





# HIGHLIGHTS

- **Prices stable above NOK 30 per kg**
  - From NOK 31.0 per kg in Q2 to NOK 31.5 per kg in Q3
- **We write down the value on our biomass above 2 kg**
  - Effect the EBIT with -22 MNOK
- **In Q3 and Q4 we focus on feeding our fish to reach an average harvesting weight above 3 kg**
  - Only selling 240 000 fish in Q3, and less in Q4
- **In 2011 we are the only codfarmer that release significant volumes of juveniles**
- **The acquisition of Atlantic Cod Farms completed**
  - Right issue of 54.9 MNOK completed in October 2011. Gross proceeds of 54.9 MNOK. Conversion of debt 14.2 MNOK, Transaction costs 2.9 MNOK. Net proceeds in cash of 37.8 MNOK.
  - Position COD as the only codfarmer with year round production.
  - Substantial cost- and sales synergies are being realized
  - The combined company will have farming sites in Nordland, Sunnmøre and Sognefjorden with a total production capacity of 20 000 tons a year.
  - Cost reduction program will continue
    - Sale of excess assets to generate cash and reduce debt
- **Atlantic Cod Farms will be fully consolidated for the whole of Q4**
  - Only 11 days of operation consolidated in Q3

## Q3 2011 Financials

- **Revenues of 24.6 MNOK vs. 28.8 MNOK in Q3/10**
  - Total harvest of 629 tons (r.w.) own production and 418 tons (r.w.) from external producers.
  - Average sales price: NOK 30.0 kg H&G. NOK 31.5 kg H&G inclusive contribution from liver.
- **EBIT -45.1 MNOK vs -5.9 MNOK in Q3/10**
  - Negative contribution of 7.9 MNOK from fish sold in the period.
  - Write-down of biomass of 22.0 MNOK for the merged company.
  - Administration and sales costs of 8.1 MNOK. 4.6 MNOK are related to the acquisition of Atlantic Cod Farms
  - Net result from subsidiaries of - 3.8 MNOK
  - Depreciation of idle locations 1.1 MNOK
- **Conversion of convertible bonds**
  - Nominal value of 19.9 MNOK converted at share price NOK 11.33
  - Accrued interests of 1.0 MNOK converted at share price NOK 13.6.
- **Biological assets have a fair value of 60.9 MNOK (3 435 tons r.w)**
- **Expected break even price for harvesting in Q4 2011**
  - NOK 28.0 kg H&G (before adm/sales/finance).
- **Cash position per Q3 was 13.0 MNOK. Net short term receivables of -5.3 MNOK (before the completed share issue)**

# FINANCIALS

<b>KEY FINANCIALS FIGURES</b> NOK (1000 <sup>+</sup> )	Q3 2011	Q3 2010	30 Sept 2011	30 Sept 2010	Year 2010
Revenue	24 623	28 813	101 566	101 792	139 733
EBITDA	-40 756	1 399	-58 649	-13 058	-28 271
EBIT after write down of biomass	-45 124	-5 902	-71 383	-28 354	-47 994
EBIT before write down of biomass	-23 124	-5 902	-45 883	-28 354	-43 094
*Writedown of biomass	-22 000	0	-25 500	0	-4 900
Net profit	-46 767	-9 052	-72 029	-38 511	-61 696
Total assets	283 191	245 268	283 191	245 268	220 644
Total Equity	121 875	140 857	121 875	140 857	117 691
Equity ratio	43 %	57 %	43 %	57 %	53 %
Interest bearing debt	104 229	84 483	104 229	84 483	82 821
Cash and cash equivalents	12 962	34 093	12 962	34 093	26 432
Harvest volumes tons (r.w.)	629	856	2 847	5 206	6 255

- Q3/11 revenue of 24.6 MNOK compared to 28.8 MNOK in Q3/10. Revenues in Q3/11 generated by harvesting 629 tons (r.w.) of own production and 418 tons (r.w.) of external volumes.
- EBIT of – 45.1 MNOK in Q3/11 compared to – 5.9 MNOK in Q3/10.

Atlantic Cod Farms is consolidated from 19 September 2011. In the period up to 30 September a negative profit of 0.6 MNOK is incorporated in the condensed consolidated interim income statement.

