

Morpol ASA

HALF YEAR REPORT 2010



Highlights for the quarter

- High raw material prices impact negatively on results
- Volumes increased from prior year
- Demand for salmon high in the quarter
- Solid platform to grow and increase market share

Highlights for the half year

- Satisfactory results in challenging supply environment
- Strong sales volume increases
- Processing capacity expansions on track

HIGHLIGHTS

Key figures

EURO Thousands	Q2 2010	Q2 2009	YTD 2010	YTD 2009	FY 2009
Revenues	83,378	68,069	173,618	147,001	353,654
EBITDA	-358	12,414	6,357	26,171	54,220
EBITDA %	-0.4%	18.2%	3.7%	17.8%	15.3%
EBIT	-2,096	11,006	3,120	23,666	48,663
EBIT %	-2.5%	16.2%	1.8%	16.1%	13.8%
Total Assets	372,978	172,440	372,978	172,440	227,378
Equity	201,607	37,456	201,607	37,456	62,953
Equity Ratio	54.1%	21.7%	54.1%	21.7%	27.7%
Net Interest Bearing Debt	83,632	-64,830	83,632	-64,830	-42,882
Cash and Cash Equivalents	168,360	23,457	168,360	23,457	21,239
Volume Sold - Tonnes Thousands	7.9	6.8	17.6	14.2	39.8
Increase Volume year on year	16%		24%		

* Net Interest Debt at end Q1 was EUR 41.8 million

* Volume Sold refers to Core products only - other products and contract processing not included

FINANCIAL REVIEW

Revenues

Morpol's operating revenues in the second quarter were well above prior year at EUR 83.4 million (prior year EUR 68.1 million). The revenue increase was mainly driven by strong volume increase in the quarter. Volume of core products sold in the second quarter 2010 was 16% higher than prior year levels.

Operating revenues in the first half year were also up on last year through a combination of the higher prices charged to customers but mainly due to a strong volume increase year on year. Revenues in the first half of 2010 were EUR 173.6m (EUR 147.0m). Volume of core products sold was 24% higher in the first half 2010 compared to 2009 first half.

EBIT

EBIT for the quarter decreased from prior year with a negative result of EUR 2.1 million (profit of EUR 11.0 million). Despite higher volumes, a significantly higher raw material price – mainly gutted salmon purchased from Norway – compared to last year had an adverse impact on profitability short term. Prices of exported salmon from Norway and other producing countries reached historical record levels in the second quarter.

At the end of June, Morpol ASA listed on the Oslo exchange. Certain costs related to the Initial Public Offering ("IPO") were expensed as costs to the income statement in the second quarter, adding one off costs of approximately EUR 0.4m to administration costs.

The first half results were positive at EBIT level but also down on prior year mainly due to the higher price paid for purchases of salmon. EBIT for the first half year of 2010 was EUR 3.1m (EUR 23.7m).

Financing

There was a net financial income in the second quarter of EUR 0.25m compared to an income of EUR 1.4m prior year. There was a net income on financing in the

first half 2010 of EUR 0.3m compared to a financial cost of EUR 4.2m in 2009 first half. These figures include gains and losses realised on currency.

The group had cash positive net interest bearing debt at the end of the second quarter due to the proceeds from the IPO. NIBD at end the first quarter 2010 was EUR 41.8 million and at the end of second quarter EUR -/83.6 million (positive cash balance)

Net result

The group had a net loss of EUR 2.2m (EUR 10.9m profit) in the second quarter and a net profit in the first half of EUR 1.4m (EUR 15.5m). The lower profitability in both the quarter and year to date reflected the higher prices paid for raw material in 2010.

Exchange rates impacts against last year

Certain costs such as administration and overhead costs as well as labour cost (salaries and other) are mainly Polish Zloty (PLN) denominated. Over the last year the EURO has weakened versus the PLN. The rate at end of the second quarter 2010 was 4.15 PLN per Euro compared to 4.45 at the same date prior year. The average rate used to translate the income statement for second quarter 2010 was 4.01 versus 4.57 in 2009. The 14% weakening of the EURO has increased costs on EURO translation in the income statement.

The Euro / PLN rates used in translation are as follows:

	Q2 2010	Q2 2009	YTD 2010	YTD 2009	FULL YEAR 2009
Period End Rate	4.15	4.45	4.15	4.45	4.12
Average Rate	4.01	4.57	4.14	4.31	4.15

Balance sheet translated at period end rates

Income statement at average rates

OPERATIONAL REVIEW

Increased raw material prices

Raw material prices of salmon were at historically high levels during the second quarter. The global supply of salmon has been impacted by the decline in Chilean salmon production due to disease. Though Norway, the leading producer, has had growth in volumes in 2010, this has not offset the reduction from Chile. The prevailing higher price of gutted salmon exported from Norway has impacted negatively on margins for Morpol during the period.

Depending on the client and product mix, final product prices are agreed ad hoc or fixed for a longer period. Significant changes in raw material prices allow for adjustments in fixed contract prices. It takes Morpol 4 - 8 weeks to adjust final product prices to raw material prices. However Morpol's final product prices during the first half of 2010 were always lagging behind the constantly increasing raw material prices.

Two significant price increases were made during the period, the first in week 13, the first week of April, which was the Norwegian Easter week. The second major price increase was in mid May, in week 19. However, raw material prices, Norwegian salmon, reached a level higher than anticipated and have squeezed margin during the second quarter.

Certain costs related to the Initial Public offering were expensed as costs to the income statement in the second quarter, adding one off costs of approximately EUR 0.4m.

