





## Highlights post Q4 2012

- **Focus on cost cutting and down scaling of business**
- **Letter of intent for the sale of Atlantic Cod Farms AS**
  - Assets and rights in ACF valued to NOK 40 million before deduction of debt.
  - Uncertainty attached to whether and if so, when, the transaction will be completed.
- **Sale of assets in Atlantic Cod Juveniles AS**
  - Atlantic Cod Juveniles AS, a subsidiary of Codfarmers ASA, has sold its cod juvenile production facility with related fixed and operating assets and juvenile license for a sales price of NOK 5 million.
- **Delisting proposal – EGM Notice**
  - The Board of Directors of Codfarmers ASA has unanimously decided to propose to the general meeting of the Company that the Company applies for a delisting of its shares from Oslo Børs.
- **The Company proposed voluntary debt re-arrangements to its creditors with unsecured claims. Agreements have been entered into with most of the creditors.**

## Financial highlights Q4 2012

- **Revenues of 39.6 MNOK vs. 21.3 MNOK in Q4/11**
  - Total harvest of 1 223 tons (r.w.) own production and 65 tons (r.w.) external fish sold.
  - 86% of volume produced sold as whole fish, remaining sold as filets. Average sales price H&G: NOK 24.3 kg including bi-products.
  - Average sales price after logistics, processing and filet costs: NOK 14.1 pr kg r.w.
- **EBIT -72.0 MNOK vs. -19.3 MNOK in Q4/11**
  - Negative contribution of 3.7 MNOK from fish sold in the period.
  - Write down and destruction of other biomass, 12.4 MNOK.
  - Write down non-current assets of 36.0 MNOK.
  - Administration and sales costs of 6.1 MNOK.
  - Net result before finance from hatchery and pre on growing facilities with – 7.5 MNOK.
  - Depreciation of idle locations 5.9 MNOK.
- **Biological assets have a fair value of 42.9 MNOK (3 041 tons r.w.)**
- **Cash position per Q4 was 10.7 MNOK.**
- **Sale of shares in Nap Marine AS.**

## FINANCIALS

Key Financials Figures NOK (1000´)	Q4 2012	Q4 2011	Year 2012	Year 2011
Revenue	39 580	21 299	125 263	122 865
EBITDA	-30 037	-10 920	-149 686	-69 569
EBIT after write down of biomass	-72 003	-19 329	-212 331	-90 712
EBIT before write down of biomass	-59 565	-19 329	-104 131	-65 212
*Writedown of biomass	-12 438	0	-108 200	-25 500
Net profit	-79 215	-22 295	-227 219	-94 324
Total assets	175 203	295 588	172 203	295 588
Total Equity	-18 329	155 492	-18 329	155 492
Equity ratio	-10 %	53 %	-10 %	53 %
Interest bearing debt	136 300	100 911	136 300	100 911
Cash and cash equivalents	10 681	7 802	10 681	7 802
Harvest volumes tons (r.w)	1 223	59	4 204	2 906

\*Includes losses related to destruction of fish.

In December 2012, Codfarmers ASA and its subsidiaries proposed voluntary debt re-arrangements to its creditors with unsecured claims. The proposal consists of a 50% debt reduction and a deferred payment schedule, pursuant to which the debt shall be repaid on 15 April 2013. Implementation of the debt re-arrangement proposal is subject to support from the creditors and financing of the amount to be repaid to creditors on 15 April 2013. So far, 89 of 94 creditors have accepted the debt re-arrangement proposal, which represents debt of 66.3 MNOK of a total of 77.1 MNOK. If all creditors accept the proposal and Codfarmers is able to finance the 15 April 2013 repayment, Codfarmers will reduce its debt by 38 MNOK. Codfarmers is continuing discussions with those not having accepted the proposal and the Company is also working to be able to finance the 15 April 2013 repayment, but no assurance can be given to the effect that the Company will reach an agreement with all creditors or be able to finance the repayment.

