



# HIGHLIGHTS

- **The low harvest volume is consistent with Codfarmers' strategy to postpone harvest volumes to 2H 2012.**
  - We have harvested 761 tons per Q1/12 and plan to harvest 5 600 tons in the next 6 months.
- **Good growth during the winter. No major biological challenges.**
- **F3 generation cod is growing 30% faster than the average of previous generations.**
- **Average sales price of NOK 13.0 per kg r.w.**
- **3.3 mill. fish in our farming sites. 3.4 mill fish in our on growing sites on shore.**
- **We sold 83,500 STRØM back loin products in Q1/12. This represents 166 tons of round weight.**
- **Change of harvesting plant from Marin Seafood in Ålesund to Nettet Seafood in Nord-Trøndelag.**
  - Codfarmers has purchased 40% of Nettet Seafood AS
- **Agreement with REMA to sell STRØM in 230 stores in the Oslo area.**
  - REMA has a strong focus on growing the fresh fish category.

## Financial highlights Q1 2012

- **Revenues of 16.7 MNOK vs. 40.1 MNOK in Q1/11.**
  - Total harvest of 761 tons (r.w.) of own production and 17 tons (r.w.) from external producers.
  - Average sales price of NOK 13.0 pr kg r.w.
  - 68% of volume sold as HOG, remaining sold as filets. Average sales price HOG: NOK 24.2 kg, NOK 26.4 kg HOG including bi-products.
- **EBIT -17.1 MNOK vs. -8.6 MNOK in Q1/11**
  - Negative contribution of 2.7 MNOK from fish sold in the period.
  - Administration and sales costs of 4.5 MNOK.
  - Net result before finance from hatchery and pre on growing facilities of - 4.0 MNOK.
  - Depreciation of idle locations of 2.2 MNOK.
- **Biological assets have a fair value of 106.4 MNOK (4 788 tons r.w.)**
- **Expected production cost r.w. for harvesting in Q2 2012**
  - NOK 16 kg r.w.
- **Cash position per Q1 was 4.3 MNOK. Net short term receivables of -9.0 MNOK. (Before the proceeds from the repair offering of 17 MNOK)**
- **Private placement of 15,000,000 shares of NOK 2 per share. Repair offering completed in Q2 2012 (9,358,976 new shares was allocated).**

# FINANCIALS

<b>KEY FINANCIALS FIGURES</b> NOK (1000´)	Q1 2012	Q1 2011	Year 2011
Revenue	16 772	40 091	122 865
EBITDA	-9 970	-4 388	-69 569
EBIT after write down of biomass	-17 074	-8 583	-90 712
EBIT before write down of biomass	-17 074	-8 583	-65 212
*Writedown of biomass	0	0	-25 500
Net profit	-19 940	-10 785	-94 324
Total assets	294 770	214 221	295 588
Total Equity	167 107	107 122	155 492
Equity ratio	57 %	50 %	53 %
Interest bearing debt	102 114	78 809	100 911
Cash and cash equivalents	4 318	28 945	7 802
Harvest volumes tons (r.w.)	761	1 193	2 906

- Q1/12 revenue of 16.7 MNOK compared to 40.1 MNOK in Q1/11. Revenues in Q1/12 generated by harvesting 761 tons (r.w.) of own production and 17 tons (r.w.) of external volumes.
- EBIT of - 17.1 MNOK in Q1/12 compared to - 8.6 MNOK in Q1/11.

The negative result in Q1/12 is mainly explained by the following factors;

- (1) Negative contribution of 2.7 MNOK from fish sold in the period due to lower market price on cod bellyfilet, smaller fish with lower yield and higher well boat costs than expected.
- (2) Admin/sales cost of 4.5 MNOK.
- (3) Net result before finance from hatchery and pre on-growing facilities with - 4.0 MNOK.
- (4) Depreciation costs of idle locations of 2.2 MNOK.

- Net profit of - 19.9 MNOK in Q1/12 compared to - 10.7 MNOK in Q1/11.
- Total assets of 294.7 MNOK, reflecting 167.4 MNOK in non-current assets and 127.4 MNOK in current assets. Estimated biomass value of 106.4 MNOK.
- Total equity of 167.1 MNOK with an equity ratio of 57% and 102.1 MNOK of interest bearing debt.
- Cash per Q1/12 of 4.3 MNOK. Net short term receivables of - 9.0 MNOK.

