

Morpol ASA

# HALF YEAR 2011 REPORT



## Highlights for the quarter

- Improving results in processing
- Demand fell on higher retail prices
- Raw material salmon prices dropping
- Good results from farming in UK and Norway
- Culmarex operations divested

## HIGHLIGHTS

### Key figures

<i>EUR thousands</i>	Q2 2011	Q2 2010	YTD 2011	YTD 2010	FY 2010
Revenues	113 680.4	83 378.3	240 774.6	173 618.4	430 013.7
EBITDA	15 464.4	(357.7)	25 312.1	6 357.1	23 465.5
EBITDA%	13.6 %	(0.4 %)	10.5 %	3.7 %	5.5 %
EBIT pre fair value	11 725.2	(2 095.5)	17 939.7	3 119.5	15 402.7
EBIT%	10.3 %	(2.5 %)	7.5 %	1.8 %	3.6 %
EBIT pre fair value and transaction costs	11 725.2	(2 095.5)	18 979.8	3 119.5	18 402.2
<b>Total assets</b>	<b>639 004.2</b>	<b>372 977.9</b>	<b>639 004.2</b>	<b>372 977.9</b>	<b>597 492.7</b>
Equity	263 807.2	201 606.7	263 807.2	201 606.7	257 774.5
Equity ratio	41.3 %	54.1 %	41.3 %	54.1 %	43.1 %
Net interest bearing debt	(186 312.5)	58 433.9	(186 312.5)	58 433.9	(148 661.0)
<b>Processing</b>					
EBIT	2 594.5	(2 095.5)	2 887.1	3 119.5	11 722.3
Volume sold, excl. contract processing (thousands)	12 221	13 677	27 945	29 898	64 316
Increase in volume year on year	(10.6 %)		(6.5 %)		
<b>Farming</b>					
EBIT pre fair value	10 004.9	-	18 113.0	-	8 186.8
Volumes sold (thousands, gwe)	6 264	-	11 353	-	7 741
EBIT per kg	1.6	-	1.6	-	1.1

## FINANCIAL REVIEW

### Revenues

Mopol's operating revenues in the second quarter were significantly above prior year at EUR 113.7 million (EUR 83.4 million). The revenue increase was mainly due to farming revenues in 2011 (EUR 34.6 million) with no farming assets owned in the same period prior year. Further, increased unit sales prices within the processing operations year on year more than offset lower volumes. Overall sales volumes excluding contract processing in the quarter were down by 11 percent compared to last year, but price increases to customers have been executed various times in the last year, consequently raising the average unit selling price.

### EBIT

EBIT for the quarter increased sharply from prior year's quarter to a profit of EUR 11.7 million (loss of EUR 2.1 million). Farming profits were strong and processing EBIT also increased from a loss in 2010 to a profit in 2011, mainly due to increased sales prices to customers.

Salmon raw material prices dropped significantly throughout the quarter. However, the overall average price for the quarter at NOK 37/kg ex Oslo remained at high levels compared to historical levels.

The farming segment continued to benefit from the higher commodity prices of gutted salmon and returned high EBIT margins in the second quarter. Mopol did not own any farming assets in the corresponding quarter prior year.

### Financing

There was a net financial expense in the quarter of EUR 4.9 million compared to an income of EUR 0.2 million prior year. These figures include currency gains and losses. In addition there are approximately EUR 5.8 million unrealised losses accrued for unrealised salmon derivatives expiring during the second half 2011 and in 2012.

The group had net interest bearing debt (NIBD) of EUR 186.3 million, a decrease of EUR 12.8 million from the first quarter 2011.

### Net result

The group had a net profit for continuing operations of EUR 3.6 million (loss of EUR 2.2 million) in the quarter. The net result increased due to the higher EBIT, partly offset by the higher financial costs.

### Exchange rates impacts against last year

Mopol's main currency exposures are to EUR, PLN, GBP and NOK. The majority of the sales and purchases of the processing segment are made in EUR and GBP to mitigate foreign exchange exposure. Major costs such as administration and overhead costs as well as labour cost (salaries and other) are mainly Polish Zloty (PLN), GBP and NOK denominated. Exchange rate impacts on the results are minimal when compared to prior year.

### Discontinued operations

The assets held for sale returned a net operating result of a loss of EUR 0.1 million. The sea bass and sea bream assets in Spain were divested in July. (Please refer to section *Subsequent Events* later in the report).

## OPERATIONAL REVIEW

### Processing

#### Improvements in profitability

Revenues in processing were EUR 89.4 million compared to EUR 83.4 million prior year. Higher unit sales prices to customers offset a reduction in sales volume year on year. EBIT for processing in the second quarter 2011 was EUR 2.6 million (prior year loss of EUR 2.1 million). Raw material purchase unit prices were lower than prior year and increased sales prices to Mopol customers year on year resulted in higher profitability. However, demand reduced on the higher sales prices and volumes were down 11 percent from prior year levels.

Raw material prices of salmon remained high with average export prices from Norway at approximately NOK 37/kg, though reducing from approximately NOK 40/kg in the first quarter. Though the average export price for Norwegian salmon was NOK 37/kg, the price reduced from over NOK 40/kg at the start of April to below NOK 30/kg by the end of June.

The weighted average price paid by Mopol in the second quarter was over NOK 1/kg higher than the market average due to the fact that over 50 percent of the purchases of salmon were made during April to meet the Easter demand period. April purchase prices were still above NOK 40/kg.

#### Sales volume decrease in quarter

Sales volumes reduced in the second quarter by approximately 11 percent overall compared to the same quarter in 2010. Volumes and revenues were strong in April principally due to the timing of Easter in 2011. The Easter holiday - a period of strong demand for smoked salmon - occurred three weeks later in 2011 than prior year. This meant that the seasonally higher sales volumes period takes place in the second quarter rather than the first quarter as was the case in 2010.

However, sales in May and particularly June reduced sharply as consumer demand suffered as Mopol customers increased retail prices. In addition, Mopol has prioritised margin improvements above growth since the start of 2011, while the current high purchase prices of raw material prevail. Volume has been reduced to certain customers if the overall customer margin is considered too low.

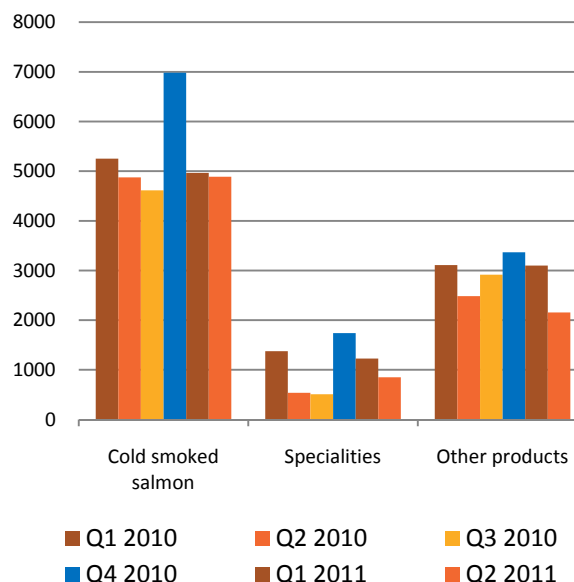
The sales of the principal category, cold smoked salmon, were flat year on year in the second quarter and specialities increased by 58 percent, due to high sales in the Easter period. However, volumes of other products and lower price by-products reduced sharply by 13 percent and 25 percent respectively. By-product sales will reduce by approximately 1 000 metric tonnes per quarter going forward as a result of the end of a contract processing arrangement during the second quarter. The extra volume of by-products was generated and sold by Mopol using the residual part of the main products processed for the third party.

### Volume growth

Sales volumes for the second quarter and year to date compared to prior year were as follows:

Sales - Tonnes	Q2 2011	Q2 2010	% Var	YTD 2011	YTD 2010	% Var
Cold smoked salmon	4 888	4 875	0 %	9 854	10 128	(3%)
Specialities	849	537	58 %	2 076	1 911	9 %
Other products	2 154	2 485	(13%)	5 253	5 595	(6%)
By-products	4 330	5 781	(25%)	10 763	12 265	(12%)
Sales excl. contract processing	12 221	13 677	(11 %)	27 945	29 898	(7 %)
Contract processing	541	2 140	(75%)	2 902	4 080	(29%)
TOTAL SALES	12 763	15 817	(19 %)	30 848	33 977	(9 %)

The change in volumes of main products over the last years is illustrated as follows:



## Farming

Revenues in farming in the second quarter were EUR 34.6 million. Morpol did not own farming assets in the corresponding quarter in 2010. Of these revenues, EUR 10.2 million were transferred internally to the Morpol processing division for further processing and sales. EBIT pre fair value in the second quarter was EUR 10.0 million.

