the 'C' ordinary shares, and finally the 'A' ordinary shares. The sums received are restricted for all categories other than the 'A' ordinary shares, to the sum subscribed plus arrears of dividends.

The 'C' preference shares are redeemable in equal annual instalments of £710 together with a premium of £70,290 from 20 June 1998 to 30 June 2006. These redemptions have not been made. On redemption the holders of 'C' preference shares are entitled to a special dividend of 10p per share. At the shareholders' direction this will be paid either as a dividend or the redemption price will be increased to reflect this.

The 'D' preference shares are redeemable in equal annual instalments of £1,500 together with a premium of £188,500 from 20 June 2004 to 30 June 2008. These redemptions have not been made.

The premiums payable on redemption are annual and not aggregate.

**Notes** *(continued)*

**11 Share premium and reserves**

	Share premium account £	Capital redemption reserve £	Profit and loss account £
At 30 December 2007	1,504,820	1,000	(2,926,015)
Loss for the year	-	-	(8,734)
	<hr/>	<hr/>	<hr/>
<b>At 30 December 2008</b>	<b>1,504,820</b>	<b>1,000</b>	<b>(2,934,749)</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**12 Reconciliation of movements in shareholders' deficit**

	2008 £	2007 £
Loss for the financial year being increase in shareholders' deficit	(8,734)	(5,444)
Opening shareholders' deficit	(994,563)	(989,119)
	<hr/>	<hr/>
<b>Closing shareholders' deficit</b>	<b>(1,003,297)</b>	<b>(994,563)</b>
	<hr/> <hr/>	<hr/> <hr/>

**13 Ultimate parent company**

The ultimate parent company at the balance sheet date was Cernaq ASA, a company registered in Norway. The immediate parent company is EWOS Limited. The company's accounts are consolidated into Cernaq ASA's group results. Parent company accounts can be obtained by writing to Cernaq ASA, Grev Wedels Plaas 5, Postboks 472, Sentrum 0105, Oslo.