The negative result in Q3/11 is mainly explained by the following factors;

- (1) Negative contribution of 7.9 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 2010 generations of 22.0 MNOK. Due to lower expected market prices.
- (3) Admin/sales cost of 8.1 MNOK. Acquisition costs of Atlantic Cod Farms of 4.6 MNOK
- (4) Net result before finance from subsidiaries with – 3.8 MNOK
- (5) Depreciation costs of idle locations 1.1 MNOK

- Net profit of – 46.8 MNOK in Q3/11 compared to – 9.1 MNOK in Q3/10.
- Total assets of 283.1 MNOK, reflecting 170.9 MNOK in non-current assets and 112.2 MNOK in current assets. Estimated biomass value of 60.9 MNOK.
- Total equity of 121.9 MNOK with an equity ratio of 43% and 104.2 MNOK of interest bearing debt.
- Cash per Q3/11 of 13.0 MNOK. Net short term receivables of – 5.3 MNOK

# COD PRODUCTION

## COD PERFORMANCE INDICATORS PER SEPTEMBER 2011

	Meløysjøen 2008	Kjerkvika 2008	Kjerkvika 2009	Hammarvika 2010	Kjølvika 2011	Russenes 2011	Standal 2010	Stokkeneset 2011	Alme 2011	Lyngholmane 2010
Harvest %	100 %	100 %	99 %	0 %	0 %	0 %	2 %	0 %	0 %	0 %
Avg. harvested weight	2.9 kg	2.7 kg	2.9 kg	0 kg	0 kg	0kg	2.18 kg	0 kg	0 kg	0 kg
Current avg. weight	-	-	2.490 kg	1.634 kg	0.166 kg	0.258 kg	2.041 kg	1.040 kg	0.436 kg	2.216 kg
No. of fish (1000)	0	0	5	636	628	285	533	671	291	130
Biological feed factor (FCR)	1.23	1.18	1.94	0.97	0.81	1.02	1.34	1.04	0.92	1.11
Economic feed factor (EFCR)	1.38	1.31	2.42	1.07	0.85	1.07	1.79	1.06	0.94	1.28
Mortality (%) based on start number	18.8 %	10.3 %	14.8 %	20.7 %	3.4 %	4.7 %	14.4 %	8.3 %	1.5 %	17.4 %
Loss of fish (%) (destruction, escapes etc.)	18.3 %	25.5 %	47.4 %	3.2 %	0.0 %	0.0 %	0.2 %	0.0 %	0.0 %	0.0 %
Production Cost per kg (r.w.)	NOK 30.7	NOK 25.7	NOK 35.5	NOK 27.5	NOK 111.8	NOK 53.1	NOK 24.4	NOK 21.2	NOK 43.3	NOK 21.2
Book value (after write down) per kg (r.w.)	NOK 0	NOK 0	NOK 9.9	NOK 8.8	NOK 111.8	NOK 53.1	NOK 8.4	NOK 15.7	NOK 43.3	NOK15.7

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 is located in Sogn and Fjordane, and Møre and Romsdal and consists of 7 sites with a total of 17 160 tons maximum Biomass Capacity.

### Cluster North

Total harvest of 629 tons (r.w) in Q3/11 from the Kjerkvika 2009 generation. Average harvest weight 2.615 kg. Low harvest weight is caused by more frequent harvest than planned.

There were released 286,000 fish at locations Russenes and 650,000 fish at location Kjølvika in July and August. Location Kjølvika will be filled up with approximately 350,000 fish from our on-growing facility at Mørkvedbukta thru Q4 2011.

The temperature at the Nordfjorden cluster has been under normal for the season. As a result the growth has been slightly lower than expected at Generation Hammarvika 2010.

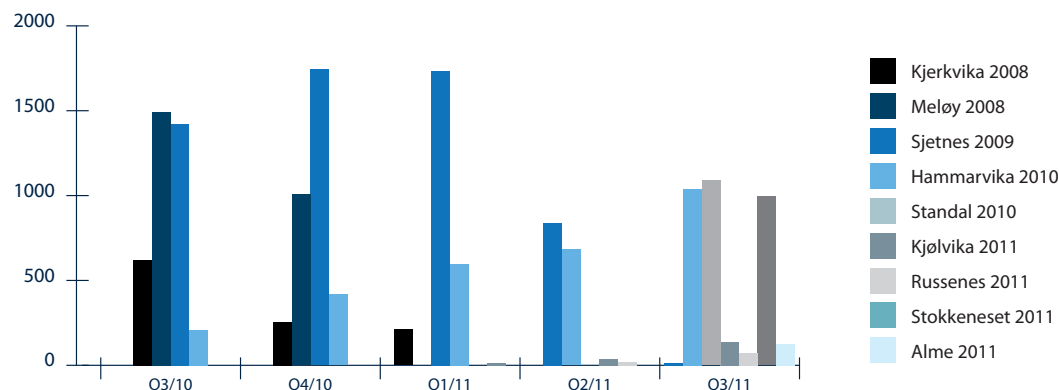
Normal mortality has been lower than expected at generation Kjølvika 2011, besides an incident caused by disrupted electricity supply, resulting in los of about 15,000 fish. A claim has been filed against the electricity supplier.

Two units at Standal 2010 generation has been harvested in October due to an outbreak of francisella. The rest of the biomass at the location is growing according to plan.

