



# Q4

2008



## Grieg Seafood ASA – 4 Quarter 2008

### Highlights – 4 quarter 2008

- One-off items and write-downs have a strong negative impact on the 4Q result.
- Continued strong growth. The Group's operating income increased to 354.7 MNOK (+23%).
- New financing of total 236 MNOK established to fund the production growth in 2009/2010.
- The depreciation of NOK in 4Q has caused a temporary unrealized currency loss of 140 MNOK.
- Write-downs of in total 200 MNOK, mainly on goodwill and license values.
- Underlying improvement in seawater production, in particular in Norway.

Grieg Seafood's result in 4Q is negatively influenced by write-downs and one-off items. Fixed assets of 200 MNOK has been written off. This relates mainly to goodwill, excess value of assets and production licenses in Finnmark, in addition to write-downs on biomass in the Shetlands relating to the previously reported salmon lice issue and ISA on one site. The Group's EBIT before IFRS adjustment of biomass in 4th quarter was -245.6 MNOK, compared to 5.6 MNOK in 4th quarter 2007.

EBIT before IFRS adjustment of biomass was negatively influenced by this and the result was -20.1 NOK/kg, compared to 0.55 NOK/kg in 4th quarter 2007. The result in Rogaland is negatively influenced by harvesting out sites previously hit hard by Pancrease Disease (PD), while the underlying biological production in Rogaland has improved considerably during the quarter.

In Canada the quarterly result was negatively influenced by a weaker US market and a temporary sharp decline in realized sales prices, caused by a high market supply of small fish from Chile.

The salmon market in 4th quarter was mixed, but with continued good prices both in Norway and the UK, supported by weaker local currencies.

In the beginning of 2009, Grieg Seafood established an extended financing consisting of increased credit facilities from the bank syndicate as well as a subordinated convertible bond issue from the shareholders. This should finance the company's production growth in 2009/2010. The company's growth strategy is to a large extent implemented, and the focus going forward will be on improving profitability without increasing the smolt entries nor the production.

## Financial and operational development

### Financial key figures

#### Key figures 4rd Quarter 2008

	Rogaland	Finnmark	BC - Canada	Shetland- UK	Other	Group
Sales revenue (MNOK)	47,4	104,5	127,2	101,6	-21,0	359,6
EBITDA (MNOK)	-5,5	10,3	21,1	-34,0	-4,6	-12,6
EBIT before fair value adj. <sup>(2)</sup> (MNOK)	-12,8	-194,8	7,9	-40,9	-5,1	-245,6
Harvest in tonnes, gwt	1 982	4 435	3 687	3 031	(917)	12 218
EBIT before fair value adj. <sup>(1)</sup> NOK/kg	-6,43	-43,92	2,15	-13,49		-20,10

1) The calculation is based on EBIT before fair value adjustment of biological assets.

#### Key figures per 31.12.2008

	Rogaland	Finnmark	BC - Canada	Shetland- UK	Other	Group
Sales revenue (MNOK)	172,7	427,3	524,6	420,7	-68,2	1 477,0
EBITDA (MNOK)	12,4	30,7	92,7	14,0	-6,6	143,2
EBIT before fair value adj. <sup>(2)</sup> (MNOK)	-16,0	-188,3	55,9	-11,0	-8,0	-167,3
Harvest in tonnes, GWT	6 733	17 639	16 326	13 838	(2 805)	51 731
EBIT before fair value adj. <sup>(1)</sup> NOK/kg	-2,37	-10,67	3,42	-0,79		-3,23

1) The calculation is based on EBIT before fair value adjustment of biological assets.

The Group's operating income was 359.6 MNOK in 4th quarter, a growth of 27% compared to 4th quarter 2007.

The EBIT before IFRS adjustment of biomass was -245.6 MNOK, compared to 5.6 MNOK in 4th quarter 2007. The result is strongly negatively influenced by impairment adjustments of fixed assets in the amount of 200 MNOK and extraordinary write-downs on biomass in the UK – the Shetlands, as a consequence of disease and a severe salmon lice incident. Furthermore, harvesting out sites which were previously infected by disease (PD) in Rogaland has influenced the result negatively.

