

ANNUAL REPORT 2010

cermaq

CONTENT – integrated annual and sustainability report

| | | | |
|-----------------|--------------------------------------|---|---------|
| OUR COMPANY | CERMAQ: A GLOBAL LEADER | Cermaq in brief: Key objectives, core values and map of locations | FLAP |
| | CEO GEIR ISAKSEN | Summary of 2010 and pointing out direction | 2–3 |
| | KEY FIGURES 2010 | Financial and sustainability performance 2010 | 4–5 |
| | HIGHLIGHTS 2010 | Main events in 2010 | 4 |
| | STRATEGY | Cermaq’s priorities and objectives for 2011 | 6–7 |
| | OUR HISTORY | Main events in the Cermaq history | 6 |
| | OUR ORGANIZATION | An overview of our organization | 7 |
| | WHAT WE DO | How we work from feed to fish | 8–9 |
| OUR VALUE CHAIN | INNOVATION: RESEARCH AND DEVELOPMENT | Investing in future progress | 12–14 |
| | EMPLOYEES | Cermaq people: Cermaq’s HR policy and key facts | 15–18 |
| | EWOS | Growing market shares in all regions | 19–23 |
| | MAINSTREAM | High prices in all markets | 24–29 |
| | NON-CORE BUSINESS | Overall stable year | 30–31 |
| OUR APPROACH | SUSTAINABLE AQUACULTURE | Our approach to sustainability | 34 |
| | STAKEHOLDERS ENGAGEMENT | Our approach to stakeholders | 35 |
| | COMPLIANCE | Our point of entry | 36–40 |
| | MANAGEMENT APPROACH | Our approach to sustainability aspects | 41 |
| | TABLE OF INDICATORS | Our indicators related to the aspects | 42 |
| | SUSTAINABILITY REVIEW | Review report from KPMG | 43 |
| OUR GOVERNANCE | CORPORATE GOVERNANCE | Equal treatment and transparency | 46–49 |
| | BOARD OF DIRECTORS | Photo and presentation | 50–51 |
| | MANAGEMENT TEAM | Photo and presentation | 52–53 |
| OUR RESULTS | BOARD OF DIRECTORS’ REPORT | A year characterised by strong operational growth | 56–64 |
| | ANNUAL ACCOUNTS 2010 | Accounts and notes for Group and Parent Company | 65–113 |
| | SENIOR MANAGEMENT’S REMUNERATION | Principles for the company’s senior management policy | 114–115 |
| | RESPONSIBILITY STATEMENT | Responsibility statement from the Board and CEO | 116 |
| | AUDITOR’S REPORT | Statement from KPMG | 117 |
| | ANALYTICAL INFORMATION | Background on harvest, supply, price development, and export quantities | 118–119 |
| | SHAREHOLDER INFORMATION | Cermaq share information | 120–122 |
| | GRI NAVIGATOR | Guide to the web report | 123–124 |

OUR WORLD

Key Objectives:

CERMAQ SHALL be one of the leading global suppliers of feed to salmon and trout, with a complete product range and with operations in all four main salmon producing regions of the world.

CERMAQ SHALL be a significant player within farming of salmonid species in the two main farming regions, Norway and Chile.

CERMAQ SHALL be among the best players when it comes to research and development on fish feed and salmon farming.

CERMAQ SHALL maintain strong operational focus as a basis for success and future growth.

Core values:

INTEGRITY We adhere to a code of ethical values such as fairness, loyalty and respect so that we maintain our pride and earn trust.

PRUDENCE We are disciplined and reasoned. We depend on skill and good judgement in use of resources, and we manage risk proactively.

PREPAREDNESS We anticipate change and capitalize on growth opportunities through hard work and creative thinking.

BUSINESS MINDEDNESS We are always thinking of generating cash and opportunities for profit. All other goals come to naught if we fail.

SHARING SUCCESS AND CONCERNS In order to create a positive working environment where success is shared and problems are solved, we encourage networking, personal development, teamwork and open communication.

EWOS: a leading international player in the production of feed for the fish farming industry producing primarily feed for salmon and trout.

Mainstream: one of the largest players in the salmon farming industry. The group produces Atlantic salmon, rainbow trout and coho salmon.

Non-core business: the remaining assets that will be divested over time in order to streamline Cermaq as a pure aquaculture company.

CERMAQ: A GLOBAL

Cermaq is an international fish farming and fish feed group. The group has a diversified presence in the major salmon producing regions. Creating values through sustainable aquaculture is the main objective of our operations. The company is listed on Oslo Stock Exchange.

CANADA

- Campbell River (Mainstream)
- Surrey (EWOS)

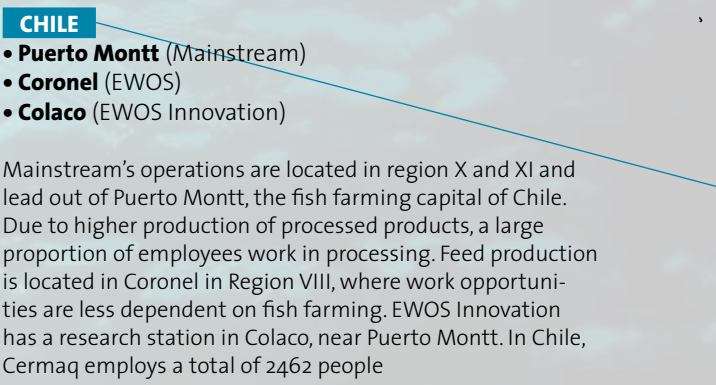
Cermaq's operations are located in British Columbia. Here, Cermaq employs a total of 328 people in a wide variety of jobs. Mainstream operations are headed out of Campbell River on Vancouver Island. Fish farming is a key employer in the northern part of Vancouver Island, mainly supplying the US west coast market with fresh salmon. The feed factory also supplies enhancement hatcheries for salmon located in Surrey south of Vancouver ranging along the entire west coast of the US.



CHILE

- Puerto Montt (Mainstream)
- Coronel (EWOS)
- Colaco (EWOS Innovation)

Mainstream's operations are located in region X and XI and lead out of Puerto Montt, the fish farming capital of Chile. Due to higher production of processed products, a large proportion of employees work in processing. Feed production is located in Coronel in Region VIII, where work opportunities are less dependent on fish farming. EWOS Innovation has a research station in Colaco, near Puerto Montt. In Chile, Cermaq employs a total of 2462 people



35%

GLOBAL FEED MARKET SHARE

EWOS is growing in a very competitive market. Research and innovation are key factors for the increasing recognition of our products in the market.

AL LEADER

up with its head office in Oslo, Norway.
n farming regions world wide.
mission that underlies all of Cermaq's
e.

NORWAY

- **Oslo** (Cermaq)
- **Steigen** (Mainstream)
- **Bergen, Florø, Bergneset, Halså** (EWOS)
- **Dirdal, Lønningdal** (EWOS Innovation)

Cermaq is located in Oslo, with a lean head office of 46 employees. Mainstream's operations are located in Nordland and in Finnmark, and headquartered from Steigen. EWOS is lead out of Bergen and the three feed plants are located in Florø (Sogn og Fjordane), Halså (Nordland) and Bergneset (Troms). EWOS Innovation has research facilities in Dirdal (Rogaland) and Lønningdal (Hordaland). Cermaq employs a total of 683 people in Norway.

SCOTLAND

- **Westfield** (EWOS)

Cermaq employs a total of 60 people through its feed operations located in Westfield. The feed production in Scotland mainly supplies fish farmers in Scotland, where the market is the most diverse in speciality feeds. EWOS Scotland also exports feeds to other European countries.

6%

GLOBAL FARMING MARKET SHARE

Mainstream is one of the global leaders in farming of salmon and trout, with a balanced production well suited to meet market demands.

NOK 9 991 MILLION

OPERATING REVENUES

has increased 11 percent from 2009, driven by high prices and strong market demand for farmed salmon and good market conditions for new feed products from EWOS.

A wireframe globe graphic is positioned in the upper left quadrant of the page, partially overlapping the blue header bar. It consists of a grid of lines forming a sphere, surrounded by several concentric circles that create a sense of depth and motion.

EBIT MNOK 1,439
**WE AIM TO CREATE VALUE
THROUGH SUSTAINABLE
AQUACULTURE**

OUR COMPANY

A GLOBAL LEADER

CEO MESSAGEKEY FIGURES AND HIGHLIGHTS
STRATEGY/HISTORY/ORGANIZATION
WHAT WE DO**CEO Geir Isaksen:**

OUR BEST YEAR

Salmon is an increasingly sought-after product. Consumers around the world consider this pink fish to be wholesome and extremely appetizing food. In Norway, we consumed 70% more salmon in 2010 than in the previous year.

MUCH OF THE increase is because Asia's tradition of eating raw fish in the form of sushi and sashimi has also become popular in the West. This trend is led by young consumers, and is very promising for our continued growth.

HIGH PRICES

Increasing demand for salmon has coincided with a stagnating world supply. In 2010, world production of salmon was two percent lower than the previous year. This situation resulted in a price level for salmon in 2010 that we have not seen since the early days of the aquaculture industry. Profitability in the industry has never been better.

For Cermaq this means that we can report our ever best profits. In 2010 we had a turnover of 9 991 million Norwegian kroner, and achieved operating profit (EBIT) of 1 439 million Norwegian kroner. The most profitable of our sub-



subsidiary companies was Mainstream Norway, which itself delivered an operating profit of 507 million Norwegian kroner. The other Mainstream companies also performed well, and total profits for the Mainstream group was 913 million Norwegian kroner.

EWOS SUCCESS

In 2010 the EWOS group achieved total profits of 509 million Norwegian kroner. This is the best profit ever generated by EWOS, which carries out the most extensive research and development work in the aquaculture industry. This R&D programme creates value as it allows EWOS to offer its customers an extensive portfolio of functional fish feed that promote increased growth and higher resistance to disease in salmon. EWOS customers have seen the value of this, and these products currently account for a substantial portion of EWOS' total sales.

GROWTH AMBITIONS

Mainstream Norway has presented plans for further growth in its fish farming operation in Finnmark. The company does not currently fully utilize its existing concessions, and will expand production in the region to 30 thousand tonnes of salmon in 2013. Growth is also planned in Chile, chiefly through the establishment of fish farming in region XII.

In December 2010 the Cermaq board of directors approved the company's entry into the fish feed production market in Vietnam through a joint venture with a local partner. This means that EWOS now has a position in the fish feed market for Pangasius, a white fish that has been in considerable demand in the West during the past 10 years. EWOS will contribute its expertise within food safety and sustainability. Going forward, EWOS Vietnam will leverage the EWOS group's research-based knowledge within fish nutrition, raw materials and fish feed production to manufacture fish feed that is more cost effective than any currently available on the market in Vietnam.

POSITIVE RESULTS OF SUSTAINABILITY

The price of salmon has varied considerably through the years, and these fluctuations will presumably continue. Cermaq's long-term profitability will depend upon how

efficiently we carry out our operations. Our basis is sustainable aquaculture; the manner in which we operate should reflect a long-term perspective. The most important thing for Cermaq in 2010 is therefore our excellent operational performance, rather than our excellent profits.

To ensure that our operational footprint is within acceptable levels requires continuous efforts.

It is particularly pleasing to see the improvements in Mainstream Chile. Chilean aquaculture was seriously affected by the ILA virus outbreak in 2007 and 2008. After two years of extensive restructuring and improvements, Mainstream Chile is now demonstrating better growth and lower salmon die-off than at any time since its establishment. This has some effect on profits, but has a greater effect on our future prospects and on our determination to create further improvements.

In this annual report we present the financial results of our operations, but we also include an extensive report-back on how our operations affect the environment. It is gratifying to see progress in many aspects of this work too. No salmon have escaped from our fish farming plants in 2010. With regard to salmon louse, we have had one of our best years ever, with few cases of salmon louse on our salmon. We have been able to further reduce the use of pharmaceuticals, including antibiotics.

POSITIVE FOR WILD SALMON IN CANADA

The debate about the salmon farming industry's consequences for wild salmon stocks is important, and we are interested in it being an objective and thorough discussion. In 2009 we were accused by the Pure Salmon Campaign of contributing to the extermination of Sockeye salmon in the famous Fraser River, which runs close to Vancouver. The Campaign claimed that salmon louse from our plants 150 kilometres further north had killed migrating salmon and caused a record low return of fish. It insisted that we should close the plants. In 2010 we then experienced the biggest ever increase of Sockeye in the Fraser River. We believe that this will help to create a more sober tone in the debate about the fish

farming industry's environmental impact and support the view that salmon farming can successfully be achieved alongside thriving stocks of wild salmon.

SALE OF MAINSTREAM SCOTLAND

In 2010, after ten years of fish farming operations, we sold our fish farming business in Scotland to a listed company, Morpol. We had made no secret of the fact that our Scottish operation was too small to be capable of optimal operation. If we can achieve a profitable solution, we will be happy to re-enter the Scottish fish farming industry in the future. In the meanwhile, we remain content to deliver fish feed to our Scottish customers.

EARTHQUAKE IN CHILE

On 27 February 2010 an extremely serious earthquake hit Chile. The earthquake's epicentre was close to Coronel, where EWOS has the world's largest plant for production of salmon fish feed. The situation was dramatic, with protracted power failures, loss of communications and major social unrest. Luckily, none of our workforce was injured during the quake, but some lost close family members and many suffered damage to their homes. The plant sustained some damage, but was able to restart production two weeks after the earthquake. A collection among the employees in Cermaq's other companies helped finance the reconstruction and repair of local employee's homes. EWOS Chile demonstrated a unique type of sustainability during the crisis.

A WONDERFUL ACHIEVEMENT

The year of 2010 was fantastic for Cermaq, not least due to consumers' faith in salmon as a good and wholesome food. In the long run it is our colleagues' optimism, proficiency and efforts that will determine the success of our company. Our achievements in 2010 reinforce my optimism. I would like to thank all our employees for the efforts they made in 2010. They have created enormous value.

Geir Isaksen
Chief Executive Officer



OUR COMPANY

A GLOBAL LEADER

CEO MESSAGE

KEY FIGURES AND HIGHLIGHTS

STRATEGY/HISTORY/ORGANIZATION

WHAT WE DO

KEY FIGURES 2010

Amounts in NOK 1 000

| Income statement | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|-----------|-----------|-----------|-----------|-----------|
| Operating revenues | 9 990 528 | 8 971 713 | 8 715 572 | 7 721 204 | 7 533 698 |
| EBITDA ¹⁾ | 1 778 299 | 857 910 | 331 825 | 1 008 332 | 1 568 383 |
| EBITDA margin | 17.8 % | 9.6 % | 3.8 % | 13.1 % | 20.8 % |
| EBIT pre fair value adjustments ²⁾ | 1 439 344 | 523 562 | 49 504 | 746 941 | 1 311 414 |
| EBIT pre fair value adjustments margin | 14.4 % | 5.8 % | 0.6 % | 9.7 % | 17.4 % |
| EBIT ³⁾ | 1 951 516 | 545 755 | 139 582 | 493 044 | 1 287 671 |
| Net result continuing operations | 1 514 669 | 340 994 | (55 080) | 498 987 | 937 513 |
| Net result discontinued operations | – | (45 035) | (2 938) | – | – |
| Net result | 1 514 669 | 295 959 | (58 017) | 498 987 | 937 513 |

| Financial position | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|-----------|-----------|------------|-----------|-----------|
| Non-current assets | 4 715 464 | 4 749 981 | 5 185 180 | 4 124 981 | 3 537 563 |
| Current assets | 4 897 325 | 3 516 250 | 5 200 106 | 3 359 615 | 3 399 316 |
| Total assets | 9 612 789 | 8 266 231 | 10 385 286 | 7 484 596 | 6 936 879 |
| Equity, excluding non-controlling interests | 5 728 611 | 4 328 917 | 4 292 497 | 4 260 949 | 4 290 661 |
| Non-controlling interests | 23 247 | 24 091 | 66 438 | 28 531 | – |
| Non-current liabilities | 2 435 624 | 2 803 417 | 3 396 637 | 1 598 518 | 1 347 201 |
| Current liabilities | 1 425 307 | 1 109 806 | 2 629 714 | 1 596 595 | 1 299 017 |
| Total equity and liabilities | 9 612 789 | 8 266 231 | 10 385 286 | 7 484 596 | 6 936 879 |
| Capital employed pre fair value adjustments ⁴⁾ | 6 214 328 | 5 897 582 | 7 237 142 | 5 385 287 | 4 649 793 |

| Financing | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|-----------|-----------|-----------|-----------|-----------|
| Total equity | 5 751 858 | 4 353 008 | 4 358 935 | 4 289 480 | 4 290 661 |
| Equity ratio ⁵⁾ | 59.8 % | 52.7 % | 42.0 % | 57.3 % | 61.9 % |
| Net interest bearing debt ⁶⁾ | 1 180 506 | 1 809 766 | 3 128 344 | 1 257 780 | 738 083 |

¹⁾ EBITDA: Earnings before interest, taxes, depreciation and amortisation

²⁾ EBIT pre fair value adjustments: Earnings before interest, tax and fair value adjustments

³⁾ EBIT: Earnings before interest and taxes

⁴⁾ Capital employed: Total equity + net interest bearing debt - fair value adjustment on biological assets

⁵⁾ Equity ratio: Total equity/total assets in percent

HIGHLIGHTS 2010

→ **MAINSTREAM'S** farming operations in Chile recovered with strong biological and robust financial performance.

→ **CERMAQ** renewed a protocol agreement with Ahousaht First Nation in Canada with principles for working together and establishing a sustainable and mutually beneficial salmon farming operation. (January)

→ **AN EARTHQUAKE** in Chile led to full stop in our feed production for two weeks and a challenging recovery situation for our feed business. No employees were seriously injured. (February)

→ **EWOS NORWAY** set all time high record producing more than 74 000 tonnes fish feed in one month. (August)

→ **THE FARMING** activities in Scotland were sold to Morpol. (August)

→ **CERMAQ WAS** awarded the Farmand prize, as third prize in the category for listed companies for its annual report 2009. (September)

→ **CERMAQ ASA** sold all shares in Marine Farms after a short term period of increasing ownership. (September)

→ **CERMAQ** entered the Vietnamese feed market through acquiring majority of shares in a joint venture company. (December)

→ **CERMAQ** was awarded 3rd prize for best Investor Relations contact in Norwegian MidCap-companies. (December)

→ **THE NORWEGIAN** Research Council appointed a sea lice center for innovative research with EWOS Innovation as a key research partner. (December)

SO FAR 2011...

→ **MAINSTREAM NORWAY** was honored the Industry Federation prize as the company in Nordland county with the best training practices 2010. (February)



| Profitability | 2010 | 2009 | 2008 | 2007 | 2006 |
|--|-------|------|--------|-------|-------------|
| Operating margin ⁷⁾ | 19.5% | 6.1% | 1.6% | 6.4% | 17.1% |
| EPS adjusted, basic/diluted continuing operations ⁸⁾ | 10.37 | 3.33 | (1.37) | 7.54 | 10.37/10.35 |
| Dividend per share (paid and proposed) | 5.40 | 1.50 | - | 2.25 | 4.25 |
| Return on equity ⁹⁾ | 30.0% | 7.8% | (1.3)% | 11.6% | 23.7% |
| Return on capital employed ¹⁰⁾ | 21.7% | 8.0% | 0.8% | 14.2% | 28.4% |
| EBIT pre fair value adjustments/kg - fish farming ¹¹⁾ | 9.4 | 1.6 | (1.3) | 4.2 | 10.7 |
| EBIT pre fair value adjustments/tonne - fish feed ¹²⁾ | 581 | 482 | 204 | 447 | 328 |

⁶⁾ Net interest bearing debt: Long term and short term interest bearing debt - cash balance

⁷⁾ Operating margin: EBIT/operating revenues in percent

⁸⁾ EPS: Earnings per share adjusted for unrealised fair value adjustments. Diluted EPS reflects the dilutive potential of share options

⁹⁾ Return on equity: Net result/average total equity in percent

¹⁰⁾ Return on capital employed: (EBIT pre fair value + income from associates)/capital employed in percent

For 2010 and 2009 12-month average is used for capital employed, year end balances for prior years

2010 figure excludes material gains on sale of business/assets

¹¹⁾ EBIT pre fair value per kg, gutted weight equivalent, in NOK

¹²⁾ EBIT pre fair value per tonne in NOK

| Sustainability | 2010 | 2009 | 2008 |
|---|-----------|-----------|-----------|
| Employees (number) | 3 533 | 3 277 | 4 072 |
| Fatalities (number) | 0 | 0 | 0** |
| * Injury rate (injuries per 1 000 000 working hours) | 31.0 | 27.4 | 34.1 |
| * Workforce absence rate (% of total work days) | 3.4% | 3.1% | 5.0% |
| * Total energy consumption (GJ) | 1 368 484 | 1 251 123 | 1 460 947 |
| * Global GHG emissions (Tonnes of CO ₂ e) | 68 642 | 64 607 | 81 809 |
| * Non-compliance with environmental regulations | 1 | 0 | 6 |
| * Non-compliance with food-safety regulations | 1 | 1 | 1 |
| * Non-compliance with other societal regulations | 6 | 3 | 16 |
| * Non-compliance with product and service regulations | 0 | - | - |

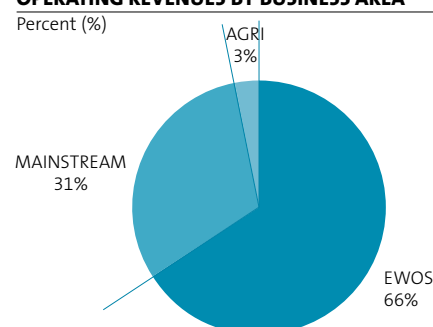
Note: 2009 figures for injury rate and absence rate have been adjusted for an error in the figures reported in 2009, related to Mainstream Chile. Injuries were in fact higher than originally reported and absentee days were in fact lower than originally reported.

