



1st quarter presentation 2010
11.05.2010

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Highlights Q1 / 2010

- ✓ **Q1/10 revenues of 43.5 MNOK compared with 31.9 MNOK in Q1/09.** Total harvest of 2 810 tons (r.w) own production and 110 tons (r.w) for external producers.
- ✓ **The average FOB sales price in Q1/10 was 20.2 NOK/kg.** Contract sales amounts to 41% in Q1/10. Codfarmers account for 48% of exported volume farmed cod from Norway.
- ✓ **EBIT –9.0 MNOK in Q1/10 compared with -6.3 MNOK in Q1/09 (No write down of biomass in Q1/10).**
- ✓ **Cash position per Q1/10 of 0.9 MNOK before:**
 - 5 MNOK in un-drawn credit facility
 - 4.2 MNOK in insurance compensation regarding equipment/machinery after fire at Halså
 - 17.8 MNOK in settlement after sale of assets
- ✓ **Sale of assets including boats, moorings and feeding machines to Mainstream at book value 14.1 MNOK. Settlement split:**
 - Debt reduction of 6.2 MNOK
 - Cash to be paid out in Q2/10: 7.8 MNOK (Negotiating with Innovation Norway)
- ✓ **Refinancing plan in process. We have met the major stakeholders**
 - Shareholders
 - Protector (Insurance company)
 - Innovation Norway

Financials Q1 / 2010

Key Financials Figures NOK (1000`)	Q1 2010	Q1 2009	Year 2009
Revenue	43 472	31 929	101 996
EBITDA	-3 441	-894	-141 026
EBIT after write down of biomass	-8 979	-6 330	-167 773
EBIT before write down of biomass	-8 979	-6 330	-47 773
* Write down of biomass	0	0	-120 000
Net profit	-11 916	-10 744	-154 135
Total assets	249 491	345 702	268 497
Total Equity	113 683	180 374	125 353
Equity ratio	46 %	52 %	47 %
Interest bearing debt	104 319	127 879	104 732
Cash and cash equivalents	925	33 773	6 718

Key Biological Figures	Q1 2010	Q1 2009	Year 2009
Juveniles release (1000)	-	-	1 400
Harvesting tons (r.w)	2 810	1 290	4 018
Net growth tons (r.w)	548	950	4 852
Biomass in sea tons (r.w)	4 833	4 494	7 055
Average weight (kg)	1,8	1,0	1,8