The farming operations in the UK – Meridian Salmon Group - generated an EBIT pre fair value of EUR 7.7 million. Sales volumes in the quarter were 4 917 metric tonnes gutted fish equivalent returning an EBIT/kg of EUR 1.6. The Norwegian farming operation – Jøkelfjord Laks – returned an EBIT of EUR 2.3 million with sales of 1 348 metric tonnes and EBIT/kg of EUR 1.7.

	UK		Norway		Total	
	Q2 2011	YTD 2011	Q2 2011	YTD 2011	Q2 2011	YTD 2011
Volume (thousands, gwe)	4 917	7 981	1 348	3 373	6 264	11 353
EBIT pre fair value (EUR thousands)	7 674	12 027	2 329	6 086	10 005	18 113
EBIT per kg (EUR)	1.6	1.5	1.7	1.8	1.6	1.6

As the farming operations have been acquired in third quarter 2010 and first quarter 2011, there are no comparative figures reported, but please refer to proforma figures in note 2 and 12 for comparison data. Sales prices in the second quarter decreased slightly from first quarter levels though not as sharply as market prices.

All the production of Jøkelfjord in Norway is being sent to Poland for further processing and internal use. Both the UK and Norwegian farming operations performed according to plan.

An increasing percentage of the UK production is being sent to Morpol's processing plants in Poland and the UK. The company expects to increase the internal utilisation with an aim to increase returns on low and large size fish as well as upgrading profit margins on down-graded salmon that would otherwise be sold at lower prices than superior product.

## Operational Costs

The cost of sales increased in the second quarter to EUR 87.8 million (EUR 76.8 million) mainly due to the inclusion of farming operations in 2011 costs. All cost categories increased year on year due to the inclusion of farming. Distribution costs in the quarter were EUR 7.5 million (EUR 5.6 million) with farming distribution costs alone being EUR 2.3 million in the quarter. Sales, general and administration costs also were also higher in the second quarter than prior year at EUR 7.2 million (EUR 2.9 million). The SG&A increase is mainly due to acquisitions. Farming SG&A accounted for EUR 2.5 million of the increase cost (no cost prior year) and second quarter SG&A costs of Brookside Limited, the UK processor acquired in second half, was EUR 1.2 million.

## FINANCIAL SITUATION

The group's net interest bearing debt (NIBD) increased substantially from prior year levels at EUR 186.3 million compared to a cash positive position of EUR 58.4 million at the second quarter end 2010. The EUR 250 million increase in debt is almost entirely due to the funding of the salmon farming acquisitions in the UK and Norway. NIBD did decrease from the end of the first quarter 2011 by EUR 12.8 million

The equity ratio was 41.3 percent at quarter end compared to 54.1 percent prior year. The drop in the equity ratio is due to the increase in total assets of the

group at EUR 639.0 million compared to EUR 373.0 million prior year. The increased asset base is mainly due to the inclusion of the salmon farming companies acquired during the second half 2010 and in first quarter 2011.

The group is adequately funded to maintain capital investment programmes and to fund strategic growth options.

EUR thousands	YTD 2011	YTD 2010	FY 2010
Borrowings long term	(264 705.5)	(60 350.6)	(160 370.0)
Borrowings current	(4 200.4)	(49 575.7)	(43 747.9)
Cash and cash equivalents	82 593.4	168 360.1	55 456.9
Net interest bearing debt	<b>(186 312.5)</b>	<b>58 433.9</b>	<b>(148 661.0)</b>

## CASH FLOW

The consolidated cash flow from operating activities for the second quarter was an inflow of EUR 13.8 million (inflow of EUR 11.7 million). The positive cash flow in the quarter is mainly due to reduction in trade receivables. The movement in working capital follows the normal seasonal pattern for Morpol, where the lowest sales period is the second quarter in both the processing and farming segments, bringing a reduction in stocks, sales and purchases before rising again in the third quarter.

Investments in intangibles and property, plant and equipment for the quarter amounted to EUR 4.0 million (EUR 4.4 million). Further, loan to related party of EUR 8.0 million has been repaid in the quarter. Total cash inflow from investing activities was EUR 3.8 million (outflow of EUR 15.6 million).

Cash flow from financing activities in the quarter was an outflow of EUR 6.1 million (inflow of EUR 154.9 million mainly being the proceeds from the IPO in June 2010).

## MARKET OVERVIEW

Given the phasing of Easter in 2011 versus 2010 (in second quarter 2011 versus first quarter 2010) comparative market data for the second quarter is not indicative of sales trends. A more reliable indication of market development is half year data. The commentary on markets is therefore focused on half year data.

Consumption of Morpol's products reduced during the first half. This was primarily due to a reduction in demand as a result of higher prices at consumer level in retail.

Sales volume of fresh (natural) salmon is down significantly in all markets for the first half versus the previous year. Volumes have reduced between 10 and 30 per cent in all main markets.

### France

First half 2011 versus 2010 sales of smoked salmon products in hypermarkets, supermarkets and hard discounters fell by 1.4 percent volume and increased 5.1 percent value. The sharply increased prices are having a dampening effect on demand.

### Germany

Total sales of smoked and marinated salmon fell by approximately 5 percent by volume in first half 2011 versus the previous year. Demand reduction accelerated in the second quarter.

### UK

Retail sales of smoked salmon, and marinated salmon show a volume decline of approximately 8.2 percent for the first half versus the previous year. Value increased by 6 per cent in the same period.

### Italy

Retail sales by volume of smoked and marinated grew by 5.8 per cent in first half versus the previous year. In value terms there was 9.3 percent growth. Discounters continued to gain market share during first half, growing 13 per cent in volume and 18.7 percent value.

## SUBSEQUENT EVENTS

In July 2011, Morpol divested its sea bass and sea bream operations in Spain - named Culmarex SA - to Cooke Aquaculture Inc., a major global aquaculture company headquartered in New Brunswick, Canada with operations in Canada, USA and Chile, for a total enterprise value of EUR 48.7 million. The transaction will reduce Morpol's net debt by approximately EUR 40 million.

Culmarex has been classified as assets held for sale in Morpol's financial statements since Morpol purchased its parent company, Marine Farms ASA, in October 2010 and will be deconsolidated from 1 July 2011.

On 11 August 2011, Morpol ASA bought back NOK 244 million of the outstanding bonds at 100.5 percent of par value plus accrued interest.

## SHARE INFORMATION

Total number of shares outstanding at quarter end was 168.0 million shares and the total number of shareholders were 762. Morpol's share price was NOK 21.0 at 30 June 2011.

## OUTLOOK

### Processing

The second quarter 2011 is likely to be a turning point in Morpol's profitability in processing. Lower salmon purchase prices into the third quarter will improve profitability and increase margins next quarter. However, the profitability is dependent on both the prevailing raw material salmon price and on the consumer demand. Growth is likely to be limited or even decrease year on year in the second half 2011 unless retail prices are adjusted further down.

Due to the end of a contract processing arrangement with an unrelated third party, by-product sales will reduce by approximately 1 000 metric tonnes per quarter going forward. The extra volume of by-products was generated and sold by Morpol using the residual part from the main products processed for the third party. In addition, the company will no longer gain the profit from the toll arrangement fee on the approximate 10 000

tonnes per annum contracted. Over time, Morpol expects to utilise the extra capacity and enhance margins on its own production, including improved returns on by-products. However, there will be an impact on profits during the rest of 2011, while the plant is reconfigured.

Raw material prices for salmon remained high in the second quarter, however the export prices from all major salmon producing countries dropped substantially in June. Global supply in 2010 and the first half 2011 has been impacted by the disease crisis in Chile with lower export volumes meaning a shortage of global supply.

Many industry analysts expect a reduction in global salmon prices during the second half of 2011 due to increased volumes produced in Chile and with increasing Norwegian volumes. With the higher retail prices to consumers and higher supply, it is expected that commodity prices of gutted salmon from Norway and other producing countries will be reduced, and the impact has already been seen towards the end of the first half and into the third quarter with export prices from Norway at levels 40 percent lower than at the start of the second quarter.

To partially hedge the impact of higher raw material prices of salmon, the group has entered into Fish Pool contracts of 8 400 tonnes for the second half 2011 and a further 4 800 tonnes for 2012. The average contract price is approximately 29 NOK/kg for 2011 and approximately 37 NOK/kg for 2012. These contracts, when realised, will impact on the average price paid for salmon raw material. At current market prices, the contracts would have a negative impact on the results, particularly for 2012.

## Forecast sales volumes – farming

Sales volumes (gwt)	Q1 2011 Actual	Q2 2011 Actual	Q3 2011 Estimate	Q4 2011 Estimate	FY 2011 Estimate
Scotland	3 064	4 917	6 300	7 800	22 081
Norway	2 025	1 348	650	2 500	6 523
<b>Total sales volumes</b>	<b>5 089</b>	<b>6 264</b>	<b>6 950</b>	<b>10 300</b>	<b>28 603</b>

## Farming

Profitability has a high dependence on the salmon commodity price for both the Norwegian and UK farming operations. While the processing division is expected to benefit from lower salmon export prices, the opposite is true for the farming business. Volumes are expected to be higher in the second half 2011 compared to the first half, partly due to the seasonality of Christmas sales, a high demand period.