# COD PRODUCTION

## COD PERFORMANCE INDICATORS PER MARCH 2012

	Meløysjøen 2008	Kjerkvika 2008	Kjerkvika 2009	Hammarvika 2010	Standal 2010	Lyngholmane 2010	Stokkeneset 2011	Russenes 2011	Kjølsvika 2011	Haggardsne- set 2011
Harvest %	100 %	100 %	100 %	9 %	37 %	82 %	0 %	0 %	0 %	0 %
Avg. harvested weight	2.9 kg	2.7 kg	2.8 kg	2.6 kg	2.6 kg	2.4 kg	0 kg	0 kg	0 kg	kg
Current avg. weight	-	-	-	2.551 kg	2.910 kg	2.199 kg	1.887	1.192 kg	0.648 kg	0.727 kg
No. of fish (1000)	0	0	0	544	276	19	632	250	930	595
Biological feed factor (FCR)	1.23	1.18	1.46	1.15	1.14	1.26	1.25	1.06	0.94	1.00
Economic feed factor (EFCR)	1.38	1.31	1.74	1.19	1.30	1.45	1.32	1.08	0.99	1.20
Mortality (%) based on start number	18.8 %	10.3 %	14.8 %	21.7 %	18.2 %	13.1 %	12.8 %	9.5 %	7.6 %	17.5 %
Loss of fish (%) (destruction, escapes etc.)	18.3%	25.5%	47.4%	6.5 %	0.3%	0.0%	0.0%	6.8%	0.0%	0.0%
Production Cost per kg (r.w.)	NOK 30.7	NOK 25.7	NOK 35.5							

After the acquisition of Atlantic Cod Farms, the production capacity at sea is divided into two major clusters. Cluster North located in Nordland, consists of 6 sites with a total of 18 720 tons Maximum Biomass Capacity. Cluster South consists of 7 sites located in Sogn and Fjordane and Møre and Romsdal. This cluster represents a total of 17 160 tons Maximum Biomass Capacity.

**The total harvest in Q1/12 was 761 tons (r.w.), compared to 1193 tons (r.w.) in Q1/11. In addition, a total of 17 tons (r.w.) external fish were sold true Codfarmers, compared to 844 tons (r.w.) in Q1/11. The low harvest volume is consistent with Codfarmers' strategy to postpone harvest volumes to 2H 2012.**

### Cluster North

The harvest in Q1/12 was 146 tons (r.w.) from the location Hammervika, where the 2010 generation was slaughtered with an average harvest weight of 2.7 kg.

During the last months, the water temperature in Nordfjorden has been above normal, with a mean temperature of 5.8 °C in Q1/12 compared to 4.3 °C in Q1/11. As a result the daily feeding rate has been about 30% higher than during the same period in 2011.

There have been no escapes in the period. The preparation for introducing fish at the location at the now fallowed Kjerkvika, has been initiated.

### Cluster South

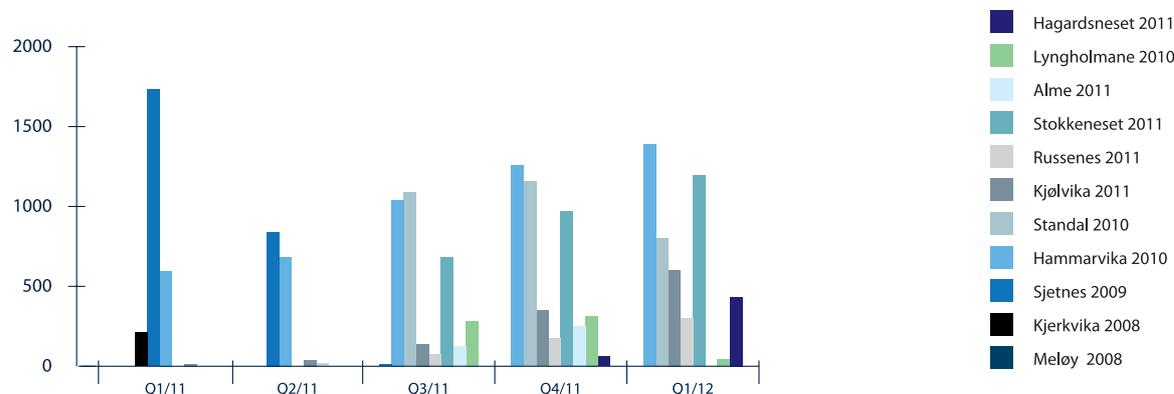
The harvest in Q1/12 was 615 tons (r.w.) originating from slaughtering the 2010 generation at the locations Lyngholmen and Standal. The average harvest weight was 2.5 kg.

During the last months, the water temperature in south has been above normal, with a mean temperature of 6.6 °C in Q1/12 compared to 5.1 °C in Q1/11. As a result the daily feeding rate has been about 20% higher than during the same period in 2011.

When the 2011 generation was transferred from location Alme to Haggardsneset, an unfortunate escape incident was discovered at Alme. Approximately 47.000 fish with an average weight of 1.2 kg escaped. The escape has been reported to the proper authorities according to the prevailing regulations and Codfarmers' procedures. Internal investigation on the cause of the escape has been initiated. Codfarmers has been compensated for the loss through its insurance.

During Q1/12, 2 groups of juveniles from the on-growing facility Fjord Gadus has been transferred to sea at the location Haggardsneset. The first group included 60.070 juveniles of an average weight of 140 gram and the second group included 50.500 juveniles of an average weight of 100 gram.

