



HALF YEAR REPORT 2011  
AUGUST 12TH 2011





# HIGHLIGHTS

- **Average prices increase**
  - From NOK 26.7 per kg in Q1 to NOK 31.0 per kg in Q2
- **Strong demand for our fish and price increase has continued into Q3**
- **The Q2 results are negative affected by write down of biomass due to lower prices than estimated and start-up costs related to STRØM® and branded product production.**
- **The acquisition of Atlantic Cod Farms**
  - Guaranteed share issue of minimum 54.2 MNOK at share price 6.80. This will strengthen the company's Balance Sheet
  - Position COD as the only codfarmer with year round production.
  - Substantial cost- and sales synergies are expected to be realized during the next 3 months.
  - The combined company will have farming sites in Nordland, Sunnmøre and Sognefjorden with a total production capacity of 20 000 tons a year.
- **Road show and Investor presentation planned in September**

## Financial Highlights Q2 2011

- **Revenues of 36.9 MNOK vs. 29.5 MNOK in Q2/10**
  - Total harvest of 1 025 tons (r.w.) own production and 587 tons (r.w.) from external producers.
  - Average sales price: NOK 28.33 kg H&G. NOK 31.0 kg H&G inclusive contribution from liver.
- **EBIT -17.7 MNOK vs -13.5 MNOK in Q2/10**
  - Negative contribution of 6.8 MNOK from fish sold in the period due to lower market price and start up processing costs on STRØM®
  - Write-down of biomass at Kjerkvika 09 generation of 3.5 MNOK
  - Normal administration and sales costs of 3.5 MNOK
  - Net result from subsidiaries of - 2.4 MNOK
  - Depreciation of idle locations 1.5 MNOK
- **Repurchase of 39% of convertible bonds**
  - At 60% of nominal value
  - P&L gain of 5.6 MNOK
- **Biological assets have a fair value of 49.5 MNOK (1 578 tons r.w)**
- **Expected break even price for harvesting in Q3 2011**
  - NOK 37.4 kg H&G (before adm/sales/finance).
- **Cash position per Q2 was 18.7 MNOK. Net short term receivables of 3.6 MNOK**

# FINANCIALS

KEY FINANCIALS FIGURES NOK (1000 <sup>+</sup> )	Q2 2011	Q2 2010	30 June 2011	30 June 2010	Year 2010
Revenue	36 852	29 506	76 943	72 979	139 733
EBITDA	-13 506	-8 279	-17 893	-11 719	-28 271
EBIT after write down of biomass	-17 677	-13 474	-26 260	-22 452	-47 994
EBIT before write down of biomass	-14 177	-13 474	-22 760	-22 452	-43 094
*Writedown of biomass	-3 500	0	-3 500	0	-4 900
Net profit	-14 477	-17 543	-25 262	-29 459	-61 696
Total assets	189 302	213 237	189 302	213 237	220 644
Total Equity	95 856	96 311	95 856	96 311	117 691
Equity ratio	51 %	45 %	51 %	45 %	53 %
Interest bearing debt	60 210	94 903	60 210	94 903	82 821
Cash and cash equivalents	18 732	7 838	18 732	7 838	26 432
Harvest volumes tons (r.w.)	1 025	1 530	2 218	4 341	6 255

- Q2/11 revenue of 36.9 MNOK compared to 29.5 MNOK in Q2/10. Revenues in Q2/11 generated by harvesting 1 025 tons (r.w.) of own production and 587 tons (r.w.) of external volumes.
- EBIT of – 17.7 MNOK in Q2/11 compared to – 13.5 MNOK in Q2/10.

The negative result in Q2/11 is mainly explained by the following factors;

- (1) Negative contribution of 6.8 MNOK from fish sold in the period due to lower market price on cod and higher processing costs than expected
- (2) Write-down of biomass at Kjerkvika of 3.5 MNOK. Planned accelerated harvesting has led to higher production cost pr kg. In addition, the average weight on fish at Kjerkvika has been slightly lower than expected.
- (3) Normal admin/sales cost of 3.5 MNOK
- (4) Net result before finance from subsidiaries with – 2.4 MNOK
- (5) Depreciation of idle locations 1.5 MNOK

- Net profit of – 14.5 MNOK in Q2/11 compared to – 17.5 MNOK in Q2/10.  
- Repurchase of convertible bonds. Accounting gain of 5.6 MNOK.
- Total assets of 189.3 MNOK, reflecting 97.7 MNOK in non-current assets and 91.6 MNOK in current assets. Estimated biomass value of 49.5 MNOK.
- Total equity of 95.9 MNOK with an equity ratio of 51% and 60.2 MNOK of interest bearing debt.
- Cash per Q2/11 of 18.7 MNOK. Net short term receivables of MNOK 3.6