- Q4/12 revenue of 39.6 MNOK compared to 21.3 MNOK in Q4/11. Revenues in Q4/12 generated by harvesting 1 223 tons (r.w.) of own production and 65 tons (r.w.) external fish sold.

- EBIT of – 72.0 MNOK in Q4/12 compared to – 19.3 MNOK in Q4/11.

The negative result in Q4/12 is mainly explained by the following factors;

- (1) Negative contribution of 3.7 MNOK from fish sold in the period.
- (2) Write down and destruction of other biomass, 12.4 MNOK.
- (3) Write down of non-current assets of 36.0 MNOK.
- (4) Admin/sales cost 6.1 MNOK.
- (5) Net result before finance from subsidiaries - 7.5 MNOK.
- (6) Costs related to idle locations 5.9 MNOK.

- Net profit of – 79.2 MNOK in Q4/12 compared to – 22.3 MNOK in Q4/11.
- Total assets of 175.2 MNOK, reflecting 75.4 MNOK in non-current assets and 99.7 MNOK in current assets. Estimated biomass value of 42.9 MNOK.
- Total equity of -18.3 MNOK.
- Cash per Q4/12 of 10.7 MNOK.

## COD PRODUCTION

### COD PERFORMANCE INDICATORS PER DESEMBER 2012

	<b>Meløysjøen 2008</b>	<b>Kjerkvika 2008</b>	<b>Hammarvia 2010</b>	<b>Standal 2010</b>	<b>Stokkeneset 2011</b>
Harvest %	100 %	100 %	100 %	100 %	100 %
Avg. harvested weight	2,9 kg	2,7 kg	2.8 kg	2.8 kg	2.5 kg
Current avg. weight	0	0	0	0	0
No. of fish (1000)	0	0	0	0	0
Biological feed factor (FCR)	1.23	1.18	1.28	1.25	1.38
Economic feed factor (EFCR)	1.38	1.31	1.36	1.47	1.41
Mortality (%) based on start number	19 %	10 %	27 %	21 %	33 %
Loss of fish (%) (destruction, escapes etc.)	18.3%	25.5%	9.0%	15.1%	7.5%
Production Cost per kg (r.w.)	NOK 30.7	NOK 25.7	NOK 29.0	NOK 31.4	NOK 33.0

### COD PERFORMANCE INDICATORS PER DESEMBER 2012

	<b>Russenes 2011</b>	<b>Kjølvika 2011</b>	<b>Haggardsneset 2011</b>	<b>Steinvik/ Russenes 2012</b>
Harvest %	42 %	0 %	10 %	0 %
Avg. harvested weight	3.1 kg	0 kg	2.3 kg	0 kg
Current avg. weight	2.841 kg	1.950 kg	1.506 kg	0.628 kg
No. of fish (1000)	141	807	486	536
Biological feed factor (FCR)	1.22	1.05	1.13	0.85
Economic feed factor (EFCR)	1.21	1.11	1.62	0.87
Mortality (%) based on start number	13.9%	11.7%	33.5%	2.0%
Loss of fish (%) (destruction, escapes etc.)	7.2%	6.5%	4.6%	0.3%

- 3 041 tons (r.w.) of standing biomass at sea. Estimated value of 42.9 MNOK.
- A total of 1.97 million fish at 4 different locations at sea.

Total harvest of 1 223 tons (r.w.) in Q4/12 from the Russenes 2011 generation, Haggardsneset 2011 generation and from the 2010 generation at Stokkeneset. Average harvest weight of 2.678 kg.

Destruction of 829 802 small fish under 1.0 kg at location Kjerkvika in the Nordland region.

Nap Marine AS was sold to Gildeskål Forskningsstasjon in December 2012.

## COD JUVENILES

### Broodstock and juvenile production

Due to the very difficult financial situation in Codfarmers ASA, it was decided to shut down all production at both Cod Juveniles and Fjord Gadus in Q4 2012. At both sites most of the labor was laid off, and there is no immediate plan for a new start-up.