Employee figures are the figures used in the Q4 financial reports. In 2010 this includes eight employees in our non-core business.

* Figures adjusted to exclude Mainstream Scotland

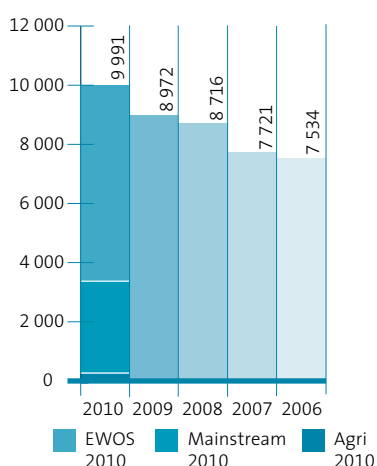
** In 2008, 2 contracted divers died while carrying out work for Mainstream Chile

OPERATING REVENUES BY BUSINESS AREA



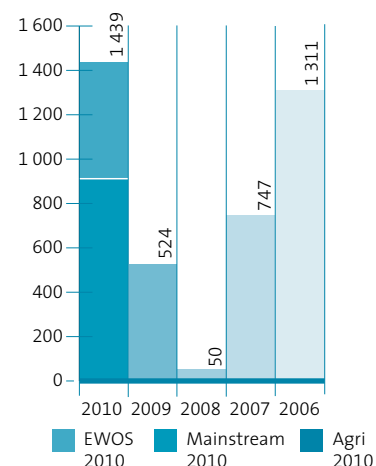
OPERATING REVENUES

NOK million



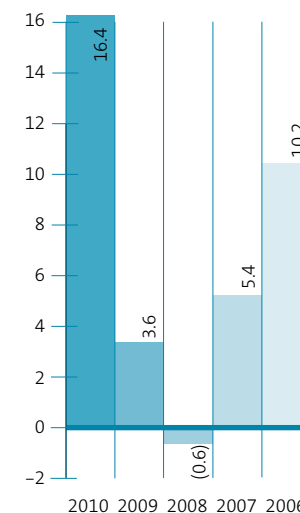
EBIT PRE FAIR VALUE ADJUSTMENT

NOK million



EARNINGS PER SHARE (BASIC, CONTINUING)

NOK



OUR COMPANY

A GLOBAL LEADER

CEO MESSAGE

KEY FIGURES AND HIGHLIGHTS

STRATEGY/HISTORY/ORGANIZATION

WHAT WE DO

CERMAQ'S STRATEGY

Cermaq is an integrated aquaculture company that focuses on sustainable production of feed for and farming of salmonids. Presence in feed and farming enables the group to diversify risk and through research and coordination to develop a broad knowledge base that can be leveraged to reduce costs and improve performance and quality throughout the value chain.

Cermaq has two core business areas: fish feed and fish farming. EWOS is a leading player in the production of feed for the fish farming industry, and focuses primarily on feed for salmonids. Mainstream is one of the largest players in the salmon farming industry. Cermaq has a diversified exposure to salmon and salmon feed markets worldwide through presence in all the main production regions for salmon. A

production base with feed presence in the four main regions; Norway, Chile, Scotland and Canada and farming presence in Norway, Chile, and Canada, enables the group to diversify operational risks related to environmental and fish health factors. Cermaq still sees considerable and attractive opportunities for further growth in salmon farming and salmon feed.

Cermaq has recently entered the Vietnamese feed market for white fish to utilise our broad competence in fish feed. Cermaq expects the Vietnamese market to grow rapidly, and has positioned itself to take part in this development.

Cermaq will continue to create shareholder value in aquaculture businesses by:

- Continuously delivering good business results
- Focused growth within salmon farming and feed
- Sound financing and readiness to reap benefits of growth opportunities
- Committing to significant research and development investments to promote efficiency and quality within fish feed and farming
- Maintaining a robust system to meet the challenging demands of the food sector
- Using sound practices for managing and documenting quality as well as for risk management
- Acting responsibly in relation to sustainable use of natural resources, environmental concerns and social concerns in the com-

THE CERMAQ GROUP'S HISTORY

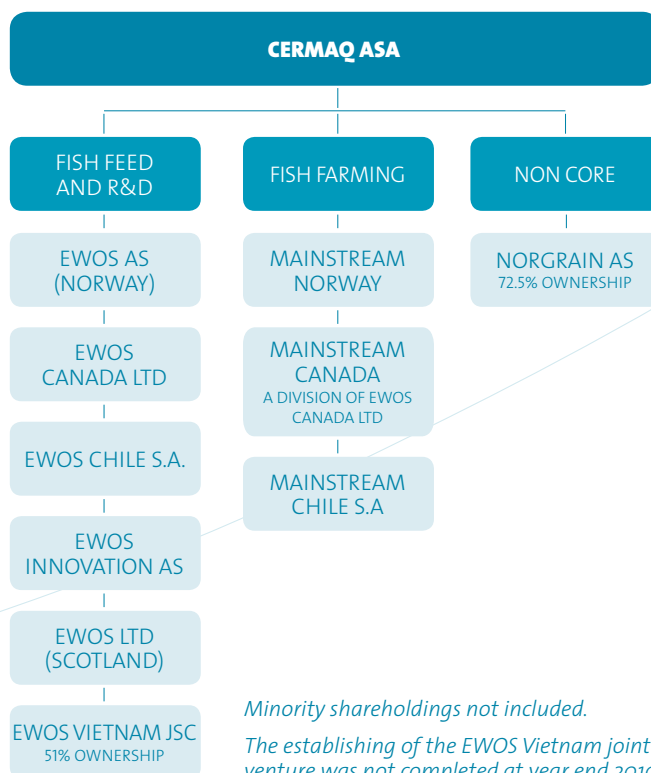
The history of Cermaq ASA starts where the Norwegian state monopoly on grain ended. What started out as an agricultural company has developed into a global leader within aquaculture. Here we present the most significant events that have brought us to where we are today.

- | | |
|------|---|
| 1995 | → Statkorn Holding AS was founded with the grain trading company Statkorn AS as a fully owned subsidiary |
| 1999 | → The Norwegian state sells 20 percent of the shares in the company |
| 2000 | → The company takes over of the fish feed companies EWOS AS, EWOS Ltd (UK), EWOS Chile S.A. and EWOS Canada Ltd → A capital increase of NOK 1,500 million is completed → The company enters into farming operations through acquisition of the fish farming companies Pacific National Group Ltd and Prime Pacific Seafarms Ltd in Canada, Mainstream Salmones Y Alimentos S.A. in Chile and Mainland Salmon Ltd, Shetland Norse Ltd and Aquascot Group Ltd in Scotland |
| 2001 | → The company changes its name from Statkorn Holding ASA to Cermaq ASA |
| 2005 | → Cermaq acquires the remaining shares of Follalaks and becomes a significant player in Norwegian salmon farming → Cermaq takes over the fish farming company Heritage, and more than doubles its production in Canada → Cermaq ASA is listed at the Oslo Stock Exchange 24. October |
| 2008 | → Cermaq's R&D division, EWOS Innovation, opens a research centre in Colaco, Chile |
| 2009 | → EWOS Norway inaugurates a new production line in the Florø plant. The plant becomes Norway's largest feed factory with an annual capacity of 250 000 tonnes. The plant is the worlds most modern and environmentally friendly within fish feed plants |
| 2010 | → Cermaq sells out of fish farming activities in Scotland → EWOS enters the Pangasius feed market in Vietnam, in a joint venture with Anova → EWOS Innovation is chosen as a key partner in a new innovation centre for sea lice research |

- munities in which we operate
- Taking care of occupational safety and health and working conditions of its employees

PRIORITIES

Cermaq will continue to develop its position as a leading global supplier of fish feed to the salmon farming industry with operations in the major salmon growing regions, and as a major salmon farmer focused on product quality and cost efficiency. The group will continue to monitor emerging species and production regions with potential for industrial-scale farming and production of feed. By maintaining focus on a solid financial structure and effective operational management, the group is well positioned to take advantage of both increasing demand for aquaculture products and continued consolidation in the farming industry. Cermaq's remaining ownership in non-core business will be disposed of when the conditions are favourable. The most important non-core holding is Norgrain AS.



OBJECTIVES AND RESULTS

OBJECTIVES 2010

Rebuild farming operations in Chile

Increase smolt and production capacity in Norway and thus facilitate future growth

Seek structural solutions for improving long term return on farming assets in Scotland

Adjust feed capacity in Scotland and Norway to make sure EWOS can meet increasing demand for EWOS products

Solve more of the sanitary challenges in the industry through advanced nutrition and active natural substances in the feed

Protect the framework conditions for our operations and strengthen the corporate image

RESULTS 2010

EBIT pre fair value adjustment increased from NOK -172million to NOK 206 million
All smolt of Atlantic salmon moved to land based facilities.
Strict preventive sanitary measures established and sanitary results are good
Number of employees increased from 1870 to 2200

Acquisition of shares in Ranfjord Fiskeprodukter, securing local smolt supply corresponding to 10 000 tonnes harvest volume annually

Farming and processing business in Scotland was sold to Morpol for NOK 350 million enterprise value

Upgrading of the production lines in the first half of the year allowed EWOS Scotland to meet record demand for products during the peak months and to achieve its highest ever annual tonnage. In Norway the capacity expansion from 2009 came into full utilisation in peak season 2010, and EWOS Norway made production record with 74 000 tonnes in August

EWOS' range of functional feeds is fully accepted in all markets and used as a tool in integrated pest management regimes in Norway and Chile, both for sea lice and for various diseases. Sales volumes for functional feeds set new records

New web site and sustainability report increased transparency about our performance and activities
Stepped up dialogues with stakeholders

OBJECTIVES 2011

Rebuild farming operations in Chile.
Expanding into region XII

Grow farming volumes in Nordland and Finnmark, Norway

None

None

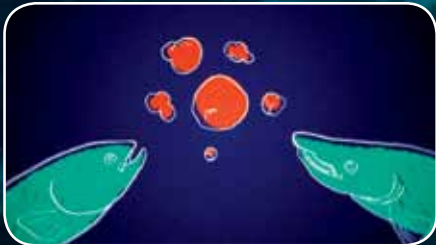
Develop and launch new and profitable products through R&D

Protect the framework conditions for our operations and demonstrate sustainability performance

Establish EWOS Vietnam

OUR COMPANY

A GLOBAL LEADER
CEO MESSAGE
KEY FIGURES AND HIGHLIGHTS
STRATEGY/HISTORY/ORGANIZATION
WHAT WE DO



Cermaq is a global company specialized in fish feed and farming of salmon and trout. Our goal is to be a leader in sustainable aquaculture.



The starting point of our operations is finding the right nutrients for the feed. We get our nutrients from refined products purchased worldwide.



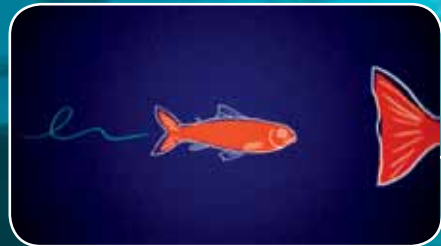
Many of our key ingredients come from traditional farming and the agriculture industry.



Others come from fisheries and by-products from the fish industry.



We apply our sustainability principles to all purchases. Marine materials can be traced back to sustainable stocks and legal quotas.



We have tailored feeds for every growth stage, from small fry to mature, fully-grown fish.



Our fish feed is carefully composed to retain the health benefits of eating farmed trout and salmon.



We combine these ingredients to make an energy efficient and sustainable feed pellet, catering to the fish' nutritional needs and likings.



We increasingly use marine ingredients made from seafood trimmings, making good use of by-products that could otherwise go to waste.

CERMAQ – WHAT WE DO



Our smolt is vaccinated and cautiously screened before being transferred to sea.



We give fish health and well-being top priority in our fish farming activities. Essentially, this means fulfilling the basic needs of the fish while avoiding stress.



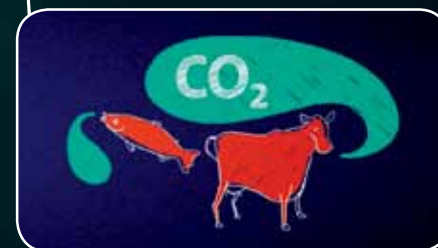
Good operational procedures are decisive for fish health – and eventually for our productivity and results.



Our production system is backed by unique R&D activities, which benefit from knowledge transfer along the value chain – from feed to farming.



Based on our leading position in aquaculture, we aim to secure future supplies of sustainable, healthy and delicious farmed fish to consumers worldwide.



Today, salmon has only one-tenth of the carbon footprint of beef. Because it lives in water, it spends little energy on other things than growing.



We conduct extensive research on functional feeds that prevent disease and support health and growth.

OUR VALUE CHAIN



OUR VALUE CHAIN

INNOVATION
EMPLOYEES
EWOS
MAINSTREAM
NON-CORE

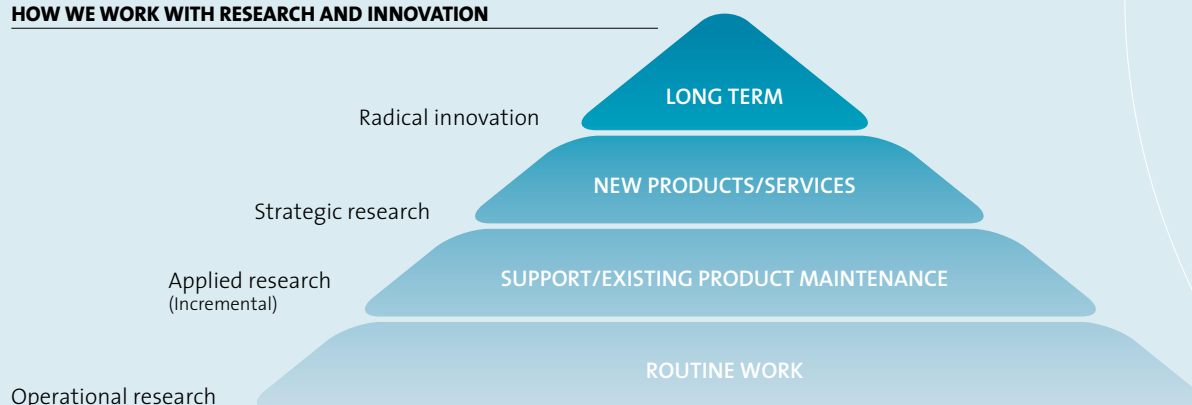
FUNCTIONAL FEEDS TOTALLED 35% OF FEED SALES

**WE GROW ON
KNOWLEDGE AND INNOVATION**

OUR VALUE CHAIN

INNOVATION
EMPLOYEES
EWOS
MAINSTREAM
NON-CORE

HOW WE WORK WITH RESEARCH AND INNOVATION



INVESTING IN FUTURE PROGRESS

Research and development is an integrated part of Cermaq's operations and value chain. It addresses key challenges in the industry from fish health issues to more sustainable use of resources, it delivers value added products to our operations and demonstrates a continuous urge to set ambitious targets.

EWOS INNOVATION IS Cermaq's R&D company, lead out of Dirdal, Norway with facilities in Lønningdal, Norway and Colaco, Chile. With 22 researchers and a total staff of 84, EWOS Innovation delivers a series of research results to be implemented in our operations, and during 2010 published 8 scientific articles in reputed scientific journals. To facilitate close cooperation with colleagues in other research institutions several of the researchers in EWOS Innovation work out of universities in Norway and Scotland.

The research portfolio is divided into 4 areas of research:

- routine work
- support projects/existing products face lift projects,
- new products/services (strategic projects
- high risk (long term) projects.

Mainstream has a research team working primarily with preventive fish health. Cermaq is also taking part in external research such as the salmon genome project.

SEA LICE RESEARCH CENTRE

EWOS Innovation will be a key partner in a new innovation centre for sea lice research which was granted SFI status by the Norwegian Research Council as part of the SFI programme (Centre of Research Based Innovation). The headquarters will be based at the University of Bergen. The centre, being the only one in the aquaculture sector, will be supported by significant public funding and the total value of the program is NOK 201 million over 8 years. This is a huge com-

mitment to find efficient measures against sea lice.

The centre will focus on the development of new medicines, monitor and control resistance, develop novel immune controls as well as reduce the initial attachment of sea lice. A key deliverable will be to provide additional tools for effective integrated pest management of sea lice on salmon production sites. EWOS Innovation is a key partner with overall responsibility for 2 out of 6 work packages (anti-attachment and immunity control) and involvement in a further 2 (medicine management and lice challenge facilities).

EWOS Innovation is also engaged in other key research areas.

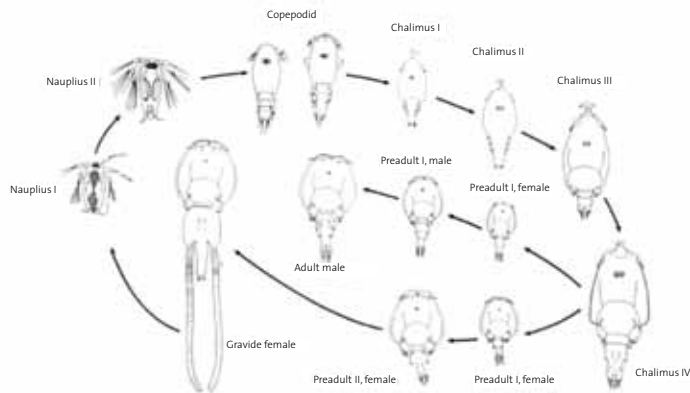
CLINICAL DIETS AGAINST INFLAMMATORY DISEASES AND SEA LICE

The number of 'inflammatory type' diseases (PD, CMS, HSMI, ISA) in Norway has increased from less than 100 affected sites in 2001 to over 500 affected sites in 2009. The financial impact of this is considerable. For example, a pancreas disease (PD) outbreak on a single site costs on average USD 2.5 million. The cost to the Norwegian industry from PD alone is estimated at USD 660 million since 2004. Vaccines are generally ineffective against these viral diseases so clinical nutrition represents an important additional tool to reduce their impact. Several clinical diets are being developed in EWOS Innovation for this. In addition to the PD diet already launched, HSMI and ISA



LIFE CYCLE OF SEA LICE, LEPEOPTHERIUS SALMONIS

Boost feed has effect against all stages of the sea lice.



diets are developed and currently under field testing. This has important implications for the control of HSMI as well as other diseases causing heart inflammation, such as pancreas diseases (PD) and cardiac myopathy syndrome (CMS). A grant of USD 700,000 has been received from Chilean CORFO to develop these diets as well as to deliver oral ISA vaccine through the feed.