# COD PRODUCTION

## COD PERFORMANCE INDICATORS PER JUNE 2011

	Meløysjøen Gen.Sept 2008	Kjerkvika Gen.May 2008	Kjerkvika Gen.May 2009	Hammarvika Gen.Jul 2010	*Kjølvika Gen.Jul 2011	*Russenes Gen.Jul 2011
<b>Harvest %</b>	<b>100 %</b>	<b>100 %</b>	<b>55 %</b>	<b>0 %</b>	<b>0 %</b>	<b>0 %</b>
Avg. harvested weight	2.9 kg	2.7 kg	3 kg			
Current avg. weight	-	-	2.9 kg	1.1 kg	0.043 kg	0.063 kg
No. of fish (1000)	0	0	276	652	888	286
Biological feed factor (FCR)	1.23	1.18	1.19	1.02	0.00	0.00
Economic feed factor (EFCR)	1.38	1.31	1.44	1.15	0.00	0.00
<b>Mortality (%) based on start number</b>	<b>18.8 %</b>	<b>10.3 %</b>	<b>14.3 %</b>	<b>16.9 %</b>	<b>0.0 %</b>	<b>0.0 %</b>
<b>Loss of fish (%) (destruction, escapes etc.)</b>	<b>18.3 %</b>	<b>25.5 %</b>	<b>45.9 %</b>	<b>2.9 %</b>	<b>0.0 %</b>	<b>0.0 %</b>
<b>Production Cost per kg (r.w.)</b>	<b>NOK 30.7</b>	<b>NOK 25.7</b>	<b>NOK 31.1</b>	<b>NOK 34.6</b>	<b>NOK 208.0</b>	<b>NOK 135.2</b>
<b>Book value (after write down) per kg (r.w.)</b>	<b>NOK 0</b>	<b>NOK 0</b>	<b>NOK 17.5</b>	<b>NOK 34.6</b>	<b>NOK 208.0</b>	<b>NOK 135.2</b>

\* Fish was transferred from on-growing facilities to the locations in July 2011

Total harvest of 1 025 tons (r.w) in Q2/11 from Kjerkvika 2008 generation and Kjervika 2009 generation. Average harvest weight 2.967 kg.

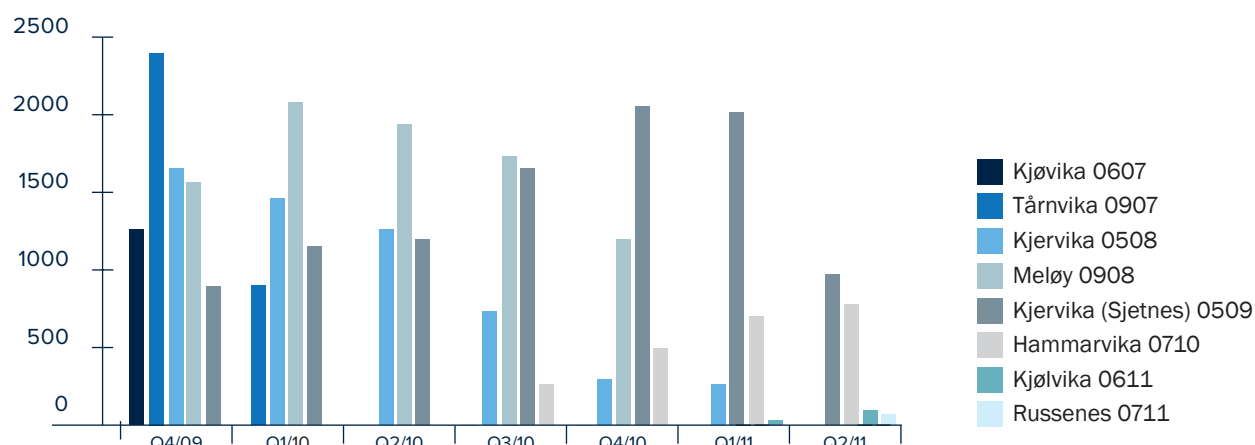
More frequent harvesting of the 2008 and 2009 generation than originally planned at location Kjerkvika have led to slightly lower weight of harvested fish. The totality of the 2008 generation has been slaughtered by Q2. Total production cost ended at NOK 25.7 pr kg.

Locations Russenes and Kjølvika have been prepared for new stock of fish in July/September.

At location Hammarvika, the rest of the F3 generation has been counted and size graded. The results show a somewhat negative deviation from earlier predictions. The growth expectation for the generation has consequently been adjusted slightly downwards. However, the F3 continues to outperform previous generations.

Due to an exceptional cold winter this year, we have had experienced mortality caused by winter wounds. So far, the total mortality rate for the F3 generation is 16.9%.