Strong sales growth

Though the short term pressure on margins is impacting on profitability, Morpol experienced strong sales growth during the period, total sales volume grew by 37% versus the first half 2009 with volume growth of core products of 24% versus 2009. Although growth in smoked salmon was double digit, core products growth was accelerated by a strong increase in speciality products sales and new categories such as frozen products and fresh fillet sales. Sales growth of core products in the second quarter was 16% year on year compared with 32% in the first quarter. This slower growth was a consequence of the full year effect of new contracts that started in the second quarter 2009, and by the different date of the Easter period – strong sales demand – which occurred earlier in 2010 than 2009 meaning more

sales were made in the first quarter 2010 and less in the second quarter than was the case last year. By-product sales grew rapidly in the same period in 2009 after the implementation of a production technology designed to provide better quality core products and enhance full value realisation per kg of fish processed, referred to as the by-product sales programme.

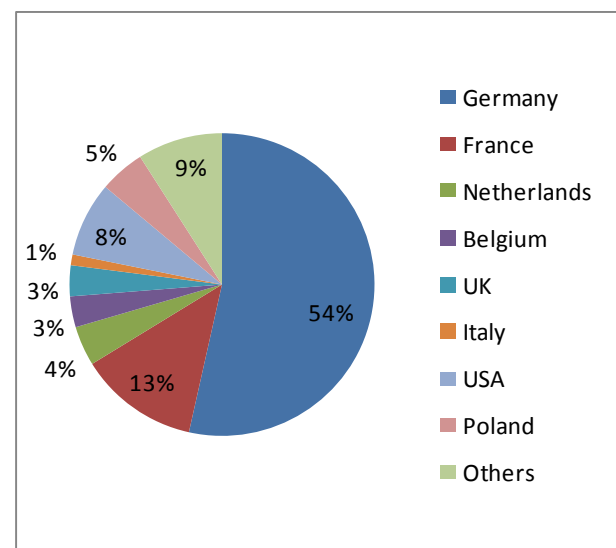
Volume growth vs same period 2009

	Q1 2010	Q2 2010	H1 2010
Core products	32%	16%	24%
Other Products	71%	52%	61%
Contract processing	38%	40%	39%
TOTAL SALES	45%	30%	37%

Morpol exported a wide range of salmon products from Poland across the globe to over 30 countries in the first half 2010. The largest markets were Germany, Japan, France and the USA. We continued to strengthen our position as the leading processor and market focussed seller of salmon products.

Germany remains the main market for Morpol products. However, Morpol is expanding rapidly into other markets such as France, USA and UK with its core products.

Sales split by market of core products for the first half 2010 is illustrated below.



Sales including other products would broaden the sales by market more to include countries such as Japan.

Investment programs

Mopol continued to invest during the first half of 2010 in innovative new processing technologies to further improving yields and allowing the production of attractive products and packaging. The focus of Mopol remains on producing stable, good quality products designed to satisfy customer needs.

During H1 Laschinger Seafood GmbH received building permits required for the development of the slicing and packing facility in Harsum (near Hannover), Germany. Building work is scheduled to begin Q4 2010 with operations planned to start during Q4 2011. In addition, development of the new 8000m2 production facilities in Ustka for further upgrading of by-products and the production of new fresh and frozen products made good progress. Operations in the new facilities are scheduled to begin in Q4 2010.

Work on the new satellite plant in France is at an early stage in the process.

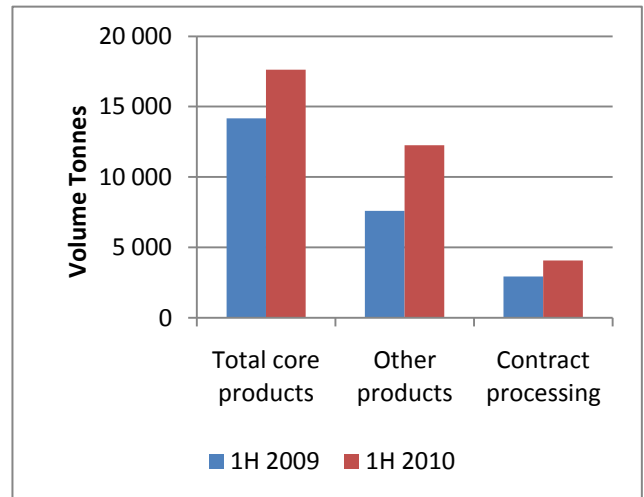
Product development

Mopol's market shares in smoked salmon in the large and high priced markets of France, the UK and Italy remain well behind the current market share in Germany. Mopol continued to pursue the expansion of market share in these "new" markets during the first half of 2010 by offering similar quality products that have helped to grow the German market for smoked salmon.

During the first half of 2010 Mopol introduced a new line of marinated, frozen salmon loin products to the German market. These marinated products have been introduced in major retailers in Germany and have been very positively received. The concept adds value by

increasing the level of convenience compared to traditional frozen salmon portions. The products are pre-marinated and vacuum packed in specially designed microwavable packaging equipped with a steam valve allowing consumers easy, fast, odour-free cooking. These lines will be gradually rolled out further during the year.

Mopol is rapidly increasing the utilisation and sales of other products extracted from the manufacture of the core products. By product volumes have increased faster than core product in both volume and percentage terms during the first half year 2010 compared to prior year as illustrated below.



Also during the first half Mopol introduced a new line of salmon portions specifically designed to meet the demands of the food service sector. These portions give foodservice operators better plate coverage and allow quick, even cooking. They have been very well received by the casual dining sector in the USA.

