



Notice to shareholders;

Villa Organic AS – second quarter 2010

Highlights – Second quarter 2010

- Growth according to plan in Finnmark
- No harvest in second quarter
- Capital expansion towards shareholders successfully accomplished
- Improved financial platform with NOK 95 mill to secure further growth by new equity of NOK 35 mill and new loan facilities of NOK 60 mill.
- New contract prices for Q3 and Q4 in place, securing positive outlook for 2010

Sea temperatures in Finnmark have been normal compared with previous years, thus the group experience good growth especially in June. In Møre sea temperatures has been lower than normal, giving a more modest production.

In June a capital expansion towards shareholders was carried out successfully. The aim was to raise NOK 35 mill, and the issue was oversubscribed with about 65%. The share capital of the company will after the share issue increase to NOK 113.830.020 with a total of 113.830.020 shares. The share issue together with new loan facilities of NOK 60 mill will secure growth and expansion for the next coming years. The share issue will not formally be registered before Q3, but taking the share issue into account the Equity ratio will increase to 37% by end of Q2.

B & J Holding AS, JEA Invest AS and Villa Group Invest AS have sold their shares to Hofseth International and become our second biggest shareholder – see enclosed list of shareholders per date.



Financial key figures

The operating revenue in Q2 was NOK 91,7 million. EBITDA for the period was 1,8 million NOK and EBIT was – 4,4 million NOK. As no own biomass was harvested during Q2, the turnover is resulting from trading activities.

The company is not adjusting the biological assets according to the IFRS accounting principles.

The equity ratio at the end of second quarter is 32%.

Villa Organic (group) Key Financial figures (1 000 NOK)						
	Q2 2010	Per Q2 2010	Q2 2009	Per Q2 2009	FY 2009	FY 2008,
Total Income	91 704	223 641	46 995	99 506	315 176	357 362
EBITDA	1 782	27 400	-17 601	-13 806	22 501	-23 217
EBIT	-4 420	15 285	-23 035	-23 527	4 088	-47 514
Profit/loss before tax	-9 711	5 402	-18 702	-25 206	-16 688	-65 375
Harvest Volume (HOG) Finnmark tons	-	3 311			5 315	
Harvest Volume (HOG) Romsdal tons	-				837	
Harvest Volume (HOG) Total tons	-	3 311	-		6 152	
EBIT NOK/kg		4,62	-		0,66	
Balance Sheet:						
Fixed Assets		292 670		245 555	281 513	240 117
Current Assets		369 177		307 119	312 425	218 488
Total Assets		661 846		552 674	593 938	458 605
Equity		209 665		174 798	204 608	138 920
Long Term Liabilities		246 080		255 929	249 320	269 405
Current Liabilities		206 101		121 947	140 010	50 280
Total Equity and Liabilities		661 846		552 674	593 938	458 605
Equity Ratio		32 %		32 %	34 %	30 %

Operational Performance

As temperatures in Finnmark came back to normal, the growth during the quarter has been according to plan or even better, especially in June. Release of smolt has been carried out according to plan, but on some deliveries high mortality became evident. The biomass per June was 8395 tons, of which 5378 tons was the 2008 generation with average weight 4,4 kg. The 2009 generation reached 2.809 tons with average weight 1,35 kg.

The biomass in Møre reached 759 tons, of which 719 tons was the 2009 generation. Smolt release has been delayed some weeks due to lower water temperatures at the site of the smolt supplier.



Harvested will resume in Q3 and in Q3 and Q4 harvest volume (HOG) is expected to be 8 000 tons.

Sales and Market Outlook

The market has been strong during the quarter. New prices for Q3 and Q4 have been contracted. The new contract prices reflect the recent market prices.

We therefore expect prices to be solid for our products in 2010.