#### Rogaland

The negative result in Rogaland is caused by extraordinary high production costs on sites harvested out during the quarter, following the PD outbreaks in 2007/2008. However, the underlying seawater production has considerably improved in 4th quarter compared to previous quarters. Hence, production costs in Rogaland show a clearly declining trend.

The fish health situation in the region continues to improve. No PD outbreaks have been registered on fish vaccinated in 2008. We expect to see a gradual improvement in margins in the region during the first half of 2009, following the declining production costs. EBIT before IFRS adjustment of biomass was -12.7 MNOK in the quarter, corresponding to -6.4 NOK/kg.

#### Finnmark

After a period of weaker than expected growth due to low seawater temperatures, the seawater production normalized during 4th quarter. The production costs indicate a clearly declining trend in Finnmark.

The EBIT before IFRS adjustment of biomass was -194,8 MNOK in the quarter, corresponding to -43,92 NOK/kg. The result is negatively influenced by higher share of trout in sales in the quarter. According the IRFS requirements, an impairment test per 4th quarter has been conducted. Consequently, Grieg Seafood has decided to write-down goodwill, excess value on fixed assets and production license values of in total 200 MNOK in Finnmark per 31st December 2008.

The recirculation unit in the freshwater site in Finnmark was put into full operation in 4th quarter. The investment in recirculation technology in Finnmark is an important step in reducing the production costs and the time of production, and with good results so far.

Grieg Seafood has prepared the re-opening of its own harvest station in Finnmark, and will be fully operational from March 2009. This is an important measure to gain full control on the sale to the Russian market. The harvest station has been closed since April 2008 and the export license was temporarily suspended. As the harvest station re-opens it is expected that the full market access will again be re-established.

### **BC – Canada**

Following a very good 3rd quarter, the realised sales prices in the US market fell sharply in 4th quarter. The price difference compared to 3rd quarter, represents approx. 1.0 CAD/kg. Our sales in the USA from Canada are predominantly directed towards the hotel and restaurant segment (Horeca). The Horeca segment will respond stronger and quicker to an economic downturn compared to the retail segment. It has also been a higher supply of small fish from Chile on the US market. This is caused by harvesting out sites ahead of ISA disease problems in Chile.

The EBIT before IFRS adjustments was in the quarter 7.9 MNOK or 2.15 NOK/kg.

The recirculation unit at the freshwater site was put into full operation in 4Q 2008 and with very encouraging results. This is an important measure to improve the biological production in BC.

Prices on the US market have at the start of 2009 increased somewhat. As a consequence of the significant ISA situation in Chile, it is expected that the market balance will improve from 2nd quarter 2009.

### **Shetland – UK**

The result in the Shetlands was strongly negatively influenced by extraordinary high mortalities following a severe salmon lice incident in 4th quarter. The EBIT before IFRS adjustment of biomass was -40.8 MNOK in the quarter, corresponding to -13.49 NOK/kg.

In the beginning of January an ISA outbreak was officially confirmed at another operator in the Scalloway area in the Shetlands. Grieg Seafood is also operational within the same area. The ISA virus was later identified at one of Grieg Seafood's sites in the same area, although this is not a clinical ISA outbreak.

Following the Scottish Government's strategy to eradicate ISA, Grieg Seafood has been asked to depopulate the site which was confirmed positive with the ISA virus, despite it is no clinical ISA outbreak. Consequently, Grieg Seafood has written off biomass on this site.

In cooperation with the other operators in the area, it is actively being discussed how to establish area agreements that will improve the biological situation in this area.

The UK market was quite firm during 4th quarter, despite the recession in Great Britain. We started supplies from our new smoking facility at the end of the quarter. Our new smoked products have been received well in the market.

## **Funding and capital**

Grieg Seafood established in February 2009 an agreement to extend the credit facilities to finance already implemented growth plans during the next couple of years. The financing package consists of 100 MNOK in extended credit lines from the company's bank syndicate, as well as 36 MNOK in suspended instalments on existing term loans from the same syndicate. Furthermore, an extraordinary general meeting in Grieg Seafood approved to issue subordinated convertible bonds in value of 100 MNOK. The financing package also implies guarantees of 48 MNOK from the company's largest shareholder, Grieg Holdings AS, towards the bank syndicate. Part of the guarantee amount relates to rolling already due currency forward contracts at original rates.

