

## Villa Organic - annual report 2008

The Villa Organic Group's turnover was mill NOK 357 in 2008 compared to mill. NOK 160 million in 2007. Profit before taxes was mill. NOK –65,4 million compared to –78,7 in 2007.

### **Biological Challenges Møre**

In 2008 the company has struggled with disease problems in all salmon sites in Møre. The diseases PD and ISA have accrued and affected the production of both organic and "best practise" fish. Due to diseases the quality has been downgraded. New fish released in 2008 has been vaccinated against PD.

### **Organic growth in Finnmark**

In Finnmark there was harvested around 1.967 tons of fish in 2008 compared to marginal harvest in 2007. The biomass has increased to 5.500 tons at the end of the year, compared to 1.912 tons the previous year ago.

There is no known disease in our sites in the region, and qualitywise we are satisfied with the products we produced in Finnmark in 2008.

### **Investments in Finnmark**

Step 1 on the planned extensions on our harvest plant was completed in 2008 according to plan at a cost of NOK 5 million.

### **Villa Cod Farm AS**

Villa Organic owns 67,1% of the shares in Villa Cod Farm. This company is a significant producer of farmed cod. The Cod operations have affected the consolidated accounts negatively of approx mill NOK 61,6 in total, including extraordinary write offs in the consolidated accounts due to weak outlooks. After the write offs, there is no further possibilities for loss in this venture for Villa Organic – consolidated accounts.

### **Sale of Licences**

The board of directors decided in the spring 2008 to divest 3 of the companys salmon farming licences in Møre. The net profit was about NOK 100 million. The remaining licences in Møre is a R&D licence for organic production and research into wrasse farming.

### **Sales and Market Outlook**

As a consequence of the biological issues in Møre the company has been set back one year in the strategy of becoming the market leader of organic salmon. However we have built up a big portfolio of customers that is waiting for our fish to reach harvest size.

The general market prices for salmon and trout is at present very strong, and the outlook going forward is also very good with a expected reduction in global salmon production and strong demand.

Villa Organic sold in 2008 about 50% of our production into the US market. We will in 2009 focus on building up our sales to EU, Russia and Far East.

### **Organization**

The board of directors focus on building up a professional organization that has the capability to take the company forward.

CEO Johan E Andreassen has decided to step down in 2009 and the board of directors is looking for a new CEO.

Vikebukt may 11<sup>th</sup>,  
CEO Johan Emil Andreassen

## STATEMENT OF INCOME

### Villa Organic AS

Mother					Group	
2008	2007		NOTES	2008	2007	
		<b>OPERATING INCOME</b>				
4 400 000	1 453 886	Revenue		242 021 252	139 134 310	
0	0	Other operating income		115 340 631	21 066 671	
<b>4 400 000</b>	<b>1 453 886</b>	<b>TOTAL OPERATING INCOME</b>		<b>357 361 883</b>	<b>160 200 981</b>	
		<b>OPERATING EXPENSES</b>				
		Changes in inventories of				
0	0	work in progress and finished goods		175 438 477	(36 031 431)	
6 720	1 929 684	Raw materials and consumables used		121 198 191	179 220 797	
2 642 574	154 639	Payroll expenses	4	37 027 317	32 667 138	
75 087	0	Depreciation and amortisation expenses	5	24 297 607	14 263 024	
6 350 534	1 034 016	Other operating expenses		46 914 773	46 672 027	
<b>9 074 915</b>	<b>3 118 339</b>	<b>TOTAL OPERATING EXPENSES</b>		<b>404 876 365</b>	<b>236 791 556</b>	
<b>(4 674 915)</b>	<b>(1 664 453)</b>	<b>OPERATING PROFIT</b>		<b>(47 514 482)</b>	<b>(76 590 574)</b>	
		<b>NET FINANCIAL INCOME</b>				
4 184 080	0	Income from subsidiaries	8	(150 566)	(331 884)	
19 571 232	46 157	Interest income		2 899 500	421 684	
1 103 547	10 487 908	Other financial income	3	9 856 400	11 017 431	
19 111 526	0	Depreciation of financial fixed assets		0	0	
15 602 154	5 812 552	Interest expenses		19 276 477	10 684 336	
2 099 657	1 928 627	Other financial expenses	3	11 189 632	2 523 930	
<b>(11 964 478)</b>	<b>2 792 886</b>	<b>NET FINANCIAL INCOME</b>		<b>(17 860 775)</b>	<b>(2 101 035)</b>	
<b>(16 629 393)</b>	<b>1 128 433</b>	<b>OPERATING PROFIT BEFORE TAX</b>		<b>(65 375 257)</b>	<b>(78 691 609)</b>	
724 705	317 501	Tax on ordinary result	14	10 921 338	(45 713 069)	
<b>(17 354 098)</b>	<b>810 932</b>	<b>PROFIT FOR THE YEAR</b>		<b>(76 296 595)</b>	<b>(32 978 520)</b>	
		Minority share of profit				
		Majority share of profit				
		Minority share of profit				(15 322 610)
		Majority share of profit				(743 368)
		Majority share of profit				(60 973 985)
		Majority share of profit				(32 235 152)
		<b>Transfers and adjustments:</b>				
17 354 098	810 932	Transferred to Other Equity				
<b>17 354 098</b>	<b>810 932</b>	<b>TOTAL TRANSFERRED</b>				