### Cluster South

As the numbers are only consolidated for eleven days of Q3 2011, no specific information is given.

## BIOMASS DEVELOPMENT (TONS)



- 3 435 tons (r.w) of standing biomass at sea. Estimated value of 60.9 MNOK.
- A total of 4.6 million fish at 8 different locations at sea and at the on-growing facilities.
- Net growth of 209.6 tons (r.w) biomass in Q3/11. The low growth is explained by deviations of harvesting weight. (Growth on biomass before 19 September at Atlantic Cod Farms` locations is not included)

# COD JUVENILES

After the acquisition of Atlantic Cod Farms the juvenile production capacity in Codfarmers is distributed on three sites; the pre-ongrowing facility at Fjord Gadus in western Norway (Vanylven, Møre- og Romsdal), the hatchery facility of Atlantic Cod Juveniles in Mid-Norway (Fosen, Sør-Trøndelag) and the integrated broodstock- hatchery- and pre-ongrowing facility at Cod Juveniles in northern Norway (Bodø, Nordland).

Fjord Gadus receives small juveniles (5 g) from Atlantic Cod Juveniles for production of 100-250 g large vaccinated juveniles prepared for transfer to sea cages. The yearly production capacity is 2-3 mill large juveniles. For 2011 total production is expected to be 120 000 kg (560 000 large juveniles). In Q3, 300 000 juveniles of 200 g were delivered for sea-ongrowing. By the end of Q3, 650 000 juveniles for pre-ongrowing remains, of which 100 000 fish of 200 g will be transferred to sea in November, 120 000 fish of 150 g in December and the remaining fish in March.

The hatchery at Atlantic Cod Juveniles has a production capacity of 3 mill small juveniles divided on four yearly production runs. In Q3 350 000 5 g juveniles were delivered to Fjord Gadus, and additional 320 000 5 g juveniles will be delivered in December. A new production run started up in November with incubation of a total of 8 mill eggs. Expected outcome from this production is 750 000 juveniles for delivery to Fjord Gadus in April.

Cod Juveniles delivered 270 000 150 g juveniles to location Kjølsvika in Q3. Remaining stock is 110 000 of 120 g for delivery to Kjølsvika in November. The pre-ongrowing facility will then be empty until April, when large groups of 5 g juveniles will be received for pre-ongrowing.

The brood-stock at Cod Juveniles started spawning at the end of Q3 as planned, and egg quality and output has been good. A total of 16 liters (8 mill eggs) of good quality has been delivered to Atlantic Cod Juvenile, and another 16 liters will be used in the R&D-hatchery project at Cod Juveniles.

The eggs are now hatching and 8 tanks at Cod Juveniles will be used for first feeding and juvenile production. New first feeding methods and feed will be tested. In addition small scale experiments will be done in co-operation with the University of Nordland to test alternative feed and immune stimulants. The main purpose of the project is to improve hatchery protocols and develop in-house hatchery expertise. If the project gains early success, there is a potential of surplus juveniles that can be used in commercial production.

# COD PROCESSING

Nesset Fiskemottak AS, Codfarmers processing partner, of which Codfarmers own 17% of the shares, continues the work of optimizing the production line for filets. A new trimming table for the filets has been installed successfully. Furthermore, cooling and high hygienic standard along the chain is given priority. In Q4 and Q1 2012 increasing volumes for value added products will gradually change the total processing flow from a high level of mainly whole fish to consumer ready meals. Nesset Fiskemottak AS has successfully implemented a new box-packing machine which will pack the new STRØM® boxes targeting the HoReCa market. A new labelling machine for the STRØM® consumer packs was also successfully implemented in the processing chain.

Fish from Atlantic Cod Farms will be delivered to Aalesund, to the processing partner Atlantic Cod Processing, on the basis of a long-term processing agreement. The agreement provides secured fixed and beneficial prices of harvest services.

# COD MARKET

## 5% increase in average fresh cod price overall (wild and farmed) and 14% drop in total fresh cod export volumes

COD's Q3/11 average FOB export price on whole gutted fish was 31.4 – 6.2% up from Q3/10.

Codfarmers' export volume of whole gutted fish decreased by 18.8% from Q3/10, but still accounted for 56% of the total Norwegian aquaculture cod export volume.

Sales of Codfarmers' consumer brand STRØM® accounted for 7% of the total sales value in Q3. By the end of Q3 STRØM® was distributed in 200 stores in Norway, 85% through NorgesGruppen. Codfarmers plan to increase the distribution of STRØM® gradually in Q4, starting with KIWI in the Oslofjord region. The distribution is according to our target. In Q4, Codfarmers will investigate the opportunities of launching STRØM® in the retail sector in the northern parts of Norway, as today we only are sold south of Trondheim.