METHODS AND TOOLS

We strive to increase speed in fish trials because they are both time consuming and costly. Therefore we continued to expand our lab facility in Dirdal and Colaco to develop cost effective, accurate, and high throughput lab tools. The emphasis has been on instruments which require minimal sample preparation, and allow both rapid screening

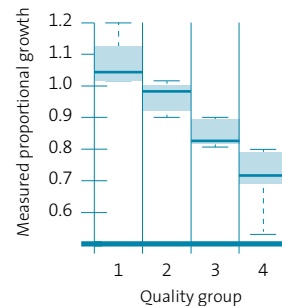
«THIS R&D PROGRAMME CREATES VALUE AS IT ALLOWS EWOS TO OFFER ITS CUSTOMERS AN EXTENSIVE PORTFOLIO OF FUNCTIONAL FISH FEED THAT PROMOTE INCREASED GROWTH AND HIGHER RESISTANCE TO DISEASE IN SALMON.»

Sea lice are still significant pathogens in all production regions with a global financial impact of USD 300 million per year. There is increasing concern over the decline in performance of some medicines. There is a general acceptance in academia and in health authorities for feeds as tools in integrated sea lice management, with the clear benefits of reduced use of medicines, no resistance, and stimulating natural defence.

EWOS Innovation is seeking further improvement of the successful Boost feed. Two effects are focused, immune response against the attached sea lice (anti-attachment product) to reduce initial attachment, and other substances with a direct effect against all stages of the parasite. That natural anti-parasitic product was in pilot scale commercial use in Chile in 2010. The anti-attachment product is still under development.

and some quantitative data. We now have several multi-use platforms and analyze hundreds to thousands of samples of raw materials, feed and fish. The main techniques running in our lab are:

fmTool is a model to define the quality of fish meal. Fish meal is by far the single biggest raw material cost in feed, and it's a key raw material to deliver the quality of the feed. Yet the quality of fish meal may vary a lot. Better purchasing specifications are needed to ensure sourcing of the desired quality. Based on analyses of about 100 different fish meal batches from various suppliers and fish meal factories and subsequently screening of their growth performance, Ewos Innovation has developed a decision support tool to predict fish meal quality at different stages of the purchase process.

NEW FISH MEAL GROUPING

The decision tool classifies the fish meals based on their expected proportional growth index. The classes are Group 1 (>100% growth), Group 2 (90-100%), Group 3 (80-90%) and Group 4 (<80%). The speed and the total screening capacity provide purchasers with prior sample results before deciding to purchase the meal.

NIR (Near Infra Red spectroscopy) is calibrated for many quantitative measures including proximates, amino acids, fiber, etc. Those calibrations are implemented in factories, and full spectrum from NIR is used to make predictive models of raw material quality, such as the new fish meal quality model.

NMR (nuclear magnetic resonance): This instrument allows measurement of precise chemical composition of materials. The main use of NMR is spectrum for modeling raw material quality. NMR also serves as a diagnostic tool, to screen many chemical compounds in samples

Real Time- RT-PCR : At our lab in Chile Real Time- RT-PCR is used to screen for relevant pathogens of fish, and several thousand samples per year are screened routinely for ISA. PCR at our lab in Dirdal is used to quantify ten types of bacteria in salmon intestine for development of functional feed ingredients.



COMPLETE DATA
report2010.cermaq.com/sustainability

OUR VALUE CHAIN

INNOVATION

EMPLOYEES

EWOS

MAINSTREAM

NON-CORE

CERMAQ PEOPLE

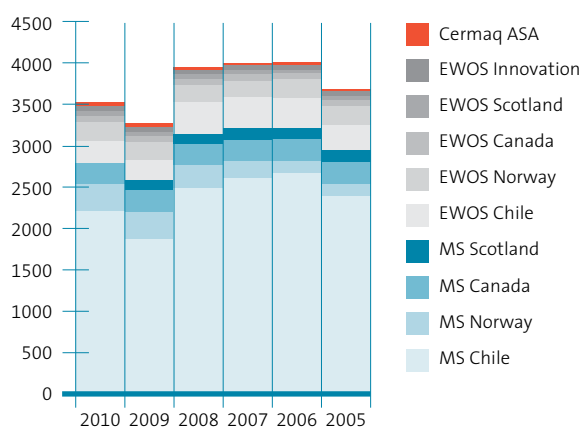
Our 3 533 employees represent a diverse group both in terms of culture and work conditions. Still, a common set of core values unite our international and diversified activities.



OUR VALUE CHAIN

INNOVATION
EMPLOYEES
 EWOS
 MAINSTREAM
 NON-CORE

EMPLOYEES IN CERMAQ



The data relates to our workforce.
 Employees in non-core businesses
 are not included.



Competence at centre

MAINSTREAM NORWAY WAS awarded best company in Nordland county to execute vocational training in 2010. This demonstrated the important role Mainstream has for developing employment in the region, offering vocational training and career opportunities in the aquaculture industry. In 2010, nearly 50 of Mainstream Norway's employees were certificated as vocationally trained personnel. The company employs apprentices who need training to be certified, and sees vocational training as an important manner to recruit

skilled personnel. The prize is established by Nordland County Municipality, and the jury applied the following: "This prize is a recognition of someone who in particular has stood out positively within the vocational training, while also being a stimulus for as many as possible to enhance vocational training. This year's winner is a business that has promoted vocational training in a positive way and who has acknowledged the importance of certified employees and apprentices for future activity. This year's winner today has 30

people in training and operations managers are in the process of acquiring a degree at the University of Bodø."



CERMAQ DEPENDS UPON a loyal and motivated work force to achieve long term strategic goals. Strict standards for health, safety and environment ensure high levels of safety and an inclusive work environment. Cermaq promotes equal work opportunities and just treatment of all its employees. Our employees are expected to and allowed to contribute without discrimination.

EMPLOYMENT, RECRUITMENT AND COMPENSATION

Recruiting the right people is essential for the future success of our operations. Competent and dynamic human resources management plays a key role in our industry.

Our operations are based on local recruitment of management. In 2010 the proportion of management hired from local communities averaged 93 percent (89 percent in 2009), ranging from 71 percent to 100 percent. This is in line with Cermaq's philosophy to trust local employees who best know the local conditions and culture. Possibilities for international assignments contribute to personal development as well as developing our corporate culture.

The proportion of females in management is low, in average 10 percent (17 percent in 2009). There is female representation in the management teams of five of eight subsidiaries. Low female management representation is quite typical for the industry, and Cermaq acknowledges that this represents a challenge as well as an opportunity.

Cermag will continue to offer competitive entry wage levels. We value skills, competence and seniority in our wage system. Some stakeholders have been concerned about wage levels in processing plants in Chile. At year end 2010 average monthly payment was 325 thousand Chilean pesos. The lowest entry wage was 215 thousand Chilean pesos. In comparison, minimum wage in Chile is 172 thousand Chilean pesos.

Cermag has a protocol agreement with the Ahousaht First Nation on the West Coast of Vancouver Island. This agreement lays out a framework for Cermaq to operate in their territory. We directly employ over 80 aboriginal people from the Ahousaht First Nation. In addition, the Ahousaht First Nation receives economic and social benefits such as skills training, wild salmon enhancement funding and support, education and contracts to supply services.

«IN THE LONG RUN IT IS OUR COLLEAGUES' OPTIMISM, PROFICIENCY AND EFFORTS THAT WILL DETERMINE THE SUCCESS OF OUR COMPANY.»

HEALTH AND SAFETY

Our employees shall be safe and secure at work. Cermaq did not experience fatal accidents amongst employees in our operations during 2010, nor amongst contractors supplying services to our operations. Despite a lower rate of lost time or absence due to injuries, the number of all injuries increased to 31.0 per million hours worked, compared



RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS AND ABSENCE, AND TOTAL NUMBER OF WORK-RELATED FATALITIES BY REGION

| Division | Units | 2010 | | | 2009 | | | 2008 | | |
|----------------------------|---|------------|------------------|--------------|------------|------------------|--------------|------------|------------------|--------------|
| | | EWOS group | Mainstream group | Total Cermaq | EWOS group | Mainstream group | Total Cermaq | EWOS group | Mainstream group | Total Cermaq |
| Fatalities | Number | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0* |
| Injury rate | Injuries per million hours worked | 15.6 | 36.8 | 31.0 | 15.6 | 31.2 | 27.4 | 26.2 | 37.6 | 34.1 |
| Lost-time injury rate | Lost-time injuries per million hours worked | 10.9 | 27.5 | 24.1 | - | - | - | - | - | - |
| Absence rate | % of total work days | 3.5% | 3.5% | 3.4% | 3.9% | 2.9% | 3.1% | 4.4% | 5.4% | 5.0% |
| Occupational disease cases | Number | 1 | 6 | 7 | - | - | - | - | - | - |

The above data relates only to our workforce, including employees and supervised workers.

Data has been adjusted to exclude Mainstream Scotland.

See www.cermaq.com for details e.g. definitions, formulas etc.

* 2 contracted divers died while carrying out work for Mainstream Chile.

to 27.4 in 2009. This unfortunate development will receive our attention in 2011.

The absence rate for employees was 3.4 percent in 2010 (3.1 percent in 2009). There are significant regional variations between operating companies. Each operating company identifies their own relevant and suited initiatives to reduce the level of injuries and absence due to illness.

HSE initiatives form an integral part of the group's system for risk management. Cermaq's objective is that all operating companies will be certified under the OHSAS 18001 health and safety management system by mid 2011, and by end 2010 five out of the seven operating companies were certified.

DEVELOPMENT THROUGH TRAINING

Expertise and qualifications are maintained and developed through training programmes in our business areas and operating units. Employees receive system-

atic training to build competence according to their own and the organisation's needs. In 2010 training programmes in Cermaq amounted to an average for all employees of 0.9 percent of total working hours.

Cermaq manages a global talent program for selected employees with high potential to build future leadership competence as well as strengthening our businesses. For 2011 Cermaq will replace the talent program with a global leadership program and will going forward alternate between these trainings. The objective of the global leadership program is to further build our company culture throughout the organisation.

Training also takes place in interaction with our partners. An example is Mainstream Chile where a program for standardising all suppliers in accordance with ISO and OHSAS standards has been implemented. The response from suppliers has been very positive.

LABOUR-MANAGEMENT RELATIONS

Good and constructive relations with employees and labour unions are essential to Cermaq, and are managed through well established local management structures and practices. All employees are free to join any labour union.

The proportion of employees covered by a collective bargaining agreement was 34 percent in 2010 (33 percent in 2009). The number varies significantly between operating companies in the Cermaq Group, from 0 percent in Mainstream Canada to 85 percent in Mainstream Norway. However, it is important to note that collective bargain agreements do not necessarily reflect the actual participation in unions.

 COMPLETE DATA
report2010.cermaq.com/sustainability

Objectives 2010

Ensure full consistency in the registration of training across Cermaq group

All operating companies are working towards becoming OHSAS 18001 certified by mid 2011

Continue reducing absentee rates and injury rates. Target are being set by each operating company

Results 2010

Attained
The Group average for 2010 is 0.9% of working hours committed to training

At the end of 2010, the following operations have attained certification against the OHSAS 18001 standard: Mainstream Canada; Mainstream Chile; EWOS Canada; EWOS Chile; and EWOS Norway. The remaining operations have ongoing processes towards this goal

Absence rate and injury rate increased, but with considerable variability between the companies. Weaknesses in data registration was corrected

Objectives 2011

None

All operating companies should be OHSAS 18001 certified within 2011

Establish and align individual goals of operating companies for; injury rate; lost time injury rate; lost day; and absence

OUR VALUE CHAININNOVATION
EMPLOYEES**EWOS**MAINSTREAM
NON-CORE

GROWING MARKET SHARES IN ALL REGIONS

EWOS successfully grew its market share in a stable global salmon feed market. Harvesting from R&D investments enabled a large step in lowering fishmeal in all diets. A large portion of functional feed sales underscores broad acceptance of feeds in health management. Capacity investments in Scotland and Norway reap benefits in peak season.



OUR VALUE CHAIN

INNOVATION
EMPLOYEES
EWOS
MAINSTREAM
NON-CORE

KEY FIGURES EWOS

NOK million

| | 2010 | 2009 | 2008 | 2007 | 2006 |
|--|---------|---------|---------|---------|---------|
| Operating revenues | 7 388.4 | 6 250.6 | 6 859.0 | 5 922.2 | 5 336.3 |
| EBITDA | 670.9 | 510.3 | 300.1 | 491.3 | 384.1 |
| EBITDA margin | 9.1% | 8.2% | 4.4% | 8.3% | 7.2% |
| EBIT before unrealised fair value adjustments | 509.1 | 379.6 | 183.6 | 378.4 | 254.7 |
| EBIT margin before unrealised fair value adjustments | 6.9% | 6.1% | 2.7% | 6.4% | 4.8% |
| EBIT (operating profit) | 521.9 | 379.2 | 188.9 | 373.6 | 247.0 |
| Volumes (ktonnes) | 876.2 | 787.6 | 901.9 | 847.4 | 777.0 |

CERMAQ'S FISH FEED operations are organised in the EWOS business division. EWOS is one of three major salmonid fish feed companies globally, with a market share of around 35 percent.

EWOS supplies extruded feeds for the full life cycle from hatch to harvest of salmonids. EWOS is also a full-range supplier for a number of marine and fresh water species and in a position to take part in the expected growth within these species. Today we produce feeds for 28 different farmed fish species.

EWOS is present in all of the four large salmon-producing countries, with three production facilities in Norway, and one each in Chile, Canada and Scotland. In addition to supplying local markets, EWOS also exports feed into a range of countries both in Europe, Asia and in the US.

important characteristics; performance, fish health and welfare, experience, service, and partnership. Our integrated and considerable investment in research contributed to our competitive edge especially in speciality and functional feeds. Our in depth knowledge in feed and feeding is of fundamental value in our customer relations and support.

FRAMEWORK CONDITIONS

There have been no major regulatory changes directly influencing the fish feed business in 2010.

New EU-regulations "on the placing on the market and the use of feed" (767/2009) will impact EWOS product development and marketing procedures, as the EU Commission has given member states more flexibility to aim for lower levels of unintended GMO presence than the 0.9 percent thresh-

«EWOS VIETNAM WILL LEVERAGE THE EWOS GROUP'S RESEARCH-BASED KNOWLEDGE WITHIN FISH NUTRITION, RAW MATERIALS AND FISH FEED PRODUCTION TO MANUFACTURE FISH FEED THAT IS MORE COST EFFECTIVE THAN ANY CURRENTLY AVAILABLE ON THE MARKET IN VIETNAM. »

In 2010, EWOS sold a total of 876 thousand tonnes of feed and had revenues of NOK 7388 million and an EBIT pre fair value of 509 million. EWOS has a total of 685 employees including EWOS Innovation.

COMPETITIVE ADVANTAGES

EWOS is recognised in all markets on five

old. National regulations are not yet set, but deviating national regulations within EU may complicate market adaptation.

EU's new Common Fisheries Policy (CFP) is being developed and is to be effective 1 January 2013. It will focus on better control and management of fisheries and will

SOURCING OF MARINE RAW MATERIALS

| Forage fish / Origin | Tonnes | % |
|---|----------------|---------------|
| Anchovy / Peru/Chile | 152 065 | 39.6% |
| Sand Eel / USA | 33 116 | 8.6% |
| Sprat / Denmark | 32 320 | 8.4% |
| Menhaden / Norway/Denmark | 30 308 | 7.9% |
| Misc. Species / Misc.* | 53 325 | 13.9% |
| Forage Fish Total | 301 135 | 78.4% |
| Trimming & byproducts | | |
| Herring trimmings | 43 527 | 11.3% |
| Misc. Species* | 38 122 | 9.9% |
| Fish trimmings /byproducts Total | 81 649 | 21.2% |
| Other Marine Ingredients | | |
| Krill | 1 507 | 0.4% |
| Other Marine Ingredients Total | 1 507 | 0.4% |
| Grand Total | 384 291 | 100.0% |
| Total feed produced, tonnes | 913 000 | |
| Marine Index | | 42.1 % |

* Species included are; Hake, Capelin; Atlantic mackerel; Pollock; Blue whiting; Pilchard; Norway pout; Sardine; Jack mackerel; and Monterey sardine.

help improve the sustainability of fisheries. Aquaculture is to be part of CFP.

RISK CONSIDERATIONS

EWOS continuously manages operational risk and uncertainty in order to reduce possible negative effects to our reputation or to our ability to continuously supply the market.

The main factors creating risk exposure to EWOS are:

- Food safety risks
- Raw material price volatility risks
- Raw material availability risks
- Receivables risks
- Business interruption risks

EWOS is well prepared to maneuver in this challenging business environment, due to our strict food safety management systems, highly competent global purchasing team, close follow up of customers and general risk assessment procedures and preparedness.

SUSTAINABILITY

Use of marine raw materials is the key sustainability concern related to feed production. EWOS promotes better utilisation of marine

raw material e.g. use of by-catch for feed purposes, and we source our marine raw material from regulated fisheries. EWOS supports the IFFO Global Standard for Responsible Supply. We judge the sustainability of the feed ingredients based upon the best available information. Trimmings used as raw material in feed constituted 21 percent of the marine ingredients, an increase from 18 percent in 2009.

In addition to marine raw materials being sustainably sourced we focus on the efficiency in the use of marine ingredients, which is really of greater relevance than dependency on marine raw materials. Farmed salmon are well known to be very efficient in their conversion of feed into healthy and nutritious farmed salmon, and can actually be a net producer of fish protein and oil. The carbon footprint of salmon is in line with chicken and significantly lower than pork and beef.

MARKET OVERVIEW

Norway

The Norwegian fish feed market was stable in 2010. EWOS successfully increased its market share from 36 to 38.5 percent with an annual production of 519 000 tonnes. Key

success factors behind the production and sales increase were high market acceptance for EWOS's growth enhancing products, enabling customers to better adapt to production regimes. An additional success factor was the well timed capacity expansion at EWOS's factory in Florø, completed in June 2009. EWOS produced as much as 74 550 tonnes of feed in the peak month of August, the highest volume ever sold by one supplier in the domestic salmon industry market. Sales of functional feeds were also at a high level in 2010, underscoring the effect of these products in strengthening the salmon's immune response against diseases and sea lice.

Scotland

The total feed market for 2010 for all species in the UK and Ireland remained unchanged at approximately 240 000 tonnes. Scottish salmon accounted for 210 000 tonnes of this and EWOS UK increased its share of this market to 32 percent with the commencement of new contracts and significant growth in sales of functional feeds. Export sales to the EU and Norway were maintained at historic levels and total production for the year exceeded 80 000 tonnes for the first time. A major 3 year investment programme is underway focusing on improving plant flexibility, efficiency and product quality which will support the strong volume growth that has been achieved in UK over recent years.

Canada

There was no growth in the industry over 2010 and there is little expectation for growth in 2011. The farming operations are highly consolidated with four companies accounting for more than 90 percent of total production. EWOS Canada's market share increased approximately 3 percent during the year.

Sales of feed to marine fish in Asia and to the salmon enhancement operations in the Pacific Northwest and Alaska showed good gains for the year due to increase in feed sold to customers in Vietnam and as a result of good feed performance results in 2010.