## BIOMASS DEVELOPMENT (TONS)



- 4 758 tons (r.w.) of standing biomass at sea. Estimated value of 93.8 MNOK.
- A total of 3.3 million fish at 7 different locations at sea and at the on-growing facilities.
- Net growth of 228 tons (r.w.) biomass in Q1/12.

# COD JUVENILES

**At the end of Q1/12, Codfarmers has 3.5 million juveniles in hatcheries, representing a book value of 12.6 MNOK.**

At Cod Juveniles in Mørkvedbukta, Bodø, the F2 broodstock spawned in January as planned. The eggs were not used due to lack of capacity in start feeding area and a temporary shutdown of the production at Atlantic Cod Juveniles.

The need for hatching the eggs were limited, as the eggs from the F3 broodstock that arrived the Hatchery in Bodø in December 2011 demonstrated low mortality and excellent health during the winter. As such, the hatchery R&D project in cooperation with Skretting, Planktonics and University of Nordland is considered a success. About 350 000 small juveniles ready to be transferred to the pre-on-growing facilities in Cod Juveniles have been produced. This is the first time Cod Juveniles successfully has produced small Juveniles. The result is particularly positive given the moth-bagging of the hatchery in 2009 and the somewhat challenging re-start of the facility.

The pre on growing facility in Mørkvedbukta has not been in use in Q1. There have however been some maintenance and preparations for the next batch of juveniles.

In January the workforce in Cod Juveniles and at the sea site Nygårdsjøen participated in statutory courses in fish welfare.

Cod Juveniles aims to be certified according to Global G.A.P. In January, a pre assessment of Cod Juveniles was performed by Veritas, Norway (DNV).

# COD PROCESSING

Nesset Fiskemottak AS, Codfarmers ASA's processing partner, filed for bankruptcy in February 2012. Codfarmers owned 17% of the shares. The bankruptcy was a result of several years with financial losses, with the denial of regulatory authorization to maintain the waiting net-pens, being the final cause.

Marine Seafood AS in Ålesund started processing for Codfarmers in January 2012. The facility was upgraded in order to produce STRØM®. Fish from Atlantic Cod Farms was already delivered to the processing plant in Ålesund, on the basis of a long-term slaughter agreement. The agreement provided Codfarmers secure, fixed and beneficial prices of harvest services. Marine Seafood AS produced whole fish, fillets and STRØM for Codfarmers. The shift from Nesset Fiskemottak to Marine Seafood involved some risk; and Codfarmers as expected, experienced some challenges with the transfer. The situation gradually improved from January to March.

In April 2012, also Marine Seafood AS filed for bankruptcy following some time with financial losses.

In the mean time, a new start-up of the plant at Nesset was successfully funded, at the site was reopened in May 2012. Codfarmers now owns 40% of Nesset Seafood AS. Fish from both the North and South cluster will be processed at Nesset Seafood AS.

# COD MARKET

In Q1/12, the market showed a 4% decrease in average fresh cod price overall (wild and farmed) and 31% increase in total fresh cod export volumes.

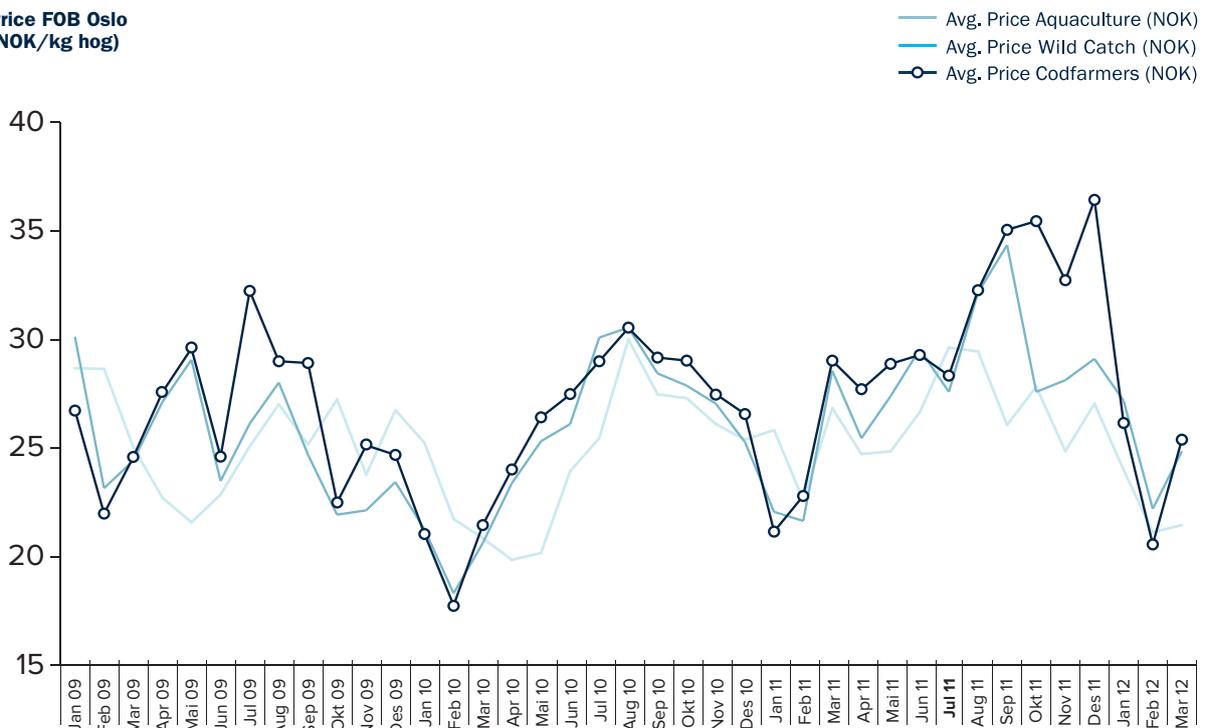
Codfarmers' Q1/12 average FOB export price on whole gutted fish was 24.2 NOK representing a 4.4% improvement from Q1/11. Codfarmers' export volume of whole gutted fish was 342.2 tons, which is 67.8% down from Q1 2011, and accounted for 30.3% of the total Norwegian aquaculture cod export volume. The reduced slaughter of fish is according to Codfarmers' strategy has been to postpone harvest volumesto 2H 2012.