Morpol intends to grow the farming business in both Norway and Scotland over the coming years to take advantage of un-utilised licences and capacity. Focus in Scotland will be on extracting synergies from the merger and the integration of the companies acquired during the second half of 2010.

The acquisition of Jøkelfjord gives an opportunity for the company to grow in the Troms area with the company having access to 20 sites though currently utilising only seven seawater licences.

A targeted volume of over 25 000 tonnes is the goal by 2013 in the UK. During 2011, the company expects to harvest approximately 22 100 metric tonnes in Scotland. The farming business will supply Morpol's processing operations with raw material, as well as being used as a platform to grow the company's market share in France, UK and US markets.

## FINANCIAL STATEMENTS

### Condensed consolidated interim statement of income

<i>EUR thousands</i>	Q2 2011	Q2 2010	YTD 2011	YTD 2010	FY 2010
<i>Continuing operations:</i>					
<b>Revenue:</b>	<b>113 680.4</b>	<b>83 378.3</b>	<b>240 774.6</b>	<b>173 618.4</b>	<b>430 013.7</b>
Sale of finished goods	111 368.0	80 055.3	233 600.0	161 232.8	411 121.7
Sale of services	1 319.6	1 775.7	3 858.0	3 557.7	7 978.2
Sale of merchandise and materials	992.8	1 547.2	3 316.6	8 827.9	10 913.8
<b>Cost of sales</b>	<b>(87 776.4)</b>	<b>(76 763.5)</b>	<b>(194 082.7)</b>	<b>(154 451.3)</b>	<b>(368 395.7)</b>
Finished goods sold	(87 059.2)	(73 930.9)	(189 655.8)	(144 494.1)	(352 102.7)
Services	35.0	(1 303.8)	(1 433.3)	(2 537.9)	(6 320.1)
Merchandise and materials sold	(752.2)	(1 528.8)	(2 993.7)	(7 419.3)	(9 972.9)
<b>Gross profit/(loss)</b>	<b>25 904.0</b>	<b>6 614.8</b>	<b>46 691.9</b>	<b>19 167.1</b>	<b>61 618.0</b>
Distribution costs	(7 481.7)	(5 584.8)	(15 267.4)	(10 367.7)	(28 200.0)
Sales, general and administrative expenses	(7 208.4)	(2 932.1)	(13 765.3)	(5 855.4)	(17 174.1)
Other income	1 394.9	458.5	2 256.5	900.1	4 592.8
Other expenses	(883.7)	(651.9)	(935.9)	(724.5)	(2 434.5)
Transaction costs	0.0	-	(1 040.0)	-	(2 999.5)
<b>EBIT pre fair value</b>	<b>11 725.2</b>	<b>(2 095.5)</b>	<b>17 939.7</b>	<b>3 119.5</b>	<b>15 402.7</b>
Unrealised fair value adjustments	(4 658.5)	-	(4 267.2)	-	(4 245.2)
<b>EBIT</b>	<b>7 066.7</b>	<b>(2 095.5)</b>	<b>13 672.5</b>	<b>3 119.5</b>	<b>11 157.6</b>
Finance income	1 347.6	4 416.8	7 676.9	10 787.7	8 176.5
Finance costs	(6 229.8)	(4 167.2)	(16 068.6)	(10 471.5)	(5 570.9)
<b>Profit/(loss) before tax</b>	<b>2 184.5</b>	<b>(1 846.0)</b>	<b>5 280.8</b>	<b>3 435.7</b>	<b>13 763.1</b>
Income tax expense	1 890.4	(326.8)	11 032.6	(1 994.1)	486.0
<b>Net profit/(loss) continuing operations</b>	<b>4 074.8</b>	<b>(2 172.7)</b>	<b>16 313.4</b>	<b>1 441.6</b>	<b>14 249.1</b>
Net income/(loss) discontinued operations	(518.3)	-	274.8	-	(2 454.0)
<b>Net profit/(loss)</b>	<b>3 556.5</b>	<b>(2 172.7)</b>	<b>16 588.2</b>	<b>1 441.6</b>	<b>11 795.1</b>
<b>Net profit/(loss) for the period attributable to:</b>					
- Owners of the parent	3 491.5	(2 161.1)	16 435.2	1 448.3	11 350.6
- Non-controlling interests	65.2	(11.6)	153.1	(6.7)	444.5
<b>Earnings per share (EUR)</b>					
Basic and diluted EPS continuing operations	0.02	(0.02)	0.10	0.01	0.11
Basic and diluted EPS discontinued operations	(0.00)	-	0.00	-	(0.02)
<b>Basic and diluted EPS total operations</b>	<b>0.02</b>	<b>(0.02)</b>	<b>0.10</b>	<b>0.01</b>	<b>0.09</b>
<i>The costs are presented "by function" and include depreciation and amortisation with the following amounts</i>					
Depreciation and amortisation	(3 739.3)	(1 737.8)	(7 372.4)	(3 237.6)	(8 062.7)
<b>EBITDA</b>	<b>15 464.4</b>	<b>(357.7)</b>	<b>25 312.1</b>	<b>6 357.1</b>	<b>23 465.5</b>

The group's key earnings measure is EBIT pre fair value as this reflects earnings on sales during the period.

## Condensed consolidated interim statement of comprehensive income

<i>EUR thousands</i>	Q2 2011	Q2 2010	YTD 2011	YTD 2010	FY 2010
<b>Net profit/(loss)</b>	<b>3 556.5</b>	<b>(2 172.7)</b>	<b>16 588.2</b>	<b>1 441.6</b>	<b>11 795.1</b>
<i>Other comprehensive income</i>					
Exchange rate differences on translation	(5 552.8)	(49.3)	(10 555.4)	310.0	(5 471.7)
<b>Total comprehensive income</b>	<b>(1 996.3)</b>	<b>(2 222.0)</b>	<b>6 032.8</b>	<b>1 751.5</b>	<b>6 323.4</b>
<b>Total comprehensive income attributable to:</b>					
- Owners of the parent	(2 225.2)	(2 226.1)	5 716.4	1 757.4	5 930.3
- Non-controlling interests	229.0	4.0	316.4	(5.8)	393.0

## Condensed consolidated interim statement of financial position

<i>EUR thousands</i>	YTD 2011	YTD 2010	FY 2010
<b>ASSETS</b>			
Deferred tax asset	24 104.7	4 930.9	10 162.9
Intangible assets	161 816.3	5 268.5	113 295.7
Property, plant & equipment	111 999.8	59 679.5	100 182.2
Other non-current assets	5 964.6	3 678.7	16 018.3
<b>Total non-current assets</b>	<b>303 885.5</b>	<b>73 557.6</b>	<b>239 659.1</b>
Inventories	30 856.1	28 936.0	43 512.0
Biological inventory at cost	51 786.6	-	40 631.7
Biological inventory fair value adjustment	8 266.7	-	6 340.0
Trade and other receivables	84 842.9	89 062.1	136 949.8
Other current assets	9 190.2	12 812.4	9 256.8
Cash and cash equivalents	82 593.4	168 360.1	55 456.9
<b>Total current assets continuing operations</b>	<b>267 535.8</b>	<b>299 170.6</b>	<b>292 147.2</b>
Assets and disposal group classified as held for sale	67 582.9	249.3	65 686.4
<b>Total current assets</b>	<b>335 118.7</b>	<b>299 419.9</b>	<b>357 833.6</b>
<b>Total assets</b>	<b>639 004.2</b>	<b>372 977.5</b>	<b>597 492.7</b>
<b>EQUITY AND LIABILITIES</b>			
Total equity attributable to owners of the parent	259 270.1	201 531.9	253 553.7
Non-controlling interests	4 537.1	74.7	4 220.8
<b>Total equity</b>	<b>263 807.2</b>	<b>201 606.7</b>	<b>257 774.5</b>
Deferred tax liabilities	33 518.3	1 826.9	20 353.4
Other long-term liabilities	7 367.4	8 285.5	8 079.8
Long-term interest bearing debt	264 705.5	60 350.6	160 370.0
<b>Non-current liabilities</b>	<b>305 591.3</b>	<b>70 463.0</b>	<b>188 803.2</b>
Trade and other payables	28 013.0	35 855.8	72 181.3
Current tax liabilities	6 663.9	301.6	3 384.0
Borrowings and other interest-bearing short-term debt	4 200.4	49 575.7	43 747.9
Other short-term liabilities	11 335.4	15 174.7	12 765.6
<b>Total current liabilities continuing operations</b>	<b>50 212.7</b>	<b>100 907.8</b>	<b>132 078.7</b>
Liabilities included in disposal group held for sale	19 393.1	-	18 836.3
<b>Current liabilities</b>	<b>69 605.8</b>	<b>100 907.8</b>	<b>150 915.0</b>
<b>Total liabilities</b>	<b>375 197.0</b>	<b>171 370.8</b>	<b>339 718.2</b>
<b>Total equity and liabilities</b>	<b>639 004.2</b>	<b>372 977.5</b>	<b>597 492.7</b>