FINANCIAL SITUATION

The group had an improved net interest bearing debt at the end of the second quarter due to the proceeds from the IPO. NIBD at end the first quarter 2010 was EUR -/- 41.8 million and at the end of second quarter EUR 83.6 million. The net interest debt is calculated as follows:

	30.06.2010	30.06.2009	31.12.2009
Balances extracted from balance sheet			
Cash and cash equivalents	168 360 110	23 456 904	21 239 061
Current loans	8 923 156	2 363 761	2 438 344
Non current loans	0	80 621	363 611
Other long term financial assets	3 678 678	3 423 807	3 211 249
Borrowings current	-49 575 682	-15 825 345	-30 696 952
Borrowings long term	-60 350 558	-78 329 552	-66 184 822
	71 035 704	-64 829 804	-69 629 508
Bills of exchange included in borrowings - regarded as pre payment	6 998 069	0	6 934 600
Receivable not related to ordinary sales	5 598 455	20 000 000	20 000 000
	83 632 228	-44 829 804	-42 694 908

The Equity ratio was 54.1% at 2010 half year end compared to 21.7% prior year, reflecting the increased liquidity after the recent share offering. Total assets of the group at half year end 2010 were EUR 373.0 million compared to EUR 172.4 million prior year at the half year. Given the surplus cash and borrowing facilities available, the group is adequately funded to maintain capital investment programmes and to fund strategic growth options.

CASH FLOW

The consolidated cash flow from operating activities in the first half 2010 was a positive inflow of EUR 21.4m (EUR 20.3m). The positive cash generation despite a loss at EBIT level was the result of a strong improvement in working capital in the period. Cash flow in the first half year is seasonally strong as a consequence of high trade receivables at the end of the prior year and also first quarter sales being collected during the second quarter.

Investments in intangible and property, plant and equipment in first half amounted to EUR 10.0m (EUR 10.8m). The main expenditure relates to purchase of a trademark and investment in the German operations during the quarter. During January 2010 Laschinger Seafood GmbH (a 100% owned subsidiary of Mopol SA) acquired from Laschinger GmbH the fixed assets comprising land, buildings and equipment in Germany for a total price equal to €5.9m. The full amount was paid in January. In June 2010 Laschinger Seafood, part of the Mopol group, purchased Laschinger trademark for €5.04m, included within Intangible Assets. The full amount was paid in June.

The initial public offering of shares just prior to the half year end positively impacted the cash and cash equivalents balance and meant the group ended the second quarter with EUR 168.4m cash (EUR 23.5m) with EUR 135.2 m net proceeds resulting from the share issue. Cash flow from financing activities in the first half was positive at EUR 146.4m compared to the prior year amount of negative EUR 12.9m.

MARKET OVERVIEW

Demand for Morpol's products has developed positively during H1 2010. Despite the turmoil in the global economy and consumer concerns as a result, expectations are more positive than was the case in 2009, nonetheless a certain degree of uncertainty with regard to the development of consumer demand in 2010 remains.

The main markets for smoked salmon continued to develop strongly during the first half of 2010.

France

YTD April 2010 versus 2009 sales of smoked salmon products in hypermarkets and supermarkets grew by 12.9% volume and 13.8% value. The majority of the value increase was driven by price increases.

Traditional smoked salmon lost market share to new products such as marinated or gravad type product during the period. Scottish and Norwegian origin products gained market share during the period largely as a result of the shortage of Chilean raw material. A notable development was the declining market share of so called "first price" products. These are low priced, low quality smoked salmon products aimed at the bottom end of the market. The introduction of higher quality, value for money, private items to the market has eaten into this segment as the consumers start to recognise that alternatives are available to "first price" products.

Germany

Retail sales of smoked and marinated salmon grew by approximately 10% in H1 2010 versus the previous year. This strong growth was witnessed by discounters as well as by premium retailers. There were two major price increases in the German retail market during H1 and the first signs that demand is faltering are starting to show. Although strong growth was experienced during H1 as a whole, demand growth was closer to zero during June, following the second price increase. Part of this impact may be simply the summer effect, when smoked salmon consumption tends to fall, however it is also possible that this impact is the sign of a more fundamental shift in consumer behaviour.

UK

Retail sales of smoked and marinated salmon grew by approximately 9% in the first half of 2010 versus the previous year whereas total retail salmon sales in the UK grew by 26% year on year. There were limited retail price increases during the period so it remains to be seen if the strong demand growth will continue during the second half of 2010.

Italy

Retail sales by volume (excluding discounters) of smoked and marinated salmon grew by 9% in the first half 2010 year on year. In value terms the growth was 12%.

Other / General

The first half 2010 was dominated by a substantial drop in the global supply of Atlantic salmon (Morpol's main raw material) following the disease situation the Chilean industry has suffered. There was a total decline of supply of 6.2% year on year.

In EU, the Atlantic salmon sales volume declined more than 2% during the first half 2010. European supply growth year on year is expected to be lower in the second half 2010 than the first half (+ 2 % versus 12 %).

The US market has continued to demand notable volumes of European fish throughout the summer. This will not continue as local harvests of wild fish pick up and the dramatically increased prices of Atlantic Salmon products at retail level have an increased negative effect on demand.

Russia showed strong demand for Atlantic salmon in the first half 2010. This was partially driven by low availability of fresh trout, a situation that will not change in the near term, and by the strengthening of the ruble.

In general, the full effects of the increased salmon prices have not yet been felt on the demand side. Although spot prices for salmon have risen dramatically during H1, prices at retail have not yet been fully adjusted. The full adjustments will only be felt during H2 as retailers finally pass through the higher raw material costs to the consumer following the expiration of any existing supply contracts in place with salmon farmers and processors. Signs of shifting consumer behaviour

are already evident, particularly in demand for natural fresh and frozen salmon products in Germany, France and the USA as the consumers opt for more competitive proteins. Smoked salmon demand is somewhat less price sensitive than that for fresh and frozen salmon products due to the “everyday luxury” perception it enjoys with consumers, however further price increases at retail could have an effect on demand. Natural fresh and frozen products do not enjoy the same perception and can therefore be assumed to have higher price elasticity.