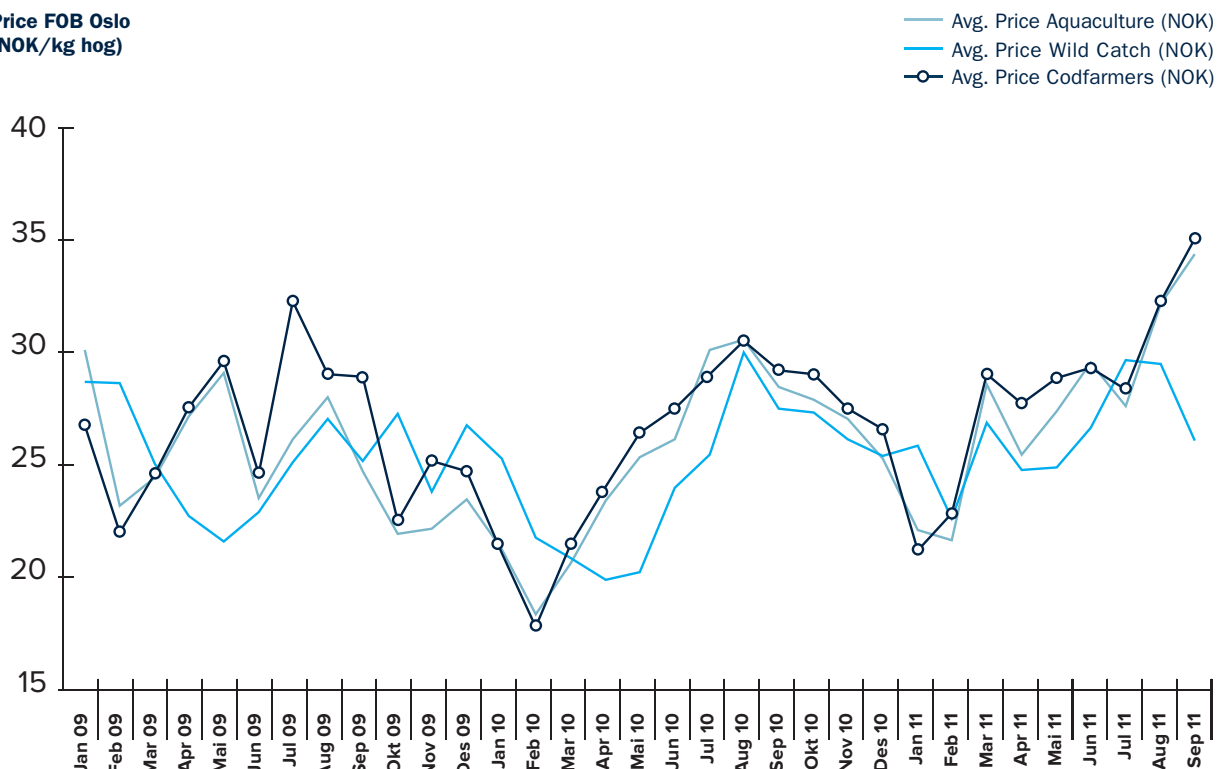
The first steps towards bringing STRØM® into the Swiss and French market were taken in Q3. The focus in the coming months will be on a few, selected premium stores, as well as the high-end HoReCa market. Other international markets will follow. More and more end consumers are satisfied and glad to purchase a fresh cod product that continuously delivers the same quality. Codfarmers experience a gradually shift in the consumers mindset when it comes to farmed cod, meaning that both our trading partners and end consumers start to favour our products over wild cod.

STRØM® was nominated by the jury in the Norwegian TV2-aired program "Det Norske Måltid 2011", as being one of Norway's most superior seafood products. The first program registered 600,000 viewers, and the final will be held in December. This will most likely increase the awareness and sales of STRØM® further.

Contract sales for gutted whole fish and by-products for Q4 and Q1 2012 have been agreed upon. The main focus remains on the value added products, but fish of whole gutted fish maintains importance. The target is mainly to sell those products on special campaigns.

## SALES PRICE BENCHMARK 2009-2011

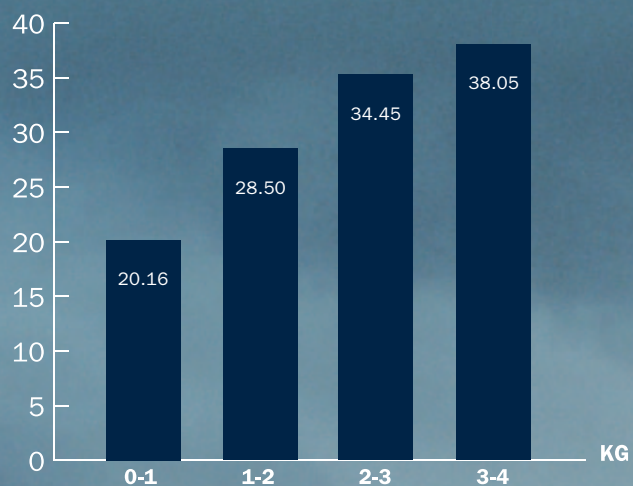
Price FOB Oslo  
(NOK/kg hog)