Sales of Codfarmers' consumer brand STRØM® accounted for 24.0% of the total sales value in Q1. STRØM® is mainly sold through NorgesGruppen. The increase share of sales of processed products like STRØM® is in line with the Codfarmers strategy. YTD week 12 2012, STRØM production volumes has increased by 81% compared to the same period in 2011. The potential growth was even higher, but could not be achieved due to the above described challenges in the processing. Orders for STRØM® had to be shortened due to production challenges.

Codfarmers presented STRØM at the GRESS-fair at Lillestrøm in January. Distribution agreements with both NFood and Køltzow for distribution of STRØM® to GRESS customers (e.g. Rica hotels, Gate Gourmet, Fjord Line) has been signed in Q1.

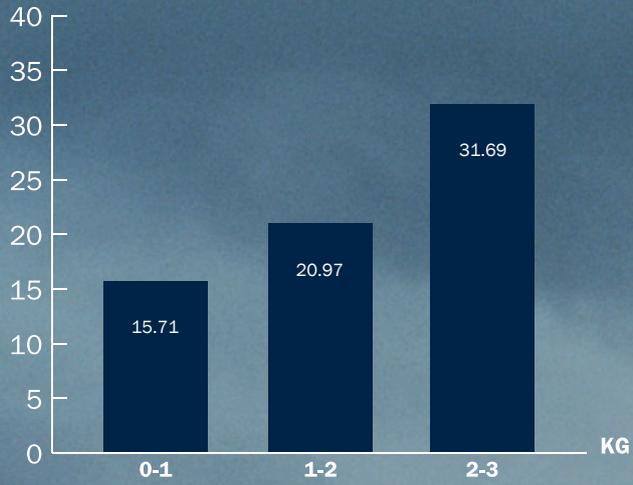
## SALES PRICE BENCHMARK 2009-2012

Price FOB Oslo  
(NOK/kg hog)