## Condensed consolidated interim statement of changes in equity

EUR thousands	Equity attributable to owners of the parent					Foreign currency translation reserve	Total	Non-controlling interests	Total equity
	Share capital	Share premium	Other paid-in capital	Retained earnings					
<b>Balance 01.01.2010</b>	<b>7 925.7</b>	-	-	<b>54 894.4</b>	<b>124.8</b>	<b>62 944.9</b>	<b>8.5</b>	<b>62 953.4</b>	
Total comprehensive income	-	-	-	1 757.4	-	1 757.4	(5.8)	1 751.5	
Share swap	(7 925.7)	-	-	(54 894.4)	(124.8)	(62 944.9)	(8.5)	(62 953.4)	
Issue of share capital	1 906.6	204 399.1	-	-	-	206 305.6	-	206 305.6	
Other	-	(4 702.8)	-	(1 828.3)	-	(6 531.1)	80.5	(6 450.5)	
<b>Balance at 30.06.2010</b>	<b>1 906.6</b>	<b>199 696.3</b>	-	<b>(70.9)</b>	-	<b>201 531.9</b>	<b>74.7</b>	<b>201 606.7</b>	
Total comprehensive income	40.5	4 477.8	16.7	9 593.2	(10 041.1)	4 087.2	484.6	4 571.8	
Issue of share capital	203.4	40 180.6	1 019.5	-	-	41 403.5	-	41 403.5	
Other	-	4 702.8	-	1 828.3	-	6 531.1	(72.0)	6 459.0	
Change in NCI	-	-	-	-	-	-	3 733.5	3 733.5	
<b>Balance at 31.12.2010</b>	<b>2 150.5</b>	<b>249 057.5</b>	<b>1 036.2</b>	<b>11 350.6</b>	<b>(10 041.1)</b>	<b>253 553.7</b>	<b>4 220.8</b>	<b>257 774.5</b>	
Total comprehensive income	6.7	778.3	3.3	5 386.6	(458.4)	5 716.4	316.3	6 032.7	
<b>Balance at 30.06.2011</b>	<b>2 157.2</b>	<b>249 835.8</b>	<b>1 039.5</b>	<b>16 737.2</b>	<b>(10 499.5)</b>	<b>259 270.1</b>	<b>4 537.1</b>	<b>263 807.2</b>	

## Condensed consolidated interim statement of cash flows

<i>EUR thousands</i>	Q2 2011	Q2 2010	YTD 2011	YTD 2010	FY 2010
<b>Operating activities</b>					
<b>Profit/(loss) before tax</b>	<b>2 184.5</b>	<b>(1 846.0)</b>	<b>5 280.8</b>	<b>3 435.7</b>	<b>13 763.1</b>
<b>Adjustments:</b>					
Depreciation and impairment of property, plant and equipment	3 543.5	1 707.5	7 118.2	3 183.1	7 893.2
Amortisation and impairment of intangible assets	195.7	30.3	254.2	54.4	169.6
Fair value adjustments on financial assets and liabilities	3 344.9	3 012.4	3 523.5	(416.7)	(5 356.8)
Impairment of financial assets	-	(483.6)	-	(483.6)	-
(Gain)/loss on disposal of non-financial assets	-	(7.6)	0.9	(7.6)	(21.1)
(Gain)/loss on disposal of non-derivative financial assets	0.0	(0.0)	(2.9)	1.2	(11.5)
Foreign exchange impact	(1 339.4)	3 057.0	(781.1)	593.7	103.1
Interest expenses	5 420.3	901.3	9 041.3	1 470.4	3 189.1
Interest and dividend income	382.5	146.9	(540.6)	(54.3)	(1 196.9)
Other	(7 337.0)	1 278.4	(8 164.7)	1 278.4	1 415.4
<b>Total adjustments</b>	<b>4 210.4</b>	<b>9 642.6</b>	<b>10 448.8</b>	<b>5 619.0</b>	<b>6 184.1</b>
Change in inventories	3 388.7	(4 613.8)	15 614.3	(2 194.2)	(10 373.4)
Change in trade and other receivables	25 518.8	8 237.5	49 692.8	25 858.1	(16 834.1)
Change in trade and other payables	(20 456.0)	(6 638.7)	(38 260.4)	(17 233.8)	8 121.3
Change in provisions, accruals and prepaid expenses	(1 604.7)	7 884.6	724.2	8 453.0	4 145.8
<b>Net changes in working capital</b>	<b>6 846.8</b>	<b>4 869.8</b>	<b>27 770.9</b>	<b>14 883.1</b>	<b>(14 940.4)</b>
Settlement of derivative financial instruments	2 765.7	(906.1)	2 248.8	1 119.5	4 475.2
Interest paid (operating activities only)	(1 292.2)	(147.8)	(1 302.2)	(114.6)	(39.5)
Income taxes paid	(892.7)	108.8	(2 938.7)	(3 502.3)	(10 373.1)
<b>Cash flow from operating activities</b>	<b>13 822.5</b>	<b>11 721.2</b>	<b>41 508.4</b>	<b>21 440.4</b>	<b>(930.6)</b>
<b>Investing activities</b>					
Purchase of intangible assets	(463.3)	(4 893.0)	(484.7)	(4 893.7)	(9 283.2)
Purchase of property, plant and equipment	(3 570.1)	477.3	(14 389.6)	(5 059.5)	(25 818.0)
Acquisition of subsidiaries, net of cash	0.0	-	(64 440.7)	-	(130 765.3)
Acquisition of other financial assets	(125.7)	(17 183.0)	(125.7)	(18 602.9)	(9 743.1)
Repayment of long term loans	8 000.0	-	8 000.0	-	-
Proceeds from disposals of property, plant and equipment	-	7.6	-	7.6	56.4
Proceeds from disposals of other financial assets	(19.7)	6 037.0	-	7 318.3	1 319.6
<b>Cash flow from investing activities</b>	<b>3 821.3</b>	<b>(15 554.0)</b>	<b>(71 440.7)</b>	<b>(21 230.2)</b>	<b>(174 233.5)</b>
<b>Financing activities</b>					
Net change in interest bearing debt	(2 599.0)	20 347.8	62 396.3	12 606.5	36 564.9
Interest paid	(3 475.3)	(622.9)	(5 078.9)	(1 094.8)	(3 191.6)
Proceeds from issue of share capital	(0.0)	135 199.9	-	135 199.9	177 301.6
<b>Cash flow from financing activities</b>	<b>(6 074.3)</b>	<b>154 924.7</b>	<b>57 317.4</b>	<b>146 711.5</b>	<b>210 675.0</b>
<b>Net change in cash and cash equivalents</b>	<b>11 569.4</b>	<b>151 091.9</b>	<b>27 385.1</b>	<b>146 921.8</b>	<b>35 510.9</b>
<b>Cash and cash equivalent, beginning of period</b>	<b>69 554.9</b>	<b>18 653.4</b>	<b>55 457.1</b>	<b>21 239.1</b>	<b>21 239.1</b>
Exchange differences on cash and cash equivalents	1 468.8	(1 385.2)	(248.8)	199.3	(1 293.1)
<b>Cash and cash equivalent, end of period</b>	<b>82 593.4</b>	<b>168 360.1</b>	<b>82 593.4</b>	<b>168 360.1</b>	<b>55 456.9</b>

## Selected notes disclosure

### 1. Basis of preparation

#### 1.1. Statement of compliance

The interim accounts are presented in accordance with IAS 34 Interim Financial Reporting. These condensed consolidated interim financial statements were approved by the Board on 23 August 2011.

The condensed consolidated interim financial statements are unaudited. The financial statements are presented in EUR, rounded to the nearest thousand, unless otherwise stated. As a result of rounding differences, numbers or percentages may not add up to the total.

The consolidated financial statements for the year ended 31 December 2010 are available upon request from the company's registered office at Tjuvholmen Allé 3, Oslo or at [www.Morpol.com](http://www.Morpol.com).

#### 1.2. Accounting principles

The accounting policies applied in the interim financial statements are in all material respect consistent with those applied in the consolidated financial statements for the year ended 31 December 2010. New standards and interpretations are outlined in the annual accounts 2010, note 2.8. The effects from the revised standards and interpretations have not had any impacts on the group's consolidated interim financial statements.

### 2. Significant events and transactions in the half year and after the reporting period

On 12 January 2011, Morpol ASA entered into an agreement to buy all shares in Jøkelfjord Laks AS. The transaction was completed on 7 February 2011. Total cash consideration was NOK 547.8 million, reflecting increased cash balances due to positive movements in the company's net working capital up until 7 February 2011.