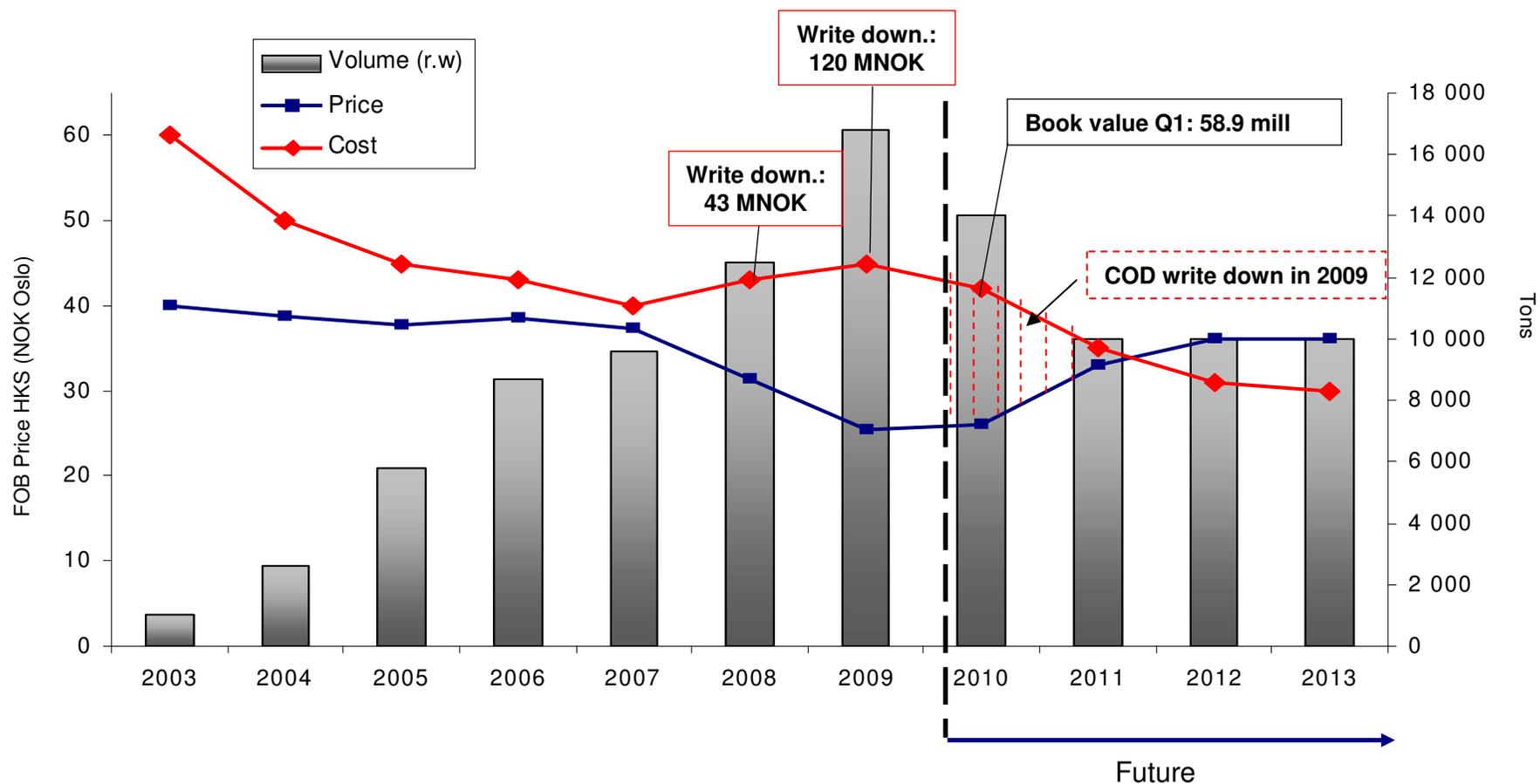
- ✓ **Q1/10 sales revenue of 43.5 MNOK compared to 31.9 MNOK in Q1/09.** Total harvest of 2 810 tons (r.w) of own production and 110 tons (r.w) sold for external producers.
- ✓ **EBIT before write down of -9.0 MNOK in Q1/10 compared to -6.3 MNOK in Q1/09.** EBIT in Q1/10 is mainly explained by the following factors:
 - 1) Administration and sales costs of 4.8 MNOK in Q1/10.
 - 2) Negative contribution of 0.6 MNOK from fish sold in the period.
 - 3) Net result from subsidiaries of - 3.2 MNOK
- ✓ **Total assets of 249.5 MNOK, reflecting 147.6 MNOK in non current assets and 101.9 MNOK in current assets. Estimated biomass value of 58.9 MNOK.**
- ✓ **Total equity of 113.7 MNOK with an equity ratio of 46 % and 104.3 MNOK of interest bearing debt.**

Cashflow Q1 / 2010

CASHFLOW	IFRS	
	31.mar 2010	31.mar 2009
Cash generated from operating activities		
Operating profit for the period	-8 979	-6 330
Interest paid	-926	-2 062
Depreciation and amortisation	5 538	5 436
Share option costs	246	23
Gain on sale of asset	-223	0
Change in other	-1 928	-5 059
Net cash generated from operating activities	-6 272	-7 992
Cash flow from investing activities		
Purchase of property, plant and equipment (PPE)	0	-4 440
Governments grants related to investments	0	11 750
Proceeds from sale of PPE	2 250	0
Interest received	187	406
Net cash used in investing activities	2 437	7 716
Cash flow from financing activities		
Repayments of borrowings	-1 958	-532
Proceeds from new borrowings	0	19 183
Net cash used in financing activities	-1 958	18 652
Cash and cash equivalents at end of the period	925	33 773