SUBSEQUENT EVENTS

On 25 August 2010 Morpol ASA acquired 100% of Mainstream Scotland for an enterprise value of NOK GBP 36.75m (EUR 44.7m). The combined Morpol – Mainstream Scotland companies will become a unique vertically integrated player in the salmon farming and processing sector.

Mainstream Scotland was part of Mainstream Group, a wholly owned subsidiary of Cermaq ASA, the large Norwegian listed company which is active in both fish farming and fish feed. Mainstream Scotland is the main salmon producer in the Orkney Islands. In Orkney, Mainstream’s production represents over 50 percent of the total annual harvest volume of the island. Mainstream Scotland has fresh water production facilities on the Scottish mainland and primary processing plants in Orkney and Shetland. Mainstream Scotland expects to harvest 6,500 tonnes of Atlantic Salmon in 2010.

We intend to use this acquisition as a platform for market penetration in the UK and French markets and will further invest in processing to align Morpol with our customers’ needs. We believe we can extract synergies in the value chain and enhance margins while at the same time increasing our presence in other markets such as the U.S. which prefers Scottish origin salmon.

On 24 August 2010, Morpol has acquired the total assets of Westray Salmon Limited in Orkney, Scotland. The assets include licenses, fixed assets and the biomass. Westray Salmon has five farming licenses with a total capacity of approximately 2,800 metric tonnes. Currently Westray Salmon only produces organic salmon with an annual harvest in 2010 of approximately 500 tonnes. Morpol will merge the assets of Westray Salmon with the Mainstream Scotland operations and utilise three of the Westray licenses only. The three licenses to be farmed have a combined capacity of

2,500 metric tonnes with the other two licenses being too small to be economically viable at this stage. It is anticipated that 1,400 tonnes of sales volume, still including a percentage of organic, will be added to Mainstream volume from 2012 and after.

Purchase price for the Westray transaction is GBP 3.28 million (EUR 3.99 million). The acquisition is settled with cash. Approximately 200 tonnes of organic salmon will be sold in the remainder of 2010.

On 30 August 2010, Morpol entered an agreement to acquire the total assets of Rysa Salmon in Orkney, Scotland. The assets include licenses, fixed assets and the biomass. Rysa Salmon has two farming licenses and currently only produces organic salmon with an annual harvest in 2010 of approximately 450 tonnes. Morpol plans to increase the size of the salmon licenses to allow annual harvest of approximately 750 tonnes per year. Morpol will merge the assets of Rysa Salmon with Mainstream Scotland and Westray Salmon. Purchase price for the Rysa transaction is GBP 1.96 million (EUR 2.40 million)

On 24 August 2010 Morpol Italia srl was established. Morpol Italia srl is an integral part of Morpol’s strategy to directly target retail customers in Italy. This market has largely been supplied via traders, however as the retail market matures and the market for processed salmon products increases, Morpol see an opportunity to have a sales office to serve the local market.

SHARE INFORMATION

The company listed on the Oslo Stock Exchange on 30 June 2010. The board of directors of the Company resolved to allocate a total of 66,000,000 Shares at the price of NOK 22 per Share, consisting of 52,000,000 New Shares and 8,000,000 Secondary Shares sold in the Secondary Sale by the Selling Shareholder and 6,000,000 Over-Allotment Shares pursuant to the Over-Allotment Facility. The gross proceeds from the Share Issue (before over-allotment) was NOK 1,144,000,000. The Company received no proceeds from the sale of the Secondary Shares.

About 96 per cent of the Shares were allocated to institutional investors and 4 per cent of the Shares to retail investors. The Chairman of the Board, James Stove Lorentzen, together with affiliated parties, was allocated in total 71,670 Shares in the offering at the price of NOK 22 per share.

OUTLOOK

It is expected that raw material prices of salmon will drop from current record levels in the second half of 2010. Though export prices from Norway and other countries have been very high compared with historical levels, a combination of increased supply and decreased demand for salmon products will likely mean a gradual decrease in the market price for gutted salmon, the main raw material input for Morpol.

Morpol has implemented several price increases on its customers during 2010 to reflect the high purchase price of salmon. The consequential higher retail prices of salmon to consumers will have an impact on demand as the year progresses. Demand up to the end of the first half continued to be strong, given that some retailers had still not passed on the full price increases to the consumers.

The main producer of salmon, Norway, has less biomass entering the second half 2010 than previously anticipated by industry analysts such as Kontali AS. Lower water temperatures and increased disease in fish stocks has meant less growth of the seawater stocks than forecast previously. Many salmon producers have delayed their harvest of fish until the latter part of the year to allow the fish to achieve a larger size. It is possible therefore that some volume originally planned to be harvested up until the end of August will be delayed to the last four months. With a potential decrease in demand and higher production volumes available after delayed harvesting, the raw material price is expected to decrease.

A further price increase has been agreed between Morpol and customers, effective 1 September 2010. This

increase has been designed to take into account the persisting high raw material prices and bring supply and demand of salmon products better in balance.

However, given the prevailing high raw material prices in July and August, it is expected that Morpol will have a lower profit in the third quarter than in the same quarter in 2009. Historically Morpol realised approximately one third of total EBIT during the first half of the year and two thirds during the second half, with the majority of profit occurring in the fourth quarter.

Farming outlook

Following the acquisition of farming assets in Scotland during August 2010, the group is expected to harvest sell over 4,400 metric tonnes of salmon from its operations in Scotland during the second half of 2010. Profitability is expected to be solid during this period. The profits on farming will partially hedge the negative impacts on the processing operations of higher raw material prices.