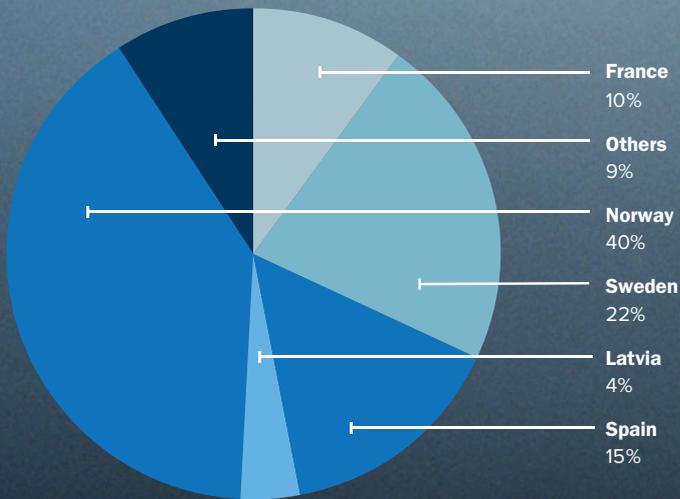


PRICE BENCHMARK SIZE DISTRIBUTION Q1 2012

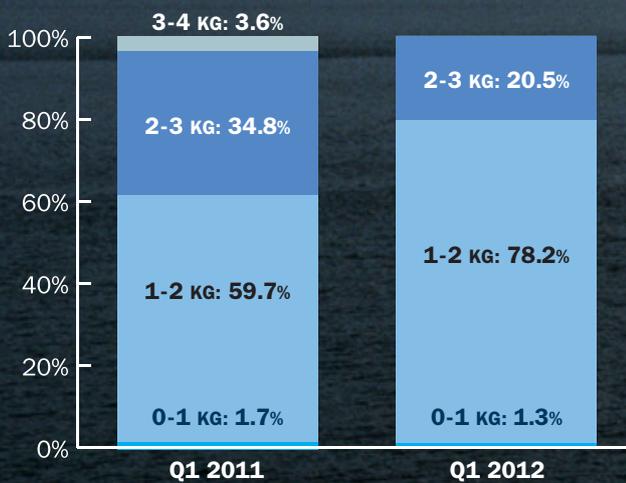
FOB OSLO. NOK/KG/HOG



SALES VALUE BY GEOGRAPHICAL MARKETS Q1 2012



SIZE DISTRIBUTION Q1 2012



# FINANCIAL REPORT

## INCOME STATEMENT

The Group achieved total revenue of 16.7 MNOK per first quarter of 2012 compared to 40.1 MNOK for the same period in 2011.

Revenues in first quarter reflect harvesting of 761 tons (r.w.) from three different locations.

Sales of approximately 17 tons (r.w.) external fish gave revenues of 0.4 MNOK in the first quarter.

EBIT before biomass write-down was -17.1 MNOK per first quarter 2012, compared to -8.6 MNOK in 2011. The negative result per first quarter 2012 of -19.9 MNOK is mainly explained by the following factors:

- (1) Harvesting and sales of own, 761 tons (r.w.), and external fish, 17 tons (r.w.), gave revenues of total -2.7 MNOK.
- (2) Total admin/sales cost of MNOK 4.5.
- (3) Net result before finance from hatchery and pre on-growing facilities of -4.0 MNOK.
- (4) Depreciation of idle locations of MNOK 2.2.
- (5) Net finance of MNOK -2.8.

## CASH FLOW AND LIQUIDITY

Net cash flow from operational activities per first quarter 2012 was -36.0 MNOK compared with 7.9 MNOK in 2011. Net cash flow is mainly explained by the YTD result adjusted for depreciations and change in inventories and receivables.

The net positive cash flow from investing activities per first quarter 2012 amounted to MNOK -0.2 compared with MNOK -0.5 for the same period in 2010. Net cash flow is mainly explained by interest received.

The company's financial activities per first quarter 2012 show a positive net cash flow of 32.7 MNOK. The positive cash flow is mainly related to debt to the owners converted into shares in March 2012.

At the end of first quarter 2012 the company has 4.3 MNOK cash and cash equivalents compared with 28.9 MNOK in 2011.

## BALANCE SHEET

At the end of March 2012 the Group's assets had a book value of 294.7 MNOK compared to 210.6 MNOK by the end of Q1/11. Fixed assets amounted to 167.4 MNOK. MNOK 79.1 relates to hatchery and on-growing facilities and MNOK 67.8 to farming equipment, boats and facilities at farming sites. Current assets amounted to 127.4 MNOK. This reflects 9.8 MNOK in trade receivables, 106.4 MNOK in biomass value, 3.5 MNOK feed in storage, 4.3 MNOK in cash and other receivables of MNOK 3.5.

The Group's equity as of 31.03.2012 is 167.1 MNOK compared with 107.1 MNOK for the same period in 2011. The company has no distributable equity. The private placement of 15,000,000 new shares at a subscription price of NOK 2 per share was registered 12 March 2012.

Long term-debt in the company is 71.9 MNOK of which 6.3 MNOK reflect the convertible bonds issue, 0.1 MNOK is pension liabilities, 42.7 MNOK reflect debt to Innovation Norway and 18.2 MNOK reflect financial leasing and debt to other financial institutions. By Q1/12, the company has short-term debt of 55.7 MNOK, compared to 27.6 MNOK in 2011. Of the short-term debt, 15.1 MNOK reflect trade payables, 4.5 MNOK reflect convertible bonds, 18.7 MNOK reflect biomass funding from bank, 7.3 MNOK reflect financial leasing and 10.1 MNOK reflect other debt.

# INCOME STATEMENT

Unaudited (NOK 1000)	Note	IFRS		Financial year ended 31 Dec 2011
		January - March ( 1st quarter )		
		2012	2011	2011
Revenue		16 772	40 091	122 865
Consumables used		28 966	32 979	128 662
Inventory change		-18 924	3 193	11 894
Salaries		8 821	4 445	23 703
Depreciation, amortisation and impairment charges		7 104	4 195	21 143
Other expenses		7 879	3 861	28 175
<b>Operating profit before biomass adj.</b>		<b>-17 074</b>	<b>-8 583</b>	<b>-90 712</b>
Biomass adjustment		0	0	0
<b>Operating profit</b>		<b>-17 074</b>	<b>-8 583</b>	<b>-90 712</b>
Financial income		420	2 488	9 858
Financial cost		-3 286	-4 691	-13 470
<b>Net finance</b>		<b>-2 866</b>	<b>-2 203</b>	<b>-3 612</b>
Profit before income tax		-19 940	-10 785	-94 324
Income tax (expense) / income		0	0	
<b>Profit for the period</b>		<b>-19 940</b>	<b>-10 785</b>	<b>-94 324</b>
Attributable to:				
Equity holders of the company		-19 820	-10 785	-94 231
Minority interests		-120	0	-93
<b>Earnings per share for profit attributable to the equity holders of the company, expressed in cents per share</b>		<b>NOK per share</b>	<b>NOK per share</b>	<b>NOK per share</b>
- basic	10	-0,44	-0,72	-4,47
- diluted	10	-0,44	-0,72	-4,47