Chile

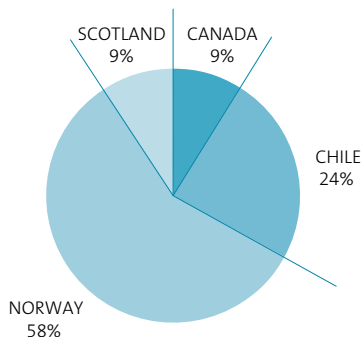
2010 will be remembered as the year of the recovery in Chile. While the Chilean salmon industry was starting its recovery from the ISA crisis, the second largest earthquake in

OUR VALUE CHAIN

INNOVATION
EMPLOYEES
EWOS
MAINSTREAM
NON-CORE

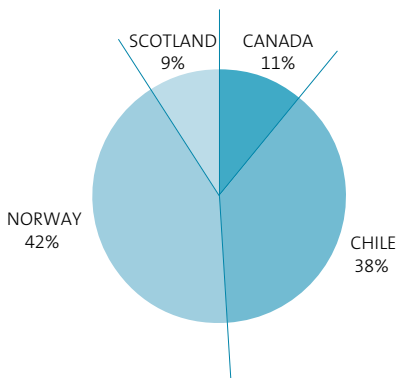
SALES VOLUME PER REGION

Percent (%)



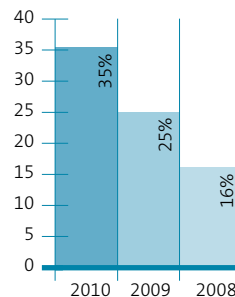
NUMBER OF EMPLOYEES PER REGION

Percent (%)



FUNCTIONAL FEEDS

Percent (%) of sales volume



Chilean history hit the central part of Chile, directly affecting EWOS' staff and the EWOS factory in Coronel. Despite this, EWOS ended 2010 as the number one feed supplier, in terms of market share. EWOS's sales grew with a rising market with sales of more than 213 000 tons, a 16 percent increase from 2009. 2010 was a successful year for EWOS's functional feed products, making more than 35 percent of total sales. EWOS's customers

could also boast the best productive results in the industry. From a fish welfare point of view, 2010 was a year with excellent productive and sanitary results, with low mortalities, high growth and excellent feed conversion rates.

BUSINESS DEVELOPMENT

EWOS increased its market share in all four main salmon aquaculture markets in 2010 while the overall market growth was relatively

stable. EWOS had special focus on Prebiosoal, a prebiotic based feed, with benefits for growth. This feed enables fish farmer to optimise their production within their license constraints.

Another achievement in 2010 is that functional feed were highly accepted within academia and fish health authorities as a tool for integrated pest management for diseases and parasites. Functional feeds rep-

Objectives 2010

Further differentiate from peers on product performance and profitability

Solve more of the sanitary challenges in the industry through advanced nutrition and active natural substances in the feed

Adjust feed capacity in Scotland and Norway to make sure EWOS can meet increasing demand for its products

Refocus sourcing and purchasing based on unique knowledge in the interface between nutritional needs and raw material properties

Results 2010

EWOS' high performance products helped increase EWOS' market share in 2010, despite stagnant markets. EWOS ended the year with strong profitability.

EWOS' range of functional feeds is fully accepted in all markets and they are tools used in integrated pest management regimes in Norway and Chile, both for sea lice and for various diseases. Sales volumes for functional feeds set new records.

Upgrading of the production lines in the first half of the year allowed EWOS Scotland to meet record demand for products during the peak months and achieve its highest ever annual tonnage. In Norway the capacity expansion from in 2009 came into full utilisation in peak season 2010, and EWOS Norway made production record with 74000 tons in August.

EWOS has completed its reorganisation of purchasing functions on group level, which has resulted in increased procurement competitiveness.

Objectives 2011

Refocus our marketing and support organisation to better reflect our high competences and the potential in our strong product range. We aim to be the feed supplier that creates the highest value for our customers.

Develop and launch new and profitable products through R&D.

None

Utilise the competent purchasing team to outperform competition in a complex raw material market, aiming to create benefits for our customers.

Maintain current market position in all markets and profitability as best in class.

Establish our future growth platform in Asia, by developing EWOS Vietnam to become one of the 10 largest feed suppliers in the country.

resented 35 percent of total sales in 2010, an increase from 25 percent in 2009.

The global markets for vegetable and marine raw materials has increased both in price and complexity due to increased demand and fluctuations in supply. The use of marine raw materials has decreased the last years, but they are still an important source for our feeds, and our efforts to develop other sustainable sources as alternatives to fish-meal and fish oil are continuing. Complexity provides new opportunities and we see it as a challenge and not a constraint.

ISO management standards 22000, 9001, and 14001 as well as OHSAS 18001 standard are key elements in our feed operations. EWOS has organised all four standards within an Integrated Management System, ensuring that we are meeting our Sustainable Aquaculture duties and also the opportunity for constant improvement.

EWOS entered feed production in Vietnam at the end of 2010, through the signing of a joint venture agreement with Anova Corporation. The venture partner is established in Vietnam with a plant in the Long An province. EWOS' broad competence within salmonids can be successfully transferred to pangasius. EWOS Vietnam has considerable ambitions for the Vietnamese market and the goal is to utilize the full capacity of the plant within the first operating year. The farming of pangasius in Vietnam is around 1.8 million tonnes. Farming of pangasius is predicted the highest growth globally of farmed species the next decades.

OUTLOOK FOR 2011

The growth in the EWOS markets for salmon feed is restricted by production regulations in three markets; Canada, Scotland and Norway. Hence limited volume growth is expected in those markets. The successful comeback of the salmon production in Chile, within new and more sustainable farming regimes, indicates that Chile will be the strongest growing market in 2011. As the market for salmon seems to remain strong, farmers will maximise their production within the regulatory frames. In order to achieve maximised production the EWOS growth promoting feed, Prebiosa, is expected to increase its proportion of the sales. The fact

that health promoting and parasite reducing diets have been well accepted not only among customers, but also by academia and fish health authorities, indicates continued strong sales of functional feed.

The uncertainties in the outlook for 2011 are related to raw material markets. We believe that fish meal markets will come back to a normal situation in the second half of the year, in the aftermath of fisheries restrictions imposed in Peru in the early part of the year. Fish oil availability will also come back, but uncertainties are related to the development of the competing omega 3 segment for human consumption. All commodities are expected to remain at rather high and unstable levels, very much depending on politics related to biofuels.



COMPLETE DATA
report2010.cermaq.com/sustainability

Solidarity initiative to rebuild employees' homes



THE EARTHQUAKE THAT struck Chile on 27th February had its epicentre close to the homes of many of the 250 employees in EWOS. Fortunately no employees or direct relatives lost their lives or were injured as a result of the earthquake, but damages on homes were significant.

16 employees experienced total destruction of their homes or that their homes were dangerous to stay in, and another 70 had significant damage of their homes. Cermaq initiated a solidarity campaign among all employees in the Cermaq group raising more than NOK 1.4 million to fund the rebuilding of the homes of our colleagues.

A group of employees working night shift when the earthquake struck stated after the reconstruction was completed: *"Our country has suffered dreadful hardships at the hands of natural forces which are beyond our control but we are a resilient people who will bounce back stronger. We are grateful for all the sympathy received from the EWOS companies around the world and for all the help you have given us in order for us to rebuild our homes. All this help and assistance will make us stronger so that we can face the future with confidence."*

OUR VALUE CHAIN

INNOVATION
EMPLOYEES
EWOS
MAINSTREAM
NON-CORE

KEY FIGURES MAINSTREAM

NOK million

| | 2010 | 2009 | 2008 | 2007 | 2006 |
|--|---------|---------|---------|---------|---------|
| Operating revenues | 3 501.5 | 3 300.3 | 2 597.7 | 2 623.4 | 3 165.6 |
| EBITDA | 1 085.6 | 376.6 | 33.0 | 564.6 | 1 232.5 |
| EBITDA margin | 31.0% | 11.4% | 1.3% | 21.5% | 38.9% |
| EBIT before unrealised fair value adjustments | 913.3 | 175.1 | (130.8) | 418.1 | 1 106.5 |
| EBIT margin before unrealised fair value adjustments | 26.1% | 5.3% | (5.0%) | 15.9% | 35.0% |
| EBIT (operating profit) | 1 398.5 | 199.1 | (27.9) | 143.4 | 1 090.4 |
| Volumes, GWE (ktonnes) | 96.7 | 108.3 | 102.1 | 99.8 | 103.1 |



HIGH PRICES IN ALL MARKETS

Global salmon prices remained high through 2010 based on slight decrease in global supply of salmon. Mainstream's operations in Chile were rebuilt, delivering good biological performance. Significant investment in smolt supply makes Mainstream more self-sufficient and ensures future growth opportunities. In 2010 we achieved our zero escape target and the level of antibiotic use was reduced significantly.

THE FISH FARMING activities in Cermaq are executed by the Mainstream business division, which is one of the largest global players in the salmon farming industry.

The division has operations in Chile, Canada and Norway, and produces Atlantic salmon, trout and coho salmon. Mainstream employs 2 794 people, and had an operating revenue for 2010 of NOK 3.5 billion. This is an increase of 6.1 percent from 2009 (NOK 3.3 billion).

Volume decreased by 10.7 percent, to a total of 96 700 tonnes, gutted weight of salmon and trout delivered during the year. EBIT pre fair value was up from NOK 175 million to a record high NOK 913 million in 2010.

Mainstream Chile produces all three species and covers the value chain from brood fish to value added processing. The company has 6 land based freshwater sites and is present in two lakes (coho and trout) for smolt production. For on-growing in sea the company has 62 sea sites/licenses and two processing plants. Most of the sea sites/licenses for coho and trout are located in the area of Chiloé Island, in region X, while most of the Atlantic salmon is produced in region XI. All the operations are managed from the head office in Puerto Montt in Region X.

Mainstream Canada operates both on the west and east coasts of Vancouver Island, British Columbia. The company has 27 sea sites/licenses and three freshwater sites. All operations are managed from the head office in Campbell River. Salmon are pro-

cessed at a company-owned facility in Tofino and under contract at a processing plant near Campbell River.

Mainstream Norway has operations in Nordland (17 sea sites/licenses and two processing plants) and Finnmark (27 sea sites/licenses and one processing plant). The company's four freshwater sites are all located in Nordland. Mainstream Norway is managed from the head office in Steigen in Nordland.

COMPETITIVE ADVANTAGES

Mainstream's strategy of diversified production contributes to strong positioning of the company as it provides efficient risk management for the group. This was last demonstrated during the ISA crises in Chile that was a period of great losses followed by needs for significant investments. Balanced production in major salmon producing countries, significant production of coho and trout in addition to Atlantic salmon, high level of aquaculture competence and years of business experience makes Mainstream a stable and important supplier to the global market, enabling high quality products at a competitive price. The company has a lean management structure and a strategy to focus on core business based on risk adjusted cost leadership.

FRAMEWORK CONDITIONS

Framework conditions for fish farming differ between the countries of operation.

New regulations in Chile implemented in 2010 will generate a more sustainable

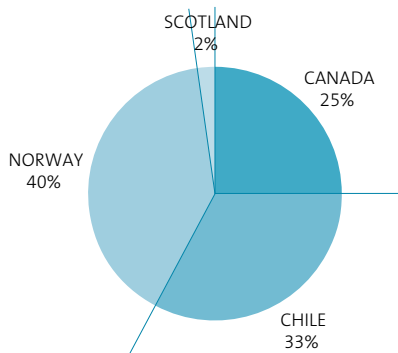


OUR VALUE CHAIN

INNOVATION
EMPLOYEES
EWOS
MAINSTREAM
NON-CORE

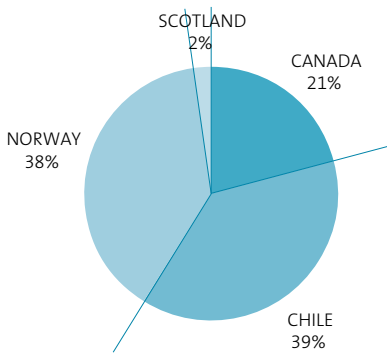
OPERATING REVENUES PER REGION

Percent (%)



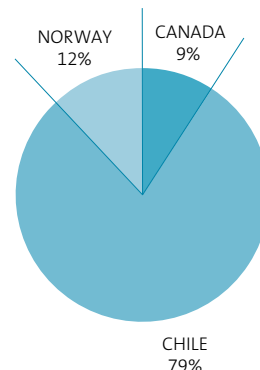
SALES VOLUME PER REGION

Percent (%)



NUMBER OF EMPLOYEES PER REGION

Percent (%)



industry for the future. The regulations have strengthened the authorities' power of influence in several fields: handling of licenses, improved biosecurity and biodiversity (including area management), more focus on environment and fish welfare and also improvement of union rights. The new regulation will reduce the production

within fish farming, and covers both infectious diseases and production related damages. Over the last years has Mainstream dedicated research programs on preventive fish health work, and several new routines have been implemented. Mainstream have also strengthened the work with central coordination of best practice within preven-

Climate change is not seen as a significant risk for salmon farming in the short and medium term. Local weather conditions are taken into consideration when locating sea sites.

With a production cycle of approximately 2 years, production is not very adaptive to changing prices. Mainstream addresses this risk with a good balance in geographical spread of production to diversify between markets in periods of falling or volatile prices.

«THE MOST PROFITABLE OF OUR SUBSIDIARY COMPANIES WAS MAINSTREAM NORWAY. THE OTHER MAINSTREAM COMPANIES ALSO PERFORMED WELL, AND TOTAL PROFITS WAS 913 MILLION NORWEGIAN KRONER.»

volume within an area, and farming will expand further south to regions XI and XII.

In Norway, a 5 percent increase of MTB in Troms and Finnmark has been approved. For Mainstream Norway this equals an increase of 1 215 tones. New regulations related to sea lice management are also implemented, in addition to local plans for area management to address sea lice.

Fish farming in Canada was placed under federal regulation in 2010, but there are still areas of regulations to be finalized. A class action in British Columbia regarding the rights of First Nations related to fish farming in their territories is still in process. The industry is not a part in the court case whereas the outcome might affect our activity.

RISK CONSIDERATION

Fish health is one of the biggest risk factor

tive fish health work and procedures. Much of this work is based on knowledge acquired during the ISA epidemic in Chile.

As of 2010 all Mainstream companies are certified for the ISO 9001 standard which secures a more systematical approach to quality management system. All three companies are also aiming for ISO certification in management of: food and safety, environment, occupational health and safety.

Algae blooms and low oxygen level in the sea are naturally-occurring events in British Columbia that affect production and may cause high mortality. However, Mainstream has experience in managing these natural events, and has not had any significant losses as a result. In 2011, as part of efforts to reduce risks from low oxygen events, Mainstream Canada will run trials with new systems to inject oxygen into the seawater at some sites.

SUSTAINABILITY

Sustainable aquaculture is our vision and the basis for our operations. ISO management standards, sustainability indicators and internal reporting are central in our management approach. Mainstream's units work within local environmental rules, ensuring that production does not exceed the sustainable licensed site capacities.

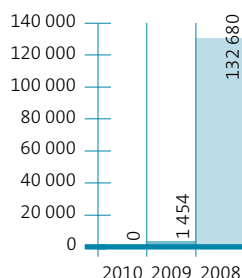
We reached our **zero escapes** target for 2010. Total number of fish in the sea was 46.4 million at year end. This goal has been reached through training procedures and technical maintenance on fish farming sites.

Fish mortality is a key measure to evaluate fish health in production. Fish mortality was down from 7.4 million fish lost in 2009 to 5.0 million fish in 2010. Fish mortality in Chile represents 36 percent of all mortalities.

Area management is crucial for effective fish health measures because it gives possibility to work more preventive and with

FISH ESCAPES

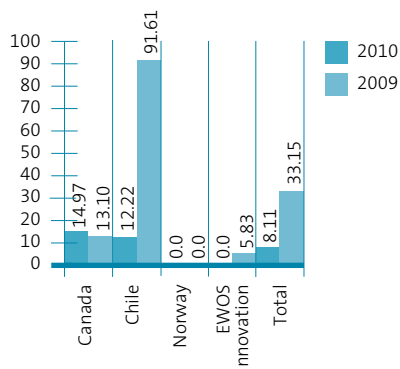
Number of escaped fish



Note: The 'zero escapes' target was attained in 2010

USE OF ANTIBIOTICS

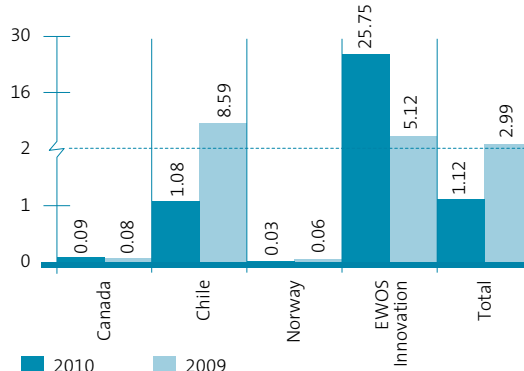
g/Tonne LWE produced



Note: The medicine use ratios for 2009 reported above are different to those reported in the Annual Report 2009. This is due to a mistake in the fish production figures used to normalise the data in 2009.

SEALICE IN FEED TREATMENT

G/Tonne lwE produced



Note: Both treatments are less used than feed treatments. See www.cermaq.com for information on bath treatments.

long-term strategies. In 2010 69 percent of our sites were engaged in area management agreements or located in areas fully controlled by Mainstream. This includes all sites in Norway and Chile, but none of the sites in Canada.

In accordance with local regulations **sea lice data** is reported regularly. Mainstream experienced overall low sea lice levels in 2010, and average treatments in 2010 was lower than in 2009. All our treatments were done after protocol in accordance with local area management plans and without any resistance issues. Functional feeds are implemented as one of the tools to improve fish health and growth, also in concerning to sea lice.

Mainstreams average **falling periods** for our sea sites spanned from 22 to 29 weeks, and all operations fully respected the fallow period defined in regulations.

Experience from the ISA crisis in Chile have made us work more systematically with

preventive health measures in all three countries. Screening programs for monitoring relevant pathogens, vaccines, functional feeds, stress mapping, less use of antibiotic, improving water quality and more knowledge are key elements in our approach to ensure better fish health and welfare. This has given us more tools to better forecast disease events and knowledge to lower the risk for disease outbreaks.

Antibiotics are only used when strictly needed, and only for highly diseased fish. Measured use of antibiotics per tonne produced per year was 33.2 g API/t in 2009 to and 8.1 g API/t in 2010 (both live weight) – that is 76 percent reduction. The Norwegian operations have not used antibiotics for several years.

MARKET CONDITIONS

High prices due to reduced supply from Chile were expected for 2010. When even higher than anticipated, this was due to strong demand in many important segments and markets.

Mainstream Chile's sales of trout and coho have been stable in 2010. Atlantic salmon was sold to the Brazilian market in 2009, based on supply of small fish at low prices harvested due to the ISA outbreak. This has built a new demand and Brazil is now an important market for Mainstream Chile. Also export to the US is improving, but volumes only started rising towards the end of 2010.

Mainstream Canada has shown stable production towards a stable market. Most of the fish produced were sold on the US west coast and in Canada.

Mainstream Norway experienced strong growth in Russia in 2010. Still, France has been the most important market in 2010.

BUSINESS DEVELOPMENT

2010 was a positive year for Mainstream, with healthy revenues in all countries. Fish health conditions have improved. Systems and procedures have been upgraded based

PRESENT PRODUCTION CAPACITIES PER REGION, 2010

| Region | Smolt (millions) | Current farming capacity (tonnes LWE) | Additional farming potential (tonnes LWE) | Total theoretical farming capacity (tonnes LWE) | Processing (tonnes GWE) |
|--------------------------|------------------|---------------------------------------|---|---|-------------------------|
| Mainstream Chile | 24.5 | 55 000 | 10 000 | 65 000 | 70 000 |
| Mainstream Canada | 6.0 | 26 000 | - | 26 000 | 20 700 |
| Mainstream Norway | 11.0 | 44 400 | 18 000 | 62 400 | 66 000 |
| EWOS Innovation (Norway) | 1.6 | 2 500 | 620 | 3 120 | - |
| Total | 43.1 | 127 900 | 28 620 | 156 520 | 156 700 |

OUR VALUE CHAIN

INNOVATION
EMPLOYEES
EWOS
MAINSTREAM
NON-CORE

EBIT BY REGION AND PER KILOGRAM

| Region | EBIT NOK mill | | | | | EBIT/kg NOK | | | | |
|--------------|---------------|--------------|----------------|--------------|----------------|-------------|------------|--------------|------------|-------------|
| | 2010 | 2009 | 2008 | 2007 | 2006 | 2010 | 2009 | 2008 | 2007 | 2006 |
| Chile | 205.8 | (172.0) | (332.3) | 222.0 | 555.6 | 5.5 | (3.5) | (7.7) | 4.7 | 10.3 |
| Canada | 190.5 | 163.0 | 94.6 | 103.1 | 372.8 | 9.3 | 7.3 | 4.7 | 4.7 | 14.0 |
| Norway | 506.7 | 182.5 | 103.5 | 96.7 | 153.6 | 13.7 | 5.9 | 3.4 | 4.2 | 9.9 |
| Scotland | 10.3 | 1.6 | 3.5 | (3.7) | 24.4 | 6.1 | 0.2 | 0.4 | (0.5) | 3.5 |
| Total | 913.3 | 175.1 | (130.8) | 418.1 | 1 106.5 | 9.4 | 1.6 | (1.3) | 4.2 | 10.7 |

on the Chilean experience. Cermaq sold its farming operation in Scotland as structural solutions for the sub scale business.