## BIOMASS DEVELOPMENT (TONS)



- 1 578 tons (r.w) of standing biomass. Estimated value of 49.5 MNOK.
- A total of 2.1 million fish at 2 different locations at sea and at the on-growing facility.
- Net growth of 73 tons (r.w.) biomass in Q2/11. The low net growth is explained by deviations of harvesting weight at Kjerkvika and adjustments made to growth expectations for the Hammarvika generation.

# COD JUVENILES

The total delivery of small juveniles from Havlandet Marin Yngel to Codfarmers is 1.8 mill, of which 1.2 mill was set to pre-ongrowing at Bremar AS in Svelgen and 600 000 at Cod Juveniles in Bodø.

The first delivery from Bremar, 286 000 fish of 63 g, were transferred to sea cages at Russeneset in Førdefjorden as a joint venture between Havlandet and Codfarmers. Havlandet owns the site and farming facilities and Codfarmers the fish.

The remaining fish, approximately 650 000 at Bremar and about 440 000 from Cod Juveniles will be transferred to Codfarmers' cage farm at Kjølsvika in Nordland in July and September.

A new delivery of small juveniles was expected from Havlandet in September. However, Havlandet will not be able to deliver any more juveniles this year due to production failure. Next delivery is expected in February 2012. As a consequence of the unstable juvenile supply and Codfarmers demand for juveniles, a test production in the hatchery at Cod Juveniles connected to R&D is planned to start up in Q4 2011. The two-year project with a budget of NOK 11 mill is been entitled to governmental funding through SkatteFUNN. Additional R&D grants are applied for at Innovation Norway.

# COD PROCESSING

Codfarmers ASA owns 17% of the shares in Nesset Fiskemottak AS, Codfarmers' processing partner. Nesset continues the work of optimizing the production line for filets. This includes continuous focus on proper cooling and maintenance of high hygienic standard all along the production chain. In Q3 and Q4 increasing production of value added products will gradually change the processing flow from a high level of whole fish to consumer ready products.

# COD MARKET

## 17% increase in average fresh cod price overall (wild and farmed) and 26% drop in total fresh cod export volumes

COD's Q2/11 average FOB export price on whole gutted fish was 28.33 – 10% up from Q2/10. Codfarmers' export volume of whole gutted fish decreased by 7% from Q2/10, but still accounted for 52% of the total Norwegian aquaculture cod export volume.

Sales of Codfarmers' acclaimed consumer brand STRØM® accounted for 7% of the total sales value in Q2. By end of Q2 STRØM® was distributed in 200 stores in Norway. The distribution is according to our target. In the beginning of Q3 the first steps to take STRØM® to the Swiss market were taken. Other international markets will follow during the coming months.

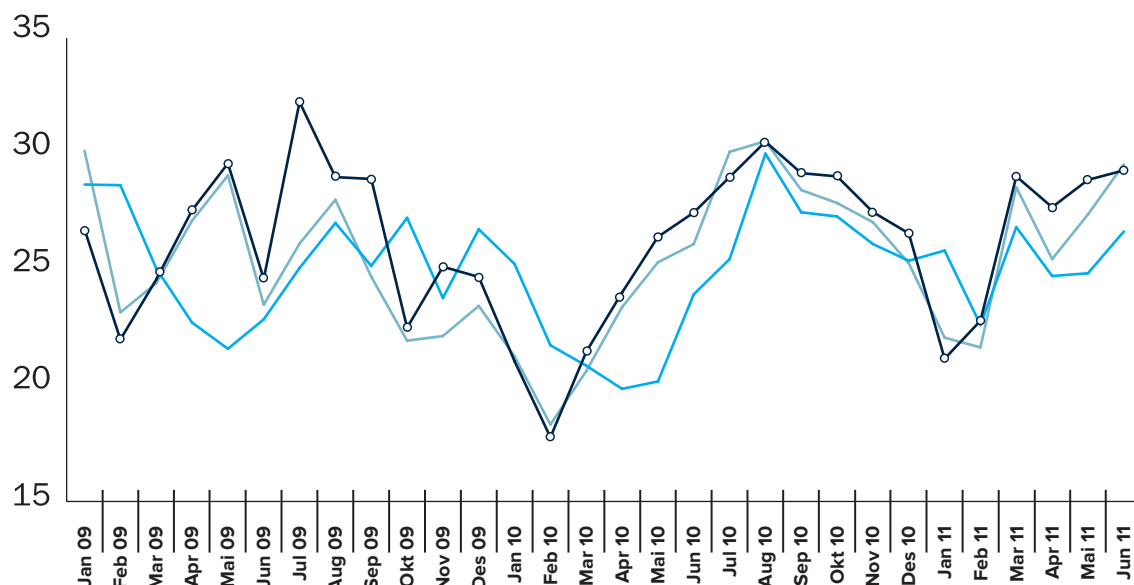
Contract sales for gutted whole fish and by-products for Q3 and Q4 have been agreed upon. Codfarmers' main focus rests on the value added products, but to utilizing all the raw material, also whole gutted fish are sold. The target is mainly to sell those products on special campaigns.