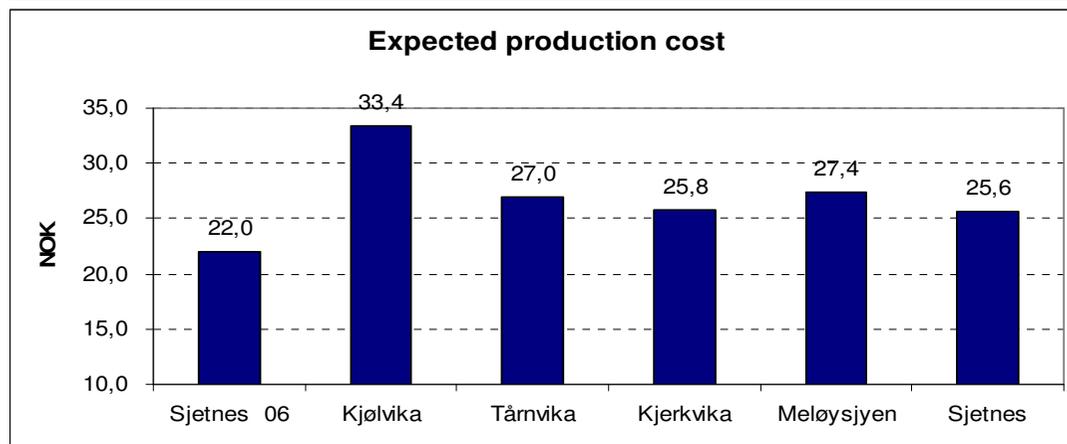
- ✓ **Cash flow from operations**
 - - 6.3 MNOK per Q1/10 compared to -8.0 MNOK per Q1/09
 - Mainly reflects YTD result and change in trade receivables and payables.
- ✓ **Cash flow from investing activities**
 - 2.4 MNOK per Q1/10 compared to 7.7 MNOK per Q1/09
 - Proceeds from sale to Mainstream 2.3 MNOK
 -
- ✓ **Cash flow from financing activities**
 - - 2.0 MNOK per Q1/10 compared to 18.7 MNOK per Q1/09
 - Repayment of borrowings to
 - Innovasjon Norge 1.0 MNOK
 - Gildeskål Sparebank 0.3 MNOK
 - Lease obligations 0.7 MNOK
- ✓ **Cash position per Q1/10 is 0.9 MNOK**
- ✓ **Following equity and liquidity positions is not incorporated. Expected paid out in Q4/2010**
 - 1) 5 MNOK in un-drawn credit facility
 - 2) 4.2 MNOK, insurance compensation regarding equipment/machinery after fire at Halså
 - 3) 17.8 MNOK in settlement after sales of assets.

Norwegian farmed cod volumes peaked in 2009. Codfarmers have written down existing biomass substantially



Biomass Q1 / 2010

Location	Tårnvika	Kjerkvika	Meløysj.	Sjetnes	Total
Number of fish	316	590	921	831	2 658
Average weight (gram)	2,5	2,1	1,9	1,2	1,8
Biomasse (tons)	790	1 260	1 794	990	4 833
Historical write-downs/culling (TNOK)	50 000	30 500	29 500	14 000	124 000
Write-down Q1	0	0	0	0	-
Book value Q1 (TNOK)	7 089	11 813	19 509	20 484	58 895
Book value per kg/r.w	8,98	9,38	10,87	20,70	12,19