### Broodstock

A genetically selected brood-stock is probably the most valuable asset for a future re-start of the cod farming industry. The F3-broodfish at Cod Juveniles is a result of 10 years systematic selection work, and the destiny of this fish is not given. Approximately 2 000 fish with different family background (all F3-generation) are kept in groups with different light regimes. Two of these groups are spawning this spring and one is spawning this autumn. This fish occupies a total of 12 tanks and requires a caretaker in a 50% position. The F2-generation was culled in Q4 in order to make space for the new F3-generation. A potential sale of Cod Juveniles will necessitate moving or culling the broodstock.

### Hatchery

The hatchery R&D-project was terminated in Q4, 6 months before the planned termination. The trials started up at the end of October 2012, with start feeding of approximately 6 million larvae divided on six tanks. Unstable live feed production caused high mortality in the first-feeding period of the full scale experiments. However, small scale experiments gave promising indications of significant improved first feeding protocols. These improvements were linked to alternative live feed enrichments. There was no commercial hatchery production in 2012.

### Pre on-growing

At both Cod Juveniles and Fjord Gadus, the large juveniles remaining in pre on-growing was culled in Q4, and the facilities were shut down. 245 981 fish were culled at Fjord Gadus and a total of 332 762 fish were culled at Cod Juveniles by the end of Q4.

## COD MARKET

**In Q4/12, the market showed a 33% decrease in average fresh cod price overall (wild and farmed) and 7% increase in total fresh cod export volumes**

Codfarmers' Q4/12 average FOB export price on whole gutted fish was 24.5 NOK representing 11.7% increase from Q4/11. Codfarmers' export volume of whole gutted fish was 796.0 tons, which is 320% up from Q4 2011, and accounted for 72.3% of the total Norwegian aquaculture cod export volume.

Sales of Codfarmers' consumer brand STRØM® accounted for 12% of total Codfarmers sales value in Q4/12 (3,3 MNOK of total sale 27,5 MNOK). In absolute sales value, STRØM® increased from 2.4 MNOK in Q4/11 to 3.3 MNOK in Q4/12, a growth of 37.2%.

NorgesGruppen is still the biggest customer for STRØM®, but the launch of STRØM® in REMA 1000 in Q4 2012 has contributed significantly to the total sales increase. The growth potential was much higher than the manifested growth, but could not be fully exploited due to Codfarmers' economic challenges. All marketing activities in Q4/12, such as in store demo, campaigns and new POS material, were cancelled.

# FINANCIAL REPORT

## Income statement

The Group achieved total revenue of 125.3 MNOK per fourth quarter of 2012 compared to 122.9 MNOK for the same period in 2011. The revenues were generated by harvesting of 4 204 tons (r.w.) from the locations of Hammervika, Russenes, Standal, Haggardsnes and Stokkeneset, and 125 tons (r.w.) from external producers.

In Q4/12, the group achieved a total revenue of 39.6 MNOK compared to 21.3 MNOK in Q4/11. The revenues in Q4/12 were generated by harvesting 1 223 tons (r.w.) of own production and 65 tons (r.w.) external fish sold.

EBIT is -212.3 MNOK per fourth quarter 2012 compared to -90.7 MNOK for the same period in 2011. Total write down in 2012 is -108.2 MNOK. The negative result per fourth quarter 2012 of -227.7 MNOK is mainly explained by the following factors:

- (1) Result from harvesting and sales of own fish of total -18.5 MNOK, 4 204 tons (r.w) harvested. Total write down biomass value of -108.2 MNOK.
- (2) Total admin/sales cost of MNOK 17.9.
- (3) Net result from subsidiaries with MNOK -15.5.
- (4) Depreciation of idle locations of 12.4 MNOK.
- (5) Net finance of MNOK -15.4.
- (6) Write down of non-currents assets of 36.0 MNOK

## Cash flow and liquidity

The net cash flow from operational activities per fourth quarter 2012 was 78.9 MNOK compared with 48.3 MNOK in 2011. The net cash flow is mainly explained by the YTD result adjusted for depreciations and change in inventories and trade payables.