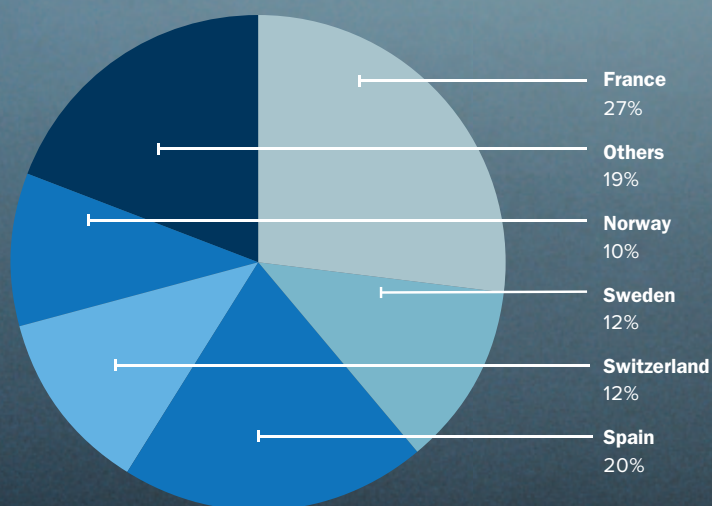


## PRICE BENCHMARK SIZE DISTRIBUTION Q3 2011

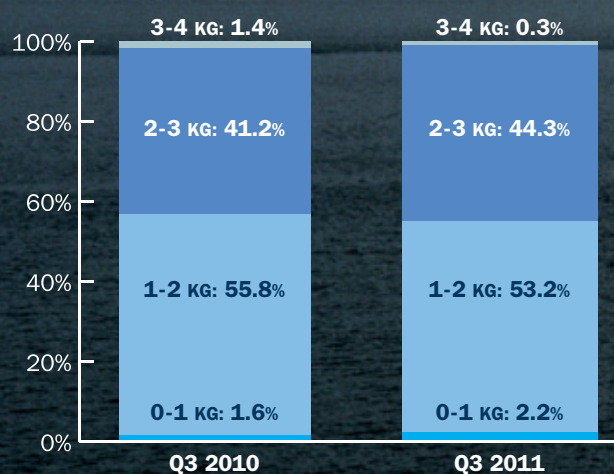
FOB OSLO. NOK/KG/HOG



## SALES VALUE BY GEOGRAPHICAL MARKETS Q3 2011



## SIZE DISTRIBUTION Q3 2011



# FINANCIAL REPORT

## ACQUISITIONS OF

### ATLANTIC COD FARMS AS

Atlantic Cod Farms is consolidated from 19 September 2011. In the period up to 30 September a negative profit of 0.6 MNOK is incorporated in the condensed consolidated interim income statement. In the acquisition analyses, the goodwill has been calculated to 6.8 MNOK.

## INCOME STATEMENT

The Group achieved total revenue of 101.6 MNOK per third quarter of 2011 compared to 101.8 MNOK for the same period in 2010.

Revenues of 61.1 MNOK reflect harvesting of 2 847 tons (r.w) from four different locations. Revenues in third quarter accounts for 14.2 MNOK and reflect harvesting of 629 tons (r.w).

Harvesting and sales for external producers accounts for a total of 39.0 MNOK (1 849 tons r.w) per third quarter. Revenues from external fish in third quarter came to 10.5 MNOK from the sales of approximately 418 tons (r.w).

EBIT result before biomass write-down of -45.8 MNOK per third quarter 2011 compared to -28.4 MNOK in 2010. Total write down so far in 2011 is -25.5 MNOK. Negative result per third quarter 2011 of -72.0 MNOK is mainly explained by the following factors:

- (1) Result from harvesting and sales of own and external fish of total -20.5 MNOK, 2 847 tons (r.w) harvested and 1 849 tons (r.w) external fish sold. Total write down biomass value of -25.5 MNOK.
- (2) Total admin/sales cost of MNOK 16.2. 4.6 MNOK are related to the acquisition of Atlantic Cod Farms.
- (3) Net result from subsidiaries with MNOK -8.2.
- (4) Depreciation of idle locations of 3.5 MNOK.
- (5) Net finance of MNOK -0.6 including gain on repurchase of convertible bonds of 7.5 MNOK.

## CASH FLOW AND LIQUIDITY

Net cash flow from operational activities per third quarter 2011 was 6.4 MNOK compared with -24.9 MNOK in 2010. Net cash flow is mainly explained by the YTD result adjusted for depreciations and change in inventories and receivables.