# BALANCE SHEET

Unaudited (NOK 1000)	Note	31 March 2012	31 March 2011	31 December 2011
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill		18 083	0	18 083
Property, plant and equipment	5	146 914	98 004	153 405
Intangible assets	5	2 347	3 301	2 347
Financial assets for sale		7	952	7
<b>Total non-current assets</b>		<b>167 350</b>	<b>102 257</b>	<b>173 842</b>
<b>Current assets</b>				
Inventories		3 492	1 399	4 200
Biomass		106 364	58 383	86 167
Trade receivables		9 814	18 052	14 738
Other receivables		3 432	1 574	8 839
Cash and cash equivalents		4 318	28 945	7 802
<b>Total current assets</b>		<b>127 419</b>	<b>108 353</b>	<b>121 746</b>
<b>Total assets</b>		<b>294 770</b>	<b>210 611</b>	<b>295 588</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the company</b>				
Share capital	6	687 750	522 934	657 750
Other equity	6	17 857	20 748	17 841
Retained earnings	6	-538 709	-436 560	-520 427
		166 899	107 122	155 164
<b>Minority interests</b>		<b>208</b>	<b>0</b>	<b>328</b>
<b>Total equity</b>		<b>167 107</b>	<b>107 122</b>	<b>155 492</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Pension liabilities	8	134	134	134
Other provisions		1 005	0	1 028
Borrowings	7	64 494	31 178	68 036
Convertible loan	12	6 340	44 603	6 189
<b>Total non-current liabilities</b>		<b>71 972</b>	<b>75 915</b>	<b>75 387</b>
<b>Current liabilities</b>				
Trade payables		15 167	18 675	27 583
Indirect taxes and excises		2 210	369	1 791
Borrowings	7	26 780	3 028	22 186
Convertible loan	12	4 500	0	4 500
Other current liabilities		7 034	5 501	8 650
<b>Total current liabilities</b>		<b>55 691</b>	<b>27 574</b>	<b>64 709</b>
<b>Total liabilities</b>		<b>127 663</b>	<b>103 489</b>	<b>140 096</b>
<b>Total equity and liabilities</b>		<b>294 770</b>	<b>210 611</b>	<b>295 588</b>

# CASH FLOW

Unaudited (NOK 1000)	Three months ended 31 March	
	2012	2011
<b>Cash generated from operating activities</b>		
Operating profit for the period	-17 074	-8 583
Interest paid	-3 135	-1 935
Depreciation and amortisation	7 104	4 195
Share option costs	16	283
Change in inventories	-19 488	3 492
Change in trade receivables	4 924	2 540
Change in trade payables	-12 416	3 391
Change in other	4 037	4 499
<b>Net cash generated from operating activities</b>	<b>-36 032</b>	<b>7 882</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment (PPE)	-613	-239
Purchase of financial assets	0	-850
Interest received	420	599
<b>Net cash used in investing activities</b>	<b>-193</b>	<b>-490</b>
<b>Cash flow from financing activities</b>		
Repayments of borrowings	-1 273	-4 879
Proceeds from new borrowings	4 013	0
Proceeds from share issue	30 000	0
<b>Net cash used in financing activities</b>	<b>32 741</b>	<b>-4 879</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>-3 484</b>	<b>2 513</b>
Cash and cash equivalents at beginning of the period	7 802	26 432
<b>Cash and cash equivalents at end of the period</b>	<b>4 318</b>	<b>28 945</b>
Restricted cash as of 31 March	1 970	276
<b>Cash and cash equivalents at end of the period adjusted for restricted cash</b>	<b>2 348</b>	<b>28 669</b>

## CHANGE IN EQUITY

Unaudited (NOK 1000)	Attributable to equity holders of the Company					
	Share capital/ share premium	Other reserves	Retained earnings	Total equity	Minority interests	Total incl. min. interests
<b>Balance at 1 January 2012</b>	<b>657 750</b>	<b>17 841</b>	<b>-520 427</b>	<b>155 164</b>	<b>328</b>	<b>155 492</b>
Increase of share capital	30 000					30 000
Market value of awarded options		16		16		16
Other equity transactions			1 538	1 538		1 538
Profit for the period			-19 820	-19 820	-120	-19 940
<b>Balance at 31 March 2012</b>	<b>687 750</b>	<b>17 857</b>	<b>-538 709</b>	<b>136 899</b>	<b>208</b>	<b>167 107</b>

# NOTES

## 1 GENERAL INFORMATION

Codfarmers ASA (“the Company”) and its subsidiaries (“the Group”) is a group incorporated and domiciled in Norway. The address of the registered office of Codfarmers ASA is;

8120 Nygårdssjøen  
Gildeskål

The group produces and sells farmed cod. It has its main base in Gildeskål in Nordland county. At present the group has active licenses in Gildeskål, Selje, Vanylven and Hareid.