The net negative cash flow from investing activities per fourth quarter 2012 amounted to MNOK -2.3 compared with

MNOK 1.3 for the same period in 2011. Net cash flow is mainly explained by investment in our processing partner and investments related to construction certificate for production facilities at sea.

The company's financial activities per fourth quarter 2012 show a net cash flow of 84.1 MNOK. The positive cash flow is mainly related to loans from shareholders of 37.0 MNOK and the private placement of a total of 52.3 MNOK conducted in March and April 2012.

At the end of fourth quarter 2012 the company has 10.7 MNOK cash and cash equivalents compared with 7.8 MNOK in 2011.

## Balance sheet

At the end of December 2012 the Group's assets had a book value of 175.5 MNOK compared with 295.6 MNOK in 2011. Fixed assets amounted to 75.4 MNOK. MNOK 47.2 relates to facilities on land in Cod Juveniles and MNOK 25.9 in Cod Production (farming equipment, boats, facilities and licenses). Current assets amounted to 99.7 MNOK. This includes non-current assets available for sale of 32.1 MNOK, 8.9 MNOK in trade receivables, 42.9 MNOK in biomass value, 1.9 MNOK feed in storage, 10.6 MNOK in cash and other receivables of MNOK 3.2.

The Group's equity as of 31.12.2012 is -18.3 MNOK compared with 155.5 MNOK for the same period in 2011. The company has no distributable equity.

Long term-debt in the company is 25.6 MNOK of which 24.5 reflects interest bearing debt. The company has short-term debt of 167.9 MNOK, compared to 64.7 MNOK in 2011. 52.3 MNOK reflects trade payables and 110.4 MNOK reflects interest bearing debt.

## INCOME STATEMENT

Unaudited (NOK 1000)		January - December		4th quarter	
	Note	2012	2011	2012	2011
Revenue		125 263	122 865	39 580	21 299
Consumables used		163 664	128 662	44 462	36 767
Inventory change		43 663	11 894	-11 905	-25 579
Salaries	12	32 004	23 703	7 129	10 881
Depreciation, amortisation and impairment		62 645	21 143	41 966	8 409
Other expenses		35 617	28 175	6 120	10 150
<b>Operating profit before biomass adj.</b>		<b>-212 331</b>	<b>-90 712</b>	<b>-72 003</b>	<b>-19 329</b>
Biomass adjustment		0	0	0	0
<b>Operating profit</b>		<b>-212 331</b>	<b>-90 712</b>	<b>-72 003</b>	<b>-19 329</b>
Financial income		4 499	9 858	3 020	749
Financial cost	13	-19 887	-13 470	-10 232	-3 715
<b>Net finance</b>		<b>-15 388</b>	<b>-3 612</b>	<b>-7 212</b>	<b>-2 967</b>
<b>Profit before income tax</b>		<b>-227 219</b>	<b>-94 324</b>	<b>-79 215</b>	<b>-22 295</b>
Income tax (expense) / income		0	0	0	0
<b>Profit for the period</b>		<b>-227 219</b>	<b>-94 324</b>	<b>-79 215</b>	<b>-22 295</b>
<b>Attributable to:</b>					
Equity holders of the company		-227 219	-94 324	-79 215	-22 295
Minority interests		-958	-93	-275	0

# BALANCE SHEET

Unaudited (NOK 1000)