The development in **Mainstream Chile** was better than expected, mainly due to growth in volume and prices. The growth in fish farming of salmonids in Chile is controlled and positive, but it is too early to declare the production normalized. In 2010 the planned transfer of smolt was reduced from 6 mil-

lion to 5.1 million Atlantic salmon smolt as the availability of high quality smolt was limited. Mainstream has already moved its production of Atlantic smolt to land based facilities and has approved investment for on land facilities also for the fresh water production of juvenile trout.

Mainstream Canada's volume developed as expected. A strong market resulted in solid revenues. However costs are increasing in

Canada and production is falling due to framework conditions. The transfer of regulation to federal level was successful and also included completion of several pending issues. Mainstream renewed a protocol agreement with Ahousaht First Nation and strive to make agreements with all First Nations in areas where Mainstream operates.

Mainstream Norway presented very good biological results, and combined with strong

Objectives 2010

Establish a global farming organisation with special focus on best practice exchange, preventative sanitary measures and sustainable growth

Rebuild farming operations in Chile

Seek structural solutions for improving long term return on farming assets in Scotland

Increase smolt & production capacity in Norway

Strengthen relations to First Nations in the territories in which we operate in British Columbia

Results 2010

A central fish health function and a team has been established focusing on preventive sanitary measures in Chile and benchmarking throughout the organisation.

EBIT pre fair value adjustment increased from NOK -172 million to NOK 206 million. All smolt of ATS moved to land based facilities. Strict preventive sanitary measures established and sanitary results are good. Number of employees increased from 1870 to 2200.

Farming and processing business in Scotland was sold to Morpol for NOK 350 million enterprise value.

Acquisition of shares in Ranfjord Fiskeprodukter, securing local smolt supply corresponding to 10 000 tonnes harvest volume annually

Mainstream Canada and Ahousaht First Nation renewed a new protocol agreement on Jan 8, 2010. The protocol guides the principles for working together and establishing a sustainable and mutually beneficial salmon farming operation. Representatives from Ahousaht First Nation and Cape Mudge First Nation in British Columbia visited Norway in May 2010, to gain knowledge about Norwegian salmon farming

Objectives 2011

None

Seek increased production of Atlantic salmon in Chile through establishment in Region XII

Move production of juvenile trout in Chile to land based freshwater sites

None

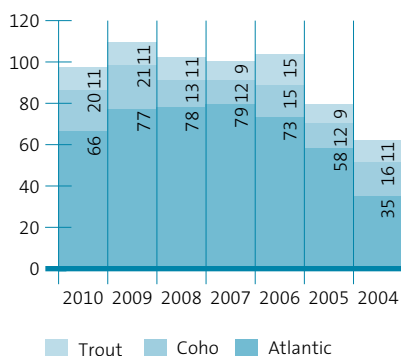
New smolt production site in Steigen
Increase production in Finnmark with two new sites utilizing unused licenses

Not specified. Will continue building on progress in 2010 to strengthen relations to First Nations.

Maintain zero escapes

MAINSTREAM GROUP SALES BY SPECIES

Thousand tonnes GWE



market Mainstream achieved all time high revenues. Development was especially good in Finnmark, where most of the organic growth is likely to take place.

To ensure stable access to local smolt, Mainstream Norway acquired 37.8 percent of the smolt producer Ranfjord AS. The new site for smolt production in Steigen is expected to give access to approximately 8 million smolt when ready in 2011.

OUTLOOK FOR 2011

Positive development in demand of salmon and high prices is expected to continue.

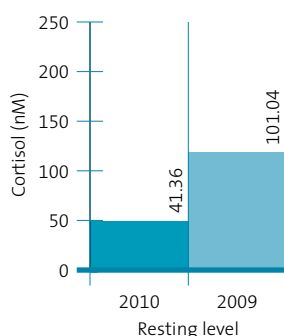
Mainstream is able to expand by organic growth in the year to come, especially in Chile.

Investments in 2011 will be linked to growth for Atlantic salmon in Chile and Norway. Canada is expected to continue at the same level of production, but with some cost increase.

All Mainstream companies are well positioned in the market and expected to benefit from strong market conditions.



Stress monitoring – an important safeguard for fish welfare



Stress monitoring is one of the tools Mainstream Norway uses to identify bottlenecks, make the correct practical choices during production and thereby to optimise fish welfare for salmonids.

FISH WELFARE IS vital for ensuring premium health and satisfactory biological results. Various types of stress during production can have a negative impact on salmon welfare. This is particularly the case when the salmon are in the smoltification process, and due to be transferred from freshwater to salt water.

In order to work systematically on improving fish welfare, Mainstream Norway uses a method for monitoring the stress levels of salmon. This is done by measuring levels of the stress hormone cortisol in their blood. By taking periodic measurements at various steps in the production process, we are able to identify stress situations and to rectify their underlying causes. Monitoring has

resulted in changes being made to things such as transport distance, pipe dimensions, unloading methods, gas levels in the water, and the choice of production equipment.

As a result of these efforts, fish "stress levels" fell by over 60 % from 2009 to 2010 and cortisol is now down to what we believe to be a normal level for smoltifying salmonids. The graph above shows the reduction from 2009 to 2010 of cortisol in fish prior to handling, i.e. at resting level. The resting level should be as low as possible and preferably less than 50 nM Cortisol.



COMPLETE DATA
report2010.cermaq.com/sustainability

OUR VALUE CHAIN

INNOVATION
EMPLOYEES
EWOS
MAINSTREAM
NON-CORE

KEY FIGURES NON-CORE BUSINESS

NOK 1000

| Associated companies | Key figures by company ²⁾ | | Key figures included in the group accounts | |
|---------------------------|--------------------------------------|------------|--|------------------------------|
| | Revenues | Net result | Ownership % | Carrying value 31.12 2010 |
| Denofa AS group | 1 569 320 | (1 437) | 49% | 75 799 |
| Norgrain AS ¹⁾ | 295 258 | 922 | 72% | - |
| Hordafôr AS | 569 245 | 74 740 | 35% | 50 021 |
| Uniol AS | 1 759 | (36 275) | 40% | - |

¹⁾ Norgrain AS is consolidated in the group accounts²⁾ Reported IFRS-figures for the group accounts. These may deviate from final local statutory accounts

STABLE YEAR AND PROFITABLE OPERATIONS

Cermaq have investments in companies which are not regarded as core business. Most of this portfolio will be disposed of when the conditions are favourable. The most important companies in this portfolio are Norgrain AS and Denofa AS.

KEY ACTIVITIES

- Norgrain decided to cease their trading activities, concentrating in silo operations in Stavanger
- Shares in Marine Farms sold to Morpol
- Land and buildings in Buvika sold to Norgesmøllene

CHANGES IN NORGRAIN

THE VOLUME SOLD in 2010 was 28 percent down from the previous year, and operating revenues were also considerably down, from NOK 418 million in 2009 to NOK 295 million in 2010. This decrease was a result of loss of the company's main customer after the first 6

months of 2010. The operations of Denofa are in Fredrikstad, where there are 62 people employed. Denofa has entered into an agreement to sell the assets in the subsidiary Lorgan in Poland. This will lead to a close-down of the Polish activities in 2011. Lorgan had 21 employees at year end 2010.

The Denofa operations performed very well through 2010. Despite a reduction in revenue due to lower market prices for soybean based products, the EBIT increased from 57 million in 2009 to 75 million in 2010. As a consequence of Norgrain's sale of majority shares in Denofa, Denofa was deconsoli-

dated in the group's accounts with effect from 1 September 2009. Norgrain has an option to sell their remaining shares to the majority shareholder Amaggi in 2013 at a predetermined price. Cermaq's ownership in Denofa is through its ownership in Norgrain.

OTHER INVESTMENTS

AquaGen AS is a breeding company that develops, produces and delivers genetic material to the global salmon farming industry. Cermaq holds 11 percent of the shares in AquaGen.

Marine Farms ASA is a farming company engaged in salmon and farming of non-salmonid species. The Cermaq group sold its shares in Marine Farms in September 2010 with a profit of 61 MNOK.

Cermaq sold all land and holdings in Buvika to Norgesmøllene in December 2010. The sales price was NOK 29 million.

Cermaq had a direct ownership of 12.9 percent, and an indirect ownership through Norgrain's holding of 27.3 percent of the shares in Uniol. Uniol's operations were stopped in December 2009, and Uniol entered into a public debt settlement process. The voluntary arrangement was accepted, and all shares were transferred to Einer Energy for NOK 1 in January 2011.

months of 2010. Based on this new situation, it was decided to cease the trading activities with effect from 2011, including terminating the employment of the 5 employees in Oslo. All activities will be concentrated around the silo operations in Stavanger.

The company had eight employees as of 31.12.10, located in Oslo and Stavanger. Cermaq holds 72.5 percent of the shares in the company.

STRONG RESULTS IN DENOFA

Denofa holds a strong position within the Nordic market, and is a highly efficient processor of non-GMO soybeans. The company delivers soy bean meal, soy bean oil and leci-

thin. The operations of Denofa are in Fredrikstad, where there are 62 people employed. Denofa has entered into an agreement to sell the assets in the subsidiary Lorgan in Poland. This will lead to a close-down of the Polish activities in 2011. Lorgan had 21 employees at year end 2010.

POSITIVE ACHIEVEMENTS FOR HORDAFØR

Hordafør is one of the two major players in handling bi-products from the salmon and fish industry in Norway. The main products are fish oil and protein concentrate. The company has its main operations in Austevoll in Western Norway and employs 64 people. The company performed well in 2010. Revenues reached NOK 569 million (2009: 352 NOK) up 62 percent from 2009, and net

«INCOME FROM NON-CORE BUSINESSES INCREASED FROM NOK 11,4 TO NOK 31.6 MILLION LAST YEAR»

SEE ALSO / www.cermaq.com

OUR APPROACH



OUR APPROACH

SUSTAINABILITY
STAKEHOLDERS
COMPLIANCE
MANAGEMENT APPROACH
OBJECTIVES, RESULTS, INDICATORS
SUSTAINABILITY AUDIT

An underwater scene with several salmon swimming in clear blue water. The fish are depicted in various sizes and orientations, creating a sense of movement. The background is a deep blue with some light rays filtering through the water.

46 MILLION FISH IN THE SEA, ZERO ESCAPES

**WE ARE GUIDED BY
A STRONG DEDICATION
TO SUSTAINABLE AQUACULTURE**

OUR VISION FOR SUSTAINABLE AQUACULTURE

Cermaq's vision is to be one of the global leaders in the aquaculture industry, with main focus on sustainable farming of, and production of feed for salmon and trout. We are committed to creating value for our shareholders through sustainable aquaculture. This implies practices that do not compromise needs and possibilities for future generations. A successful future for our industry is thus dependent on sustainable conduct from all players engaged in the aquaculture industry.

PRINCIPLED PERFORMANCE

Cermaq has defined its social and environmental sustainability principles (available at www.cermaq.com) and has introduced robust systems to manage, improve and report our performance. Careful measurement of our sustainability performance is critical to enable meaningful benchmarking and the setting of appropriate improvement targets within each of our business units.

RESPONSIBILITY

The operational responsibility for ensuring sustainable business practice ultimately lies with the Managing Director for each of the operations owned by Cermaq. The Board of Directors holds the overall responsibility to ensure that necessary systems and procedures are in place.

Cermaq also recognizes the importance of responsible behavior from each and every employee, encouraging employees to do their best to ensure that we live up to our standards at all times. Our guidelines for ethical conduct states:

"Every employee shall take into account the impact work-related activities may have on nature and the environment, and shall to the greatest extent possible choose environment-friendly solutions."

INTERNAL SYSTEMS

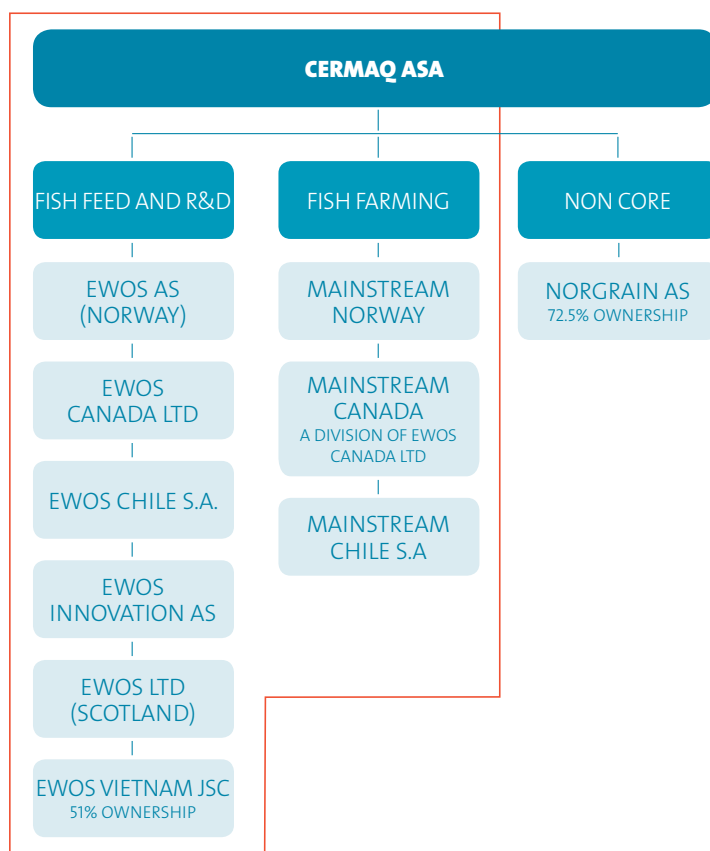
Monitoring and follow-up of sustainability performance is approached at both local and corporate levels.

At the local level, operating companies either have or are working towards international management standards which ensure that key sustainability impacts are addressed through a system of procedures, audits and continuous improvement.

At the corporate level, Cermaq's executive management receive a quarterly sustainability report outlining social and environmental performance for the preceding period and highlighting any emerging issue or concern. This report is also issued to the Board of Directors on a semi-annual basis.

A summary of the performance results are communicated to all employees semi-annually.

In 2010, Cermaq has followed an improvement programme aimed at further strengthening the validity and reliability of sustainability performance data. Key aspects of this programme include refinements in the compilation of performance indicators, continuous improvement of our existing sustainability reporting system and selection of a new web-based sustainability reporting system for the group which will be implemented in early 2011. This programme



The boundary of the sustainability report is marked with a red line.

Minority shareholdings not included.

The establishing of the EWOS Vietnam joint venture was not completed at year end 2010.

has enabled Cermaq to raise its annual sustainability report to GRI level B+.

MATERIALITY ANALYSES

Issues covered by our sustainability report have been prioritized through a materiality assessment. This takes account of known impacts and concerns amongst internal and external stakeholders, as presented in the figure below.

In selecting areas for reporting Cermaq has sought input from stakeholders. The employee group attending the talent program discussed the priorities of materiality. When presenting the 2009 sustainability report Cermaq invited WWF Norway to comment on the report, and also sought comments from other stakeholders.

The Salmon Aquaculture Dialogue has highlighted concerns from a broad spectrum of stakeholders. The white paper on Corporate Social Sustainability from the Norwe-

gian Government has also given direction on reporting priorities and expectations.

Our reporting prioritizes issues like compliance, occupational health and safety, environmental impact and energy use. We also include selected issues of medium-high concern, like labour relations, corruption risk and indigenous rights. Some issues, like water usage and waste management, have not yet been fully addressed at Corporate level and Cermaq continues to prepare performance data in a structured and comprehensive way for future reporting of these and other aspects.

Cermaq reports on a combination of both GRI and customized indicators that are specific to our feed and fish farming operations. For consistency, these indicators are designed in the same manner as the GRI indicators.

SCOPE AND BOUNDARY OF THE REPORT

Our sustainability reporting encompasses wholly-owned feed, farming and R&D

operations where Cermaq has full financial control.

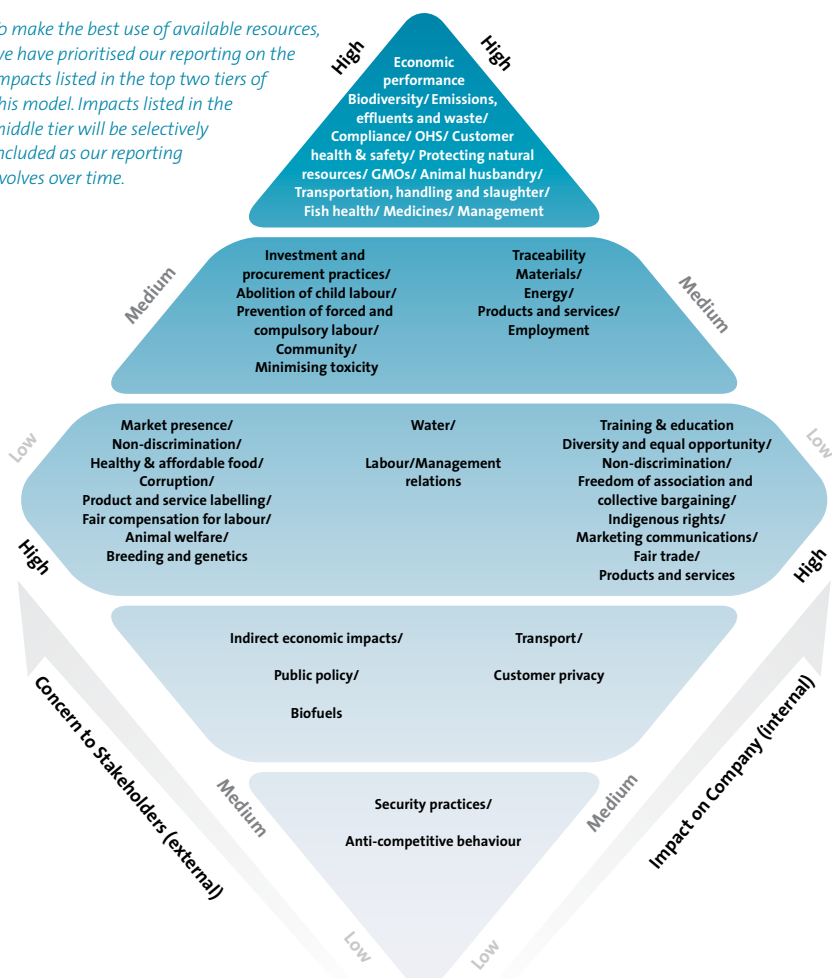
Cermaq head office is included in reporting on certain sustainability indicators. The representative office in Vietnam is included for workforce related data only. The feed business in Vietnam where Cermaq acquired a majority of the shares in mid December 2010 is not included in this report. Neither is non-core business included in our reporting.

This report has been prepared in line with the GRI G3 guidelines. Whilst this report includes a summary of our sustainability performance in 2010, the complete GRI report and performance indicators are presented at www.cermaq.com. All together we believe this is a B+ report, which has been confirmed by KPMG.

Cermaq has appointed KPMG to provide a limited assurance of this report, see page 43. We believe this further demonstrates Cermaq's commitment to transparency and underlines our sustainable aquaculture mission.

Our ambition going forward is to continue the external auditing of our sustainability reporting and to further adapt our reporting on individual indicators to address emerging sustainability concerns.

To make the best use of available resources, we have prioritised our reporting on the impacts listed in the top two tiers of this model. Impacts listed in the middle tier will be selectively included as our reporting evolves over time.