The condensed consolidated interim financial statements for the period from Jan-March 2012, consists of Codfarmers ASA and its subsidiaries Cod Processing AS, NAP Marine AS, Cod Juveniles AS and Atlantic Cod Farms AS - inclusive the wholly owned subsidiaries of the latter company, Atlantic Cod Juveniles AS, Fjord Gadus AS and Festøy Eiendom AS.

## 2 BASIS OF PREPARATION

This condensed interim financial information has been prepared in accordance with IAS 34, “Interim financial reporting”.

## 3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the IFRS annual financial statements for the year ended 31 December 2011.

## 4 SEGMENT INFORMATION

The group operates in one segment, being the production and sale of farmed cod within Europe.

## 5 CAPITAL EXPENDITURE

### 31 March 2011

	Tangible and intangible assets
<b>Opening net book amount at 1 January 2011</b>	<b>105 261</b>
Additions	239
Disposals	0
Depreciation/amortisation, impairment and other movements	-4 195
<b>Closing net book amount at 31 March 2011</b>	<b>101 305</b>

### 31 March 2012

<b>Opening net book amount at 1 January 2012</b>	<b>173 835</b>
Additions	613
Disposals	0
Depreciation/amortisation, impairment and other movements	-7 104
<b>Closing net book amount at 31 March 2012</b>	<b>167 344</b>

# NOTES

## 6 CAPITAL

### Capital

	Number of shares ('000)	Ordinary shares	Share premium	Other equity and minority interests	Total
<b>Opening balance 1 January 2011</b>	<b>14 954</b>	<b>14 955</b>	<b>507 979</b>	<b>-405 242</b>	<b>117 693</b>
Market value on awarded options				283	283
Other equity transactions				-67	-67
Result				-10 785	-10 785
<b>At 31 March 2011</b>	<b>14 954</b>	<b>14 955</b>	<b>507 979</b>	<b>-415 811</b>	<b>107 122</b>
<b>Opening balance 1 January 2012</b>	<b>42 284</b>	<b>42 284</b>	<b>615 466</b>	<b>-502 258</b>	<b>155 493</b>
Increase of share capital	15 000	30 000			30 000
Market value on awarded options				16	16
Other equity transactions				1 538	1 538
Result				-19 940	-19 940
<b>At 31 March 2012</b>	<b>57 284</b>	<b>72 284</b>	<b>615 466</b>	<b>-520 643</b>	<b>167 107</b>

The Group has a share option program for some of its leading employees. During the period from 2010-2013 these employees can subscribe 90,000 shares in Codfarmers ASA. The options have an exercise price of NOK 40 per share. The option programs for the management in Atlantic Cod Farms continues in Codfarmers ASA. These employees can subscribe 482,958 shares during the period 2011-2013. The options have an exercise price of NOK 10.09 per share.

The company has issued warrants to its CEO and CFO in conjunction with a refinancing carried out in 2010. In total 1,240,000 warrants are issued. The warrants expire in June 2013.

# NOTES

<b>7 BORROWINGS</b>	<b>31 March 2012</b>	<b>31 March 2011</b>
Non-current	70 834	75 781
Current	31 280	3 028
<b>Total</b>	<b>102 114</b>	<b>78 809</b>

Movements in borrowings is analysed as follows:

## **2011**

Opening amount as at 1 January 2011	80 063
Repayments of borrowings	-1 254
<b>Closing amount as at 31 March 2011</b>	<b>78 809</b>

## **2012**

Opening amount 1 January 2012	100 911
Financial leases restated (see also change in equity)	-1 538
Repayments of borrowings	-1 273
New borrowings	4 013
<b>Closing amount as at 31 March 2012</b>	<b>102 114</b>

## **8 PENSIONPLANS**

Due to legislation which came into force 1 January 2006, the Group has implemented a pension arrangement for its employees.

A limited number of the employees are entitled to retirement at the age of 62, with some compensation from the Group. The estimated obligation related to this arrangement is expensed and presented in the balance sheet as debt.

## **9 INCOME TAXES**

The current income tax rate is 28%. None of the Group companies are currently in a taxable position.

# NOTES

## 10 EARNINGS PER SHARE

Earnings per share attributable to equity holders of the company are as follows:

Earnings per share for profit from continuing operations attributable to the equity holders of the company (expressed in cents per share)

	<b>2012</b>	<b>2011</b>
- basic	-0.44	-0.72
- diluted	-0.44	-0.72

## 11 DIVIDENDS

No dividends have been paid in the period.