	Note	31 Dec 2012	31 Dec 2011
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill		0	18 083
Property, plant and equipment	5	72 392	153 405
Intangible assets	5	664	2 347
Financial assets for sale		2 403	7
<b>Total non-current assets</b>		<b>75 459</b>	<b>173 842</b>
<b>Current assets</b>			
Inventories		1 909	4 200
Biomass		42 876	86 167
Trade receivables		8 948	14 738
Non-current assets available for sale		32 072	0
Other receivables		3 257	8 839
Cash and cash equivalents		10 681	7 802
<b>Total current assets</b>		<b>99 744</b>	<b>121 746</b>
<b>Total assets</b>		<b>175 203</b>	<b>295 588</b>
<b>Capital and reserves attributable to equity holders of the company</b>			
Share capital	6	710 071	657 750
Other equity	6	17 879	17 841
Retained earnings	6	-745 649	-520 427
		-17 699	155 164
Minority interests		-630	328
<b>Total equity</b>		<b>-18 329</b>	<b>155 492</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Pension liabilities	8	134	134
Other provisions		935	1 028
Borrowings	7	24 539	68 036
Convertible loan	12	0	6 189
<b>Total non-current liabilities</b>		<b>25 608</b>	<b>75 387</b>
<b>Current liabilities</b>			
Trade payables		52 378	27 583
Indirect taxes and excises		1 341	1 791
Borrowings	7	27 621	22 186
Debt related to non-current assets available for sale		29 709	0
Convertible loan	12	12 021	4 500
Shareholders loan	7	37 000	0
Other current liabilities		7 853	8 650
<b>Total current liabilities</b>		<b>167 924</b>	<b>64 709</b>
<b>Total liabilities</b>		<b>193 532</b>	<b>140 096</b>
<b>Total equity and liabilities</b>		<b>175 203</b>	<b>295 588</b>



## CASH FLOW

Unaudited (NOK 1000)	Twelve months ended 31 Dec	
	2012	2011
<b>Cash generated from operating activities</b>		
Operating profit for the period	-212 331	-90 712
Interest paid	-18 555	-6 915
Depreciation and amortisation	62 645	21 143
Fair value adjustment of financial assets	0	850
Share option costs	38	376
Gain/loss on sale of subsidiaries and fixed assets	-2 509	165
Change in inventories	45 582	10 957
Change in trade receivables	1 894	10 008
Change in trade payables	27 850	-5 249
Change in other	16 498	11 057
Net cash generated from operating activities	-78 888	-48 320
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment (PPE)	-4 952	-746
Proceeds from sale of PPE	500	525
Purchase of financial assets	-2 396	-850
Interest received	4 499	2 400
Net cash used in investing activities	-2 348	1 329
<b>Cash flow from financing activities</b>		
Repayments of borrowings, incl convertible loan	-5 206	-24 416
Proceeds from new borrowings	37 000	0
Proceeds from share issue	52 322	52 776
Net cash used in financing activities	84 116	28 360
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>2 880</b>	<b>-18 631</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>10 681</b>	<b>7 802</b>
Restricted cash as of 31 Dec	706	1 279
<b>Cash and cash equivalents at end of the period adjusted for restricted cash</b>	<b>9 975</b>	<b>6 522</b>

## CHANGES IN EQUITY

Unaudited (NOK 1000)	Share capital/ share premium	Other reserves	Retained earnings	Total equity	Minority interests	Total incl. min. Interests
<b>Balance at 1 January 2012</b>	657 750	17 841	-520 427	155 164	328	155 492
Increase of share capital	52 322			52 322		52 322
Market value of awarded options		38		38		38
Other equity transactions			1 538	1 538		1 538
Profit for the period			-226 761	-226 761	-958	-227 719
<b>Balance at 30 Sept 2012</b>	<b>710 071</b>	<b>17 879</b>	<b>-745 649</b>	<b>-17 699</b>	<b>-630</b>	<b>-18 329</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 and Hareid.

The condensed consolidated interim financial statements for the period from Jan-Dec 2012 consists of Codfarmers ASA and its subsidiaries Cod Processing 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. Nap Marine AS was sold in December 2012.