Morpol plans to grow the business in Scotland and target a volume of 9,600 metric tonnes in 2012 through a combination of new licenses and the merger of Mainstream Scotland, Westray salmon and Rysa Salmon. Better efficiency will result and provide improved economy of scale in the processing and overhead areas as well as giving an excellent platform for penetrating the UK, French and U.S. markets.

STATEMENT FROM THE BOARD OF DIRECTORS

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2010 has been prepared in accordance with IAS 34 –Interim Financial Reporting, and gives a true and fair view of the (Company's and) Group's assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred

during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

Place, date Oslo, 30 August 2010
Signatures (Board of Directors and CEO)

James Stove Lorentzen
Chairman

Hans den Bieman

Sławomir Stochniątek

Monika Grolewska

Thorhild Widvey

Jerzy Malek
Chief Executive Officer

FINANCIAL STATEMENTS

Consolidated Income statement

Values in Euro	Q2 2010	Q2 2009	YTD 2010	YTD 2009	FULL YEAR 2009
Continuing operations					
Revenue:	83,378,260	68,069,093	173,618,411	147,000,640	353,654,166
Sale of finished goods	80,055,314	67,070,102	161,232,828	144,669,661	350,584,554
Sale of services	1,775,707	138,255	3,557,675	204,213	214,548
Sale of merchandise and materials	1,547,239	860,735	8,827,909	2,126,766	2,855,064
Cost of sales:	76,763,488	53,241,806	154,451,279	114,618,319	284,013,682
Finished goods sold	73,930,850	51,668,776	144,494,130	112,615,411	283,074,486
Services	1,303,829	144,103	2,537,891	154,550	1,893
Merchandise and materials sold	1,528,809	1,428,927	7,419,258	1,848,359	937,303
Gross profit (loss)	6,614,772	14,827,287	19,167,133	32,382,321	69,640,484
Distribution costs	5,584,817	3,214,282	10,367,727	6,596,544	14,918,100
Administrative expenses	2,932,147	1,085,817	5,855,424	2,907,034	7,518,620
Other income	458,539	864,647	900,052	1,289,909	2,446,679
Other expenses	651,885	385,497	724,493	502,907	987,315
EBIT	-2,095,538	11,006,338	3,119,541	23,665,745	48,663,128
Finance income	4,416,769	7,918,544	10,787,669	11,559,868	6,462,601
Finance costs	4,167,184	6,598,785	10,471,517	15,784,760	7,445,149
Profit (loss) before tax	-1,845,954	12,326,096	3,435,692	19,440,851	47,680,579
Income tax expense	326,780	1,395,258	1,994,126	3,932,623	9,335,932
Net profit (loss)	-2,172,734	10,930,838	1,441,567	15,508,228	38,344,648
Net profit (loss) for the period attributable to:					
- Owners of the parent	-2,161,098	10,940,426	1,448,012	15,507,021	38,339,686
- Non-controlling interest	-16,031	-9,587	-6,445	1,208	4,963

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

Depreciation	1,705,661	1,404,264	3,183,144	2,494,011	5,536,130
Amortisation	32,166	3,537	54,411	11,610	20,495

Please note: Certain reclassifications were made to first quarter figures. Effect was to reduce distribution costs by approximately EURO 2.5m and increase cost of sales by EURO 1.3m. Revenue decreased by EUR 1.3m approximately. There is no impact on EBIT, only reclassification between line items.

Comprehensive statement of Consolidated income

Values in Euro	Q2 2010	Q2 2009	YTD 2010	YTD 2009	FULL YEAR 2009
Net profit (loss)	-2,172,735	10,930,838	1,441,566	15,508,228	38,344,648
<i>Other comprehensive income</i>					
Currency variations	-49,303	-304,753	309,972	667,676	127,097
Total comprehensive income for the period	-2,222,038	10,626,085	1,751,538	16,175,904	38,471,744
Total comprehensive income attributable to:					
- Owners of the parent	-2,226,053	10,614,572	1,757,353	16,169,677	38,466,782
- Non-controlling interest	4,015	11,514	-5,815	6,228	4,963

Financial position

Consolidated Balance Sheet

Values in Euro

ASSETS	Q2 2010	Q2 2009	FY 2009
Non-current			
Intangible assets	5,268,478	74,487	279,240
Property, plant and equipment	59,679,538	50,683,810	55,961,434
Investments in subsidiaries	0	42,227	46,289
Loans and receivables	0	80,621	363,611
Other long-term financial assets	3,678,678	3,423,807	3,211,249
Long-term prepaid expenses	396	0	0
Deferred tax assets	4,930,908	3,961,298	2,905,626
Non-current assets	73,557,999	58,266,250	62,767,449
Current			
Inventories	28,935,952	13,656,479	26,648,426
Trade and other receivables	89,062,123	65,980,558	111,417,131
Current tax assets	1,671,005	575,038	1,318,555
Loans	8,923,156	2,363,761	2,438,344
Derivative financial instruments	1,712,793	7,924,529	1,179,415
Other short-term financial assets	76,004	0	0
Short-term prepaid expenses	429,407	216,456	118,442
Cash and cash equivalents	168,360,110	23,456,904	21,239,061
Assets and disposal group classified as held for sale	249,315	0	250,708
Current assets	299,419,864	114,173,726	164,610,083
Total assets	372,977,863	172,439,976	227,377,532

Consolidated Balance Sheet (continued)