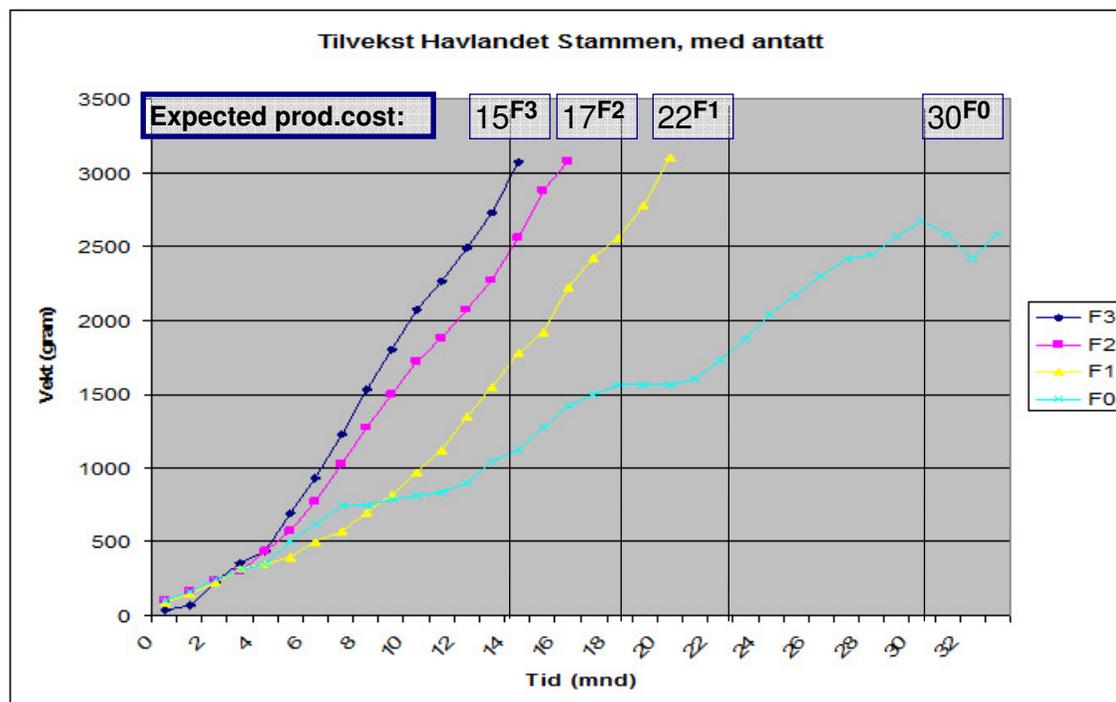


- ✓ **No write down in Q1/10**
- ✓ **Average break-even price (before adm/sales) per kg during rest of 2010: NOK 28.1**
- ✓ **We expect increased harvest weight for remaining biomass**
- ✓ **No diseases**

Break-even price (before adm/sales)	2010	2011	2010/2011
Harvesting volume r.w (tons)	6 920	2 835	9 755
FOB price average	24,5	32,2	26,7

Next generation F3 cod – A fresh start

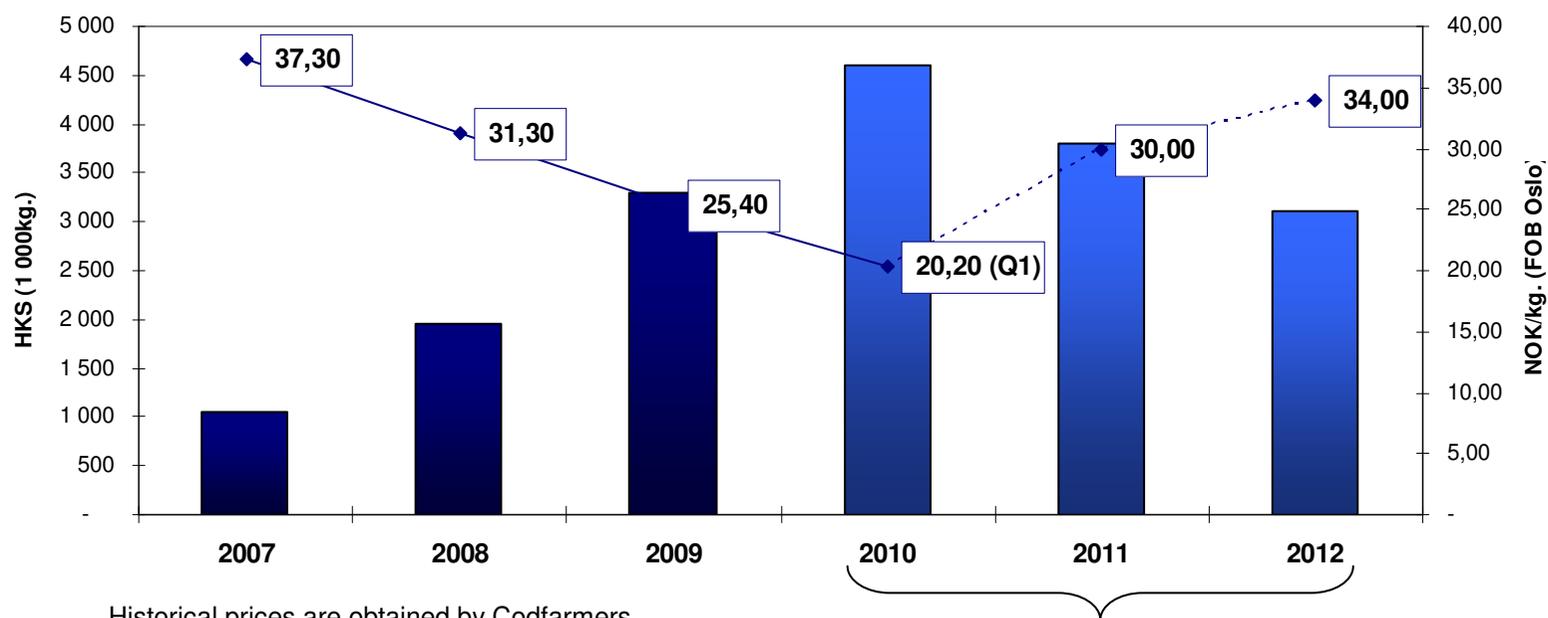
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INC GRUPPEN | Vi griper muligheter

