



Notice to shareholders;

Villa Organic AS – third quarter 2011

Highlights – third quarter 2011

- Weak results in third quarter due to falling prices and adjustment of biological assets.
- Villa had a loss before tax in the third quarter of MNOK 27,5. EBIT was negative with MNOK 22,6
- Adjustments of the biomass in third quarter was negative with MNOK 16,2
- Harvesting volumes in total was 1 717 tons (HOG) in the third quarter.
- Strong biomass growth but some biological challenges related to smolt mortality
- In eastern Finnmark, the sea louse challenge is limited and fully managed.
- Due to low salmon prices the company has decided reduction in capital requirements going forward – reduction in investments and reduced smolt entries.
- Continued focus on operational efficiency

Operations in third quarter

The growth in Finnmark during the quarter has been higher than expected.

The biomass per September was 11 042 tons, of which 3 073 tons from the 2009 generation, 6 464 tons from the 2010 generation and 1 505 tons from the 2011 generation.

The harvesting volume in Finnmark was in line with plans. The harvesting started in the end of August after a shutdown of almost three months. Cost of fish harvested was high in the third quarter due to small volumes and harvesting



from at site with history of biological challenges. We expect lower cost on fish harvested in fourth quarter.

Mortality for 2009 and 2010 generation is reduced in the third quarter, and is in line with our expectations. The mortality on smolt entries in 2011 is higher than expected due to IPN on some of the entries. The mortality caused by IPN is now reduced. The numbers of fish from the 2011 generation is 3,6 million at the end of September.

In eastern Finnmark, the sea louse challenge is limited and fully managed. The numbers of sea louses is reduced compared to the same period in 2010 which also was on a low level.

The group has completed the expansion of the Group's smolt facility at Moltustranda to a capacity of 4 million smolts per year.

The negative price trend continued in the third quarter as the global supply increased with 19% compared with third quarter 2010. The reduced price to farmers has still not reached consumers in many major salmon markets. In other markets as for example the Russian market, lower raw material prices were efficiently transferred to consumers resulting higher demand.

Based on the falling salmon prices and the expectation of a further strong increase in supply, Villa has decided to take action to reduce capital expenditure in order to minimize capital requirements. As part of this action the planned investments and the smolt entries for 2012 will be reduced.

Villa has an improvement program ongoing. The objective of this program is to reduce production cost and improve profit margin. Villa has in the third quarter changed feed supplier. The effect of this change includes lower prices and increased feed quality. In the third quarter there has been a strong focus on feeding control, mortality and biological control.

Financial key figures

The operating revenue in Q3 was MNOK 96,8. EBITDA for the period was MNOK – 13,7. The EBIT was MNOK -22,6.



The sale of Villa Miljølaks AS has given a sales gain of MNOK 21.5 in the second quarter. The Group's liquidity has been strengthened with about 100 million as a result of the sale.

The company has adjusted the biological assets with a write-down on the value of the biomass in third quarter of MNOK 16,2. The assessment is done on fish groups with average weight higher than 2 kilo. The write-down value is based on expected market price (combination of forward price and fixed price contracts). As a consequence of financial challenges facing one of the company's contract counterparties the volume sold on forward prices is reduced.

The equity ratio at the end of third quarter is 35 % (not adjusted for calculated tax on the result for second quarter 2011).

Villa Organic (group) Key Financial figures (1 000 NOK)						
	Per Q3		Per Q3			
	Q3 2010	2010	Q3 2010	2010	FY 2010	FY 2009
Total Income	96 762	359 642	131 463	355 104	524 622	315 176
EBITDA	-13 650	35 871	34 359	61 760	95 722	22 501
EBIT	-22 558	7 018	26 864	42 150	67 431	4 088
Profit/loss before tax	-27 541	-8 550	20 284	25 686	44 401	-16 688
Harvest Volume (HOG) Finnmark tons	1 717	4 874	3 607	6 918	10 114	5 315
Harvest Volume (HOG) Romsdal tons	-	-	-	-	429	837
Harvest Volume (HOG) Total tons	1 717	4 874	3 607	6 918	10 543	6 152
EBIT NOK/kg	-13,14	1,44	7,45	6,09	6,40	0,66
Balance Sheet:						
Fixed Assets		330 007		309 677	320 946	281 513
Current Assets		426 275		440 017	449 100	312 425
Total Assets		756 282		749 693	770 046	593 938
Equity		268 204		271 647	276 329	204 608
Long Term Liabilities		302 250		259 865	276 856	249 320
Current Liabilities		185 827		218 181	216 861	140 010
Total Equity and Liabilities		756 282		749 693	770 046	593 938
Equity Ratio		35 %		36 %	36 %	34 %

Outlook

The price development in the salmon market is supply driven. The supply growth in Q4 is expected to be 13 – 17% and 8 -12 % in 2012. The extent and timing of the demand stimulation from lower prices will be a critical factor for the development in prices in the short and medium term. In the longer term we believe that the supply growth is limited and we will see a balanced market.



The group's licence to sell fish to Russia was withdrawn from the end of October. We are working to get re-access to the Russian market and are confident that this will happen soon.