Board of Directors
Molde 12th of August 2010

- Appendix:
 - o Quarterly Financial statement pr 30.06.10
 - o Information about shareholders pr 30.06.10



Resultatregnskap

Alle tall i NOK 1 000

	Q2 2010	Per Q2 2010	Q2 2009	Per Q2 2009	FY 2009	FY 2008
Operating Income	90 782	221 612	46 051	98 562	311 769	242 021
Other Income	922	2 029	943	943	3 407	115 341
Total Income	91 704	223 641	46 994	99 505	315 176	357 362
				0		
Changes in Inventory	71 095	35 527	31 923	39 383	-89 829	175 438
Cost of goods	-133 924	-178 969	-75 200	-114 815	293 831	121 198
Wages	-11 015	-23 199	-7 263	-15 058	39 239	37 027
Other operating costs	-16 078	-29 600	-14 059	-22 826	49 433	46 915
EBITDA	1 782	27 400	-17 605	-13 811	22 502	-23 216
				0		
Depreciation	-6 203	-12 115	-5 430	-9 716	18 413	24 298
EBIT	-4 421	15 285	-23 035	-23 527	4 089	-47 514
				0		
				0		
Net financial items	-4 593	-9 884	-4 333	1 679	20 778	17 862
Profit/loss before tax	-9 014	5 401	-18 702	-25 206	-16 689	-65 376



Balansregnskap Alle tall i NOK 1 000



	30.06.2010	31.12.2009
ASSETS		
Non-current Assets		
Intangible assets		
Licences	55 092	55 092
Deferred Tax Asset	52 815	52 822
Goodwill	854	940
Total Intangible Assets	108 761	108 854
-	-	-
Property, buildings etc	31 580	34 272
Machinery and Equipment	128 959	92 937
Other assets, furniture, tools etc	12 987	26 349
Total Fixed Assets	173 526	153 558
-	-	-
Investment in subsidiaries	-	-
Own shares	-	-
Investment in associated entities	3 159	3 251
Other investments	14	2 223
Long term loans	7 210	13 626
Total Financial Fixed Assets	10 383	19 100
-	-	-
Total non-current assets	292 670	281 512
Current assets		
Inventory	287 952	253 731
Accounts receivables	40 059	31 716
Other accruals,	24 790	16 735
Intercompany	-	-
Bank deposits, cash at hand	16 375	10 244
Total Current Assets	369 177	312 426
-	-	-
Total Assets	661 846	593 938
EQUITY AND LIABILITIES		
Equity		
Share Capital	90 497	90 497
Own Shares	-1	-1
Share Premium	123 940	123 940
Total Restricted Equity	214 435	214 435
Retained Earnings		
Other Equity	-9 827	-9 826
Result brought forward	5 056	
Total Retained Equity	-4 770	-9 826
Total Equity	209 665	204 609
Liabilities		
Deferred tax		
Bond	200 000	200 000
Liabilities to financial institutions	1 817	2 109
Other long term debt, leasing	44 264	47 211
Total Long Term Liabilities	246 080	249 320
Current Liabilities		
Liabilities to financial institutions	101 364	84 905
Accounts Payables	83 868	41 591
Tax, VAT etc	3 203	6 206
Intercompany liabilities	-	-
Other short term debt	17 667	7 307
Total Current Liabilities	206 101	140 009
-	-	-
Total Liabilities	452 181	389 329
Total Equity and Liabilities	661 846	593 938



List of sharholders pr 13.8.2010

ISIN: NO0010342900

Navn: VILLA ORGANIC AS

Papirtype: AK

Dato: 13.08.2010

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Beholdning ▾	Andel ↕	Navn ↕	Konto type ↕	Statsborger ↕
46 465 866	40,82	AKVAINVEST AS		NOR
30 588 271	26,87	HOFSETH INTERNATIONA		NOR
14 073 111	12,36	CENTENNIAL AS OLE BÅRD JACOBSEN		NOR
9 523 282	8,37	ODIN NORGE		NOR
3 596 341	3,16	NETTFOND AS		NOR
2 178 500	1,91	OJADA AS		NOR
2 168 910	1,91	MILLCOM NORGE AS		NOR
1 084 454	0,95	BENTNESET INVEST AS		NOR
750 000	0,66	EIDESVIK INVEST AS		NOR
658 000	0,58	SIX SIS AG 25PCT	NOM	CHE
653 549	0,57	MORUD MINERALS AS		NOR
388 638	0,34	ODIN NORGE II		NOR
216 889	0,19	WENI AS		NOR
216 261	0,19	HEIEN KJELL OLAV		NOR
159 031	0,14	PELLE HEST & INVEST		NOR
128 715	0,11	LILLESTØL HARALD PEDER		NOR
116 253	0,10	Lillestøl Lennart		NOR
108 925	0,10	KUNZ STEPHEN GRAVLIE		NOR
89 709	0,08	LILLESTØL NORALF KARSTEIN		NOR
73 985	0,06	SØR-VARANGER INVEST		NOR
113.238.690	99,47			