Mainstream (Holdings) Limited

Directors' report and financial statements

Registered number SC107209

30 December 2009

Contents

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 2009.

Results and dividends

The results for the company show a loss for the year of £4,822 *(2008: loss of £8,734)*.

The directors do not recommend payment of a dividend.

Principal activities

The company has not traded during the year. It remains the intermediate holding company for Mainstream Scotland Limited, which continues to trade.

[Discussions are taking place between the directors and those of an intermediate holding company and the ultimate parent company on a potential restructuring of the company's interests in its subsidiary undertakings.]

Directors

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

F M Morales	(resigned 17 February 2009)
S Homble	
T Sivertsen	
G Sjaastad	
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

W Young
Director

17 August 2010

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

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

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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 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.

KPMG

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 2009 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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 page 3, 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

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 30 December 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 £4,822 during the year ended 30 December 2009 and, at that date, the company's current liabilities exceeded its total assets by £1,008,119. 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 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

DJ Watt (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
37 Albyn Place
Aberdeen
AB10 1JB

17 August 2010

Profit and loss account
for the year ended 30 December 2009

	Note	2009 £	2008 £
Turnover		-	-
Cost of sales		-	-
Gross result		-	-
Administrative expenses		**(6,697)**	(8,284)
Loss on ordinary activities before taxation	*2-4*	**(6,697)**	(8,284)
Tax on loss on ordinary activities	*5*	**1,875**	(450)
Loss for the financial year	*11*	**(4,822)**	(8,734)

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

Balance sheet
at 30 December 2009

	Note	2009 £	2009 £	2008 £	2008 £
Current assets					
Debtors	7	**858,226**		856,352	
Creditors: amounts falling due within one year	8	**(84,392)**		(77,696)	
Net current assets			**773,834**		778,656
Total assets less current liabilities			**773,834**		778,656
Creditors: amounts falling due after more than one year	9		**(1,781,953)**		(1,781,953)
Net liabilities			**(1,008,119)**		(1,003,297)
Capital and reserves					
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		**(2,939,571)**		(2,934,749)
Shareholders' deficit	12		**(1,008,119)**		(1,003,297)

These financial statements were approved by the board of directors on 17 August 2010 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 £1,008,119. 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 400 of the Companies Act 2006 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 14.

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

	2009	2008
	£	£
Loss on ordinary activities before taxation is stated after charging:		
Auditors' remuneration		
Audit of these financial statements	**1,500**	1,500

3 Remuneration of directors

None of the directors received any remuneration from the Company during the year *(2008: nil)*.

4 Staff numbers and costs

The Company had no employees during the year *(2008: none)*.

Notes *(continued)*

5 Taxation

Analysis of tax (credit) charge in year

	2009	2008
	£	£
Group relief		
Current year	**(1,875)**	-
Adjustments in respect of prior periods	-	450
Total current tax being tax on loss on ordinary activities	**(1,875)**	450

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

The current tax (credit) charge for the year is equal to *(2008: higher than)* the standard rate of corporation tax in the UK of 28% *(2008: 28.5%)*.

The differences are reconciled below:

	2009	2008
	£	£
Current tax reconciliation		
Loss on ordinary activities before taxation	**(6,697)**	(8,284)
Current tax at 28% *(2008: 28.5%)*	**(1,875)**	(2,361)
Effects of:		
Losses not recognised	-	2,361
Adjustments in respect of prior periods	-	450
Total current tax (credit) charge (see above)	**(1,875)**	450

Deferred tax

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

	2009	2008
	£	£
Tax losses available	**13,637**	13,637

The potential deferred taxation asset has not been recognised due to the uncertainty of the ability of the company to recover this asset in the foreseeable future.

Notes *(continued)*

6 Investments

	Shares in group companies £
Cost	
At beginning and end of year	150,999
Provisions	
At beginning and end of year	(150,999)
Net book value	
At 30 December 2009 and 30 December 2008	-

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 Acquaculture Limited	Ordinary	100%	Dormant

7 Debtors

	2009 £	2008 £
Amount owed by group undertakings	**858,226**	856,352

8 Creditors: amounts falling due within one year

	2009 £	2008 £
Amounts owed to group undertakings	**84,392**	77,696

Notes *(continued)*

9 Creditors: amounts falling due after more than one year

	2009	2008
	£	£
Amounts owed to group undertakings	**1,768,773**	1,768,773
Shares classified as liabilities	**13,180**	13,180
	1,781,953	1,781,953

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

10 Called up share capital

	2009	2008
	£	£
Allotted, called up and fully paid		
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
	438,812	438,812
Shares classified as liabilities	**13,180**	13,180
Shares classified in shareholders' funds	**425,632**	425,632
	438,812	438,812

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 were redeemable in equal annual instalments of £710 together with a premium of £70,290 from 20 June 1998 to 30 June 2007. 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 were redeemable in equal annual instalments of £1,500 together with a premium of £188,500 from 20 June 2005 to 30 June 2009. 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 2008	1,504,820	1,000	(2,934,749)
Loss for the year	-	-	(4,822)
At 30 December 2009	**1,504,820**	**1,000**	**(2,939,571)**

12 Reconciliation of movements in shareholders' deficit

	2009 £	2008 £
Loss for the financial year being reduction in shareholders' deficit	**(4,822)**	(8,734)
Opening shareholders' deficit	**(1,003,297)**	(994,563)
Closing shareholders' deficit	**(1,008,119)**	(1,003,297)

13 Post balance sheet events

Subsequent to the year end, the directors of the company commenced discussions with those of an intermediate holding company and the ultimate parent company with a view to a restructuring of the company's interests in its subsidiary undertakings. At the time of approval of these financial statements, the discussions had not been concluded.

14 Ultimate parent company

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