CUSTOMISED INDICATORS

| | |
|--------|------------------------------------|
| CEQ 01 | Fish Mortality |
| CEQ 02 | Sea Lice |
| CEQ 03 | Fallow Time |
| CEQ 04 | Medicine Use |
| CEQ 05 | Vaccination Program |
| CEQ 06 | Area Management Agreements |
| CEQ 07 | Escapes |
| CEQ 08 | Marine Index and Nutrient Ratios |
| CEQ 09 | Functional Feeds |
| CEQ 10 | Supply Chain Auditing |
| CEQ 11 | Local Community Complaints |
| CEQ 12 | Whistle Blower Incidents |
| CEQ 13 | International Management Standards |



COMPLETE DATA
report2010.cermaq.com/sustainability

OUR STAKEHOLDER ENGAGEMENT

OUR STAKEHOLDERS SHOW increasing interest in Cermaq's sustainability performance. We remain open to dialogue with stakeholders who are directly involved with or impacted by our industry or who constructively engage in seeking industry improvements. Stakeholder engagement is carried out both at local and at corporate level and our aim is to engage constructively based on respect and transparency.

The materiality of our sustainability reporting is based on continuous stakeholder dialogue which takes place in both structured and un-structured ways. We characterize our engagement with specific prioritized stakeholder groups as follows:

Dialogue with our **employees** is continuous, through well established local management structures and practices. During 2010, Cermaq once again ran a Talent Program,

emissions and our assessment of climate change risk and opportunity. (CDP; an investor initiative which collects and publicizes information on enterprises' emissions of green house gasses and other climate challenge related information.)

Strong relations with **customers and suppliers** are key to our operations and our business success.

Suppliers of feed materials are of utmost importance to EWOS. A particular focus has been on suppliers of marine ingredients where quality, safety and nutrition, as well as sustainability aspects, are addressed. The customers of EWOS are local fish farmers. During 2010, EWOS carried out a perception analysis amongst its customers in Norway in order to find ways to further strengthen customer relations.

For our farming operations the key supplier of feed is EWOS. Customers include seafood wholesalers, processors and retailers in the main salmon markets. Mainstream do not market branded products.

Authorities and politicians are stakeholders at local, regional and national level who define the framework conditions for our industry. We believe transparent dialogue is a prerequisite for arriving at good and balanced decisions. Recent significant criticism of salmon farming has demonstrated that the industry, including Cermaq, has significant potential to improve the dialogue with authorities and politicians, describing the performance of and challenges to our industry.

Cermaq has increased its dialogue with the **NGO community** during 2010. Examples include meetings and exchange of views with organizations as WWF, Bellona, Friends of the Earth, Pure Salmon Campaign, The Norwegian Association of Hunters and Anglers and Olach to mention a few, as well as our participation in the Salmon Aquaculture Dialogue with all its local and international stakeholders. In September 2010, WWF Norway was invited to make a presentation to the full Cermaq management group, including the local management teams from EWOS and Mainstream. NGOs that constructively seek industry improvements can give valuable input to Cermaq.

Cermaq operates in some areas with a population of **indigenous people**. The First Nations of British Columbia, Canada, have special titles and rights according to the Canadian constitution. It is important for the group to be aware of potential challenges our operations might represent, and we therefore acknowledge these indigenous people as important stakeholders. In 2010 Cermaq renewed a protocol agreement with the Ahousaht First Nation. Cermaq's ambition is to have mutual advantageous agreements with First Nations in all the territories in which we operate in British Columbia.

Cermaq sees **industry associations** efficient and necessary for ensuring the framework conditions for the aquaculture industry. Thus, Cermaq are actively participating in the industry association normally represented by senior executives in the Board of the association. In 2010 we have representation in Salmon Chile, BCSFA (Canada), CAIA (Canada) and FHL (Norway).

The aquaculture companies in British Columbia initiated a campaign in 2010 with the objective to build their social license by

«THE DEBATE ABOUT THE SALMON FARMING INDUSTRY'S CONSEQUENCES FOR WILD SALMON STOCKS IS IMPORTANT, AND WE ARE INTERESTED IN IT BEING AN OBJECTIVE AND THOROUGH DISCUSSION.»

pulling together selected employees from diverse business areas, units and functions with the aim of supporting their personal development at work and to share information about the wider Cermaq organization. Relations with employees and unions are described in more detail on pages 17 and 18.

Shareholders, analysts and providers of capital are key stakeholders, and continuous contact is important to ensure accurate assessment of our business. During 2010, Cermaq carried out an email survey of financial analysts' opinions on Cermaq's corporate reporting. We also took part in the Carbon Disclosure Project for the first time, providing information on Cermaq's carbon

OUR COMPLIANCE PRACTICE

presenting the industry and operations in ads, media outreach and events. Both EWOS and Mainstream participate in this campaign which is funded by the participating companies.

Round table discussions in Chile



THE NGO OLACH (Observatorio Laboral y ambiental de Chiloé) initiated a dialogue called Economic and Social Dialogue of the Salmon industry in 2010, inviting salmon companies, labour organizations and politicians/authorities to participate. Mainstream Chile was one of the companies participating in the dialogue.

The basis was the implementation of the new Chilean aquaculture law, the urgent need not to repeat the mistakes made before the ISA virus crisis. The objective was to achieve understanding and commitments between the parties.

The project conducted 5 meetings in 2010 and has achieved agreements that are going to be completed during 2011 related with social corporate responsibility, trainings and tools to fight and determine salmon industry unemployment. The Dialogue continues in 2011.

CERMAQ'S POINT OF entry to social and environmental responsibility is to ensure that our operations respect and are compliant with local, national and international laws. Where breaches do occur, for whatever reason, this is taken seriously and investigated at the appropriate level before measures are taken to mitigate the risk of recurrence.

For transparency, Cermaq reports on the following GRI indicators related to compliance; environmental regulations (EN 28), product and service regulations (PR 02 and PR 09) and general societal regulations (SO 08).

In 2010 there were 8 incidents of non compliance, compared to 4 in 2009 and 23 in 2008.

- Three incidents of non-compliance with societal regulations in EWOS Chile relate to late submission of monthly taxes.
- Two incidents of non-compliance with societal regulations in Mainstream Chile, relate to the processing plant in Calbuco: not registering a physical fight between two employees as a working accident; and the use of a vigilance camera was not recorded correctly. One further incident of

non-compliance occurred at one of the land based fresh water sites, where the schedule of working days in one month was not in law for some of the employees. All incidents have been resolved.

- EWOS Chile reported an incident of non-compliance with food safety regulations related to antibiotic residues. The investigation found antibiotic residues present in poultry bi-products received during late 2009. Since 1 January 2010 a strict and complete control of antibiotic residues in poultry bi-products was implemented and no new incidents have been reported.

- EWOS Canada's ammonia levels in the sewer discharge were above permitted levels. EWOS Canada works with Metro Vancouver to resolve this.

The total amount of fines was 109 032 USD. Of this 79 921 USD were related to the late submission of monthly taxes and 29 111 USD to the Mainstream Chiles breaches of labour regulations.

| | Environmental regulations (EN 28) | Societal regulations (SO 8) | Food safety regulations (PR 2) | Product and service regulation (PR 9) | Total |
|-------------------|-----------------------------------|-----------------------------|--------------------------------|---------------------------------------|----------|
| EWOS Canada | 1 | 0 | 0 | 0 | 1 |
| EWOS Chile | 0 | 3 | 1 | 0 | 4 |
| EWOS Norway | 0 | 0 | 0 | 0 | 0 |
| EWOS Scotland | 0 | 0 | 0 | 0 | 0 |
| EWOS Innovation | 0 | 0 | 0 | 0 | 0 |
| Mainstream Chile | 0 | 3 | 0 | 0 | 3 |
| Mainstream Canada | 0 | 0 | 0 | 0 | 0 |
| Mainstream Norway | 0 | 0 | 0 | 0 | 0 |
| Total | 1 | 6 | 1 | 0 | 8 |

DISCLOSURE ON MANAGEMENT APPROACH

IN THIS SECTION, Cermaq presents its approach towards managing environmental, social and economic aspects of our business. Performance data is presented throughout this report. The complete GRI index is available at www.cermaq.com, where further supporting information can be found.

Environmental Approach



POLICY

Cermaq's approach to the environment, in which we operate and upon which we depend, is set out in the published set of Cermaq Sustainability Principles.

The individual operating companies are responsible for implementing an Environmental Management System based upon the ISO 14001 standard. The updated status with regard to attainment of this is presented on page 60.

ASPECTS

We include the following material environmental aspects in our sustainability reporting: Biodiversity; Emissions, Effluents and waste; Materials; Energy; Products and services.

Biodiversity

Cermaq recognizes the potential for fish farming operations to impact biodiversity, either directly or indirectly. However, in 2010 we have not identified any specific significant impacts of our activities or our products on biodiversity in the areas where we are operating.

In 2009, Professor James S. Diana¹ examined the status and trends in seafood production and the positive and negative impacts of aquaculture on biodiversity conservation. Diana's ranking of negative aquaculture impacts included the following four areas that we agree to be of high relevance for salmon feed or farming operations: Escapes; Effluents; Resource use; and Diseases or parasites.

Cermaq's performance in these areas is presented under the feed and farming sections of this report and in more detail on www.cermaq.com.

Cermaq believes that present technology for open net pens allows for sustainable aquaculture, and we aim at demonstrating this in our operations.

Closed-containment technology does not currently represent a viable alternative, especially related to energy usage but also escapes remain a risk in closed containment farming.

However, managing environmental impact is key for a sustainable future for fish farming and Cermaq is always looking for ways to improve.

Cermaq will be following the development of closed-containment aquaculture, and will consider testing of new concepts and explore the possibilities of closed-containment fish farming if suitable projects are presented.

Emissions

Cermaq established Green House Gas (GHG) emissions reporting in 2009 and submitted a disclosure to the Carbon Disclosure Project. This exercise has confirmed that our operations are not carbon intensive. This was also substantiated by a SINTEF report in 2009. Cermaq will continue reporting to Carbon Disclosure Project.

Effluents and waste

All Cermaq operations are expected to comply with local and national environmental regulations related to effluents and waste. Mainstream group has set a goal to manage the use of medicines, including antibiotics, in each operating region.

Energy

Goals for the management of energy use per unit of production are set locally by each operating company. EWOS consumes the most energy in the Cermaq group, and has high focus on managing energy use per tonne of feed produced.

Materials

Cermaq does not have organisation wide environmental goals related to the use of materials. Salmon farming is well known as

«OUR BASIS IS SUSTAINABLE AQUACULTURE; THE MANNER IN WHICH WE OPERATE SHOULD REFLECT A LONG-TERM PERSPECTIVE. THE MOST IMPORTANT THING FOR CERMAQ IN 2010 IS THEREFORE OUR EXCELLENT OPERATIONAL PERFORMANCE, RATHER THAN OUR EXCELLENT PROFITS»

¹ BioScience paper – Aquaculture Production and Biodiversity Conservation

an efficient farming process, with lower feed conversion rates than farmed land animals (FHL, 2008. Environment Report p.25) and efficient utilisation of valuable nutrients.

Water

Cermaq does not have company wide environmental goals related to water. Salmon farming relies upon the availability of clean water; however it is generally not a heavily consumptive process. In cases where water is abstracted for farming operations, it is generally discharged back to source within quality parameters agreed with the local authority.

ADDITIONAL INFORMATION

During the past year Cermaq has engaged with stakeholders including NGOs like WWF Norway, WWF Salmon Aquaculture Dialogue and Bellona. These engagements have been useful for our focus with regard to our environmental impacts.

Social Approach – Labour practices and decent work



Cermaq is a large employer providing employment often in rural areas. Our focus is to be a responsible employer and contractor of workforce in the regions in which we operate. These regions have strong regulatory frameworks with efficient enforcement in the area of labour practices and decent work.

Cermaq respects the four fundamental principles and associated rights that are considered fundamental to social justice by the International Labour Organisation (ILO) and included in Global Compact. Further-

more Cermaq also adheres to the OECD's Guidelines for Multinational Enterprises. Cermaq joined UN Global Compact in February 2011.

POLICY

Cermaq has defined policies and standards that apply for the entire group, including: ethical and social responsibility guidelines; whistle blowing guidelines; and sustainability principles directly related to labour practices and decent work. These policies are available for download at www.cermaq.com.

Individual operating companies are also responsible for implementing an OHS Management System based upon the OHSAS 18001 standard. The updated status with regard to attainment of this is presented on page 60.

ASPECTS

We include the following material aspects in our reporting on labour practices and decent work: Occupational health & safety; Employment; Labour/Management relations; Training and education; Diversity and equal opportunity.

Occupational health & safety

Cermaq shall ensure high level of occupational safety for its employees. We aim to have all operating companies certified according to the OHSAS 18001 standard for occupational health and safety.

Employment, Training and Education

Employees shall receive systematic training. Cermaq shall facilitate personal and professional development of each employee.

Labour/Management relations

Cermaq employees are entitled to join any trade union. The companies in the group shall facilitate good relations between the management and the employees and unions.

Diversity and equal opportunity

We wish to have an inclusive working environment. Discriminations based on ethnic background, nationality, language, gender, sexual orientation or religious belief is not tolerated. The companies in the group shall promote equal opportunities and fair treatment of all employees.

ADDITIONAL INFORMATION

Mainstream Chile operates in a region and sector where NGOs and other stakeholders have shown specific interest related to conditions for employees in the industry. To meet this concern we disclose detailed information about the wage conditions in the Chilean operations.

Cermaq expects its suppliers to have responsible standards, and we will work with our suppliers to seek improvements. We address suppliers through screening and questionnaires also related to labour aspects.

Social Approach – Society



As a large employer and a food and feed producer we impact society in various ways. We contribute to employment, often in rural areas. Our focus is to be a reliable partner in the local communities as well as in the larger society.

POLICY

Cermaq's policies and standards apply for the entire group, including: ethical guidelines and sustainability principles directly related to society and local communities stating that;

- We train key employees to avoid corruption in our business.
- We take steps to minimise any problems related to discharge from our feed plants, fish farms and processing plants.

Mainstream Canada has defined its basis for relations with local First Nations communities who have special titles and right in the regions in which we operate in British Columbia.



OUR APPROACH

SUSTAINABILITY
STAKEHOLDERS
COMPLIANCE

MANAGEMENT APPROACH

OBJECTIVES, RESULTS, INDICATORS
SUSTAINABILITY AUDIT

ASPECTS

We include the following material societal aspects in our reporting: Community; and Corruption.

Community

Cermaq will contribute to local activity and employment and will be a reliable partner for the local communities in which we operate.

Corruption

Our ethical and social responsibility guidelines prohibits any form of corruption.

Awareness training on corruption was given to all management teams in all operating companies in 2010. This training resulted in more specific and detailed guidelines especially related to gifts.

Special attention will be given to this issue in future as the feed operations will be entering the Vietnamese market which is seen by Transparency International as having more challenges related to corruption than the other countries in which Cermaq has been operating.

ADDITIONAL INFORMATION

There are strong and diverse views on salmon farming, and some parts of local communities and some groups in society are advocating against our operations. Cermaq recognizes that we must demonstrate our respect for the communities and the environment in which we operate. Dialogue, transparency and public sustainability reporting are some of our tools to demonstrate the quality of our operations.

Mainstream Canada operates within the traditional territories of several First Nations on the British Columbia coast. Our relationship with these communities is important to our vision of sustainable aquaculture and we strive to develop social, economic, and cultural relationships that are mutually beneficial. Cermaq's ambition is to have mutual advantageous agreements with First Nations in all the territories in which we operate in British Columbia.

Also in the area of scientific knowledge there are strong and diverse views. Cermaq believes that knowledge must be the basis

for our decisions and our operations. Cermaq invests in research and development, partly in our own research company, EWOS Innovation, while also supporting external research.

Social Approach – Human rights



Cermaq respects the four fundamental principles and associated rights that are considered fundamental to social justice by the International Labour Organisation (ILO) and included in Global Compact. Furthermore Cermaq also adheres to the OECD's Guidelines for Multinational Enterprises. Cermaq's operating companies per year end 2010 are located in OECD countries which have strong regulatory frameworks with efficient enforcement in the area of human rights.

Cermaq joined UN Global Compact in February 2011.

POLICY

Cermaq has defined policies and standards that apply for the entire group, including: ethical and social responsibility guidelines, whistle blowing guidelines and sustainability principles directly related to social aspects. Cermaq's ethical policy states equal work opportunities, just treatment and a working environment free of discrimination.

ASPECTS

We include the following material human rights aspects in our reporting: Investment and procurement practices; Abolition of child labour; Prevention of forced and compulsory labour; Non-discrimination;

Freedom of association and collective bargaining; Indigenous rights.

Investment and procurement practices

All major investments are subject to a due diligence process, ensuring that investments fulfill our requirements to compliance, ethical standards and other criteria. EWOS has a pre-approval process for suppliers including a self assessment form addressing the material aspects of human rights.

Abolition of child labour

Child labour is not a material issue in the countries in which we operate. Cermaq does not have company wide goals related to child labour. Where young workers, like students for example, are employed they are not exposed to hazardous work.

Prevention of forced and compulsory labour

Forced and compulsory labour is not a material issue in the countries in which we operate. Cermaq does not have company wide goals related to these areas.

Discrimination

The company wide objective is clearly stated as no incidents of discrimination.

Cermaq respects and adheres to the freedom of association and collective bargain.

Indigenous rights

Cermaq has a clear goal of no violation of indigenous rights.

We emphasize consultations with First Nations in British Columbia Canada where the rights and titles of First Nations constitute the basis for our operations in the region. Cermaq's ambition is to have mutual advantageous agreements with First Nations in all the territories in which we operate in British Columbia.

Mainstream Canada has identified its basis for relations with First Nation communities <http://www.mainstreamcanada.com/sustainability/social-sustainability.php>

Social Approach – Product Responsibility



Although Cermaq's business areas do not sell products directly to consumers, we are producing farmed salmon for direct human consumption. As a player in the food industry value chain, we are subjected to strict laws and regulations in the countries of operation. Due to the complexities related to product responsibility a set of management tools have been implemented.

POLICY

We rely on the ISO 22000 food safety management standard as a tool to develop methods and procedures in order to achieve the goals we set. All operating companies in the Cermaq group are either certified ISO 22000 or working towards certification. The updated status with regard to attainment of this is presented on page 60.

The EWOS feed operations also rely upon various industry standards for good practice, such as the Universal Feed Assurance Scheme in UK and the GLOBALGAP Compound Feed Manufacturing (CFM) Standard.

ASPECTS

The following material aspects are included in Cermaq's reporting on product responsibility: Customer health and Safety; Product information.

Customer Health and Safety

All operating companies are to be certified according to ISO 22000 where HACCP is an integral part. We aim to comply with food safety regulations and to supply safe,

healthy and nutritious feed and food products to our customers.

Product information

We aim to comply with laws and regulations pertaining to product information and labelling.

ADDITIONAL INFORMATION

As Cermaq is engaged in food production, we recognise significant risk arising from any potential incidents impacting consumer health and safety. We believe that we have sufficient activities in place to mitigate this risk, through the policy that we have described above.

Economic Approach



Cermaq is committed, through its 'Sustainable Aquaculture' mission, to bring sustainable socio-economic benefits to the regions in which we operate. Organization wide goals relating to this include those described in the Board Report on Corporate Governance:

- Cermaq's objective is to create value for its owners, employees and society in general through sustainable aquaculture.
- Long term dividend level should be in the range of 30-50 percent of the Company's adjusted profit after taxes

POLICY

Cermaq has set out its strategy for creating value through sustainable aquaculture. Cermaq's Core Values constitute guidelines for desired attitudes as individuals, companies and group, to achieve long term value creation. Our ethical guidelines further ensure that any person acting on behalf of Cermaq acts in an ethically sound way.

ASPECTS

The following material economic aspect is included in Cermaq's reporting:

Economic performance and market presence

Socio-economic benefits are most obviously manifested through payments to suppliers, employees, local authorities and payment of dividends to investors. However, Cermaq also supports local communities with both financial and in-kind contributions.

ADDITIONAL INFORMATION

In terms of risk profile, the fish farming industry is characterized by a high level of risk. Cermaq must be able to sustain considerable cyclical fluctuations in profitability as a result of price volatility as well as lower results due to production related challenges. It is also recognized that the salmon industry is a young industry, still in a strong growth phase, and with significant potential for consolidation.