- ✓ Contracted 1,6 million juveniles from Havlandet. 800.000 to be released in June and 800.000 to be released in November
- ✓ Contracts are subject to refinancing
- ✓ Prices on juveniles are 44% below prices on juveniles purchased in 2009
- ✓ Growth time in sea from 100 gram to 3,5 kg is expected to be 15-16 months, down from 26-28 month on current fish in sea
- ✓ 10% 1-2 kg small fish, compared to 60% today
- ✓ The fish is hatched and now in external juvenile and on-growing facilities

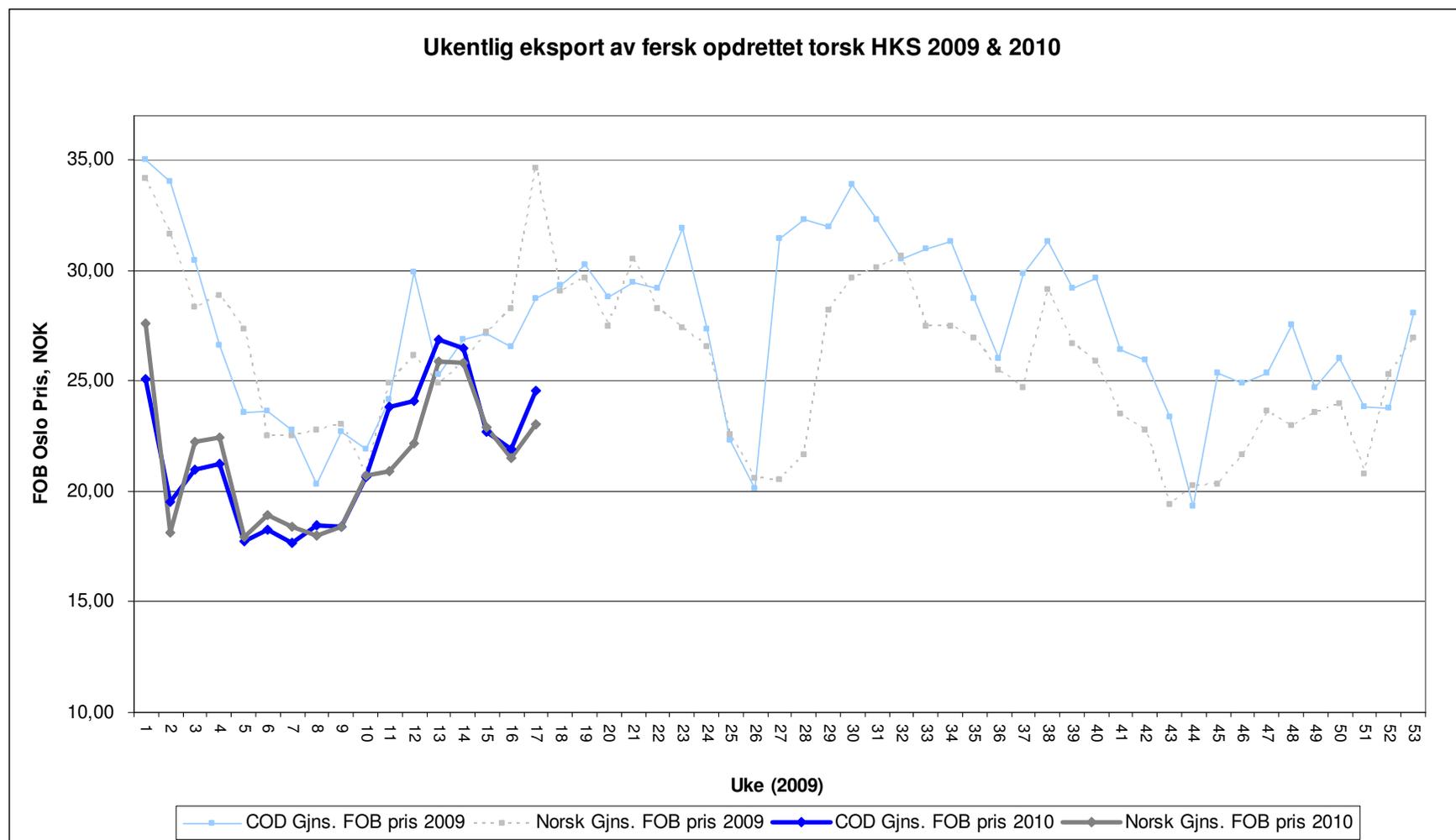
3 years with falling prices



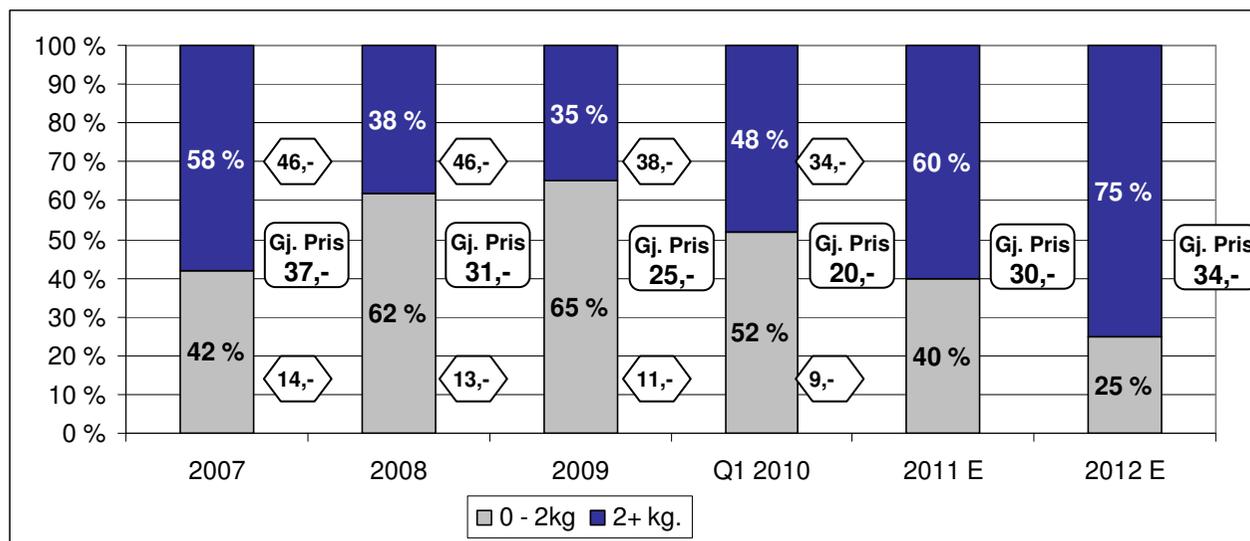
Historical prices are obtained by Codfarmers.
 Future prices are estimated by Codfarmers.