**Short-term; prices expected to continue increasing during Q3 thanks to strong demand for aquaculture cod from Norway.**

## SALES PRICE BENCHMARK 2009-2011

Price FOB Oslo  
(NOK/kg hog)

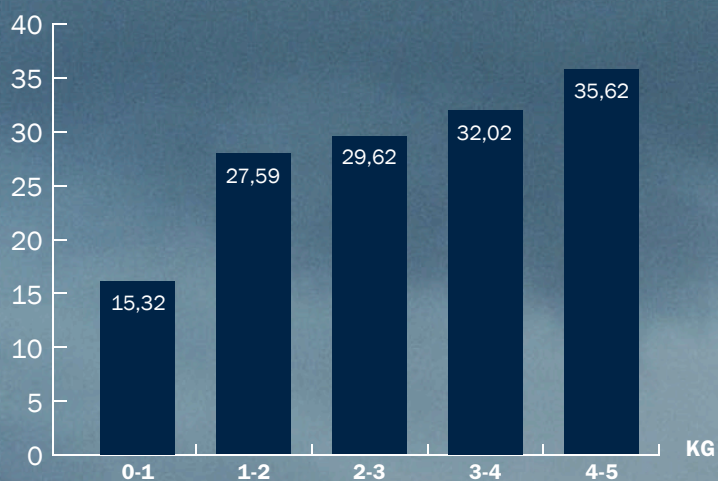
— Avg. Price Aquaculture (NOK)  
— Avg. Price Wild Catch (NOK)  
—○— Avg. Price Codfarmers (NOK)



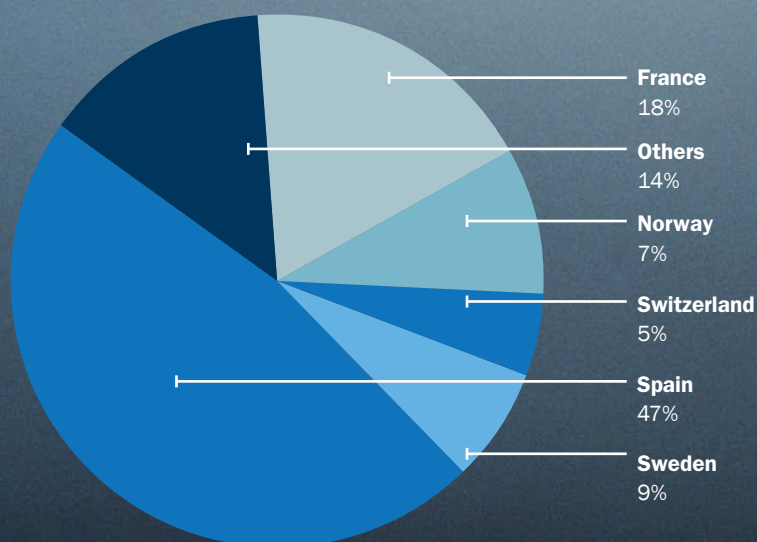


## PRICE BENCHMARK SIZE DISTRIBUTION Q2 2011

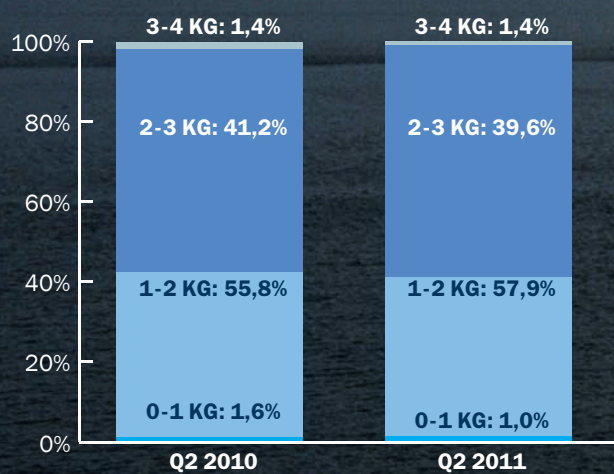
FOB OSLO. NOK/KG/HOG



## SALES VALUE BY GEOGRAPHICAL MARKETS Q2 2011



## SIZE DISTRIBUTION Q2 2011



# HALF YEAR FINANCIAL REPORT

## INCOME STATEMENT

The Group achieved a total revenue of 76.9 MNOK for the first half year of 2011 compared to 73.0 MNOK for the same period in 2010.