KEY SUSTAINABILITY GOVERNANCE DOCUMENTS

- Cermaq sustainability principles
- Ethical and social responsibility guidelines
- Whistle blowing guidelines

See: www.cermaq.com

| Objectives 2010 | Results 2010 | Objectives 2011 |
|---|---|--|
| Manage the number of neighbourhood complaints regarding odour | Local Community Complaints was just 5 in 2010, as for 2009. Only 3 out of these complaints were due to odour | Manage the number of substantiated neighbourhood complaints |
| Manage energy consumption per kg feed and per kg fish produced | Energy use per unit of production decreased both in Mainstream and EWOS, during 2010. For EWOS, the average energy use per tonne of feed produced decreased slightly from 1.04 GJ/t to 1.00 GJ/t. For Mainstream, the average energy use per tonne of fish produced (LWE) decreased from 4.25GJ/t to 3.61GJ/t. | Manage energy consumption per kg feed and per kg fish produced |
| Ensure compliance with law and regulations | Details are given under the Compliance section of this report. | Ensure compliance with law and regulations |
| Manage the use of packaging and total reclaim of used packaging materials | In 2010, EWOS used 266,725 pallets, 2,941 tonnes of plastic feed packaging (output) and received 456 tonnes of plastic raw materials packaging (input excl EWOS Norway). 74% of input packaging was recycled. Only 10% of output packaging was collected and recycled. There was a small decrease in packaging use in 2010, to 3.23kg of packaging per tonne of feed sold (3.25kg/tonne in 2009). | Manage the use of packaging and total reclaim of used packaging materials |
| | | Complete all of planned supplier audits in the feed division |
| | | Zero escapes of fish |
| | | Control lice within local action levels (regulations or codes of practice) for each operating region |

OVERVIEW OF INDICATORS APPLIED TO REPORT ON THE ASPECTS PRESENTED IN THE MANAGEMENT APPROACH

| Aspect | GRI indicators | Customised indicators |
|---|----------------------------|---------------------------|
| Environmental approach | | |
| Compliance | EN 28 | CEQ 13 |
| Biodiversity | EN 12 | CEQ 2, CEQ 6, CEQ 7 CEQ 8 |
| Emissions, effluent and waste | EN 16 | CEQ 3 |
| Energy | EN 3, EN 4, EN 5 | |
| Material | EN1 | |
| Water | | |
| Social approach – labour practices and decent work | | |
| Occupational health and safety | LA 7 | CEQ 13 |
| Employment, training and education | LA 1, LA 10 | |
| Labour/management relations | LA 4 | CEQ 12 |
| Diversity and equal opportunities | | |
| Social approach – society | | |
| Compliance | SO 8 | |
| Community | | CEQ 11 |
| Corruption | SO 3 | |
| Social approach – human rights | | |
| Investment & procurement practices | | |
| Abolition of child labour | HR 6 | |
| Prevention of forces & compulsory labour | | |
| Discrimination | | |
| Freedom of association and collective bargaining | | |
| Indigenous rights | HR 9 | |
| Social approach – product responsibility | | |
| Customer health and safety | PR 2 | CEQ 13 |
| Product information | | CEQ 9 |
| Economic approach | | |
| Economic performance and market presence | EC 1, EC3, EC 4, EC 5 EC 7 | |

Cermaq is also reporting on additional indicators related to fish health and supply chain, see page 35.
The complete list of all indicators and our performance can be found on www.cermaq.com



AUDITOR'S REVIEW REPORT ON CERMAQ SUSTAINABILITY REPORT 2010

To the readers of Cermaq Sustainability Report 2010:

Introduction

We have been engaged by Cermaq's Central Management team to review the Sustainability Report 2010. The Sustainability Report includes in particular sustainability information on page 15-29, 34-43 and 61-63 in Cermaq's Annual Report 2010 and on Cermaq's website www.report2010.cermaq.com/sustainability. The Board of Directors and Central Management team are responsible for ongoing activities related to sustainable aquaculture, and for the preparation and presentation of the Sustainability Report in accordance with the applicable criteria. Our responsibility is to express a conclusion on the Sustainability Report based on our review.

Scope of review

We have performed our review in accordance with ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board as well as AA1000 Assurance Standard (2008), type 2, as issued by AccountAbility. A review¹ consists of making inquiries, primarily of persons responsible for different sustainability matters and for preparing the Sustainability Report, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with IAASB's Standards on Auditing and Quality Control and other generally accepted auditing standards in Norway. The procedures performed in a review consequently do not enable us to obtain an assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The criteria on which our review is based are the sections of the "Sustainability Reporting Guidelines, G3" published by the Global Reporting Initiative (GRI), which are applicable to the Sustainability Report, as well as the CEQ indicators that Cermaq has developed and disclosed. These criteria are presented on www.report2010.cermaq.com/sustainability. We consider these

criteria suitable for the preparation of the Sustainability Report.

IFAC require us to act in accordance with IFAC Code of Ethics for Professional Accountants. In accordance with AA1000AS (2008), we confirm that we are independent of Cermaq. Our review has been performed by a multidisciplinary team specialized in reviewing economic, environmental and social issues in sustainability reports, and with experience from the sector Cermaq operates within.

Our review has, based on an assessment of materiality and risk, among other things included the following procedures:

- An update of our knowledge and understanding of Cermaq's organization and activities.
- An assessment of the suitability and application of certain criteria in respect to the information provided to stakeholders.
- Interviews with responsible management, at different levels within the Group, with the aim of assessing whether the qualitative and quantitative information stated in the Sustainability Report is complete, correct and sufficient.
- Interviews with certain external stakeholders to evaluate whether Cermaq responds to important stakeholders' concerns in the Sustainability Report.
- Reading of internal documents to assess whether the information stated in the Sustainability Report is complete, correct and sufficient.
- An evaluation of routines implemented for the collection and reporting of information and data.
- An evaluation of the model used to calculate CO₂-emission.
- An analytical review of reported information.
- A review of underlying documentation, on a test basis, to assess whether the information and data in the Sustainability Report is accurate.
- Pre-announced visits to EWOS Scotland and Mainstream Norway
- A review of qualitative information and statements in the Sustainability Report.

- An assessment of Cermaq's self-declared application level according to GRI's guidelines.
- We have gained an overall impression of the Sustainability Report, and its format, considering the information's mutual conformity with the applicable criteria.
- Reconciliation of the reviewed information with the viability information in the Cermaq Annual Report 2010.

Conclusion

Based on our review procedures, nothing has come to our attention that causes us to believe that Cermaq's Sustainability Report 2010 has not, in all material respects, been prepared in accordance with the above stated criteria and that Cermaq has not adhered to the AA1000APS principles inclusivity, materiality and responsiveness to the extent reported on Cermaq's website www.report2010.cermaq.com/sustainability.

Other information

The following is other information that has not affected our conclusion above. The principles inclusivity, materiality and responsiveness apply to the extent reported in the description on www.report2010.cermaq.com/sustainability which includes the following points that requires further attention:

- In relation to inclusiveness, Cermaq will work on communicating how stakeholders are involved in the development of an accountable and strategic approach to sustainability.
- In relation to materiality, the Cermaq specific indicators (CEQ indicators) also used for sustainability reporting can be even further communicated and cross-referenced to relevant industry guidelines and raised stakeholder concerns.
- In relation to responsiveness, Cermaq can be even more transparent in how stakeholders concerns related to sustainability impact and performance are responded to as part of an on-going process, especially on a local level.

Oslo, April 5 2011

KPMG AS

Vegard Tangerud
State Authorized Public Accountant

Åse Bäckström
Head of Climate Change & Sustainability Services

¹ A review provides a limited level of assurance which is deemed as being equal to a moderate level of assurance as defined by AA1000AS.

OUR GOVERNANCE

SHARING SUCCESS AND CONCERNS

INTEGRITY

INTEGRITY

PRUDENCE

INTEGRITY

SHARING SUCCESS AND CONCERN

INTEGRITY

INTEGRITY

PREPAREDNESS

SHARING SUCCESS AND CONCERNS

INTEGRITY

PREPAREDNESS

PREPAREDNESS

PRUD

3,533 EMPLOYEES
5 COMMON VALUES
WE AIM TO SET STANDARDS
FOR RESPONSIBLE CONDUCT

BUSINESS MINDEDNESS

ENCE

CORPORATE GOVERNANCE:

BASIS FOR LONG TERM VALUE CREATION

Cermaq's goal is to create value for its owners and the community by operating sustainably in the aquaculture and fish feed production sectors. The business is based on long-term industrial development, in which concern for the natural environment, the community, consumers and employees occupies a central role.

The board of directors of Cermaq has prepared this corporate governance statement for 2010 in accordance with the Norwegian Code of Practice for Corporate Governance, which was issued on 21 October 2010. The structure adheres to the code of practice, using the same section headings and numbering, and the statement covers every point in the code. Deviations from the code are clearly indicated.

The company's articles of association, guidelines and routines referred to in this statement can be found on the company's web-site www.cermaq.com.

1. IMPLEMENTATION OF THE CODE OF PRACTICE

Deviation: None.

Cermaq's board of directors has adopted guidelines for corporate governance at Cermaq ASA. These guidelines were amended 15 February 2011.

The board has laid down ethical and social responsibility guidelines that apply to all the companies within the Cermaq Group. These guidelines clarify the ethical values and social responsibility guidelines underlying the work of employees and how that work is carried out. The guidelines were most recently modified 15 February 2011, when a new description of the group's social responsibility was included, together with more comprehensive guidelines for anticorruption.

2. BUSINESS

Deviation: None.

Cermaq's business and purpose are described in article 3 of the company's articles of association as follows:

"The objectives of the Company are to carry on all or any of the businesses of fish feed production, fish farming and other marine or oceanic farming, and any other business related thereto. The Company shall have an active role linked to research and development in the marine sector and the fish farming industry.

The business can be carried on by the Company itself, by wholly owned subsidiaries or by means of participation in, or partnership with, other companies."

The company's goals and overall strategies are discussed on pages 6 and 7 of the annual report. The mission, goals and core values are laid out in the company's adopted guidelines for corporate governance and in the ethical and social responsibility guidelines. It follows from the company's mission for its business, as it is described in the articles of association, that it shall be carried out in a sustainable way.

3. EQUITY AND DIVIDENDS

Deviations: None.

Equity

Cermaq's registered share capital is NOK 925 million, distributed across 92.5 million shares, each with a face value of NOK 10. As at 31 December 2010, total equity was NOK 5,752 million, producing an equity ratio of 59.8 per cent. This is in line with the Board's goal for the Group to have an equity ratio of at least 45 per cent in order to secure the company's stability and negotiating position in the long term.

Dividend

Cermaq's dividend policy is established by the board via the guidelines for corporate governance. The dividend policy was amended by the board in December 2010 and states that the average dividend over a period of several years should comprise between 30 to 50 per cent of the company's net profit (adjusted for the effect of fair value and financial instruments). The Board proposes payment of a dividend for 2009 comprising approximately 45 per cent of the company's adjusted net profit.

The dividend for 2009 represented approximately 40 per cent of the company's adjusted net profit. The company was not profitable in 2008, and therefore no dividend was paid.

Power of attorney to the board

At the annual general meeting in May 2010, the board of directors was granted power of attorney to acquire treasury shares, with the proviso that no more than 5 per cent of the outstanding shares may be acquired at any time. This authority is valid until 30 June 2011, and clearly states the purpose for which it may be used.

The board of directors does not have power of attorney to increase the company's share capital.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

Deviations: None.

The company has one class of shares, and each share confers one vote. No increases in the company's capital were made during 2010.

The company acquired 35,000 treasury shares in 2010. Treasury shares are only sold to employees within the Cermaq group in connection with the implementation of the share acquisition programme that applies to all employees. 33,600 treasury shares were sold to employees. The share price determined for this sale was based on the Oslo stock exchange market price at the relevant time, but with a 20 per cent discount, in accordance with a resolution passed by the annual general meeting in 2006. There were no significant transactions between the company and shareholders, board members, senior employees or close associates of any of these in 2010. Transactions with close associates of companies within the Group are reported in note 28 to the accounts.

According to the Norwegian Code of Practice for Corporate Governance, the companies should have guidelines to ensure that directors of the board and senior employees report to the board if they, directly or indirectly, have a material interest in an agreement that is being entered into by the company. This requirement is clearly stated in the instructions for the board of directors of Cermaq.

The company's ethical guidelines, which apply to all employees, contain guidelines for handling potential conflicts of interest.

Review of how Cermaq satisfies the Norwegian Corporate Governance Board requirements

Main points in the Norwegian Code of Practice for Corporate Governance

| | Cermaq follows the code: |
|--|--|
| 1. Implementation of the code of practice | Yes |
| 2. Business | Yes |
| 3. Equity and dividends | Yes |
| 4. Equal treatment of shareholders and transactions with close associates | Yes |
| 5. Freely negotiable shares | Yes, with one deviation regarding the ownership share of the Norwegian government |
| 6. General meeting | Yes |
| 7. Nomination committee | Yes |
| 8. Corporate assembly and board of directors: composition and independence | Yes, with one minor deviation regarding no formal request to own shares in the company |
| 9. The work of the board of directors | Yes |
| 10. Risk management and internal control | Yes |
| 11. Remuneration of the board of directors | Yes |
| 12. Remuneration of the executive management | Yes |
| 13. Information and communications | Yes |
| 14. Take-overs | Yes |
| 15. Auditor | Yes |

Furthermore, the ethical guidelines establish that the employees and the members of the Board of Cermaq should avoid ownership interests or participating in the boards of other enterprises if this is likely to affect their loyalty to Cermaq. Matters related to participation on boards or to the holding of investments in companies that compete with, or are business associates of, Cermaq, should be cleared with the employees closest superior, in accordance with the guidelines.

5. FREELY NEGOTIABLE SHARES

Deviations: One (Clause in the article of association regarding the ownership share of the Norwegian government)

According to the Norwegian Code of Practice for Corporate Governance, no form of restriction on ownership should be included in a company's articles of association. Cermaq deviates from this in one respect. The company's articles of association state that Cermaq's Board of Directors may not approve a transfer of shares that will result in the ownership interest of the Norwegian government falling below 34 percent.

For all other purposes, the company's shares are freely negotiable.

6. GENERAL MEETINGS

Deviations: None

Cermaq held its ordinary general meeting on 20 May 2010. There were no extraordinary general meetings during 2010.

The notice of the 2010 ordinary general meeting, and relevant attachments (case

documents, the nomination committee's recommendations, attendance slip and letter of attorney) were distributed to all shareholders with known addresses more than three weeks before the general meeting. The notice and the attachments were simultaneously published as a stock market announcement and on the company's website.

The notice contained a description of the issues that were to be discussed as well as the Board's recommendations for resolutions. The case documents were prepared with the aim of providing shareholders with an opportunity to form an opinion on the items on the agenda. The registration deadline was set two days before the general meeting, in accordance with the company's articles of association. The notice specified procedures for attending and voting at the general meeting, and for attending by proxy.

The chair of the board, the deputy chair and two board members were present at the annual general meeting in 2010. Two members of the nomination committee attended on behalf of the committee, and one of the members presented the committee's recommendation. The company's auditor was also present.

At the ordinary general meeting in 2010 the articles of association was amended to accommodate independent chairing of the general meeting. The general meeting in 2010 was then chaired by attorney-at-law Christian Fr. Michelet as independent chair. The board will accommodate for independent chair of the general meeting also in 2011.

7. NOMINATION COMMITTEE

Deviations: None.

The company's nomination committee is regulated by article 9 of the articles of association. Pursuant to the articles of association, the general meeting has adopted instructions for the nomination committee. The instructions were last modified during the ordinary general meeting of 2007.

The nomination committee consists of three to four members. The committee and its chair are elected by the general meeting, which also decides on the remuneration of the committee. The current nomination committee consists of:

- Gunnar Bjørkavåg, NHST Media Group (Chair)
- Mette I. Wikborg, Norwegian Ministry of Trade and Industry
- Ottar Haugerud, Orkla ASA
- Kari Olrud Moen, DnB NOR ASA

All members of the committee are independent of the board of directors and the senior management.

Pursuant to the company's articles of association, the members of the nomination committee must be shareholders or shareholders' representatives and the committee should be composed in such a way that it represents a wide range of shareholders' interests. It should also be strived for both sexes being represented in the committee. Committee members are elected for two years. In accordance with the instructions for the nomination committee, the committee itself proposes new members of the committee.

The nomination committee recommends candidates for election to the board of directors in the general meeting, as well as recommending remuneration for members of the board. The nomination committee should state the reasons for the recommendations in accordance with instructions.

As part of the nomination committee's work during 2010, information was published on the company's website concerning the work of the committee, who the members were and the deadline for submitting proposals to the committee. A letter was also sent to the company's largest shareholders, inviting them to provide input or suggestions.

8. CORPORATE ASSEMBLY AND BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

Deviations: One minor deviation (no formal encouragement to the board members to own shares in the company, see the last paragraph). Cermaq does not have a corporate assembly.

Cermag's board of directors consists of eight members, of which three are elected from and by the employees of the Norwegian companies. The board elects its own chair. This is a requirement arising from the company's agreement with employees regarding not having a corporate assembly. None of the board members has special interests that prevent them from acting independently. All the board members are independent of the company's principal shareholders, executive management and material business associates.

Information about the year of birth, work experience and current position of the members of the board has been provided in the company's annual report. Those board members who are judged to be independent are not stated explicitly. This is because all board members are considered as independent. Four of the board members owned shares in the company at the end of 2010. The board would like to see the members of the board owning shares in the company, but there is no formal request for board members to own shares in the company.

9. THE WORK OF THE BOARD OF DIRECTORS

Deviations: None.

The board prepares an annual meeting schedule, and holds regular discussions on the company's strategy and implementation thereof. An annual strategy meeting is held over two days. In 2010, this took place in June at Staur Gjestegård near Hamar, and included thorough analyzing and discussion regarding the company's strategy. External consultants were used. The conclusions from the strategy meeting has been basis for the board and management's continuing work through the year.

In order to obtain the best possible understanding of the company's operational activities in various regions, the board undertakes an annual trip. In 2010, the board went on a trip to the farming activities in Finnmark and Nordland. The board visited farming sites and processing plants and also met with the mayors and chief administrative officers of Steigen and Hamarøy municipalities.

Instructions for the board of directors have been prepared, containing directions as to the board's functions, tasks and responsibilities, in addition to the CEO's tasks and obligations in regard to the board.

A deputy chairman of the board has been elected. This person takes over the tasks of the chairman when the latter cannot or should not direct the board's work.

The board has established an audit committee as a sub-committee under the board. Separate instructions have been prepared for the committee. The audit committee consists of three members of the board who are all independent of the company's management. The committee held three meetings in 2009.

Until 1 December 2006, the company had a compensation committee that was appointed by the board of directors. Based on the experiences relating to this committee, the board of directors decided that the board as a body would deal with the compensation committee's tasks. The company carries out an annual survey in which managerial salaries are compared with managerial salaries for equivalent positions.

Each year, the board of directors carries out an assessment of its own work and competence. The board uses a questionnaire as a basis for its evaluation in the meeting. A report is produced based on the questionnaire, and this forms the basis of the discussion during the board meeting. Matters to be followed up after the board evaluation are added to the board minutes. The nomination committee receives a copy of the written report of the evaluation, and the chairman of the board also presents the results to the nomination committee in a meeting.

10. RISK MANAGEMENT AND INTERNAL CONTROL

Deviations: None.

The board ensures the company has good internal control and suitable systems for risk management appropriate to the scope and the nature of the company's activities, including the company's core values and ethical and social responsibility guidelines. As a part of the supervision process, the board makes an quarterly review of the development in the company's most important risk areas and the changes in the established framework for risk

management and internal control. The audit committee has a particular responsibility to supervise the risk management and internal control. The audit committee's tasks in connection with this have been detailed in the instructions for the committee.

In his area of responsibility, the auditor plays a central part in mapping and assessing risk and internal control related to the execution of the activities and financial reporting. The auditor also participates in the audit committee and meetings of the board of directors in connection with the auditors' report to the management on issues that have been disclosed during the audit process (the management letter).

The executive management puts emphasis on establishing good control routines in areas of material importance for financial reporting. The control routines are based on an authority structure that defines roles and responsibilities for the individual management levels as well as guidelines as to how to ensure good internal control, e.g. through satisfactory distribution of work. The company now performs its business based on rolling forecasts rather than yearly budgets.