EQUITY AND LIABILITIES	Q2 2010	Q2 2009	FY 2009
Equity			
Share capital	1,906,554	7,341,580	7,925,725
Share premium	199,696,336	0	0
Retained earnings:	-70,945	30,104,358	55,019,164
Minority interest	74,720	10,436	8,483
Total equity	201,606,665	37,456,375	62,953,372
Non-current Liabilities			
Borrowings, other debt instruments	60,350,558	78,329,552	66,184,822
Deferred tax liabilities	1,826,930	2,616,828	1,291,974
Employee benefits provisions	105,696	66,546	114,404
Other long-term provisions	2,411	2,246	2,425
Long-term accruals	8,177,404	8,938,445	8,884,625
Non-current liabilities	70,463,000	89,953,618	76,478,250
Current Liabilities			
Trade and other payables	35,855,834	23,300,494	49,138,677
Current tax liabilities	301,570	332,069	2,883,994
Borrowings, other debt instruments	49,575,682	15,825,345	30,696,952
Derivative financial instruments	1,065,838	2,078,936	90,758
Employee benefits provisions	3,066,078	1,872,103	3,594,548
Other short-term provisions	931,811	150,741	57,604
Short-term accruals	10,111,385	1,470,296	1,483,376
Current liabilities	100,908,198	45,029,984	87,945,909
Total liabilities	171,371,199	134,983,602	164,424,159
Total equity and liabilities	372,977,864	172,439,976	227,377,531

Consolidated statement of changes in equity

Values in Euro

	Equity attributable to owners of the parent					Minority interest	Total equity
	Share capital	Share premium	Other components of equity	Retained earnings	Total		
Balance at 01.01.2010	7 925 725	0	124 781	54 894 383	62 944 889	8 483	62 953 372
Issue of share capital	1 906 554	204 399 092	-	-	206 305 646		206 305 646
Changes in ownership interests in subsidiaries	-7 925 725	0	-124 781	-54 894 383	-62 944 889	-8 483	-62 953 372
Equity in Morpol SA group as compared to Morpol SA		-4 702 756			-4 702 756		-4 702 756
Transactions with owners	-6 019 171	199 696 336	-124 781	-54 894 383	138 658 001	-8 483	138 649 518
Total comprehensive income for the period	0	0	0	1 757 353	1 757 353	-5 811	1 751 542
Changes in ownership interests in subsidiaries				-1 828 299	-1 828 299		-1 828 299
Non controlling interests						80 531	80 531
Balance at 30.06.2010	1 906 554	199 696 336	0	-70 946	201 531 943	74 720	201 606 663

Cash flow statement

Values in Euro	YTD 2010	YTD 2009	Full Year 2009
Profit (loss) before tax	3,435,692	19,440,851	47,680,579
Adjustments:			
Depreciation and impairment of property, plant and equipment	3,183,144	2,494,011	5,536,130
Amortisation and impairment of intangible assets	54,411	11,610	20,495
Fair value gains (losses) on financial assets and liabilities	-416,696	10,405,880	15,271,457
Impairment of financial assets	-483,627	0	482,149
Gain (loss) on disposal of non-financial assets	-7,644	-38,248	53,876
Gain (loss) on disposal of non-derivative financial assets	1,207	-184,227	-226,786
Foreign exchange gains (losses)	593,660	1,898,203	-4,387,799
Interest expenses	1,470,352	1,972,711	2,881,801
Interest and dividend income	-54,263	-39,350	-37,651
Other	1,278,432	-329,272	18,006
Total adjustments	5,618,975	-4,620,442	10,931,236
Change in inventories	-2,194,186	-2,923,626	15,057,163
Change in trade and other receivables	25,858,115	25,081,731	17,663,019
Change in trade and other payables	-17,233,818	-8,468,778	18,140,765
Change in provisions, accruals and prepaid expenses	8,453,005	-265,137	-1,980,638
Net changes in working capital	14,883,115	13,424,191	16,560,055
Settling of derivative financial instruments	1,119,508	-3,830,854	5,643,379
Interest paid (operating activities only)	-114,575	-141,343	297,357
Income taxes paid	-3,502,272	-3,977,118	-5,458,212
Cash flow from operating activities	21,440,443	20,295,285	20,671,812
Investing activities			
Purchase of intangible assets	-4,893,716	-30,145	-196,841
Purchase of property, plant and equipment	-5,059,528	10,808,945	16,363,503
Cash flow from investing activities	-9,953,244	10,839,091	16,560,344
Financing activities			
Proceeds from disposals of property, plant and equipment	7,644	622,791	667,242
Acquisition of subsidiaries, net of cash	0	0	-260,949
Sale of subsidiaries, net of cash	0	2,395,551	2,490,298
Repayment of loans made	6,284,270	2,520,778	2,251,012
Loans made	-15,598,128	-2,272,018	-2,739,745
Purchase of other financial assets	-3,004,766	-9,225,739	10,435,951
Proceeds from disposals and redemptions of financial assets	1,033,986	9,232,932	9,652,600
Proceeds from government grants	0	8,331,970	8,410,791
Interest received	264,451	322,119	365,612
Proceeds from issue of share capital	135,199,857	0	523,209
Proceeds from borrowings	21,618,687	17,689,549	88,634,851
Repayment of borrowings	-9,012,181	29,138,879	96,285,460
Interest paid	-1,359,269	-1,486,689	-2,762,305
Cash flow from financing activities	135,434,550	-1,007,635	511,204
Net change in cash and cash equivalents	146,921,750	8,448,559	4,622,672
Cash and cash equivalent, beginning of period	21,239,061	16,267,220	16,267,220
Exchange differences on cash and cash equivalents	199,299	-1,258,875	349,170
Cash and cash equivalent, end of period	168,360,110	23,456,904	21,239,062

Selected disclosures on Financial Statements

1. Basis of preparation of half year report

1.1. Base for statement to prepare the consolidated Financial statements

The interim condensed consolidated financial statement of the Group covers the period of six months ended on 30.06.2010 and was prepared pursuant to the IAS 34 Interim financial reporting. The interim condensed consolidated financial statements do not include all information disclosed in annual consolidated financial statement under IFRS. This interim condensed consolidated financial statement should be read together with the consolidated financial statement of the Capital Group for 2009.