On 17 January 2011, Morpol ASA completed the issuance of a NOK 500 million unsecured bond issue in the Norwegian bond market. The bond issue was oversubscribed. The settlement date is 3 February 2011 and the maturity date is 3 February 2014. On 11 August 2011, Morpol ASA bought back NOK 244 million of the outstanding bonds at 100.5 percent of par value plus accrued interest. The bond loan is listed on Oslo Stock Exchange.

On 9 March 2011, Morpol ASA, through its subsidiary Lakeland Smolt, invested in land and a building in Rosyth, near Edinburgh. The acquisition cost was EUR 4.2 million. The facility is purchased with the intention to establish a large scale value added processing plant which will be used to further increase the market strength of Morpol in the UK and other markets.

For several years Morpol operated a toll processing arrangement for an industrial player in the Ustka facilities. This agreement has been terminated, effective from May 2011.

In July 2011, Morpol divested its sea bass and sea bream operations in Spain - named Culmarex SA - to Cooke Aquaculture Inc., for a total enterprise value of EUR 48.7 million. Culmarex has been classified as assets held for sale in Morpol's financial statements since Morpol purchased its parent company, Marine Farms ASA, in October 2010 and will be deconsolidated from 1 July 2011.

## Proforma numbers

Below are listed the proforma numbers for the group as the acquisitions of Northern Isles Salmon and Marine Farms' salmon operations acquired in third quarter 2010 and the acquisition of Jøkelfjord Laks in first quarter 2011 were effective as from 1 January 2010. The sale of Culmarex does not impact the proforma income statement for continuing operations.

provide a reference point for comparison in future periods. In preparation of the proforma numbers, intercompany sales have been eliminated. Borrowing costs are adjusted for acquisitions being financed by new loans. The proforma numbers only include continuing operations.

The proforma numbers represent an approximate measure of the performance of the combined group to

<i>EUR thousands</i>	<i>Actual</i>	<i>Proforma</i>	<i>Actual</i>	<i>Proforma</i>	<i>Proforma</i>
	Q2 2011	Q2 2010	YTD 2011	YTD 10	FY 10
<i>Continuing operations:</i>					
Operating revenue	113 680.4	122 522.1	240 774.6	237 609.0	531 283.5
Cost of sales	(87 776.4)	(99 580.4)	(194 082.7)	(193 664.1)	(432 076.2)
<b>Gross profit (loss)</b>	<b>25 904.0</b>	<b>22 941.7</b>	<b>46 691.9</b>	<b>43 944.9</b>	<b>99 207.4</b>
Distribution costs	(7 481.7)	(7 000.1)	(15 267.4)	(12 857.2)	(31 552.1)
Administrative expenses	(7 208.4)	(4 731.4)	(13 765.3)	(9 437.9)	(22 341.6)
Other income	1 394.9	464.4	2 256.5	906.9	4 599.6
Other expenses	(883.7)	(1 158.2)	(935.9)	(1 825.6)	(3 989.2)
Transaction costs	0.0	-	(1 040.0)	-	(2 999.5)
<b>EBIT pre fair value</b>	<b>11 725.2</b>	<b>10 516.3</b>	<b>17 939.7</b>	<b>20 731.0</b>	<b>42 924.6</b>
Unrealised FV adjustments	(4 658.5)	5 575.0	(4 267.2)	7 617.6	5 147.9
<b>EBIT</b>	<b>7 066.7</b>	<b>16 091.4</b>	<b>13 672.5</b>	<b>28 348.6</b>	<b>48 072.5</b>
<b>Profit/(loss) before tax</b>	<b>2 184.5</b>	<b>15 524.2</b>	<b>5 280.8</b>	<b>26 759.3</b>	<b>46 322.4</b>
Income tax expense	1 890.4	(3 573.7)	11 032.6	(6 950.6)	(8 099.4)
<b>Net profit/(loss) continuing operations</b>	<b>4 074.9</b>	<b>11 950.5</b>	<b>16 313.4</b>	<b>19 808.7</b>	<b>38 223.0</b>
Depreciation/amortisation	(3 739.3)	(3 089.8)	(7 372.4)	(5 856.3)	(12 163.9)
<b>EBITDA</b>	<b>15 464.4</b>	<b>13 606.2</b>	<b>25 312.1</b>	<b>26 587.3</b>	<b>55 088.5</b>

### 3. Earnings per share

The basic earnings per share is calculated according to the net profit attributable to the shareholder of the parent company divided by the average weighted number of ordinary shares in the relevant period. Morpol currently has no share-based compensation that results in a dilutive effect on earnings per share.

Total operations	Q2 2011	Q2 2010	YTD 2011	YTD 2010	FY 2010
Profit attributable to equity holders of the company (EUR million)	3 491.5	(2 161.1)	16 435.2	1 448.3	11 350.6
Weighted average number of shares (basic and diluted)	168 009 099	102 285 714	168 009 099	101 149 171	127 835 097
<b>Basic and diluted EPS (EUR)</b>	<b>0.02</b>	<b>(0.02)</b>	<b>0.10</b>	<b>0.01</b>	<b>0.09</b>
Continuing operations	Q2 2011	Q2 2010	YTD 2011	YTD 2010	FY 2010
Profit attributable to equity holders of the company (EUR million)	4 006.6	(2 161.1)	16 183.1	1 448.3	13 830.9
Weighted average number of shares (basic and diluted)	168 009 099	102 285 714	168 009 099	101 149 171	127 835 097
<b>Basic and diluted EPS (EUR)</b>	<b>0.02</b>	<b>(0.02)</b>	<b>0.10</b>	<b>0.01</b>	<b>0.11</b>
Discontinued operations	Q2 2011	Q2 2010	YTD 2011	YTD 2010	FY 2010
Profit attributable to equity holders of the company (EUR million)	(515.1)	-	252.0	-	(2 480.3)
Weighted average number of shares (basic and diluted)	168 009 099	102 285 714	168 009 099	101 149 171	127 835 097
<b>Basic and diluted EPS (EUR)</b>	<b>(0.00)</b>	<b>-</b>	<b>0.00</b>	<b>-</b>	<b>(0.02)</b>

### 4. Seasonality of business activity

The main business activities of the group are fish processing, sales and salmon farming. The group generates higher revenues and profits in second half of the year. The main factor influencing the seasonal patterns throughout the year is the weighting of sales volumes according to market demands and biological cycle. The main period of sales of smoked salmon is the

period leading up to and at the Christmas holiday season in December and also the Easter period, which falls in a week period in either the month of March or April. Additionally, the salmon production cycle normally follows a pattern where more fish are harvested in the second half of a calendar year than the first half.

### 5. Operating segments

Morpol has two segments; fish farming and fish processing. Fish processing includes processing and preserving of fish and other fishery products and distribution and sale of those. The main product is smoked salmon, but other products are having an increased importance to the group's profitability. Fish

farming involves the breeding and on-growing of salmon, as well as slaughtering, processing, sale and distribution of salmon. The group discloses segment information in accordance with IFRS 8.