### 2 Basis of Preparation

This condensed interim financial information has been prepared in accordance with IAS 24, "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

Unaudited (NOK 1000) <b>31 Dec 2011</b>	<b>Tangible and intangible assets</b>
<b>Opening net book amount at 1 January 2011</b>	105 261
Additions	746
Disposals	-693
Additions from subsidiaries acquired in 2011	89 664
Depreciation/amortisation, impairment and other movements	-21 143
<b>Closing net book amount at 31 Dec 2011</b>	<b>173 835</b>
<b>31 Dec 2012</b>	
<b>Opening net book amount at 1 January 2012</b>	173 835
Additions	4 952
Disposals	-11 013
Assets for sale (transferred to current assets)	-32 072
Depreciation/amortisation, impairment and other movements	-62 645
<b>Closing net book amount at 31 Dec 2012</b>	<b>73 056</b>



## 6 Capital

	Number of shares (‘000)	Ordinary shares	Share premium	Other equity, incl min. Interests	Total
<b>Unaudited (NOK 1000)</b>					
<b>Capital</b>					
<b>Opening balance 1 January 2011</b>	14 955	14 955	507 979	-405 244	117 691
Market value on awarded options				376	376
Net proceeds from share issue	27 329	27 329	109 652		136 981
Expenses related to share capital issue			-2 165		-2 165
Other equity transactions				-3 067	-3 067
Result				-94 324	-94 324
<b>At 31 Dec 2011</b>	42 284	42 284	615 466	-502 259	155 492
<b>Opening balance 1 January 2012</b>	42 284	42 284	615 466	-502 258	155 493
Increase of share capital	24 821	24 821	27 039		52 322
Market value on awarded options				38	38
Other equity transactions				1 538	1 538
Result				-227 719	-227 719
<b>At 31 Dec 2012</b>	67 105	67 105	642 504	-728 400	-18 329

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.

## 7 Borrowings

<b>Unaudited (NOK 1000)</b>	<b>31 Dec 2012</b>	<b>31 Dec 2011</b>
Non-current	24 539	68 036
Current	94 330	22 186
	<b>118 869</b>	<b>90 222</b>

Movements in borrowings is analysed as follows:

### 2011

Opening amount as at 1 January 2011	35 460
Repayments of borrowings	-6 570
Additions from subsidiaries acquired in 2011	61 333

<b>Closing amount as at 31 Dec 2011</b>	<b>90 222</b>
---	---------------

### 2012

Opening amount 1 January 2012	90 222
Financial leases restated (see also change in equity)	-1 538
Change due to sale of subsidiary	-1 608
Repayments of borrowings	-5 206
New borrowings	37 000

<b>Closing amount as at 31 Dec 2012</b>	<b>118 869</b>
---	----------------

In December 2012, Codfarmers ASA and its subsidiaries proposed voluntary debt re-arrangements to its creditors with unsecured claims. The proposal consists of a 50% debt reduction and a deferred payment schedule, pursuant to which the debt shall be repaid on 15 April 2013. Implementation of the debt re-arrangement proposal is subject to support from the creditors and financing of the amount to be repaid to creditors on 15 April 2013.

So far, 89 of 94 creditors have accepted the debt re-arrangement proposal, which represents debt of 66.3 MNOK of a total of 77.1 MNOK. If all creditors accept the proposal and Codfarmers is able to finance the 15 April 2013 repayment, Codfarmers will reduce its debt by 38 MNOK. Codfarmers is continuing discussions with those not having accepted the proposal and the Company is also working to be able to finance the 15 April 2013 repayment, but no assurance can be given to the effect that the Company will reach an agreement with all creditors or be able to finance the repayment.

## 8 Pension plans

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.

## 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)

	<u>2012</u>	<u>2011</u>
- basic	-3,87	-1,36
- diluted	-3,87	-1,36

## 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 29 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.

## 13 Liquidity risk

The Company and its subsidiaries have not had sufficient working capital to pay their debt when due. Loss of income due to disease on fish ready for harvesting and lower sales price on cod than expected has forced the company to turn to suppliers and lenders to ask for payment deferral, amortization schedule and debt reduction. The Company is in the process of downscaling the Group's operations and disposing assets to improve its ability to pay its debt. If the Company does not succeed in disposing assets in time and at prices expected, achieves lower prices for its fish than expected or does not succeed in raising new debt or equity capital, the Company may seek to improve the situation by accelerating its harvesting plan and request its creditors for further payment deferrals. See also under "Financials".