Up until the listing date of 30 June 2010, the reporting currency has been the Polish Zloty, given that the majority of the operations are in Poland. However, Mopol operates internationally and sales and purchase of raw fish are made mainly in EURO or other international currencies. The companies in Poland are financed by EURO loans and facilities.

Subsequent to the establishment and listing in Norway, the board has chosen EURO as the presentation currency for the consolidated financial statements of the group. In the financial statements all amounts are presented in Euro unless it is stated otherwise.

1.2. Accounting principles

This interim condensed consolidated financial statement was prepared pursuant to the accounting principles which were presented in the last consolidated financial statement for the year ended 31 December 2009, except for the following amendments to the standards and interpretations applied from 1 January 2010:

- IAS 1 Presentation of financial statements,
- IAS 7 Statement of Cash Flows,
- IAS 17 Leases,
- IAS 18 Revenue,
- IAS 27 Consolidated and Separate Financial Statements,
- IAS 36 Impairment of Assets,
- IAS 38 Intangible Assets,
- IAS 39 Financial Instruments: Recognition and Measurement,
- IFRS 1 First-time Adoption of International Financial Reporting Standards,
- IFRS 2 Share-based Payments,
- IFRS 3 Business Combinations,
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations,
- IFRS 8 Operating segments,
- IFRIC 9 Reassessment of Embedded Derivatives,
- IFRIC 12 (new) Service Concession Arrangements,
- IFRIC 15 (new) Agreements for the Construction of Real Estate,
- IFRIC 16 (new) Hedges of a Net Investment in a Foreign Operation,
- IFRIC 17 (new) Distribution of Non-cash Assets to Owners,
- IFRIC 18 (new) Transfers of Assets to Customers,

These amendments did not affect the recognition and measurement of assets, liabilities, revenues and costs principles applied by the Group.

2. Significant events and transactions

Mopol ASA listed on the Oslo stock exchange on 30 June 2010.

During January 2010 Laschinger Seafood GmbH (a 100% owned subsidiary of Mopol SA) acquired from Laschinger GmbH the fixed assets comprising land, buildings and equipment in Germany for a total price equal to €5.9m. The full amount was paid in January.

In June 2010 Laschinger Seafood purchased Laschinger trademark and for €5.04m, included within Intangible Assets. The full amount was paid in June.

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. The number of shares issued in the contribution in kind was 100,000 shares and there has been an increase following the listing of Mopol ASA on 30 June 2010.

	Q2 2010	Q2 2009	YTD 2010	YTD 2009	Full Year 2009
Continuing operations (EURO)					
Profit attributable to the equity holders of the company	-2 161 098	10 940 426	1 448 072	15 507 021	38 339 686
Weighted average number of shares (used for basic & diluted earnings per share)	102 020	100 000	100 864	100 000	100 000
Basic & Diluted earnings per share attributable to the shareholders of the Company	-21.18	109,40	14.36	155,07	383,40

4. Seasonality of business activity

The main business activity of the Group is fish processing and sales (the only operating segment in which the Group is running its business) is characterised by seasonality. Historically 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. The main period of sales of smoked salmon is the period leading up to and at the Christmas holiday season in December. Historically, approximately 50% of the profits of the group are generated in the fourth quarter. Additionally, the Easter holiday also can cause a spike in sales because the Easter date is not fixed and fell in mid April in 2009 and at the beginning of April in 2010 the comparability of quarterly data on a year-to-year basis is impacted. In 2010 the vast majority of Easter purchases were made in March which positively affected financial results of 1Q 2010. In 2009 Easter purchases were more equally distributed between March and April.

5. Operating segments

The Group operates its activity in only one operating segments which is Fish processing. That segment includes processing and preserving of fish and other fishery products and also distributing and selling the Group's products. The main product of the Group is smoked salmon, though other products are of having an increasing importance to the profitability of Morpol.

The table below presents the information on the revenues, result, significant non-financial items and assets of the operating segments:

Amounts in EURO

	Q2 2010	Q2 2009	YTD 2010	YTD 2009	Full Year 2009
Fish processing					
Revenues from external customers	83 378 260	68 069 092	173 618 411	147 000 640	353 654 166
Total revenue	83 378 260	68 069 092	173 618 411	147 000 640	353 654 166
Operating profit (loss) of segment	-2 095 538	11 006 338	3 119 541	23 665 745	48 663 128
Segment assets 30.06.2010	372 977 863	172 439 977	372 977 863	172 439 977	227 377 531

6. Transactions with related parties

Morpol S.A. has during the last three financial years entered into several agreements with parties deemed to be 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.

For the period covered by these interim consolidated financial statements, transactions with related parties are limited to Euroindustry sp Zoo (including its subsidiaries MKS sp Zoo, MK Ustka and MKJ). The main shareholder of Morpol ASA has a non controlling interest in the Euroindustry group and one of the companies in the group MKS SP has a non controlling interest in Morpol SA.

The Euroindustry group operates in businesses including real estate, constructions and production of machinery. These businesses are not competitors of Morpol S.A, Machinery and construction work were supplied from Euroindustry to Morpol with a total value of € 6.1m in the first half of 2010, and € 10,2m for the first half of 2009. Prices are entered into on market terms.