Revenues of 46.9 MNOK for the first half year reflect harvesting of 2 218 tons (r.w) from two different generations at location Kjerkvika. Revenues in second quarter accounts for 23.5 MNOK and reflect harvesting of 1 025 tons (r.w).

Sales for external producers accounts for a total of 28.4 MNOK (1431 tons r.w) for the first half year. Revenues from external fish in second quarter came to 13.2 MNOK from the sales of approximately 587 tons (r.w).

EBIT result before biomass write-down of - 22.8 MNOK for the first half year in 2011 compared to -22.5 MNOK in 2010. Negative results in first half 2011 of -26.3 MNOK is mainly explained by the following factors:

(1) Negative contribution of 8.8 MNOK from fish sold in the period due to lower market price on cod and higher processing costs than expected

(2) Write-down of biomass at Kjerkvika of 3.5 MNOK. Planned accelerated harvesting has led to higher production cost pr kg than expected. In addition, the average weight on fish at Kjerkvika has been slightly lower than expected.

(4) Normal admin/sales cost of 8.1 MNOK

(4) Net result before finance from subsidiaries with – 4.4 MNOK

(5) Depreciation of idle locations 2.4 MNOK

(6) Net finance of 1.0 MNOK including gain on repurchase of convertible bonds of 7.5 MNOK.

## CASH FLOW AND LIQUIDITY

Net cash flow from operational activities for the first half year in 2011 was 11.9 MNOK compared with -5.8 MNOK in 2010. Net cash flow is mainly explained by the YTD result and change in inventories and payables.

The net positive cashflow from investing activities in the first half year in 2011 amounted to MNOK 0.0 compared with MNOK 21.2 for the same period in 2010. Net cash flow is mainly explained by proceeds from sale of equipment of MNOK 0.4, interests received MNOK 1.0, purchase of financial assets (17% of shares in Nesset Fiskemottak AS) and investments in property plant and equipment MNOK 0.5.

The company's financial activities in the first half of 2011 show a negative net cash flow of -19.6 MNOK. The negative cash flow is explained by ordinary payment of debt of MNOK 1.9 and repayment of convertible bonds of MNOK 17.8.

At the end of second quarter 2011 the company has 18.7 MNOK cash and cash equivalents compared with 7.8 MNOK in 2010.

## BALANCE SHEET

At the end of June 2011 the Group's assets had a book value of 189.3 MNOK compared with 213.2 MNOK in 2010. Fixed assets amounted to 97.7 MNOK. MNOK 52.6 relates to facilities in Cod Juveniles, 44.1 MNOK in Cod Production (farming equipment, boats and facilities) and 1.0 MNOK worth of financial assets. Current assets amounted to 91.6 MNOK. This reflects 15.6 MNOK in trade receivables, 49.5 MNOK in biomass value, 0.9 MNOK feed in storage, 18.7 MNOK in cash and 6.9 MNOK in other receivables.

The Group's equity as of 30.06.2011 is 95.9 MNOK compared with 96.3 MNOK for 2010. The company has no distributable equity. Long term-debt in the company is 55.6 MNOK of which 26.5 MNOK reflects the convertible bonds issue, 0.1 MNOK is pension liabilities, 25.5 MNOK reflects debt to Innovation Norway and 3.5 MNOK reflects financial leasing and debt to Gildeskål Sparebank. The company has short-term debt of 37.8 MNOK, compared to 42.8 MNOK in 2010. 14.2 MNOK reflects debt to Frode Teigen, 14.1 MNOK reflects trade payables, 3.0 MNOK reflects debt to Innovation Norway, 1.3 MNOK reflects financial leasing and debt to Gildeskål Sparebank, and 5.2 MNOK reflects taxes and other liabilities.



## **RISK**

At the end of June 2011 the Group's activities are exposed to a number of different risks. Cod farming is still a young industry and the company's success will to a large degree depend on the development of cod farming as an industry. Uncertainty factors in the sectors include, among other things, the risk of fluctuations in market prices, both on costs and for farmed cod, the risk of diseases, escapes and delayed growth as a result of early maturation of cod.

With only two cod hatcheries remaining in Norway, where the production is still too un-stable, the company's supply of good quality juveniles is at risk. The Company has entered into a strategic partnership with Havlandet to secure juvenile supply for the next year. In the event that the Company's need for supply of juveniles is not covered, or if the juvenile delivered by Havlandet does not meet the applicable quality requirements, the Company's profitability could be affected. In order to reduce this risk in the future Codfarmers has decided to develop in-house hatchery expertise and start test production in own hatchery at Mørkvedbukta, in order to establish a full back-up production of juveniles. The company's financial risk is primarily associated with currency fluctuations, credit and liquidity risks. A lack of access to capital or material changes in the terms and conditions relating to the same, could limit the Company's future growth and strategy, which may in turn have a material adverse effect on the Company's financial condition.