+ NOK/kg. 14,-

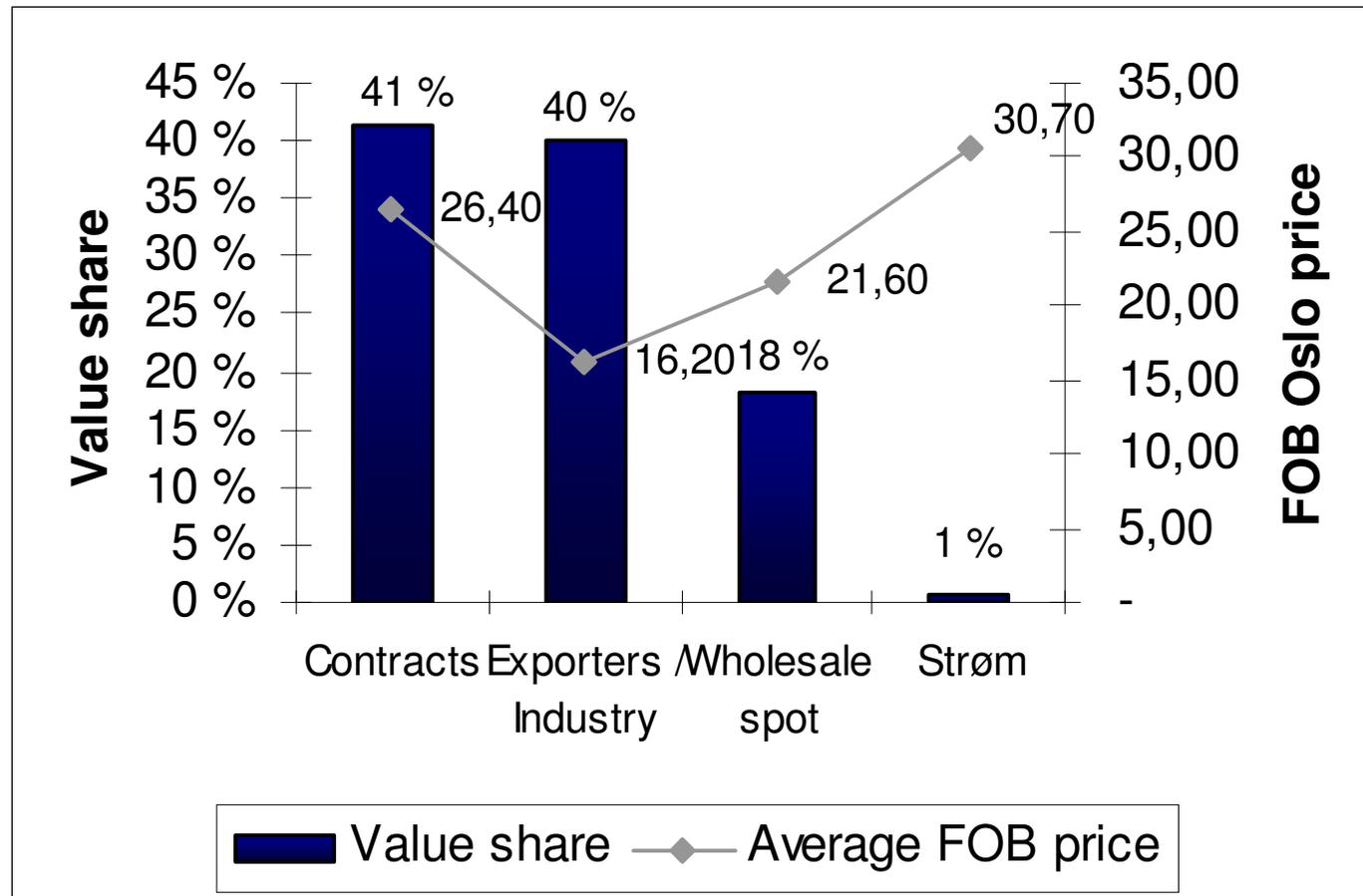
Prices expected to improve during 2010



Average weight is important for average price