As part of the financing package, the bank syndicate also waived those covenants which were in breach per 31st December 2008. Two of the covenants were waived until the end of 2009. At the same time, a profit based replacement covenant valid during 2009 has been established. Costs relating to breach of covenants amount to approx. 4 MNOK quarterly.

As a part of its foreign exchange hedging strategy, Grieg Seafood has established foreign currency loans in EUR, GBP and USD. Due to the unsettled foreign exchange situation and the depreciation of NOK in 4th quarter, the company suffered a considerable unrealized currency loss (disagio) per 31st December 2008. In total the disagio amounts to 140 MNOK in 4Q. As per today, the foreign exchange rates have corrected considerably and the unrealized currency loss has now been reduced to approx. 70 MNOK. The board of directors in Grieg Seafood will evaluate the execution of the company's foreign exchange hedging strategy in view of the considerable unrealized foreign exchange loss that occurred in 4th quarter. This could lead to some changes in the approved strategy.

A provision of 7.1 MNOK has been made, relating to a loan to Grieg Cod Juveniles AS. Grieg Cod Juveniles AS was demerged from Grieg Seafood in 2006 and the loan was established as part of the capitalization of this company. Today Grieg Seafood has less than 1 % shareholding in Grieg Cod Farming, who is the 100% owner of Grieg Cod Juveniles AS.

Grieg Seafood invested in 4th quarter 43,1 MNOK, and for the whole year of 2008, 346.7 MNOK in fixed assets. The future investment level in the company has been reduced and further possibilities to reduce future investments will be evaluated. Net operational cash flow was 66.9 MNOK per 4th quarter. The equity share at the end of 4th quarter was 30.3%, after write-downs on goodwill and excess values as well as the unrealized currency loss.

Long term debt as per 31 of December 2008 is classified as current liabilities, since the Company is in breach with some of the covenants at the balance-sheet date. The bank has waived the covenants in connection with the new financing agreement which was entered into in 2009.

## Key figures

	4Q 2008	4Q 2007 *	YTD 2008	YTD 2007 *
Total operating income (TNOK)	357 680	287 497	1 487 503	1 068 352
EBITDA (TNOK)	-12 625	25 318	143 193	194 977
EBIT before fair value adj. (TNOK)	-245 618	5 642	-167 329	120 570
EBIT (TNOK)	-262 128	27 893	-201 381	76 495
EBITDA %	-3,5 %	8,8 %	9,6 %	18,3 %
EBIT before fair value adj. %	-68,7 %	2,0 %	-11,2 %	11,3 %
EBIT %	-73,3 %	9,7 %	-13,5 %	7,2 %
Net profit (TNOK)	-334 300	23 970	-338 300	51 666
Net profit margin	-93,5 %	8,3 %	-22,7 %	4,8 %
Total assets (TNOK)	3 083 167	2 974 313	3 083 167	2 974 313
Net interest bearing debt (TNOK)	1 494 684	1 129 096	1 494 684	1 129 096
Equity (TNOK)	934 450	1 265 547	934 450	1 265 547
Equity ratio	30,3 %	42,5 %	30,3 %	42,5 %
Earnings per share continuing operations	-4,37	0,31	-4,42	0,79
Number of shares at the beginning of the period	76 512 000	76 512 000	76 512 000	46 212 000
Number of shares at period end	76 512 000	76 512 000	76 512 000	76 512 000

## Outlook – Market and strategic priorities

### Market development

The demand for salmon had a good growth in the main markets throughout 2008. The global financial crisis has during 4th quarter got wider implications for the real economy. The effect on the demand for salmon has so far not been significant. In some markets and market segments the effect has been somewhat larger. We have first and foremost seen a negative effect on the Horeca segment in the US as well as on the Russian market. In general it is expected that the demand for food will be more resistant to the general decline in business cycles.

The start of 2009 has given somewhat higher prices than expected in most market areas. Part of this can be attributed to a still relatively weak NOK vs. EUR.

The increase in feed prices stopped during 4th quarter. We expect that feed prices will decline in the future in line with reduced raw material prices and reduced demand.