## 12 CONVERTIBLE LOAN

The company issued on 20 July 2009 - as a part of a refinancing of a MNOK 100 convertible loan granted in Nov 2007 -a senior unsecured convertible loan of MNOK 50. The bonds have a 51 months tenor. The convertible loan carries a 15 % per annum coupon rate from 30 Nov 2009, and 10% from 30 Nov 2011 to its maturity on 30 Nov 2013. Interest payments shall be made in semi annual arrears on 30 May and 30 Nov each years. The first four payments were made as "Payment in Kind". If Codfarmers choose ""Payment in Kind"" for the period 30 May 2012 to 30 November 2013, the interest increases from 10% to 15% in the period.

Codfarmers has 30 March 2011 repurchased convertible bonds with a total nominal value of NOK 6,356,921. The bonds were repurchased at 52% of their par value for a total consideration of NOK 3,609,947, which amount also includes accrued interests on the bonds of NOK 304,349. Codfarmers ASA has 29 April 2011 repurchased convertible bonds with a total nominal value of NOK 22,538,179. The bonds were repurchased for a cash consideration equal to 60% of the nominal value of the bonds (NOK 13,522,908), plus 50% of the accrued interest on the bonds (NOK 717,825). On September 29th 2011 bonds with a total nominal value of NOK 19,879,826 and interests of NOK 969,142 were converted to 1,825,368 shares in Codfarmers ASA.

# NOTES

## 13 LIQUIDITY RISK

The Company does not have sufficient working capital for its requirements the next twelve months. If the Company do not succeed in raising new capital within the next twelve months, the Company may accelerate the harvesting plan or seek to explore other means and consider alternative actions to funds its operations, e.g. sale of assets and debt financing.

The auditor's report for the year 2011 also included a statement concerning the Company's difficult liquidity situation and the uncertainty as to the Company's ability to continue operations the next 12 months.

## 14 ACQUISITION OF ATLANTIC COD FARMS AS

On September 19th 2011 Codfarmers ASA closed a transaction with the former share holders of Atlantic Cod Farms AS, and acquired 99.1% of the shares. The purchase was financed by an issue of 16,604,244 shares in Codfarmers ASA.

Purchase price allocation:

Value of fixed assets:	TNOK	63.044
Value of current assets:	TNOK	60.810
Total assets:	TNOK	123.854
Debt and other obligations	TNOK	87.142
Equity	TNOK	36.712
Consideration (value of shares)	TNOK	54.795
Goodwill	TNOK	18.083

## 15 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The final allocation of the shares offered in the repair offering in Codfarmers took place in accordance with the allocation criteria set out in the prospectus dated 21 March 2012. In total, 9,358,976 new shares have been allocated. Pursuant to the resolution on the repair offering passed by the general meeting in Codfarmers on 8 March 2012, Kontrari AS' participation in the repair offering was limited so that Kontrari AS' ownership share in Codfarmers following the repair offering does not exceed 33.3%.

The new share capital of Codfarmers was registered 23 April, and is NOK 67,105,136, divided into 67,105,136 shares, each with a nominal value of NOK 1.

# SHAREHOLDERS

## SHAREHOLDERS PER 21TH MAY 2012

Shareholders	Citizen	Shares	Ownership
KONTRARI AS	NOR	22 346 010	33.3 %
DOLPHIN MANAGEMENT A	NOR	15 886 834	23.7 %
BANAN AS	NOR	4 587 409	6.8 %
JØKUL AS	NOR	2 486 028	3.7 %
ODIN NORGE	NOR	1 964 552	2.9 %
HALFDAN HOLME AS	NOR	1 576 807	2.3 %
HAVLANDET MARIN YNGE	NOR	1 331 974	2.0 %
STATOIL PENSJON	NOR	1 002 280	1.5 %
INC INVEST AS	NOR	820 077	1.2 %
NIKI A/S	NOR	739 533	1.1 %
SKAGEN VEKST	NOR	697 000	1.0 %
BJÅSTADBAKKEN AS	NOR	613 617	0.9 %
DAHL HARALD	NOR	612 939	0.9 %
DUKAT AS	NOR	574 463	0.9 %
MØRE OG ROMSDAL SÅKO	NOR	524 751	0.8 %
INSTITUSJONEN FRITT	NOR	362 816	0.5 %
JASIMO AS	NOR	351 546	0.5 %
BORGENHAUG GRUPPEN A	NOR	341 563	0.5 %
NOMINEE ACCOUNT SAXO	DNK	313 500	0.5 %
STATOIL FORSIKRING A	NOR	302 242	0.5 %
Other		9 669 195	14.4 %
<b>TOTAL</b>		<b>67 105 136</b>	<b>100.0 %</b>

**Number of shareholders: 1 329**

**Ownership norwegian citizen: 98.1%**

**Ownership foreign citizen: 1.9%**

**CODFARMERS ASA**

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