## **RESPONSIBILITY STATEMENT**

We confirm to the best of our knowledge that the condensed set of financial statements for the period 1 January to 30 June 2011 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of the (Company's and) Group's assets, liabilities, financial position and result for the period viewed in their entirety, and that the interim management report, to the best of our knowledge, includes a fair review of any significant events that arose during the six-month period and their effect on the half-yearly financial report, any significant related parties' transactions, and a description of the principal risks and uncertainties for the remaining six months of the year.

Marianne E. Johnsen  
*Chair of the Board*

Benedicte H. Fossum  
*Board member*

Kristian Nergaard  
*Board member*

Thomas Falck  
*Board member*

# INCOME STATEMENT

Unaudited (NOK 1000)	Note	Q2 2011	Q2 2010	30 June 2011	30 June 2010	Year 2010
Revenue		36 852	29 506	76 943	72 979	139 733
Consumables used		33 645	23 798	66 624	53 476	122 160
Inventory change		8 840	3 821	12 033	7 115	-124
Salaries	12	2 953	4 576	7 399	12 342	24 725
Depreciation, amortisation and impairment charges		4 171	5 195	8 367	10 733	19 723
Other expenses		4 919	5 591	8 780	11 765	21 243
<b>Operating profit before biomass adj.</b>		<b>-17 677</b>	<b>-13 474</b>	<b>-26 260</b>	<b>-22 452</b>	<b>-47 994</b>
Biomass adjustment		0	0	0	0	0
<b>Operating profit</b>		<b>-17 677</b>	<b>-13 474</b>	<b>-26 260</b>	<b>-22 452</b>	<b>-47 994</b>
Financial income		5 997	231	8 485	418	1 444
Financial cost	13	-2 796	-4 301	-7 487	-7 424	-15 146
<b>Net finance</b>		<b>3 200</b>	<b>-4 070</b>	<b>998</b>	<b>-7 007</b>	<b>-13 702</b>
Profit before income tax		-14 477	-17 543	-25 262	-29 459	-61 696
Income tax (expense) / income		0	0	0	0	0
<b>Profit for the period</b>		<b>-14 477</b>	<b>-17 543</b>	<b>-25 262</b>	<b>-29 459</b>	<b>-61 696</b>
<b>Attributable to:</b>						
Equity holders of the company		-14 477	-17 543	-25 262	-29 459	-61 696
<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>	<b>NOK per share</b>	<b>NOK per share</b>
- basic	10	-0,94	-0,41	-1,68	-0,69	-0,71
- diluted	10	-0,94	-0,41	-1,68	-0,69	-0,71

# BALANCE SHEET

Unaudited (NOK 1000)

	Note	30 June 2011	30 June 2010	Year 2010
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	5	93 427	120 311	101 960
Intangible assets	5	3 301	3 301	3 301
Financial assets for sale		952	215	102
<b>Total non-current assets</b>		<b>97 680</b>	<b>123 827</b>	<b>105 363</b>
<b>Current assets</b>				
Inventories		863	1 566	1 698
Biomass		49 543	55 073	61 575
Trade receivables		15 610	11 744	20 592
Other receivables		6 874	13 190	4 983
Cash and cash equivalents		18 732	7 838	26 432
<b>Total current assets</b>		<b>91 622</b>	<b>89 411</b>	<b>115 280</b>
<b>Total assets</b>		<b>189 302</b>	<b>213 237</b>	<b>220 644</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the company</b>				
Share capital	6	526 387	472 510	522 934
Other equity	6	20 506	16 922	20 532
Retained earnings	6	-451 037	-393 121	-425 775
<b>Total equity</b>		<b>95 856</b>	<b>96 311</b>	<b>117 691</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Pension liabilities	8	134	482	134
Borrowings	7	28 965	32 801	31 987
Convertible loan	13	26 516	40 868	47 361
<b>Total non-current liabilities</b>		<b>55 615</b>	<b>74 152</b>	<b>79 482</b>
<b>Current liabilities</b>				
Trade payables		14 066	14 193	15 285
Indirect taxes and excises		888	1 324	667
Borrowings	7	4 729	21 233	3 473
Other current liabilities		18 148	6 024	4 046
<b>Total current liabilities</b>		<b>37 831</b>	<b>42 774</b>	<b>23 472</b>
<b>Total liabilities</b>		<b>93 447</b>	<b>116 926</b>	<b>102 953</b>
<b>Total equity and liabilities</b>		<b>189 302</b>	<b>213 237</b>	<b>220 644</b>