The following table summarises the outstanding balances:

	30 June 2009	Loans	Repayment	1 Jan 10	Loans	Repayment	30 June 10
	2H 2009			1H 2010			
MK USTKA	20 000 000			20 000 000		-14 401 545	5 598 455
EURO-INDUSTRY					13 500 000	-5 500 000	8 000 000
OTHERS	10 523 497	350 000	-8 435 253	2 438 244	1 380 155	-749 626	923 158
Loans	10 523 497	350 000	-8 435 253	2 438 244	14 880 155	-6 249 626	8 923 158

Outstanding receivables with the Euroindustry group were and related to the sale of Lashinger GmbH in 2008, and are included in accounts receivable) as of 30 June 2010.

In addition, the Group has "ownership clauses" in certain of its financing agreements, pursuant to which Jerzy Malek (Friendmall Ltd), Jadwiga Kasprzak (MKS sp Zoo/Euroindustry sp Zoo) and their related parties shall maintain 40% of the total number shares/voting rights in Morpol in order to not constitute an event of default.

7. Subsequent events

On 25 August 2010 Morpol ASA acquired 100% of Mainstream Scotland for an enterprise value of NOK GBP 36.75m (EUR 44.7m). The combined Morpol – Mainstream Scotland companies will become a unique vertically integrated player in the salmon farming and processing sector.

Mainstream Scotland was part of Mainstream Group, a wholly owned subsidiary of Cermaq ASA, the large Norwegian listed company which is active in both fish farming and fish feed. Mainstream Scotland is the main salmon producer in the Orkney Islands. In Orkney, Mainstream's production represents over 50 percent of the total annual harvest volume of the island. Mainstream Scotland has fresh water production facilities on the Scottish mainland and primary processing plants in Orkney and Shetland. Mainstream Scotland expects to harvest 6,500 tonnes of Atlantic Salmon in 2010. In 2009 Mainstream Scotland had a turnover of NOK 196.7million.

We intend to use this acquisition as a platform for market penetration in the UK and French markets and will further invest in processing to align Morpol with our customers' needs. We believe we can extract synergies in the value chain and enhance margins while at the same time increasing our presence in other markets such as the U.S. which prefers Scottish origin salmon.

Further, on 24 August 2010, Morpol has acquired the total assets of Westray Salmon Limited in Orkney, Scotland. The assets include licenses, fixed assets and the biomass. Westray Salmon has five farming licenses with a total capacity of approximately 2,800 metric tonnes. Currently Westray Salmon only produces organic salmon with an annual harvest in 2010 of approximately 500 tonnes. Morpol will merge the assets of Westray Salmon with the Mainstream Scotland operations and utilise three of the Westray licenses only. The three licenses to be farmed have a combined capacity of 2,500 metric tonnes with the other two licenses being too small to be economically viable at this stage. It is anticipated that 1,400 tonnes of sales volume, still including a percentage of organic, will be added to Mainstream volume from 2012 and after. Purchase price for the Westray transaction is GBP 3.28 million (EUR 3.99 million). The acquisition is settled with cash. Approximately 200 tonnes of organic salmon will be sold in the remainder of 2010.

Further, on 30 August 2010, Morpol has acquired the total assets of Rysa Salmon in Orkney, Scotland. The assets include licenses, fixed assets and the biomass. Rysa Salmon has two farming licenses and currently only produces organic salmon with an annual harvest in 2010 of approximately 450 tonnes. Morpol plans to increase the size of the salmon licenses to allow annual harvest of approximately 750 tonnes per year. Morpol will merge the assets of Rysa Salmon with Mainstream Scotland and Westray Salmon. Purchase price for the Rysa transaction is GBP 1.96 million (EUR 2.40 million)

On 24 August 2010 Morpol Italia srl was established. Morpol Italia srl is an integral part of Morpol's strategy to directly target retail customers in Italy. This market has largely been supplied via traders, however as the retail market matures and the market for processed salmon products increases, Morpol see an opportunity to have a sales office to serve the local market.

8. Contractual provisions (credits, loans)

The credit agreements impose, on Morpol SA, covenants which must be met during the crediting period. As at 30 June 2010 Morpol SA fulfils all requirements of credit facilities.

9. Largest shareholders 30 June 2010

Shareholder	Country	Number of shares held	Ownership
FRIENDMALL LTD	Cyprus	73,121,705	48.1%
MKS SP. Z.O.O.	Poland	10,056,140	6.6%
JPMORGAN CHASE BANK	United Kingdom	4,850,806	3.2%
ODIN NORGE	Norway	3,921,400	2.6%
BREMESCO HOLDINGS LIMITED	Cyprus	3,822,155	2.5%
KVERVA AS	Norway	3,068,100	2.0%
BAZMONTA HOLDINGS LIMITED	Cyprus	3,000,000	2.0%
DEUTSCHE BANK AG LONDON	United Kingdom	3,000,000	2.0%
CITIBANK N.A. (LONDON BRANCH)	Finland	2,822,700	1.9%
CACEIS BANK	France	2,200,000	1.4%
MORGAN STANLEY & CO INTERNAT. PLC	United Kingdom	2,124,239	1.4%
JPMORGAN CHASE BANK	United Kingdom	2,076,603	1.4%
ODIN NORDEN	Norway	1,956,600	1.3%
SKAGEN VEKST	Norway	1,890,000	1.2%
JPMORGAN CHASE BANK	Luxembourg	1,695,036	1.1%
BGL BNP PARIBAS	Luxembourg	1,650,000	1.1%
GOLDMAN SACHS INT. - EQUITY -	United Kingdom	1,459,700	1.0%
STATE STREET BANK AND TRUST CO.	United States	1,354,500	0.9%
CITIBANK N.A., LONDON BRANCH	Cyprus	1,329,500	0.9%
VERDIPAPIRFONDET HANDELSBANKEN	Norway	1,227,200	0.8%
Total 20 largest shareholders		126,626,384	83.3%
Total other shareholders		25,373,616	16.7%
Total number of shares		152,000,000	100.0%