## 5. Operating segments (cont.)

EUR thousands	Processing		Fish farming		Group activities		Eliminations		Consolidated	
	Q2 11	Q2 10	Q2 11	Q2 10	Q2 11	Q2 10	Q2 11	Q2 10	Q2 11	Q2 10
<i>Continuing operations:</i>										
External sales	89 305.5	83 378.3	24 374.9	-	(0.0)	-	-	-	113 680.4	83 378.3
Internal sales	127.8	-	10 234.6	-	-	-	(10 362.4)	-	0.0	-
<b>Operating revenue</b>	<b>89 433.3</b>	<b>83 378.3</b>	<b>34 609.6</b>	<b>-</b>	<b>(0.0)</b>	<b>-</b>	<b>(10 362.4)</b>	<b>-</b>	<b>113 680.4</b>	<b>83 378.3</b>
Cost of sales	(78 165.1)	(76 763.5)	(19 973.7)	-	0.0	-	10 362.4	-	(87 776.4)	(76 763.5)
<b>Gross profit (loss)</b>	<b>11 268.1</b>	<b>6 614.7</b>	<b>14 635.9</b>	<b>-</b>	<b>(0.0)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25 904.0</b>	<b>6 614.7</b>
Distribution costs	(5 227.0)	(5 584.8)	(2 254.7)	-	-	-	-	-	(7 481.7)	(5 584.8)
SGA expenses	(3 847.3)	(2 932.1)	(2 486.7)	-	(874.3)	-	-	-	(7 208.4)	(2 932.1)
Other income	1 283.9	458.5	110.9	-	(0.0)	-	-	-	1 394.9	458.5
Other expenses	(883.2)	(651.9)	(0.5)	-	-	-	-	-	(883.7)	(651.9)
Transaction costs	-	-	-	-	0.0	-	-	-	0.0	-
<b>EBIT pre fair value</b>	<b>2 594.5</b>	<b>(2 095.6)</b>	<b>10 004.9</b>	<b>-</b>	<b>(874.3)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11 725.2</b>	<b>(2 095.6)</b>
Unrealised FV adj.	-	-	(4 658.5)	-	-	-	-	-	(4 658.5)	-
<b>EBIT</b>	<b>2 594.5</b>	<b>(2 095.6)</b>	<b>5 346.3</b>	<b>-</b>	<b>(874.3)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7 066.7</b>	<b>(2 095.6)</b>
<b>Profit/(loss) before tax</b>	<b>2 332.8</b>	<b>(1 846.0)</b>	<b>5 827.1</b>	<b>-</b>	<b>(5 975.4)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 184.5</b>	<b>(1 846.0)</b>
Income tax expense	(539.0)	(326.8)	2 429.4	-	(0.0)	-	-	-	1 890.4	(326.8)
<b>Net profit/(loss) cont.op.</b>	<b>1 793.8</b>	<b>(2 172.8)</b>	<b>8 256.5</b>	<b>-</b>	<b>(5 975.4)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 074.9</b>	<b>(2 172.8)</b>
Net profit/(loss) disc.op.	-	-	(518.3)	-	-	-	-	-	(518.3)	-
<b>Net profit/(loss)</b>	<b>1 793.8</b>	<b>(2 172.8)</b>	<b>7 738.2</b>	<b>-</b>	<b>(5 975.4)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 556.6</b>	<b>(2 172.8)</b>
Depreciation/amortis.	(2 140.0)	(1 737.8)	(1 589.9)	-	(9.4)	-	0.0	-	(3 739.3)	(1 737.8)
<b>EBITDA</b>	<b>4 734.5</b>	<b>(357.7)</b>	<b>11 594.8</b>	<b>-</b>	<b>(864.9)</b>	<b>-</b>	<b>(0.0)</b>	<b>-</b>	<b>15 464.3</b>	<b>(357.7)</b>

EUR thousands	Processing		Fish farming		Group activities		Eliminations		Consolidated	
	YTD 11	YTD 10	YTD 11	YTD 10	YTD 11	YTD 10	YTD 11	YTD 10	YTD 11	YTD 10
<i>Continuing operations:</i>										
External sales	192 733.0	173 618.4	48 041.6	-	(0.0)	-	-	-	240 774.6	173 618.4
Internal sales	161.8	-	18 194.9	-	-	-	(18 356.7)	-	-	-
<b>Operating revenue</b>	<b>192 894.8</b>	<b>173 618.4</b>	<b>66 236.5</b>	<b>-</b>	<b>(0.0)</b>	<b>-</b>	<b>(18 356.7)</b>	<b>-</b>	<b>240 774.6</b>	<b>173 618.4</b>
Cost of sales	(172 135.2)	(154 451.3)	(40 304.2)	-	0.0	-	18 356.7	-	(194 082.7)	(154 451.3)
<b>Gross profit (loss)</b>	<b>20 759.6</b>	<b>19 167.1</b>	<b>25 932.3</b>	<b>-</b>	<b>(0.0)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46 691.9</b>	<b>19 167.1</b>
Distribution costs	(11 391.2)	(10 367.7)	(3 876.2)	-	-	-	-	-	(15 267.4)	(10 367.7)
SGA expenses	(7 666.3)	(5 855.4)	(4 078.6)	-	(2 020.3)	-	-	-	(13 765.3)	(5 855.4)
Other income	2 120.5	900.1	136.0	-	(0.0)	-	-	-	2 256.5	900.1
Other expenses	(935.4)	(724.5)	(0.5)	-	-	-	-	-	(935.9)	(724.5)
Transaction costs	-	-	-	-	(1 040.0)	-	-	-	(1 040.0)	-
<b>EBIT pre fair value</b>	<b>2 887.1</b>	<b>3 119.5</b>	<b>18 113.0</b>	<b>-</b>	<b>(3 060.4)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17 939.7</b>	<b>3 119.5</b>
Unrealised FV adj.	-	-	(4 267.2)	-	-	-	-	-	(4 267.2)	-
<b>EBIT</b>	<b>2 887.1</b>	<b>3 119.5</b>	<b>13 845.7</b>	<b>-</b>	<b>(3 060.4)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13 672.5</b>	<b>3 119.5</b>
<b>Profit/(loss) before tax</b>	<b>1 367.1</b>	<b>3 435.7</b>	<b>12 892.7</b>	<b>-</b>	<b>(8 978.9)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 280.8</b>	<b>3 435.7</b>
Income tax expense	(45.8)	(1 994.1)	(2 984.2)	-	14 062.6	-	-	-	11 032.6	(1 994.1)
<b>Net profit/(loss) cont.op.</b>	<b>1 321.3</b>	<b>1 441.5</b>	<b>9 908.5</b>	<b>-</b>	<b>5 083.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16 313.4</b>	<b>1 441.5</b>
Net profit/(loss) disc.op.	-	-	274.8	-	-	-	-	-	274.8	-
<b>Net profit/(loss)</b>	<b>1 321.3</b>	<b>1 441.5</b>	<b>10 183.3</b>	<b>-</b>	<b>4 211.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16 588.2</b>	<b>1 441.5</b>
Depreciation/amortis.	(4 194.9)	(3 237.6)	(3 167.9)	-	(9.6)	-	0.0	-	(7 372.4)	(3 237.6)
<b>EBITDA</b>	<b>7 082.0</b>	<b>6 357.1</b>	<b>21 280.9</b>	<b>-</b>	<b>(3 050.8)</b>	<b>-</b>	<b>(0.0)</b>	<b>-</b>	<b>25 312.1</b>	<b>6 357.1</b>
Non-current assets	90 382.1	73 558.0	195 101.6	-	277 386.1	-	(258 984.4)	-	303 885.5	73 558.0
<b>Total assets</b>	<b>237 872.2</b>	<b>372 977.8</b>	<b>373 670.7</b>	<b>-</b>	<b>295 108.3</b>	<b>-</b>	<b>(267 647.0)</b>	<b>-</b>	<b>639 004.2</b>	<b>372 977.8</b>
Total liabilities	159 172.3	171 371.2	216 671.6	-	267 000.2	-	(267 647.0)	-	375 197.0	171 371.2

## 5. Operating segments (cont.)

<i>EUR thousands</i>	Processing FY 10	Fish farming Group activities FY 10	Eliminations FY 10	Consolidated FY 10
<i>Continuing operations:</i>				
External sales	399 300.2	30 713.5	-	430 013.7
Internal sales	-	6 833.6	10.3	-
<b>Operating revenue</b>	<b>399 300.2</b>	<b>37 547.1</b>	<b>10.3</b>	<b>430 013.7</b>
Cost of sales	(349 119.3)	(26 110.0)	-	(368 395.7)
<b>Gross profit (loss)</b>	<b>50 180.9</b>	<b>11 437.1</b>	<b>10.3</b>	<b>61 618.0</b>
Distribution costs	(25 752.3)	(2 447.7)	-	(28 200.0)
SGA expenses	(13 507.6)	(2 159.6)	(1 517.2)	(17 174.1)
Other income	3 094.2	1 498.6	-	4 592.8
Other expenses	(2 292.9)	(141.6)	-	(2 434.5)
Transaction costs	-	-	(2 999.5)	(2 999.5)
<b>EBIT pre fair value</b>	<b>11 722.3</b>	<b>8 186.8</b>	<b>(4 506.3)</b>	<b>15 402.7</b>
Unrealised FV adj.	-	(4 245.2)	-	(4 245.2)
<b>EBIT</b>	<b>11 722.3</b>	<b>3 941.6</b>	<b>(4 506.3)</b>	<b>11 157.6</b>
<b>Profit/(loss) before tax</b>	<b>13 224.8</b>	<b>3 547.6</b>	<b>(3 009.3)</b>	<b>13 763.1</b>
Income tax expense	(2 719.2)	3 177.6	27.6	486.0
<b>Net profit/(loss) cont.op.</b>	<b>10 505.6</b>	<b>6 725.2</b>	<b>(2 981.7)</b>	<b>14 249.1</b>
Net profit/(loss) disc.op.	-	(2 454.0)	-	(2 454.0)
<b>Net profit/(loss)</b>	<b>10 505.6</b>	<b>4 271.2</b>	<b>(2 981.7)</b>	<b>11 795.1</b>
Depreciation/amort.	(6 495.6)	(1 566.7)	(0.4)	(8 062.7)
<b>EBITDA</b>	<b>18 218.0</b>	<b>9 753.5</b>	<b>(4 506.0)</b>	<b>23 465.5</b>
Non-current assets	98 414.5	135 010.8	87 580.2	239 659.1
<b>Total assets</b>	<b>287 151.5</b>	<b>275 033.0</b>	<b>119 463.0</b>	<b>597 492.7</b>
Total liabilities	209 816.8	182 144.2	31 912.0	339 718.2

## 6. Discontinued operations

The operations in seabass/seabream through Culmarex and emerging operations in cobia farming acquired with Marine Farms are classified as held for sale as from 30 September 2010 and depreciation ceased from the same date. The results in the discontinued businesses are reported separately under the heading Discontinued operations in the group's income statement as from 1

October 2010. Cash flows from discontinued operations are presented separately.