The net positive cashflow from investing activities per third quarter 2011 amounted to MNOK 0.6 compared with MNOK 29.0 for the same period in 2010. Net cash flow is mainly explained by interest received.

The company's financial activities per third quarter 2011 show a negative net cash flow of - 20.5 MNOK. The negative cash flow is mainly explained by repayment of borrowings, incl convertible loan debt.

At the end of third quarter 2011 the company has 13.0 MNOK cash and cash equivalents compared with 34.1 MNOK in 2010.

## BALANCE SHEET

At the end of September 2011 the Group's assets had a book value of 283.1 MNOK compared with 245.5 MNOK in 2010. Fixed assets amounted to 170.9 MNOK. MNOK 74.9 relates to facilities in Cod Juveniles and MNOK 95.0 in Cod Production (farming equipment, boats, facilities and licenses). Current assets amounted to 112.3 MNOK. This reflects 15.6 MNOK in trade receivables, 60.6 MNOK in biomass value, 3.2 MNOK feed in storage, 13.0 MNOK in cash and net short term receivables of MNOK - 5.3.

The Group's equity as of 30.09.2011 is 121.9 MNOK compared with 140.9 MNOK for 2010. The company has no distributable equity.

Long term-debt in the company is 76.7 MNOK of which 10.1 MNOK reflects the convertible bonds issue, 0.1 MNOK is pension liabilities, 27.7 MNOK reflects debt to Innovation Norway and 4.3 MNOK reflects financial leasing and debt to Gildeskål Sparebank. The company has short-term debt of 84.5 MNOK, compared to 28.9 MNOK in 2010. 34.8 MNOK reflects trade payables, 8.2 MNOK reflects debt to Innovation Norway, 0.5 MNOK reflects debt to Gildeskål Sparebank, 6.3 MNOK reflects financial leasing and 4.7 MNOK reflects taxes and other liabilities.



# INCOME STATEMENT

Unaudited (NOK 1000)

	Note	Q3 2011	Q3 2010	30 Sept 2011	30 Sept 2010	Year 2010
Revenue		24 623	28 813	101 566	101 792	139 733
Consumables used		25 271	33 971	91 895	87 447	122 160
Inventory change		25 440	-15 596	37 473	-8 481	-124
Salaries	12	5 423	8 030	12 822	20 372	24 725
Depreciation, amortisation and impairment charges		4 367	4 563	12 734	15 296	19 723
Other expenses		9 245	3 747	18 025	15 512	21 243
<b>Operating profit before biomass adj.</b>		<b>-45 124</b>	<b>-5 902</b>	<b>-71 383</b>	<b>-28 354</b>	<b>-47 994</b>
Biomass adjustment		0	0	0	0	0
<b>Operating profit</b>		<b>-45 124</b>	<b>-5 902</b>	<b>-71 383</b>	<b>-28 354</b>	<b>-47 994</b>
Financial income		625	513	9 110	931	1 444
Financial cost	13	-2 268	-3 663	-9 755	-11 088	-15 146
<b>Net finance</b>		<b>-1 643</b>	<b>-3 150</b>	<b>-645</b>	<b>-10 157</b>	<b>-13 702</b>
Profit before income tax		-46 767	-9 052	-72 029	-38 511	-61 696
Income tax (expense) / income		0	0	0	0	0
<b>Profit for the period</b>		<b>-46 767</b>	<b>-9 052</b>	<b>-72 029</b>	<b>-38 511</b>	<b>-61 696</b>
Attributable to:						
Equity holders of the company		-46 767	-9 052	-72 029	-38 511	-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	-1.38	-0.06	-2.13	-0.50	-0.71
- diluted	10	-1.38	-0.06	-2.13	-0.50	-0.71