### Market balance

The supply growth in the salmon market is for the first time expected to be negative in 2009. This despite the fact that the Norwegian supply is expected to grow nicely. The serious ISA situation in Chile will probably lead to a considerable decline in the supply of salmon from Chile. Particularly this is expected to influence the US market positively when it comes to market balance and pricing. This will probably give some positive secondary effects also on other markets.

Grieg Seafood has a very good balance in the exposure to different markets, with production in Norway, UK and Canada. The company has no activities in Chile.

### **Strategic priorities and organizational adaptations**

Grieg Seafood's growth strategy is to a large extent implemented. The growth in smolt entries will diminish and a large part of the investments have been implemented. However, there will still be a strong growth in production and harvest volumes during the next couple of years as a consequence of the strong increase in smolt entries until and including 2008.

The company is now entering a phase where the focus on operations and profitability will be the main priority. Processes and projects to increase productivity and take out synergies and best practice across regions have been implemented.

To support the implementation of a stronger operational and profitability focus, the organizational model has been adjusted to allow direct reporting of all regions to the CEO. A new position as COO has been established to carry out the planned operational improvements. The change in the organizational model shall give a stronger operational closeness and focus in the company, as well as improve the focus on and implementation of operational improvements.

Expected harvest volume in 2009 will be close to 60,000 tons. Expected harvest volume in 2010 is still in the area of 70-75,000 tons.

For further information, see [www.griegseafood.no](http://www.griegseafood.no).

Bergen, 27th February 2009

The Board of Directors in Grieg Seafood ASA

## Financial results Grieg Seafood Group

### GENERAL ACCOUNTING POLICIES

The consolidated financial second quarter statements for Grieg Seafood ASA has been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU, including IAS 34 – Interim financial reporting. The accounting principles used has been described in the annual report for 2007. All figures year end are audited.

### Grieg Seafood Group Consolidated

#### Income Statement / Unaudited

All figures in NOK 1.000

	4Q 2008	4Q 2007 *	YTD 2008	YTD 2007 *
Sales revenues	359 609	283 748	1 477 029	1 021 810
Other operating income	-1 929	3 749	10 474	46 542
<b>Total operating income</b>	<b>357 680</b>	<b>287 497</b>	<b>1 487 503</b>	<b>1 068 352</b>
Change in inventories	40 476	96 722	57 161	205 859
Raw materials and consumables used	-258 239	-246 125	-903 678	-746 174
Salaries and personnel expenses	-44 400	-41 356	-165 148	-136 246
Other operating expenses	-108 142	-71 420	-332 645	-196 814
<b>EBITDA before fair value adjustment of biological assets</b>	<b>-12 625</b>	<b>25 318</b>	<b>143 193</b>	<b>194 977</b>
Depreciation and amortisation	-31 864	-19 676	-108 208	-73 252
Amortisation of licenses	-1 129	0	-2 314	-1 155
Impairment and reversal of impairments of fixed assets	-200 000	0	-200 000	0
<b>EBIT before fair value adjustment of biological assets</b>	<b>-245 618</b>	<b>5 642</b>	<b>-167 329</b>	<b>120 570</b>
Fair value adjustment of biological assets	-16 510	22 251	-34 052	-44 075
<b>EBIT (Operating profit)</b>	<b>-262 128</b>	<b>27 893</b>	<b>-201 381</b>	<b>76 495</b>
Net Financial expenses	-169 296	-11 143	-233 265	-41 224
<b>PBT (Profit before tax)</b>	<b>-431 424</b>	<b>16 751</b>	<b>-434 646</b>	<b>35 271</b>
Estimated taxation	97 124	7 219	96 346	16 395
<b>Profit for the period, continued operations</b>	<b>-334 300</b>	<b>23 970</b>	<b>-338 300</b>	<b>51 666</b>
Profit from discontinued operations	0	0		
<b>Net profit in the period</b>	<b>-334 300</b>	<b>23 970</b>	<b>-338 300</b>	<b>51 666</b>
Profit to minority interests	0	0		782
Profit attributable to equity holders of the parent company	-334 300	23 970	-338 300	50 884
Earnings per share continuing operations	-4,37	0,31	-4,42	0,79
Earnings per share continuing operations - diluted	-4,37	0,31	-4,42	0,79