Earlier estimated harvested volume (HOG) in 2011 was 9500 tons. We estimate now harvesting volume for 2011 to be about 8 000 tons. Estimated harvesting in Q4 is 3 126 tons. Some of the reduced harvesting in 2011 is postponed to 2012.

The Board expects weak earnings in the coming quarter as a result of low salmon prices. The Board are therefore planning measures that are intended to ensure the company's financial position and the necessary refinancing.

Molde, 2 November 2011

Board of Directors

- Appendix:
 - o Quarterly Financial statement pr 30.09.11
 - o List of shareholders pr 30.09.11



Financial Statement

Numbers in NOK 1 000

	Q3 2011	Per Q3 2011	Q3 2010	Per Q3 2010	FY 2010	FY 2009
Operating Income	96 361	335 446	128 927	350 539	522 727	311 769
Other Income	400	24 195	2 536	4 565	1 896	3 407
Total Income	96 762	359 642	131 463	355 104	524 623	315 176
Changes in Inventory	-52 360	-58 759	-42 483	-78 010	46 625	89 829
Cost of goods	131 000	277 853	110 201	289 170	-361 868	-293 831
Wages	14 859	37 647	16 182	39 380	-57 161	-39 239
Other operating costs	16 913	67 030	13 204	42 804	-56 479	-49 433
EBITDA	-13 650	35 871	34 360	61 760	95 740	22 502
Depreciation	8 908	28 853	7 496	19 610	-28 309	-18 413
EBIT	-22 558	7 018	26 864	42 150	67 431	4 089
Net financial items	4 983	15 569	6 580	16 463	-23 457	-20 778
Profit/loss before tax	-27 541	-8 551	20 284	25 686	43 974	-16 689



Balance sheet numbers in 1 000 NOK

	30.09.2011	31.12.2010
ASSETS		
Non-current Assets		
Intangible assets		
Licences	43 492	55 092
Deferred Tax Asset	34 090	40 756
Goodwill	438	567
Total Intangible Assets	78 019	96 415
	-	
Property, buildings etc	34 550	32 582
Machinery, Equipment and other	200 707	181 289
Total Fixed Assets	235 257	213 871
Investment in subsidiaries		
Own shares		
Investment in associated entities	9 506	3 251
Other investments	14	8
Long term loans	7 210	7 400
Total Financial Fixed Assets	16 731	10 660
	-	
Total non-current assets	330 007	320 946
Current assets		
Inventory	313 829	312 112
Accounts receivables	49 738	62 045
Other accruals,	27 162	22 592
Intercompany	-	
Bank deposits, cash at hand	35 547	52 351
Total Current Assets	426 275	449 100
	-	
Total Assets	756 282	770 046



EQUITY AND LIABILITIES		
	30.09.2011	31.12.2010
Equity		
Share Capital	118 330	118 330
Own Shares		-1
Share Premium	137 570	137 570
Total Restricted Equity	255 900	255 899
Retained Earnings		
Other Equity	34 367	20 430
Result brought forward	-22 062	
Total Retained Equity	12 305	20 430
Total Equity	268 204	276 329
Liabilities		
Deferred tax		
Bond	187 700	200 000
Liabilities to financial institutions	42 837	1 647
Other long term debt, leasing	71 713	75 209
Total Long Term Liabilities	302 250	276 856
Current Liabilities		
Liabilities to financial institutions	65 316	138 866
Accounts Payables	107 411	55 782
Tax, VAT etc	1 584	6 330
Intercompany liabilities		
Other short term debt	11 517	15 883
Total Current Liabilities	185 828	216 861
	-	
Total Liabilities	488 078	493 717
Total Equity and Liabilities	756 282	770 046



List of shareholders pr 08.11.2011

Beholdning ▾	Andel ⚡	Navn ⚡	Konto type ⚡	Statsborger ⚡
43 399 199	36,68	AKVAINVEST AS		NOR
31 373 860	26,51	HOFSETH INTERNATIONA		NOR
14 073 111	11,89	CENTENNIAL AS OLE BÅRD JACOBSEN		NOR
9 489 510	8,02	ODIN NORGE		NOR
3 320 216	2,81	MORUD MINERALS AS		NOR
2 495 551	2,11	NETTFOND AS		NOR
2 178 500	1,84	OJADA AS		NOR
2 168 910	1,83	MILLCOM NORGE AS		NOR
1 255 384	1,06	ALSCO AS		NOR
1 084 454	0,92	BENTNESET INVEST AS		NOR
750 000	0,63	EIDESVIK INVEST AS		NOR
658 000	0,56	SIX SIS AG 25PCT ACCOUNT	NOM	CHE
652 338	0,55	SØR-VARANGER INVEST		NOR
500 000	0,42	Initia AB		SWE
500 000	0,42	Swelandia Internatio		SWE
422 410	0,36	ODIN NORGE II		NOR
410 522	0,35	FOSSBERG JAN		NOR
410 521	0,35	SKAAR VIDAR		NOR
400 000	0,34	RADIN INVEST AS		NOR
273 774	0,23	Lillestøl Lennart		NOR
115.816.260	97,88			