In July 2011, Morpol divested Culmarex for a total enterprise value of EUR 48.7 million. The transaction will reduce Morpol's net debt by approximately EUR 40 million.

### Summary of financial data for discontinued operations

<i>EUR thousands</i>	Q2 2011	Q2 2010	YTD 2011	YTD 2010	FY 2010
Revenue	14 201.4	-	23 909.4	-	12 614.8
Cost of sales	(10 905.5)	-	(18 902.9)	-	(11 319.4)
<b>Gross profit/(loss)</b>	<b>3 296.0</b>	-	<b>5 006.5</b>	-	<b>1 295.4</b>
Distribution costs	(1 027.1)	-	(2 509.1)	-	(3 887.5)
Administrative expenses	(924.7)	-	(1 478.7)	-	(404.4)
Other income	10.8	-	48.8	-	1 951.4
Other expenses	(83.0)	-	(105.0)	-	-
Transaction costs	-	-	-	-	-
<b>EBIT pre fair value</b>	<b>1 271.9</b>	-	<b>962.5</b>	-	<b>(1 045.0)</b>
Fair value adjustment on biomass	(1 409.9)	-	1 041.1	-	(900.8)
<b>Operating profit/(loss)</b>	<b>(137.9)</b>	-	<b>2 003.6</b>	-	<b>(1 945.8)</b>
Finance income	71.9	-	165.9	-	45.6
Finance costs	(588.6)	-	(1 971.6)	-	(485.5)
<b>Profit/(loss) before tax</b>	<b>(654.7)</b>	-	<b>197.9</b>	-	<b>(2 385.8)</b>
Income tax expense	136.3	-	76.9	-	(68.2)
<b>Profit/(loss) for the period from discontinued operations</b>	<b>(518.3)</b>	-	<b>274.8</b>	-	<b>(2 454.0)</b>
<b>Net income/loss discontinued operations attributable to:</b>					
Owners of the parent	(515.1)	-	252.0	-	(2 480.3)
Non-controlling interests	(3.2)	-	22.8	-	26.3
<i>EUR thousands</i>	Q2 2011	Q2 2010	YTD 2011	YTD 2010	FY 2010
Cash flow from operating activities	1 456.7	-	729.7	-	2 488.9
Cash flow from investing activities	(1 293.3)	-	(1 898.3)	-	(688.4)
Cash flow from financing activities	186.7	-	682.7	-	1 029.4
Exchange differences	35.3	-	35.3	-	-
<b>Total cashflow discontinued operation</b>	<b>385.3</b>	-	<b>(450.7)</b>	-	<b>2 829.9</b>

## 7. Biological inventory

<i>Tonnes</i>	30.06.2011	30.06.2010
Smolts, fry and brood stock	149.0	-
Non harvestable fish	5 395.0	-
Harvestable fish	11 548.0	-
<b>Total biomass</b>	<b>17 092.0</b>	<b>-</b>

Biological assets comprise juveniles, smolt and fish in the sea. Salmon is normally considered harvestable at 4 kg, but classification in the table above reflects fish > 1 kg as harvestable and subject to fair value estimation in accordance with IAS 41.

## 8. Financial items

<i>Finance income</i>	Q2 2011	Q2 2010	YTD 2011	YTD 2010	FY 2010
Interest income	720.1	(136.3)	1 661.4	64.9	1 879.5
Net profit on financial assets and liabilities at fair value	1 077.0	1 233.5	2 203.6	4 253.3	5 151.0
Foreign exchange gain	1 239.4	3 302.9	3 647.5	6 442.0	621.7
Other financial income	164.3	16.8	164.3	27.6	524.3
<b>Total finance income</b>	<b>3 200.8</b>	<b>4 416.8</b>	<b>7 676.9</b>	<b>10 787.7</b>	<b>8 176.5</b>
<i>Finance costs</i>	Q2 2011	Q2 2010	YTD 2011	YTD 2010	FY 2010
Interest expense	(5 134.5)	(623.0)	(8 756.6)	(1 192.0)	(3 371.0)
Net loss on financial assets and liabilities at fair value	(3 906.9)	(2 399.8)	(5 808.7)	(3 380.0)	-
Foreign exchange loss	81.9	(1 143.8)	(2 300.5)	(5 897.0)	(2 167.2)
Other financial expense	876.5	(0.4)	797.3	(2.4)	(32.6)
<b>Total finance cost</b>	<b>(8 083.0)</b>	<b>(4 167.1)</b>	<b>(16 068.6)</b>	<b>(10 471.5)</b>	<b>(5 570.8)</b>
<b>Net finance</b>	<b>(4 882.2)</b>	<b>249.7</b>	<b>(8 391.7)</b>	<b>316.2</b>	<b>2 605.7</b>

Net loss on financial assets and liabilities at fair value in 2011 is mainly related to unrealised losses on Fish Pool salmon forward contracts.

## 9. Transactions with related parties

Mopol S.A. has over the last financial years entered into several agreements with related parties. The agreements relate to inter alia loan agreements, guarantee agreements and purchase agreements. All transactions are entered into in the ordinary course of business

of the group and the agreements pertaining to the transactions are all entered into on market terms.

Details of significant transactions and outstanding balances with related parties are disclosed below.

		Transaction value		Outstanding amount	
		YTD 2011	YTD 2010	30 June 2011	30 June 2010
MK Ustka	Loan	-	(14 400.0)	5 600.0	5 600.0
Euro-Industry	Loan	(8 000.0)	8 208.3	-	8 000.0
MKJ	Loan	-	1 380.2	-	642.0
Jantar Ltd.	Loan	11.4	-	337.4	-
Epigon	Loan	10.7	-	316.6	-
Euro-Industry	Purchase	(4 858.2)	(7 464.5)	(572.8)	(640.7)
Laschinger Gmbh	Purchase	-	(6 071.5)	-	(3.1)
MK Delikatesy	Purchase	-	(676.1)	-	(398.9)
Epigon	Sales	5 881.7	4 423.5	2 071.6	1 629.1
MK Delikatesy	Sales	1 682.6	259.2	1 476.2	1 024.8
Euro-Industry	Sales	697.1	19.8	694.8	538.1
Jantar Ltd	Sales	720.6	19.9	336.4	26.1
Other	Sales	13.2	8.0	86.6	9.4
Other	Purchase	(575.9)	(428.4)	(454.0)	(341.9)
Other	Net interest	103.5	(20.4)	514.1	78.4
<b>Net outstanding</b>				<b>10 406.8</b>	<b>16 163.2</b>

## 10. Foreign currency rates versus EUR

Currency	30.06.2011	31.03.2011	31.12.10	30.09.10	30.06.10	31.03.10	31.12.09	30.09.09
PLN	0.25	0.25	0.25	0.25	0.24	0.26	0.24	0.24
GBP	1.11	1.13	1.16	1.16	1.22	1.12	1.12	1.10
NOK	0.13	0.13	0.13	0.13	0.13	0.12	0.12	0.12

## 11. Largest shareholders 30 June 2011

Shareholder	Country	Number of shares held	Ownership
FRIENDMALL LTD	Cyprus	78 531 705	46.7 %
SKAGEN VEKST	Norway	8 722 150	5.2 %
VERDIPAPIRFONDET HANDELSBANKEN	Norway	5 600 000	3.3 %
ODIN NORGE	Norway	4 865 518	2.9 %
JPMORGAN CHASE BANK	United Kingdom	4 223 100	2.5 %
MKS SP. Z.O.O.	Poland	4 056 140	2.4 %
KVERVA AS	Norway	3 636 305	2.2 %
CITIBANK N.A. (LONDON BRANCH)	United Kingdom	3 488 700	2.1 %
BAZMONTA HOLDINGS LIMITED	Cyprus	3 000 000	1.8 %
CACEIS BANK	France	2 720 000	1.6 %
SHB STOCKHOLM CLIENTS ACCOUNT	Norway	2 400 650	1.4 %
JPMORGAN CHASE BANK N.A.	United Kingdom	2 310 000	1.4 %
ODIN NORDEN	Norway	2 296 000	1.4 %
BREMESCO HOLDINGS LIMITED	Cyprus	2 022 155	1.2 %
KLP AKSJE NORGE VPF	Norway	1 656 030	1.0 %
DNB NOR SMB	Norway	1 625 000	1.0 %
KOMMUNAL LANDSPENSJONSKASSE	Norway	1 198 787	0.7 %
VPF NORDEA KAPITAL	Norway	1 138 100	0.7 %
VITAL FORSIKRING ASA	Norway	1 120 413	0.7 %
JPMORGAN CHASE BANK	United Kingdom	1 052 658	0.6 %
<b>Total 20 largest shareholders</b>		<b>135 663 411</b>	<b>80.7 %</b>
Total other shareholders		32 345 688	19.3 %
<b>Total number of shares</b>		<b>168 009 099</b>	<b>100.0 %</b>