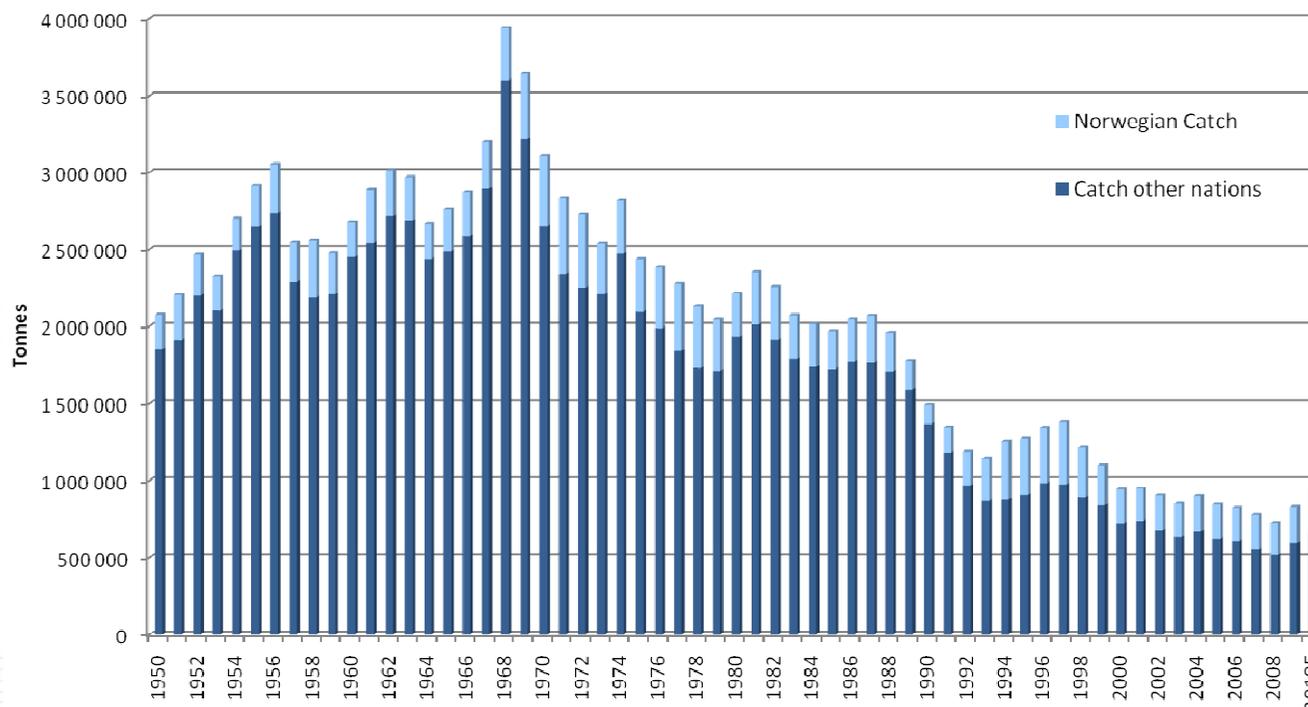


Direct contracts with large customers gives the best price



Increasing wild Cod quotas - for how long?