## Grieg Seafood Group Consolidate

### Balance Sheet

All figures in NOK 1.000

ASSETS	31.12.2008	31.12.2007
Goodwill	43 616	138 661
Licenses and other intangible assets	813 497	849 072
Property, plant and equipment	802 551	639 092
Investments in associated companies	11 579	10 879
Loans to associated companies	2 410	2 897
Available for sale financial assets	178	156
Non-current receivables	1 790	10 275
<b>Total non-current assets</b>	<b>1 675 621</b>	<b>1 651 032</b>
Inventories	44 592	34 927
Biological assets	1 080 202	1 067 574
Accounts receivable	157 876	111 893
Other current receivables	48 866	84 569
Other financial assets and derivatives	7 864	0
Cash and cash equivalents	68 146	24 318
<b>Total current assets</b>	<b>1 407 546</b>	<b>1 323 281</b>
<b>Total assets</b>	<b>3 083 167</b>	<b>2 974 313</b>
EQUITY AND LIABILITIES	31.12.2008	31.12.2007
Share capital	306 048	306 048
Share premium fund	811 120	811 120
Other reserves	146 370	91 459
Retained earnings	-329 089	56 920
Minority interest	0	0
<b>Total equity</b>	<b>934 450</b>	<b>1 265 547</b>
Deferred tax liabilities	189 610	281 064
Pension obligations	4 161	4 369
Subordinated loans	13 517	9 800
Borrowings	8 065	563 484
Financial leasing liabilities	213 117	123 352
Other non-current liabilities	5 882	19 096
<b>Total non-current liabilities</b>	<b>434 352</b>	<b>1 001 165</b>
Bank overdraft	496 702	337 957
Current portion of long term borrowings	807 827	76 184
Current portion of financial leasing liabilities	35 305	52 498
Accounts payable	214 687	197 356
Tax payable	0	9 402
Accrued salary expense and public tax payable	13 611	8 619
Other financial liabilities and derivatives	122 532	0
Other current liabilities	23 702	25 585
<b>Total current liabilities</b>	<b>1 714 365</b>	<b>707 601</b>
<b>Total liabilities</b>	<b>2 148 717</b>	<b>1 708 766</b>
<b>Total equity and liabilities</b>	<b>3 083 167</b>	<b>2 974 313</b>

## Grieg Seafood Group Consolidated

### Cash flow statement

All figures in NOK 1.000

	YTD 2008	YTD 2007
<b>Net cash flow from operating activities</b>	66 957	1 016
<b>Net cash flow from investing activities</b>	-323 925	-698 338
<b>Net cash flow from financing activities</b>	298 871	698 673
<b>Net change in cash and cash equivalents</b>	41 903	1 351
<b>Cash and cash equivalents at beginning of the period</b>	24 318	12 692
<b>Cash and cash equivalents at the end of the period</b>	68 147	14 043

## Grieg Seafood Group Consolidated

### Changes in equity

All figures in NOK 1.000

	YTD 2008	YTD 2007
<b>Equity period start</b>	1 266 083	579 255
<b>Profit for the period</b>	-338 300	51 666
Currency translation differences	4 851	-4 632
Other gains and losses charged directly to equity	-361	-13 675
<b>Total gains and losses charged directly to equity</b>	4 490	-18 307
<b>Total recognised income for the period</b>	-333 810	33 359
Dividends		
Purchase of minority shareholders		-25 850
New equity from cash contributions and contributions in kind		696 900
Expenses related to share issues (net of tax) / option	2 177	-18 117
<b>Total equity from shareholders in the period</b>	2 177	652 933
<b>Total change of equity in the period</b>	-331 633	686 292
<b>Equity at period end</b>	934 450	1 265 547

## Grieg Seafood Group

### Segment information

Grieg Seafood ASA's primary format for reporting segment information is geographical segments that are based on location of assets. The Group divides its activities into four geographical segments, Rogaland, Finnmark, BC-Canada and Shetland-UK. There is no difference between the Group's geographical segments based on the location of assets and location of customers. Sales revenue UK are also comprise sales from value added product.