The auditor's report for the year 2011 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 Events occurring after the balance sheet date

### Sale of assets in Atlantic Cod Juveniles AS

In February 2013, Atlantic Cod Juveniles AS, a subsidiary of Codfarmers ASA, sold its cod juvenile production facility with related fixed and operating assets and juvenile licence. The facility, which has not been in production since the spring of 2012, is sold to Marine Harvest ASA's subsidiary Marine Harvest Labrus AS for a purchase price of NOK 5 mill.

### Delisting proposal

The Board of Directors of the Company has proposed to the general meeting that the Company applies for a delisting of the Codfarmers shares from Oslo Børs due to the concentrated ownership structure in the Company, the low market value of the Company, the small number of shareholders holding shares worth more than NOK 10,000, the low liquidity in the shares is low, and fact that the listing does currently not increase investors' willingness to participate in the future financing of the Company. Further, the costs relating to the listing are substantial to the Company and cannot be defended by the advantages of being listed in the current financial situation of the Company.

An extraordinary general meeting of the Company will be held on 13 March 2013 for the purpose of resolving to apply for a delisting.

The Board of Directors intend to submit the delisting application to the Oslo Børs shortly following the EGM, provided that the EGM resolves with at least two-thirds majority to approve that the Company applies for delisting. The Company will update the shareholders by stock exchange announcements as to when the delisting application is submitted and also with respect to the last day of listing if delisting is resolved by the Oslo Børs.

### Letter of intent for the sale of Atlantic Cod Farms

Codfarmers ASA has entered into a letter of intent with a financially strong industrial player regarding Codfarmers' sale of Atlantic Cod Farms AS and its subsidiaries ("ACF"), other than Festøy Eiendom AS. The parties have agreed on a value of the assets and rights of ACF in the amount of NOK 40 million, and that the debt in ACF shall be deducted when determining the price for the shares in ACF. Codfarmer's loan to ACF, which currently is in the amount of NOK 55 million will be converted into shares in ACF. The main portion of the amount of NOK 40 million will be used for repayment of third-party debt in ACF.

Completion of the transaction is inter alia subject to the buyer's due diligence review of ACF, the parties agreeing on a final share purchase agreement, and that the transaction is being approved by the boards of directors of the parties and by relevant authorities.

It is uncertainty attached to whether and if so, when, the transaction will be completed.

## SHAREHOLDERS

### Shareholders per 25th February 2013

Shareholders	Citizen	Shares	Ownership
KONTRARI AS	NOR	22 346 010	33.3%
DOLPHIN MANAGEMENT A	NOR	19 757 852	29.4%
BANAN AS	NOR	3 837 409	5.7%
JØKUL AS	NOR	2 486 028	3.7%
HALFDAN HOLME AS	NOR	1 826 807	2.7%
HAVLANDET MARIN YNGE	NOR	1 331 974	2.0%
NIKI A/S	NOR	850 000	1.3%
INC INVEST AS	NOR	820 077	1.2%
BJÅSTADBAKKEN AS	NOR	613 617	0.9%
DAHL HARALD	NOR	612 939	0.9%
BACHELOR AS	NOR	500 000	0.8%
INSTITUSJONEN FRITT	NOR	362 816	0.5%
SAXO PRIVATBANK A/S	DNK	356 595	0.5%
JEASIMO AS	NOR	351 546	0.5%
BORGENHAUG GRUPPEN A	NOR	341 563	0.5%
MORTEN WERRING REDERI	NOR	312 872	0.5%
STIG ULSTEIN AS	NOR	297 402	0.4%
KOLLSNES AKVA AS	NOR	281 300	0.4%
KRAG INVEST AS	NOR	240 000	0.4%
TONG BOWEI	NOR	231 856	0.3%
Others		8 790 485	13.2%
<b>TOTAL</b>		<b>67 105 136</b>	<b>100%</b>

Number of shareholders: 1 356

Ownership Norwegian citizen: 97.4%

Ownership foreign citizen: 2.6%