# BALANCE SHEET

Unaudited (NOK 1000)			30 Sept 2011	30 Sept 2010	31 December 2010
	Note				
<b>ASSETS</b>					
<b>Non-current assets</b>					
Goodwill			6 795	0	0
Property, plant and equipment	5		159 882	110 280	101 960
Intangible assets	5		3 301	3 301	3 301
Financial assets for sale			957	215	102
<b>Total non-current assets</b>			<b>170 936</b>	<b>113 797</b>	<b>105 363</b>
<b>Current assets</b>					
Inventories			3 246	1 550	1 698
Biomass			60 588	69 932	61 575
Trade receivables			15 611	17 646	20 592
Other receivables			19 848	8 450	4 983
Cash and cash equivalents			12 962	34 093	26 432
<b>Total current assets</b>			<b>112 255</b>	<b>131 671</b>	<b>115 280</b>
<b>Total assets</b>			<b>283 191</b>	<b>245 468</b>	<b>220 644</b>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the company</b>					
Share capital	6		601 980	522 935	522 934
Other equity	6		20 694	20 513	20 532
Retained earnings	6		-501 212	-402 591	-425 775
Total equity before minority interests			121 462	140 857	117 691
<b>Minority interests</b>			<b>413</b>	<b>0</b>	<b>0</b>
<b>Total equity</b>			<b>121 875</b>	<b>140 857</b>	<b>117 691</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Pension liabilities	8		134	482	134
Other provisions			1 975	0	0
Borrowings	7		64 555	32 017	31 987
Convertible loan	13		10 101	43 227	47 361
<b>Total non-current liabilities</b>			<b>76 765</b>	<b>75 726</b>	<b>79 482</b>
<b>Current liabilities</b>					
Trade payables			34 797	12 650	15 285
Indirect taxes and excises			1 240	432	667
Borrowings	7		29 573	9 239	3 473
Convertible loan			0	0	0
Other current liabilities			18 941	6 564	4 046
<b>Total current liabilities</b>			<b>84 551</b>	<b>28 885</b>	<b>23 472</b>
<b>Total liabilities</b>			<b>161 316</b>	<b>104 611</b>	<b>102 953</b>
<b>Total equity and liabilities</b>			<b>283 191</b>	<b>245 468</b>	<b>220 644</b>

# CASH FLOW

		Nine months ended 30 Sept	
Unaudited (NOK 1000)	Note	2011	2010
<b>Cash generated from operating activities</b>			
Operating profit for the period		-71 383	-28 354
Interest paid		-3 787	-4 061
Depreciation and amortisation		12 734	15 296
Share option costs		162	3 591
Gain on sale of asset		165	-2 008
Change in inventories		37 490	-6 006
Change in trade receivables		11 676	234
Change in trade payables		1 965	-4 471
Change in other		17 448	849
<b>Net cash generated from operating activities</b>		<b>6 470</b>	<b>-24 929</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment (PPE)		-582	0
Proceeds from sale of PPE		350	28 060
Purchase of financial assets		-850	0
Interest received		1 652	931
<b>Net cash used in investing activities</b>		<b>570</b>	<b>28 991</b>
<b>Cash flow from financing activities</b>			
Repayments of borrowings, incl convertible loan		-20 510	-27 110
Proceeds from share issue			50 424
<b>Net cash used in financing activities</b>		<b>-20 510</b>	<b>23 314</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>-13 470</b>	<b>27 375</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>12 962</b>	<b>34 094</b>
Restricted cash as of 30 September		921	300
<b>Cash and cash equivalents at end of the period adjusted for restricted cash</b>		<b>12 041</b>	<b>33 794</b>

## CHANGE IN EQUITY

Unaudited (NOK 1000)	Notes	Attributable to equity holders of the Company				Total
		Share capital/ share Premium	Other reserves	Retained earnings	Minority interest	
<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		79 163				79 163
Expenses related to increase of share capital		-117				-117
Awarded options - amount recognized in P&L			162			162
Other equity transactions				-2 995		-2 995
Recorded minority interests				-413	413	0
<b>Profit for the period</b>				<b>-72 029</b>		<b>-72 029</b>
<b>Balance at 30 September 2011</b>		<b>601 980</b>	<b>20 694</b>	<b>-501 212</b>	<b>413</b>	<b>121 875</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 at sea in Gildeskål, Vanylven, Selje and Hareid.

The condensed consolidated interim financial statements for the period from Jan-Sept 2011, consist of Codfarmers ASA and its subsidiaries Cod Processing AS, NAP Marine AS and Cod Juveniles AS. With effect from the acquisition day September 19, Atlantic Cod Farms AS (with subsidiaries Atlantic Cod Juveniles AS, Festøy Eiendom AS and Fjord Gadus AS) is included in the consolidated profit and loss statement, and in the balance sheet as of September 30.

## 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 Sept 2010

	Tangible and intangible assets
<b>Opening net book amount 1 January 2010</b>	<b>154 929</b>
Additions	0
Disposals	-26 052
Depreciation, amortisation, impairment and other movements	-15 295
<b>Closing net book amount at 30 Sept 2010</b>	<b>113 582</b>

### 30 Sept 2011

<b>Opening net book amount at 1 January 2011</b>	<b>105 261</b>
Additions	582
Disposals	-693
Additions from subsidiaries acquired in 2011	70 767
Depreciation/amortisation, impairment and other movements	-12 734
<b>Closing net book amount at 30 Sept 2011</b>	<b>163 183</b>