# CASH FLOW

Unaudited (NOK 1000)	Note	30 June 2011	30 June 2010
<b>Cash generated from operating activities</b>			
Operating profit for the period		-26 260	-22 452
Interest paid		-3 008	-2 858
Depreciation and amortisation		8 367	10 733
Share option costs		-26	418
Gain on sale of asset		0	-231
Change in inventories		16 387	8 838
Change in trade receivables		4 982	6 136
Change in trade payables		-1 219	-2 928
Change in other		12 708	-3 437
<b>Net cash generated from operating activities</b>		<b>11 932</b>	<b>-5 782</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment (PPE)		-527	0
Proceeds from sale of PPE		350	20 815
Purchase of financial assets		-850	0
Interest received		1 027	418
<b>Net cash used in investing activities</b>		<b>0</b>	<b>21 233</b>
<b>Cash flow from financing activities</b>			
Repayments of borrowings, incl convertible loan		-19 631	-14 332
Proceeds from new borrowings		0	0
<b>Net cash used in financing activities</b>		<b>-19 631</b>	<b>-14 332</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>-7 700</b>	<b>1 119</b>
Cash and cash equivalents at beginning of the period		26 432	6 718
<b>Cash and cash equivalents at end of the period</b>		<b>18 732</b>	<b>7 838</b>
Restricted cash as of 30 June		917	1 278
<b>Cash and cash equivalents at end of the period adjusted for restricted cash</b>		<b>17 815</b>	<b>6 560</b>

## CHANGE IN EQUITY

Unaudited (NOK 1000)	Notes	Attributable to equity holders of the Company			Total
		Share capital/ share Premium	Other reserves	Retained earnings	
<b>Balance at 1 January 2011</b>		<b>522 934</b>	<b>20 532</b>	<b>-425 775</b>	<b>117 691</b>
Share capital issue		3 520			3 520
Expenses related to increase of share capital		-67			-67
Awarded options - amount recognized in P&L			-26		-26
<b>Profit for the period</b>				<b>-25 262</b>	<b>-25 262</b>
<b>Balance at 30 June 2011</b>		<b>526 387</b>	<b>20 506</b>	<b>-451 037</b>	<b>95 856</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 2 active licenses in Gildeskål.

The condensed consolidated interim financial statements for the period from Jan-June 2011, consists of Codfarmers ASA and its subsidiaries Cod Processing AS, NAP Marine AS and Cod Juveniles 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 2010.

## 4 SEGMENT INFORMATION

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

## 5 CAPITAL EXPENDITURE

### 30 June 2010

	Tangible and intangible assets
<b>Opening net book amount 1 January 2010</b>	<b>154 929</b>
Additions	0
Disposals	-20 584
Depreciation, amortisation, impairment and other movements	-10 733
<b>Closing net book amount at 30 June 2010</b>	<b>123 612</b>

### 30 June 2011

<b>Opening net book amount at 1 January 2011</b>	<b>105 261</b>
Additions	527
Disposals	-693
Depreciation/amortisation, impairment and other movements	-8 367
<b>Closing net book amount at 30 June 2011</b>	<b>96 728</b>

# NOTES

## 6 CAPITAL

Capital	Number of shares ('000)	Ordinary shares	Share premium	Other equity	Total
<b>Opening balance 1 January 2010</b>	<b>42 677</b>	<b>4 268</b>	<b>468 242</b>	<b>-347 157</b>	<b>125 353</b>
Market value on awarded options				418	418
Result				-29 459	-29 459
<b>At 30 June 2010</b>	<b>42 677</b>	<b>4 268</b>	<b>468 242</b>	<b>-376 197</b>	<b>96 311</b>
<b>Opening balance 1 January 2011</b>	<b>14 955</b>	<b>14 955</b>	<b>507 979</b>	<b>-405 244</b>	<b>117 691</b>
Market value on awarded options				-26	-26
Net proceeds from share issue	451	451		3 002	3 453
Result				-25 262	-25 262
<b>At 31 March 2011</b>	<b>15 406</b>	<b>15 406</b>	<b>507 979</b>	<b>-427 530</b>	<b>95 856</b>

The Group has a share option program for some of its leading employees. During the period from 2010-2013 these employees can subscribe 105 000 shares in Codfarmers ASA.