Historic Development – Catch of Atlantic Cod 1950 - 2010



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Serious problems because of overfishing

More Atlantic cod stocks are at risk: Committee

CANADA

Friday, May 07, 2010, 01:40 (GMT + 9)

The [Committee on the Status of Endangered Wildlife in Canada](#) (COSEWIC) recently assessed the risk of extinction for 51 Canadian wildlife species and concluded that numbers continue to decline for most Atlantic cod populations. It thus increased the number of Atlantic cod units listed as endangered at its meeting in Victoria, British Columbia late last month.

Cod was found to be in danger from Labrador South to Nova Scotia. "Except along the northeast of Newfoundland, cod stocks continue to decline, some in the absence of fishing, and others are still being fished and not being allowed to rebuild," said Jeffrey Hutchings, a fisheries biologist at Dalhousie University and outgoing COSEWIC chair, reports *Canwest News Service*. "Every cod stock is below -- and some of them way below -- their conservation limits right now."

This underlines the need for recovery plans to protect endangered stocks, said [World Wildlife Fund](#) (WWF) Canada.



Cost cutting and downsizing – Program implemented



- ✓ Work force downsized → Cost reduction from Jan09 to Jun10: NOK 26.8 million
- ✓ Culling of 900.000 slow growing fish → reduced working capital need with NOK 35 million
- ✓ Sale of farming location and assets of NOK 33.6 million. We plan additional sale of NOK 10-15 million
- ✓ Down payment of debt of NOK 12.1 million last 12 months

	Number of employees		
	Jan 2009	May 2010	June 2010*
Cod Juveniles	7	1	1
Cod Processing	32	1	1
Cod Production	37	27	16
Cod adm/sales	7	7	7
Total	83	36	25

	Yearly Cost Base MNOK		
	Jan 2009	May 2010	June 2010*
Cod Juveniles	5,6	1,9	0,8
Cod Processing	12,9	0,7	0,7
Cod Production	16,9	13,9	7,2
Cod adm/sales	9,1	9,0	9,0
Total	44,5	25,5	17,7

*Includes workforce at new location "Generation 2010" (4 employees).

Refinancing plan in process

✓ **Meetings with our major stakeholders** → our goal is to raise 40-60 million through a rights issue and a repair issue.

Subject to:

- Finalized agreement with Protector (our insurance company)
- Renegotiate the terms of Innovation Norway short term debt of NOK 30 million
- Change in management; Harald Dahl has replaced Michael Malling as CEO

✓ **Codfarmers has finalized a deal with Protector, which implies that;**

- Protector participates in the share issue with NOK 10 million
- Cash settlement for building is NOK 8 million
- Remaining cash settlement for machinery and equipment of NOK 4,2 million will be paid
- Codfarmers will not build a new processing plant at Halså. COD owns remaining plant and land
- The deal is subject to a successful share issue of NOK 50 million and agreement with Innovation Norway

Refinancing plan in process

➤ Negotiations with Innovation Norway in progress

Debt Innovation Norway	Company	TNOK	Date of Payment	Instalment	Comments
Innovasjon Norge	JUV	11 900	juni 2020	Semi-annual	Normal schedule
Innovasjon Norge	PRO	5 000	februar 2019	Semi-annual	Redemption in June 2010, from Insurance settlement
Innovasjon Norge	COD	1 100	januar 2015	Semi-annual	Normal schedule
Innovasjon Norge	COD	300	juli 2011	Semi-annual	Normal schedule
Innovasjon Norge	COD	30 000	april 2011		Negotiating new payment schedule and future sale of assets to be split between Innovation Norway and Codfarmers. As of today no deal with Innovation Norway is finalized.
Total		48 300			

✓ No plan to renegotiate the convertible loan

- Convertible at share price NOK 14,-
- If we choose PIK plan → NOK 25 million down payment in November 2012, NOK 25 million down payment in November 2013 + PIK payment of NOK 35 million

✓ After successful refinancing COD will have a fresh start with;

- NOK 40-60 million from Share issue
- NOK 7,2 million from insurance settlement
- NOK 2,5 - 5 million from sale of assets

→ Total NOK 49,7- 72,2 million

✓ Potential future sale of assets NOK 10-15 million