# NOTES

## 6 CAPITAL

### Capital

	Number of shares ('000)	Ordinary shares	Share premium	Other equity and minority interests	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				3 591	3 591
Proceeds from share capital issue	106 862	10 687	42 744		53 431
Expenses related to share capital issue			-3 007		-3 007
Result				-38 511	-38 511
<b>At 30 Sept 2010</b>	<b>149 539</b>	<b>14 955</b>	<b>507 979</b>	<b>-382 076</b>	<b>140 857</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				162	162
Net proceeds from share issue	18 881	18 881	60 282		79 163
Expenses related to share capital issue			-117		-117
Other equity transactions				-2 995	-2 995
Result				-72 029	-72 029
<b>At 30 Sept 2011</b>	<b>33 836</b>	<b>33 836</b>	<b>568 144</b>	<b>-480 106</b>	<b>121 875</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 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>30 Sept 2011</b>	<b>30 Sept 2010</b>
Non-current	64 555	32 017
Current	29 573	9 239
<b>Total</b>	<b>94 128</b>	<b>41 256</b>

Movements in borrowings is analysed as follows:

<b>2010</b>	
Opening amount as at 1 January 2010	68 367
Repayments of borrowings	-27 110
<b>Closing amount as at 30 Sept 2010</b>	<b>41 256</b>

<b>2011</b>	
Opening amount 1 January 2011	35 460
Repayments of borrowings	-2 664
Additions from subsidiaries aquired in 2011	61 333
New borrowings	0
<b>Closing amount as at 30 Sept 2011</b>	<b>94 128</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>January - September</b>	
	<b>2011</b>	<b>2010</b>
- basic	-2.13	-0.50
- diluted	-2.13	-0.50

## 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" and the fourth interest payment due 30 November 2011 has been announced to be paid 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 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). On September 29 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 ACQUISITION OF ATLANTIC COD FARMS AS**

On September 19th 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.

## **14 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

On October 18th Codfarmers ASA decided to make the interest payment on the convertible bond ISIN NO 001 039814.2 of NOK 3.2 million due 30 November 2011 as Payment-in-Kind (i.e. as additional bonds).

The final allocation of the shares offered in the rights issue in Codfarmers ASA took place 26 Oktober in accordance with the allocation criteria set out in the prospectus dated 5 October 2011. A total of 8,079,519 new shares have been allocated. 330,180 new shares were allocated to subscribers in the rights issue, and 7,749,339 new shares were allocated to the underwriting syndicate. The shares was registered with the Norwegian Register of Business Enterprises 4 November 2011. Through the rights issue, Codfarmers received gross proceeds of approximately NOK 54.9 million where NOK 14.2 million was conversion of debt.

On November 4th Codfarmers carried out a private placement directed towards INC Invest AS of 368,795 new shares at a subscription price of NOK 7.80 per new share. The private placement will provide Codfarmers with gross proceeds of NOK 2,876,600 for financing of purchase of cod fry from Havlandet Marin Yngel AS. The share capital increase in connection with the private placement is expected to be registered with the Norwegian Register of Business Enterprises on or about 10 November 2011. Following the registration of the share capital increase, Codfarmers will have a share capital of NOK 42,284,186, divided into 42,284,186 shares, each with a nominal value of NOK 1.00.

# SHAREHOLDERS

## SHAREHOLDERS PER 23 NOVEMBER 2011

Shareholders	Citizen	Shares	Ownership
TEIGEN FRODE	NOR	11 384 699	26.9 %
DOLPHIN MANAGEMENT A	NOR	7 136 834	16.9 %
KONTRARI AS	NOR	2 066 370	4.9 %
ODIN NORGE	NOR	1 938 952	4.6 %
JØKUL AS	NOR	1 486 028	3.5 %
STATOIL PENSJON	NOR	1 085 042	2.6 %
HAVLANDET MARIN YNGE	NOR	870 000	2.1 %
BANAN AS	NOR	837 409	2.0 %
INC INVEST AS	NOR	820 077	1.9 %
PARETO GROWTH AS	NOR	710 305	1.7 %
DAHL HARALD/FUTURUM CAPITAL	NOR	698 839	1.7 %
SKAGEN VEKST	NOR	697 000	1.6 %
BJÅSTADBAKKEN AS	NOR	613 617	1.5 %
DUKAT AS	NOR	594 982	1.4 %
MØRE OG ROMSDAL SÅKO	NOR	524 751	1.2 %
NIKI A/S	NOR	513 066	1.2 %
INSTITUSJONEN FRITT	NOR	362 816	0.9 %
JASIMO AS	NOR	351 546	0.8 %
BORGENHAUG GRUPPEN A	NOR	341 563	0.8 %
HALFDAN HOLME AS	NOR	326 807	0.8 %
Other		8 923 483	21.1 %
<b>TOTAL</b>		<b>42 284 186</b>	<b>100.0 %</b>

**Number of shareholders: 1335**

**Ownership Norwegian citizen: 97.2%**

**Ownership foreign citizen: 2.8%**



**CODFARMERS ASA**

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