## 12. Quarterly historical information

## Processing – actual numbers

EUR thousands	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009
<i>Continuing operations:</i>								
Revenue	89 433.3	103 461.5	139 155.6	86 526.2	83 378.3	90 240.2	138 912.7	67 740.8
Cost of sales	(78 165.1)	(93 970.1)	(117 022.9)	(77 645.2)	(76 763.5)	(77 687.8)	(108 815.6)	(60 579.8)
<b>Gross profit/(loss)</b>	<b>11 268.1</b>	<b>9 491.4</b>	<b>22 132.7</b>	<b>8 881.0</b>	<b>6 614.8</b>	<b>12 552.4</b>	<b>30 097.2</b>	<b>7 161.0</b>
Distribution costs	(4 239.0)	(6 164.1)	(10 206.8)	(5 177.8)	(5 584.8)	(4 782.9)	(5 515.7)	(2 805.8)
Administrative expenses	(4 835.3)	(3 819.0)	(4 716.3)	(3 058.0)	(2 932.1)	(2 923.3)	(2 996.6)	(1 615.0)
Other income	1 283.9	836.5	1 090.5	1 103.6	458.5	441.5	992.5	164.2
Other expenses	(883.2)	(52.2)	(1 388.2)	(180.2)	(651.9)	(72.6)	(460.8)	(23.6)
<b>EBIT</b>	<b>2 594.5</b>	<b>292.6</b>	<b>6 912.0</b>	<b>1 568.6</b>	<b>(2 095.5)</b>	<b>5 215.1</b>	<b>22 116.6</b>	<b>2 880.8</b>
<b>Profit/(loss) before tax</b>	<b>2 332.8</b>	<b>(965.7)</b>	<b>6 079.0</b>	<b>3 611.6</b>	<b>(1 846.0)</b>	<b>5 281.6</b>	<b>23 590.3</b>	<b>4 649.4</b>
<b>Net profit/(loss)</b>	<b>1 793.8</b>	<b>(472.5)</b>	<b>5 577.4</b>	<b>3 415.7</b>	<b>(2 172.7)</b>	<b>3 614.3</b>	<b>18 892.7</b>	<b>3 943.7</b>

The costs are presented "by function" and include depreciation and amortisation with the following amounts

Depreciation and amortisation	(2 140.0)	(2 054.9)	(1 617.0)	(1 752.0)	(1 737.8)	(1 499.7)	(1 727.4)	(1 323.6)
<b>EBITDA</b>	<b>4 734.5</b>	<b>2 347.5</b>	<b>8 529.0</b>	<b>3 320.6</b>	<b>(357.7)</b>	<b>6 714.8</b>	<b>23 844.0</b>	<b>4 204.4</b>

EUR thousands	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009
Cost of raw material (fish)	63 310.0	78 562.0	98 311.0	65 475.0	61 102.0	62 412.0	76 106.5	52 632.4
Other COGS	14 855.1	15 408.1	18 711.9	12 170.2	15 661.5	15 275.8	32 709.1	7 947.4
<b>Total cost of sales</b>	<b>78 165.1</b>	<b>93 970.1</b>	<b>117 022.9</b>	<b>77 645.2</b>	<b>76 763.5</b>	<b>77 687.8</b>	<b>108 815.6</b>	<b>60 579.8</b>

Sales - Thousand tonnes	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009
Cold smoked salmon	4 888	4 966	6 984	4 613	4 875	5 253	6 631	4 678
Specialities	849	1 227	1 738	508	537	1 374	2 125	533
Other products	2 154	3 099	3 368	2 917	2 485	3 110	2 607	1 994
By-products	4 330	6 433	8 503	5 788	5 781	6 484	5 162	4 290
Sales excluding contract processing	<b>12 221</b>	<b>15 724</b>	<b>20 593</b>	<b>13 826</b>	<b>13 677</b>	<b>16 221</b>	<b>16 524</b>	<b>11 494</b>
Contract processing	541	2 361	1 830	2 447	2 140	1 940	2 334	1 730
<b>Total sales volume</b>	<b>12 763</b>	<b>18 085</b>	<b>22 423</b>	<b>16 273</b>	<b>15 817</b>	<b>18 160</b>	<b>18 858</b>	<b>13 224</b>

Specialities include grill salmon, organic salmon, wild salmon, mix, fillets and raw fish.  
Other products include other fish and new frozen products.

## Farming

The table below shows actual numbers for Q1 and Q2 2011. 2010-numbers are proforma numbers consisting of all current farming operations. 2009 proforma numbers do not include numbers for Jøkelfjord Laks AS, farming operation acquired in 2011.

<i>EUR thousands</i>	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009
<i>Continuing operations:</i>								
Revenue	34 609.6	31 627.0	40 688.3	34 577.7	39 143.8	24 846.8	24 596.8	22 161.7
Cost of sales	(19 973.7)	(20 330.5)	(26 318.8)	(24 698.6)	(22 816.9)	(16 395.9)	(18 542.7)	(17 947.5)
<b>Gross profit/(loss)</b>	<b>14 635.9</b>	<b>11 296.5</b>	<b>14 369.5</b>	<b>9 879.2</b>	<b>16 326.9</b>	<b>8 450.9</b>	<b>6 054.0</b>	<b>4 214.2</b>
<b>EBIT pre fair value</b>	<b>10 004.9</b>	<b>8 108.1</b>	<b>11 441.5</b>	<b>6 655.7</b>	<b>12 611.9</b>	<b>4 999.6</b>	<b>2 126.1</b>	<b>1 803.1</b>
Unrealised fair value adjustments	(4 658.5)	391.3	(1 611.4)	(858.3)	5 575.0	2 042.6	1 736.6	(3 281.6)
<b>EBIT</b>	<b>5 346.3</b>	<b>8 499.4</b>	<b>9 830.1</b>	<b>5 797.3</b>	<b>18 186.9</b>	<b>7 042.2</b>	<b>3 862.7</b>	<b>(1 478.5)</b>
<b>Profit/(loss) before tax</b>	<b>5 827.2</b>	<b>7 065.6</b>	<b>9 544.4</b>	<b>4 577.6</b>	<b>18 039.6</b>	<b>6 622.8</b>	<b>3 693.7</b>	<b>(2 018.3)</b>
Income tax expense	2 429.4	(5 413.6)	1 690.8	(2 142.1)	(3 246.9)	(1 709.6)	(484.6)	39.2
<b>Net profit/(loss) cont. operations</b>	<b>8 256.6</b>	<b>1 652.0</b>	<b>11 235.2</b>	<b>2 435.5</b>	<b>14 792.7</b>	<b>4 913.3</b>	<b>3 209.2</b>	<b>(1 979.1)</b>
<i>The costs are presented "by function" and include depreciation and amortisation with the following amounts</i>								
Depreciation and amortisation	(1 589.9)	(1 578.0)	(1 559.1)	(1 490.1)	(1 352.0)	(1 266.7)	(947.1)	(1 037.8)
<b>EBITDA</b>	<b>11 594.8</b>	<b>9 686.1</b>	<b>13 000.6</b>	<b>8 145.7</b>	<b>13 963.9</b>	<b>6 266.3</b>	<b>3 073.2</b>	<b>2 840.9</b>
Volumes (tonnes, gwe)	6 264	5 089	8 449	5 316	7 011	4 794	5 319	4 563
<b>EBIT pre fair value per kg</b>	<b>1.6</b>	<b>1.6</b>	<b>1.4</b>	<b>1.3</b>	<b>1.8</b>	<b>1.0</b>	<b>0.4</b>	<b>0.4</b>

## Responsibility statement

We confirm to the best of our knowledge that the condensed set of interim consolidated financial statements as at 30 June 2011 and for the six month 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 group's assets, liabilities, financial position and the result for the period viewed in their entirety, and that the interim manage-

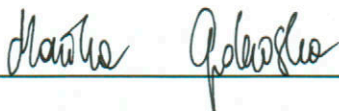
ment report in accordance with the Norwegian Securities Trading Act section 5-6 fourth paragraph includes a fair review of any of significant events that arose during the six-month period and their effect on the half-yearly financial report, and any significant related parties transactions, and a description of the principal risks and uncertainties for the remaining six months of the year.

Board of directors, Morpol ASA

Oslo, 23 August 2011



Thorhild Widvey - chairperson



Monika Grolewska - board member



Elbjørg Gui Standal - board member



Hans den Bieman - board member



Sławomir Stochnialek - board member



Jerzy Malek - CEO