4Q 2008	Rogaland		Finnmark		BC - Canada		Shetland - UK		Andre / Elimineringer		Totalt	
	4Q 08	4Q 07	4Q 08	4Q 07	4Q 08	4Q 07	4Q 08	4Q 07	4Q 08	4Q 07	4Q 08	4Q 07
External revenues (TNOK)	47 351	61 222	83 119	35 537	127 157	55 416	101 592	146 948	389	-15 375	359 608	283 748
Trading revenue (TNOK)			21 395						-21 395			
EBITDA (TNOK)	-5 510	3 773	10 309	-2 751	21 134	16 519	-34 003	15 424	-4 555	-7 647	-12 625	25 318
EBIT before fair value adj. (TNOK)	-12 754	-1 933	-194 768	-6 304	7 933	11 803	-40 895	9 805	-5 134	-7 729	-245 618	5 642
EBIT (TNOK)	8 358	3 395	-164 546	30 681	-60 343	-32 153	-40 463	33 699	-5 134	-7 729	-262 128	27 893
EBITDA %	-11,6 %	6,2 %	9,9 %	-7,7 %	16,6 %	29,8 %	-33,5 %	10,5 %			-3,5 %	8,9 %
EBIT before fair value adj. %	-26,9 %	-3,2 %	-186,4 %	-17,7 %	6,2 %	21,3 %	-40,3 %	6,7 %			-68,3 %	2,0 %
EBIT %	17,7 %	5,5 %	-157,4 %	86,3 %	-47,5 %	-58,0 %	-39,8 %	22,9 %			-72,9 %	9,8 %
EBITA/KG GWT 1	-6,43	-0,70	-43,92	-5,98	2,15	6,58	-13,49	2,09			-20,10	0,55
Harvest in tonnes, GWT	1 982	2 757	4 435	1 055	3 687	1 794	3 031	4 684	-917		12 218	10 290
Harvest in tonnes, GWT Proforma	1 982	2 757	4 435	5 248	3 687	1 794	3 031	3 217	-917		12 218	13 016
Production in tonnes, round weight	5 185	2 522	5 787	5 248	4 190	4 382	2 020	4 407			17 182	16 558

1) The calculation is based on EBIT before fair value adjustment of biological assets

YTD 2008	Rogaland		Finnmark		BC - Canada		Shetland - UK		Andre / Elimineringer		Totalt	
	YTD 08	YTD 07	YTD 08	YTD 07	YTD 08	YTD 07	YTD 08	YTD 07	YTD 08	YTD 07	YTD 08	YTD 07
External revenues (TNOK)	172 718	301 001	358 960	193 373	524 554	272 286	420 662	270 525	135	-15 375	1 477 029	1 021 810
Trading revenue (TNOK)			68 291						-68 291			
EBITDA (TNOK)	12 364	48 117	30 738	11 240	92 695	64 318	13 995	40 422	-6 599	30 880	143 193	194 977
EBIT before fair value adj. (TNOK)	-15 972	27 814	-188 292	-3 815	55 877	38 171	-10 950	27 874	-7 992	29 760	-167 329	119 804
EBIT before fair value adj. Proforma(TNOK) <sup>2</sup>	-15 972	27 814	-188 292	-3 815	55 877	38 171	-10 950	54 652	-7 992	29 760	-167 329	146 582
EBIT (TNOK)	-23 229	24 053	-181 368	1 678	29 366	-10 024	-18 158	30 262	-7 992	29 760	-201 381	75 729
EBITDA %	7,2 %	16,0 %	7,2 %	5,8 %	17,7 %	23,6 %	3,3 %	14,9 %			9,7 %	19,1 %
EBIT before fair value adj. %	-9,2 %	9,2 %	-44,1 %	-2,0 %	10,7 %	14,0 %	-2,6 %	10,3 %			-11,3 %	11,7 %
EBIT %	-13,4 %	8,0 %	-42,4 %	0,9 %	5,6 %	-3,7 %	-4,3 %	11,2 %			-13,6 %	7,4 %
EBITA/KG GWT 1	-2,37	2,40	-10,67	-0,50	3,42	4,49	-0,79	2,72			-3,23	3,15
EBITA/KG GWT proforma (UK)	-2,37	2,40	-10,67	-0,50	3,42	4,49	-0,79	4,29			-3,23	3,62
Harvest in tonnes, GWT	6 733	11 591	17 639	7 640	16 326	8 503	13 838	10 262	-2 805		51 731	37 996
Harvest in tonnes, GWT Proforma	6 733	11 591	17 639	7 640	16 326	8 503	13 838	12 727	-2 805		51 731	40 461
Production in tonnes, round weight	11 555	12 076	17 269	13 937	17 444	15 216	13 771	12 303			60 039	53 532