**BALANCE SHEET****Villa Organic AS**

Mother		Group			
2 008	2 007	ASSETS	NOTES	2008	2007
<b>FIXED ASSETS</b>					
<b>Intangible assets</b>					
0	0	Research and development	5	0	0
0	0	Concessions, patents etc.	6, 11	30 091 649	55 688 296
2 245 412	2 970 117	Deferred tax asset	14	46 953 032	57 945 665
0	0	Goodwill	5	1 535 200	2 552 712
<b>2 245 412</b>	<b>2 970 117</b>	<b>TOTAL INTANGIBLE ASSETS</b>		<b>78 579 881</b>	<b>116 186 673</b>
<b>Tangible fixed assets</b>					
0	0	Land, buildings and other fixed assets	5, 11	13 960 409	9 822 051
0	0	Machinery and equipment	5, 11	78 043 089	57 688 822
0	0	Ships, rigs etc	5, 11	16 268 846	16 016 279
1 079 637	252 617	Other assets, office furniture, tools etc.	5, 11	37 767 622	17 713 626
<b>1 079 637</b>	<b>252 617</b>	<b>TOTAL TANGIBLE FIXED ASSETS</b>		<b>146 069 966</b>	<b>101 240 778</b>
<b>Financial fixed assets</b>					
222 134 573	73 704 728	Investments in subsidiaries	7, 11	0	0
0	840 000	Investments in associated companies	8, 11	2 831 436	2 838 471
1 073 000	0	Investments in shares	9	2 222 979	2 222 979
10 333 619	5 000 000	Other receivables		10 422 303	13 789 802
<b>233 541 192</b>	<b>79 544 728</b>	<b>TOTAL FINANCIAL FIXED ASSETS</b>		<b>15 476 718</b>	<b>18 851 252</b>
<b>236 866 240</b>	<b>82 767 462</b>	<b>TOTAL FIXED ASSETS</b>		<b>240 116 565</b>	<b>236 277 703</b>
<b>CURRENT ASSETS</b>					
0	0	Inventories	10	154 582 053	172 352 603
<b>Receivables</b>					
6 639 979	3 014 707	Trade receivables/debtors	11	32 081 316	33 946 523
127 505 475	282 257 871	Other receivables	11, 13	17 434 925	35 040 446
<b>134 145 454</b>	<b>285 272 578</b>	<b>TOTAL RECEIVABLES</b>		<b>49 516 241</b>	<b>68 986 969</b>
<b>2 599 323</b>	<b>6 574</b>	<b>Cash and bank deposits</b>	11, 17	<b>14 389 674</b>	<b>7 796 652</b>
<b>136 744 777</b>	<b>285 279 152</b>	<b>TOTAL CURRENT ASSETS</b>		<b>218 487 968</b>	<b>249 135 124</b>
<b>373 611 017</b>	<b>368 046 614</b>	<b>TOTAL ASSETS</b>		<b>458 604 534</b>	<b>485 412 828</b>

## BALANCE SHEET

### Villa Organic AS

Mother						Group	
2 008	2 007	EQUITY AND LIABILITIES	NOTES	2007	2006		
<b>EQUITY</b>							
<b>Restricted equity</b>							
52 482 600	52 482 600	Share capital (524 826 shares à NOK 100)	15, 16	52 482 600	52 482 600		
0	0	Own shares	15	(800)	(77 400)		
126 464 648	126 464 648	Share premium reserve	15	126 464 648	126 464 648		
<b>178 947 248</b>	<b>178 947 248</b>	<b>TOTAL RESTRICTED EQUITY</b>		<b>178 946 448</b>	<b>178 869 848</b>		
<b>Retained earnings</b>							
0	0	Reserve for valuation variances	15	0	0		
(16 236 419)	1 117 679	Other equity	15	(47 904 262)	5 958 765		
0	0	Minority	15	7 878 120	6 826 985		
<b>(16 236 419)</b>	<b>1 117 679</b>	<b>TOTAL EARNED EQUITY</b>		<b>(40 026 142)</b>	<b>12 785 750</b>		
<b>162 710 829</b>	<b>180 064 927</b>	<b>TOTAL EQUITY</b>		<b>138 920 306</b>	<b>191 655 598</b>		
<b>LIABILITIES</b>							
<b>Other long term liabilities</b>							
200 000 000	21 450 000	Liabilities to financial institutions	11	210 437 950	32 166 776		
0	0	Other long term liabilities		58 967 572	31 694 091		
<b>200 000 000</b>	<b>21 450 000</b>	<b>TOTAL OTHER LONG TERM LIABILITIES</b>		<b>269 405 522</b>	<b>63 860 867</b>		
<b>Current liabilities</b>							
0	67 786 345	Liabilities to financial institutions	11	9 016 718	88 773 830		
1 167 826	909 872	Trade creditors		24 092 016	62 466 112		
0	0	Tax payable	14	6	40 640		
834 049	85 446	Public duties payable		8 659 124	5 090 718		
8 898 314	97 750 024	Other short-term liabilities	13	8 510 842	73 525 062		
<b>10 900 188</b>	<b>166 531 686</b>	<b>TOTAL SHORT TERM LIABILITIES</b>		<b>50 278 706</b>	<b>229 896 362</b>		
<b>210 900 188</b>	<b>187 981 686</b>	<b>TOTAL LIABILITIES</b>		<b>319 684 228</b>	<b>293 767 229</b>		
<b>373 611 017</b>	<b>368 046 614</b>	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>458 604 535</b>	<b>485 412 827</b>		