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>30 June 2011</b>	<b>30 June 2010</b>
Non-current	28 965	32 801
Current	4 729	21 233
<b>Total</b>	<b>33 694</b>	<b>54 034</b>

Movements in borrowings is analysed as follows:

## **2010**

Opening amount as at 1 January 2010	68 367
Repayments of borrowings	-14 332

<b>Closing amount as at 30 June 2010</b>	<b>54 034</b>
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## **2011**

Opening amount 1 January 2011	35 460
Repayments of borrowings	-1 766
New borrowings	0

<b>Closing amount as at 30 June 2011</b>	<b>33 694</b>
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## **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>January - June</b>	
	<b>2011</b>	<b>2010</b>
- basic	-1,68	-0,69
- diluted	-1,68	-0,69

## 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 three payments were made as "Payment in Kind". If Codfarmers choose "Payment in Kind" for the period 30 November 2011 to 30 November 2013, the interest increases from 10% to 15% in the period.

Codfarmers has 30 March 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 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). Consequently, the total consideration to be paid by the Company in connection with the repurchase of the convertible bonds is NOK 14,240,733.

Following the repurchase Codfarmers holds own convertible bonds with a total nominal value of NOK 31,062,232.

# NOTES

## 13 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Codfarmers ASA (COD) and Atlantic Cod Farms AS (ACF) have on 1 July entered into a letter of intent for the combination of the companies. The transaction will be structured as a share for share exchange, under which the ACF shareholders will receive COD shares as consideration for their ACF shares. Based on the agreed exchange ratio and assuming 100% acceptance from the ACF shareholders, the COD shareholders and the ACF shareholders will own 51.1% and 48.9%, respectively, of the combined company.

The combined company will conduct a rights offering in the range between MNOK 54 and MNOK 90 at a subscription price of NOK 6.80 per share to repay interest bearing debt and to strengthen the company's working capital. The minimum amount of MNOK 54 has been underwritten by existing shareholders in COD and ACF. The underwriting is subject to completion of the Transaction.

The completion of the Transaction is inter alia subject to final agreements and an approved offer document, legal due diligence, acceptance from ACF shareholders representing more than 90% of the ACF shares, approval by the general meeting of COD with two-thirds majority and any required governmental approvals.

The parties expect that the Transaction will be completed in August 2011 and that the rights issue will be completed in September 2011.

A new Board of Directors will be elected with effect from completion of the Transaction reflecting the new shareholder structure. Harald Dahl will be the CEO of the combined company.

COD and ACF are the two leading companies in the Norwegian cod farming industry. COD has its production facilities in Nordland, while ACF has its corresponding facilities in Sunnmøre. The companies have their facilities in the regions that are most suitable for cod farming. The combined company will have capacity to produce 20,000 tonnes of farmed cod per year.

The companies have through the merger discussions identified substantial industrial synergies with respect to costs, competence and market. The combination will strengthen the companies' ability to release more juveniles into sea and maintain hatchery, juveniles and farming production in both geographic regions. In addition, the combination will reduce the biological risk by the geographical spread of the facilities. The combined entity will have a substantially improved position in its marketing work towards large European customers.

The corporate head office and sale/marketing will be located in Oslo, while the operational management of the company's biological production will continue to be located in the area of the production facilities. This is expected to lead to reduced operating expenses for the combined company.

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# SHAREHOLDERS

## SHAREHOLDERS PER 10.08.2011

Shareholders	Citizen	Shares	Ownership
TEIGEN FRODE	NOR	3 700 000	24,0 %
ODIN NORGE	NOR	1 331 621	8,6 %
HAVLANDET MARIN YNGE	NOR	870 000	5,6 %
SKAGEN VEKST	NOR	697 000	4,5 %
DAHL HARALD	NOR	698 839	4,5 %
DUKAT AS	NOR	594 982	3,9 %
STATOIL PENSJON	NOR	573 074	3,7 %
BANAN AS	NOR	545 061	3,5 %
INC INVEST AS	NOR	451 282	2,9 %
HALFDAN HOLME AS	NOR	253 720	1,6 %
KRAG INVEST AS	NOR	240 200	1,6 %
BURCH ROBERT LOUIS	USA	215 169	1,4 %
MP PENSJON PK	NOR	212 126	1,4 %
SINMAX INVESTMENT AS	NOR	204 934	1,3 %
MORTEN WERRINGS REDE	NOR	198 139	1,3 %
NOMINEE ACCOUNT SAXO	DNK	196 333	1,3 %
DNB NOR BANK ASA EGE	NOR	163 877	1,1 %
IN COD WE TRUST LLC	USA	153 225	1,0 %
STATOIL FORSIKRING A	NOR	146 752	1,0 %
PEBA AS	NOR	146 400	1,0 %
Others		3 813 526	24,8 %
<b>TOTAL</b>		<b>15 406 260</b>	<b>100,0 %</b>

**Number of shareholders: 1197**

**Ownership Norwegian citizen: 93.0%**

**Ownership foreign citizen: 7.0%**

**CODFARMERS ASA**

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