1) The calculation is based on EBIT before fair value adjustment of biological assets

## Grieg Seafood Group Consolidated

The accounting treatment of living fish by companies applying IFRS is regulated by IAS 41 Agriculture. IAS 41 comprises a hierarchy of methods for accounting measurement of biological assets. Fair value of biological assets (fish in the sea) is based on market prices for slaughtered Atlantic salmon and trout at the balance sheet date. The price is adjusted for quality differences (superior, ordinary and process), together with cost of logistics. The volume is adjusted for gutting loss. Fish in the sea with an average weight below 4 kg. is based on the same principles, but the price is adjusted in proportion to how far one has come in the growth cycle. The price is not adjusted lower than cost unless one expects a loss on future sales.

### Biological assets

	Tons			NOK 1.000		
	4Q 2008	YTD 2008	2007	4Q 2008	YTD 2008	2007
<b>Biological assets - beginning of period</b>	41 927	47 021	22 975	1 063 235	1 067 574	551 637
Currency translation				5 725	-10 312	-19 167
Increases due to purchases	111	1 221	525	16 768	130 667	56 437
Increases due to production	18 002	59 896	53 405	332 963	1 065 726	878 781
Increase due to company acquisitions	0	0	13 469	0	0	379 764
Decreases due to sales/harvesting/mortality	-15 445	-63 542	-43 353	-319 379	-1 141 441	-748 431
Fair value adjustment beginning of period	N/A	N/A	N/A	-113 412	-126 312	-84 826
Fair value adjustment acquisitions				0	0	-74 170
Fair value adjustment period end	N/A	N/A	N/A	94 300	94 300	127 549
<b>Biological assets - end of period</b>	<b>44 595</b>	<b>44 596</b>	<b>47 021</b>	<b>1 080 202</b>	<b>1 080 202</b>	<b>1 067 574</b>

	Number of fish (1.000)	Biomass (tons)	Cost of production	Fair value adjustment	Carrying amount
<b>Biological assets status 31.12.2008</b>					
Smolt	20 370	263	50 150	0	50 150
Biological assets with round weight < 4 kg	24 997	31 344	719 293	59 409	778 702
Biological assets with round weight > 4 kg	2 292	12 989	216 458	34 892	251 350
<b>Total</b>	<b>47 659</b>	<b>44 596</b>	<b>985 901</b>	<b>94 300</b>	<b>1 080 202</b>
<b>Biological assets - status 31.12.07</b>					
Smolt	21 900	143	40 165	0	40 165
Biological assets with round weight < 4 kg (smolt not included)	20 375	26 036	566 908	52 376	619 283
Biological assets with round weight > 4 kg	3 534	20 842	332 953	75 173	408 126
<b>Total</b>	<b>45 809</b>	<b>47 021</b>	<b>940 026</b>	<b>127 548</b>	<b>1 067 574</b>



## Information about the Grieg Seafood Group

### Head office Grieg Seafood ASA

Mailing address	P.O. Box 234 Sentrum, N-5804 Bergen
Visiting address	Grieg-Gaarden, C. Sundts gate 17/19, N-5804 Bergen
Telephone	+47 55 57 66 00
Web	<a href="http://www.griegseafood.no">www.griegseafood.no</a>
Organisation number	NO 946 598 038 MVA

### Board of directors in Grieg Seafood ASA

Helge Nielsen	Chairman
Harald Ingebrikt Volden	Vice-chairman
Terje Ramm	Board member
Anne-Grete Ellingsen	Board member
Siri Hamnvik	Board member

### Group management

Morten Vike	Chief executive officer
Ivar Kvangardsnes	Chief operating officer
Eirik Bloch Haugland	Chief financial officer

### Financial calendar

Preliminary annual result 2008	27th February 2009
1 Quarter 2009	12th May 2009
Annual General Meeting	20th May 2009
2 Quarter 2009	25th August 2009
3 Quarter 2009	10th November 2009
Preliminary annual result 2009	24th February 2010

*Dates are given with reservation in case of changes.*