The group's finance policy is to safeguard management of the most material financial risks that the company is facing, and this is followed up by a central unit at head quarter. Principles have also been prepared in other areas, such as principles for entering long-term contracts and financial hedging of salmon prices. The company has also established routines and control procedures in connection with deciding investment [frame], quarterly estimates and monthly accounts reporting from operational units, which are examined and analysed by the central financial staff. Accounting issues are analysed on an ongoing basis, and the auditor is consulted when necessary. A review of current accounting issues is presented to the board of directors in connection with the submission of quarterly accounts.

11. REMUNERATION OF THE BOARD OF DIRECTORS

Deviations: None.

The remuneration of the board of directors is determined each year by the general meeting. The nomination committee provides recommendations for remuneration. The remunera-

tion of the board of directors was adjusted by the ordinary general meeting in 2009.

The remuneration to the board is not dependent on the company's performance and the members of the board do not have options in the company.

Information about the remuneration of the board of directors in 2010 has been included in note 7 to the accounts. No board members have carried out tasks on behalf of the company beyond directorship and participation in the audit committee.

12. REMUNERATION OF THE EXECUTIVE MANAGEMENT

Deviations: None.

In 2010, the board of directors laid down guidelines for the remuneration of executive management in accordance with the provisions in the Norwegian Limited Companies Act. The board's statement on remuneration of senior management was included in the annual report for 2009 and was discussed by the general meeting in accordance with the Norwegian Limited Companies Act. The board's statement on remuneration of senior management, as adopted by the board on 15 March 2011, is included in the annual report on pages 114–115.

Procedures and authorities for the determination of compensation to the Group executive management are regulated in the instructions for the board of directors. The instructions for the board and the statement on executive remuneration include provisions to the effect that the company's general meeting are to determine all schemes that include the awarding of shares, subscription rights, options or other forms of remuneration relating to shares or changes in the share price

The CEO's salary for 2010 was decided in a meeting of the board of directors and information about the remuneration to the CEO and the other senior managers during 2010 is provided in note 7 to the Group's annual accounts. Before determining the remuneration to the senior management a bench mark study is made with regards to similar positions.

The part of the senior management's remuneration that is dependent on the company's performance can maximum amount to 30 % of their annual base salary.

13. INFORMATION AND COMMUNICATIONS

Deviations: None.

Cermaq's principles regarding information and communication are presented in the company's guidelines for corporate governance. Based on the principle of equal treatment for market players, these guidelines cover financial reporting and investor relations. Cermaq will provide the market with precise, consistent and relevant information. Quarterly reports is provided in English only. All information is provided in both Norwegian and English.

Under the company's guidelines for corporate governance, the board of directors should ensure that the company's quarterly reports provide a true and complete picture of the Group's financial and business position, as well as information on progress towards the company's operational and strategic objectives. Financial reporting should also include the management's realistic expectations regarding business and performance development.

Cermaq publishes an annual overview of the dates of important events such as the general meeting and publication of quarterly reports.

Information that is sent to shareholders or published as a stock market announcement is simultaneously placed on the company's website.

The Norwegian Code of Practice for Corporate Governance recommends that the company should establish guidelines for contact with the shareholders outside of the general meeting. Cermaq's guideline for contact with shareholders is published on the company's web-site.

Cermaq communicates with shareholders based on the principle that all shareholders should have equal access to information. There are quarterly meetings with the company's biggest shareholder, which is the Norwegian government via the Norwegian Ministry of Trade and Industry. This meeting takes place after the public quarterly presentation, and the government does not receive information beyond that which has already been communicated to the market.

14. TAKE-OVERS

Deviations: None.

In accordance with the company's articles of

association, the board of directors may not approve a transfer of shares that will reduce the ownership share of the Norwegian government below 34 percent.

The company's corporate governance guidelines contain provisions to the effect that in case of a potential takeover or restructuring situation, the board is to exercise particular care to safeguard the values and interests of all shareholders. Moreover, the corporate governance guidelines for Cermaq ASA require the Norwegian Code of Practice for Corporate Governance to be adhered to, and the board will follow the more detailed recommendations in this document should a potential take-over situation arise. No take-over bids were presented to Cermaq or its shareholders during 2010.

15. AUDITOR

Deviations: None.

KPMG has been the company's auditor since the annual general meeting in 2007. The board has decided that auditing services are to be sent out to tender every five years at a minimum. The auditor participates in the board meeting in connection with the annual accounts and in most of the meetings of the board's audit committee. At least once a year, a meeting is to be held between the auditor and the board without the CEO or anyone else from the senior management being present. Every year, the auditor presents an audit plan to the board of directors.

In accordance with the company's corporate governance guidelines, the auditor is to provide the board with an annual statement confirming that he fulfils the requirements for independence and objectivity. The guidelines also state that assignments beyond the mandatory audit and closely related work must be reviewed by the board of directors or audit committee before being granted.

The auditor has submitted a summary to the board of non-audit services provided to the Cermaq Group during 2010.

Information about the auditor's remuneration, split between auditing and others services, was provided at the 2010 ordinary general meeting.

The auditor's remuneration for 2010 is presented in note 9 to the Group accounts.

BOARD OF DIRECTORS

AS OF MARCH 2011

**1: REBEKKA GLASSER
HERLOFSEN** (1970)
Director

Herlofsen holds a Master of Science in Economics and Business Administration from Norwegian School of Economics and Business Administration. Herlofsen is CFO in Noreco. Herlofsen was Director Business Development Division and a member of the management team in BW Gas ASA. She also has experience from various positions in Enskilda Securities in Norway and London. Herlofsen is also on the boards of the T. Klaveness Group, Handelsbanken Norge, and Sin Ocean ASA. Herlofsen has been a board member of Cermaq ASA since May 2009.

2: REIDUN KARLSEN (1952)
Employee elected Director

Karlsen works in Mainstream Norway with payroll and administration. She joined Mainstream (previously Hammerfest Lakseslakteri) in 2003. Former employment was with Finnmark Fylkesrederi and Ruteselskap and with Knudsen Agency (shipping agent) doing accounting, payroll, HR and administration. Karlsen was elected as a deputy board member to the Cermaq ASA board in 2007 and as board member in March 2009.

3: TERJE REKDAL (1965)
Employee elected Director

Rekdal is an extruder operator at EWOS in Florø. He has worked in EWOS since 1998. Prior to this Rekdal worked 14 years with logistics in Skaafish/global. Rekdal leads the union representatives of the Union for industry and energy (IE) for EWOS Florø and EWOS Norway. Rekdal has been a board member of Cermaq ASA since May 2009.

4: JAN ERIK KORSSJØEN (1948)
Director

Korssjøen holds a Master degree in Mechanical Engineering from the Norwegian University of Science and Technology. Korssjøen was CEO of Kongsberg Gruppen from 1999–2008. Korssjøen has broad experience from boards both in Norway and internationally. Korssjøen is the chairman of the corporate assembly of Telenor and also chairs Telenor's nomination committee. Korssjøen has been a board member of Cermaq ASA since May 2009.



5: HELGE MIDTTUN (1955)
Director

Midttun holds a Master of Science in Economics and Business Administration from Norwegian School of Economics and Business Administration. Midttun was President and CEO of Aker BioMarine ASA 2006–2008 and previously President and CEO of Fjord Seafood ASA and President and CEO of Det Norske Veritas AS. Midttun is engaged in various board activities and he is chairman of the board of Rieber & Son ASA. Midttun has been a board member of Cermaq ASA since May 2009.

6: ASTRID SØRGAARD (1960)
Deputy chair of the board

Sørgaard holds a Master of Science in Economics and Business Administration from Norwegian School of Economics and Business Administration. She currently holds the position as Managing Partner of Jebesen Asset Management AS. She was previously with Benefit Network ASA and with Christiania Bank Group (Nordea). Sørgaard is also a member of the board of Ziebel AS, Søylen Næringseiendom AS and L.Gill Johannessen AS. Sørgaard has been a board member of Cermaq ASA since May 2005.

7: BÅRD MIKKELSEN (1948)
Chair of the board

Mikkelsen graduated from the Military Academy in 1972, the Norwegian School of Management in 1981 and the INSEAD Executive Programme in 1986. Mikkelsen was CEO of Statkraft AS from 2001–2010 and previously CEO in Oslo Energi Gruppen, CEO in the Ulstein Group, and CEO in Widerøe. Mikkelsen is engaged in various board activities, and is presently chairman of the Board of Store Norske Spitsbergen Kulkompani AS, Powel AS, Bore Tech AB and Clean Energy Invest AS. He is also a board member of EON AG and Saferoad AS. Mikkelsen has been a board member of Cermaq ASA since May 2008.

8: TED ANDREAS MOLLAN (1977)
Employee elected Director

Mollan holds a master in fish nutrition from National Institute of Nutrition and Seafood Research (NIFES). He is Chief Nutritionist, responsible for nutrition, raw material documentation and research updating at the head office of EWOS Norway in Bergen. He joined EWOS in 2007. Mollan has previously worked as researcher at NIFES. Mollan has been a board member of Cermaq ASA since May 2009.



GROUP MANAGEMENT

AS OF MARCH 2011

3: KJELL BJORDAL (1953)
Chief Operating Officer – Feed

Mr. Bjordal was appointed Global Director of the EWOS group and COO of Cermaq feed in 2002. He was formerly CEO of NorAqua, which he joined in 1998. He is a business studies graduate from the Norwegian School of Economics and Business Administration and has also pursued legal studies. In addition he has attended the Advanced Management Programme at Wharton Business School. Mr. Bjordal's previous employment includes President and CEO of the Glamox Group (1989–98) and Chief Financial Officer of Glamox Group (1985–89).

1: GEIR ISAKSEN (1954)
Chief Executive Officer

Mr. Isaksen was appointed CEO of Statkorn AS in 1995 and became the CEO of Cermaq (previously Statkorn Holding ASA) in September 1996. He holds a Dr. Scient degree in Agricultural Economics from the Agricultural University of Norway (1984). Mr. Isaksen has previously been a Research Fellow of the Agricultural University of Norway (1984–1986), and later Trade Manager of AL Gartnerhallen (1986–1993). He was the Brussels representative of the Norwegian Farmers Association in 1993–94. Mr. Isaksen has been a member of a number of official commissions and enquiries.

2: GEIR MOLVIK (1958)
Chief Operating Officer – Farming

Mr. Molvik joined the Cermaq group as Managing Director for EWOS Norway in 2006 and was appointed Chief Operating Officer Farming from June 2010. He holds a MSc. from the University in Tromsø, Norway, and has broad experience in aquaculture from Hydrotech-gruppen, Hydro Seafood and Noraqua in Norway and from Georgia Sea Farms Ltd. in Canada and Tassal Ltd. in Tasmania, Australia. Mr. Molvik was Senior Vice President in Christiania Bank og Kreditkasse for several years. He is a board member of the National Federation of Norwegian Fish and Aquaculture Industries (FHL).



4: TORE VALDERHAUG (1960)

Chief Financial Officer

Mr. Valderhaug was appointed CFO of Cermaq ASA in November 2009. He is a Norwegian State Authorized Public Accountant and has long audit experience inter alia from Arthur Andersen & Co. Mr. Valderhaug has broad experience as CFO in listed companies, including EDB Business Partner ASA, Proxima ASA, and Ocean Rig ASA.

5: GEIR SJAASTAD (1953)

Project Director

Mr. Sjaastad joined Cermaq ASA (previously Statkorn Holding ASA) in 1996 and was appointed Deputy CEO in 2002. From March 2009 he took up the role as Project Director. He is a business studies graduate from the Norwegian School of Economics and Business Administration and has also pursued legal studies. Mr. Sjaastad's previous employment includes periods as manager/partner of Gemini Consulting and IKO Strategi (1988–1996), as well as finance director and company secretary of Bjølsen Valsemølle AS (1981–1988).

6: SYNNE HOMBLE (1972)

Director Corporate Functions

Mrs. Homble joined Cermaq ASA as Group Legal Counsel in 2006, and was appointed Chief Legal Counsel and a member of the Management Team in August 2007. From March 2009 she took on the role as Director Corporate Functions. Mrs. Homble has her law degree from the University of Oslo, with special classes from Hamline School of Law, Minnesota, USA. From 1998 to 2006 she was employed as attorney at law in the Norwegian law firm Wikborg, Rein & Co.



4.



5.



6.

OUR RESULTS



**DIVIDEND PER
SHARE 5.40 NOK
= 45% OF NET PROFIT**

**WE SEEK OPPORTUNITIES WITHIN
SUSTAINABLE GROWTH THAT
YIELD FINANCIAL RESULTS**

64
0
7
9
10
18
2

THE BOARD'S ANNUAL REPORT FOR 2010

2010 was the best year in Cermaq's history, with an operating profit of NOK 1 439 million pre fair value adjustment for biomass. The year was characterised by strong operational results in all parts of the Business and high salmon prices in all markets. The board propose to distribute a dividend for 2010 of 5.40 NOK per share.

THE GROUP'S OPERATIONS AND LOCALISATION

Cermaq's business consists of the sustainable farming of salmon and trout, as well as feed production for these species.

The fish farming business is operated through the Mainstream business segment, with operations in Chile, Canada and Norway. Mainstream is one of the largest global players within salmon and trout farming, holding a global market share of approximately 6 percent.

Fish feed production is operated through the EWOS Business segment, which has operations in Chile, Canada, Scotland and Norway. EWOS is also establishing a presence in Vietnam. EWOS has a global market share of approximately 35 percent and is one of three large-scale suppliers of feed for farmed salmon and trout in the world market.

Research and development (R&D) is of key significance to the development of Cermaq's business activities. The R&D activity is principally carried out through the company EWOS Innovation AS. EWOS Innovation has research units in Dirdal (Rogaland in Norway), Lønningdal (Hordaland in Norway) and in Colaco (region X in Chile). The company is one of the world's leading private R&D enterprises within fish feed and fish farming. Important focus areas are the reduction of the use of marine raw materials in feed, as well as the development of functional feeds that enhance fish health. The results we achieve provide an increased understanding of fish health and the prevention of fish diseases, and contribute to the sustainable development of the aquaculture industry.

OVERVIEW OF 2010

The board can look back on an exceptional year for Cermaq, characterised by high salmon prices and good operational performance in all parts of group. Mainstream demonstrates good operational performance in all regions, and has also had a year with fewer fish health problems than previous years, and no cases of escapes. EWOS has demonstrated good profitability, and has strengthened its market position. The research and development company EWOS Innovation has developed products that have been well received by the market.

It is particularly gratifying that Mainstream Chile is once again delivering satisfactory results after two years of losses caused by fish health problems in Chile. Changes to the way in which the farming business is run, and new regulations put into effect by the authorities, are providing the foundation for improved conditions in the whole industry. It is still vital for us to monitor the situation carefully.

Transactions

In July 2010, Mainstream Norway acquired 38.7 percent of the shares in smolt producer Ranfjord Fiskeprodukter AS in Nordland, Norway. The acquisition helps to ensure Mainstream Norway's supply of smolt from Northern Norway.

In August 2010, Cermaq sold the group's farming business in Scotland to Morpol ASA based on an enterprise value of NOK 350 million. The transaction produced a financial gain for Cermaq of approximately NOK 70 million. The business was sub scale for optimal operation. The sale does not represent any change in Cermaq's long-term strategy. Comparative figures for non-

financial indicators which are presented in this report from the board do not include figures for Mainstream Scotland, therefore the figures given for 2009 will differ from those reported in 2009.

In September 2010, the Cermaq group sold its shares in Marine Farms ASA to Morpol ASA, with a financial gain of NOK 62 million.

In December, Cermaq entered into an agreement with fish feed producer Anova in Vietnam on the establishment of a joint venture company to produce fish feed for the fish species Pangasius. EWOS will own 51 percent of the company. EWOS' expertise within salmonides has considerable transfer value to Pangasius, which is a white fish that has gained considerable market in the West during the past 10 years. Pangasius is a fish that can live on fish feed that is principally plant-based, and which can help to supply global markets with significant amounts of sustainable fish protein. Through this venture in Vietnam, EWOS takes its first step into the Asian market.

In February 2011, Cermaq sold the company's shares in Hordafôr feed AS. Cermaq owned 35.2 percent of the shares, which were sold for NOK 66 million. The shares were sold to the Hordafôr feed AS' majority shareholder.

Incidents

On 27 February 2010, Chile was hit by an earthquake that measured 8.8 on the Richter scale. The earthquake's epicentre was offshore the city of Concepción, which is in the vicinity of EWOS Chile's feed plant at Coronel. None of Cermaq's workforce was seriously injured during the quake and the material damage was only minimal. The reconstruction was intensive and efficient. Production at the plant in Concepcion was back to normal around two weeks after the quake.

In 2010 Mainstream Canada entered into a new cooperation and development agreement with Ahousaht First Nations concern-

ing the conditions for the company's farming activities in the Ahousaht territory in British Columbia in Canada. In Canada Cermaq operates in areas where the indigenous population has both special rights and titles and additionally had the base for its livelihood. The indigenous population is therefore an important stakeholder for the company.

At the end of 2010, Canada transferred the legal regulation of permits to operate fish farming from provincial level to federal level. The board's assessment is that transferral of legal regulation to the federal level will result in a satisfactory regulation of the industry and the industry's environmental impact.

The Research Council of Norway has appointed centres for R&D driven innovation (SFIs), and EWOS Innovation is part of the new centre for sea lice. This is a considerable recognition of EWOS Innovation's research and development expertise.

In December 2010, the board resolved to adjust the company's dividend policy, so that the annual dividend over time shall be between 30 and 50 percent of the company's profit after taxes (formerly 30 percent). The dividend shall continue to be adjusted for changes in fair value of biomass and other special items. In line with this, the board has proposed that the dividend for 2010 shall be NOK 5.40 per share.

EXPLANATION OF THE ACCOUNTS

Profit and loss statement

The group's profit after tax and discontinued operations for 2010 was NOK 1 514.7 million (2009: NOK 296.0 million divided between continued and discontinued operations with respectively NOK 341.0 million and NOK -45.0 million). The group's operating income for continued operations was NOK 9 990.5 million in 2010. This is an increase of NOK 1 018.8 million from the previous year. The increase in operating income is due to significantly higher operating income within the fish feed Business EWOS with NOK 1 137.8 million, while the operating income from the fish farming Business Mainstream increased by NOK 201.2 million.

In spite of a volume reduction of 10.7 percent, operating income increased at Mainstream

by 6.1 percent in relation to 2009. This was due to the significantly higher market prices achieved in 2010. Volume in EWOS increased by 11.2 percent and operating income by 18.2 percent. Operating incomes and volumes within the fish feed activities increased in all countries where EWOS operates, and were particularly boosted by higher volumes in EWOS Chile as a result of restructuring after the extensive problems in the country's aquaculture industry.

The group's operating profit for continued operations before fair value adjustment of biomass was NOK 1 439.3 million (2009: NOK 523.6 million). This is a considerable increase compared to the previous year. Mainstream accounted for NOK 738.2 million of the increase in the group's operating profit, where the effects of the restructuring in Mainstream Chile contributed with an improvement of NOK 377.8 million, while Mainstream Norway increased its operating profit with NOK 324.2 million. EWOS improved its operating profit by NOK 129.5 million. The group's operating profit includes a gain from the sale of Mainstream Scotland and property sales totalling NOK 96.9 million.

The result effect from the change in the fair value of biomass was positive, at NOK 512.2 million (2009: NOK 22.2 million), and is a consequence of the change in salmon prices and the altered composition of the biological assets. The group's operating profit was NOK 1 951.5 million (2009: NOK 545.8 million). Income from associated companies comprised NOK 31.6 million, compared with NOK 11.4 million in 2009. The increase is principally due to the share of profit from the associated company, Hordafôr feed AS.

Net financial costs were NOK 39.5 million (2009: NOK 72.7 million). The financial costs were reduced in the period due to a lower average level of net interest-bearing debt and somewhat lower interest rates. Furthermore, Cermaq sold its shareholding in the listed company Marine Farms ASA to Morpol ASA and recorded a gain of NOK 61.6 million. In 2009 the group recorded a gain of NOK 38.5 million after the sale of its shareholding in Lighthouse Caledonia ASA, in part offset by a write down of the shares

in Marine Farms ASA of NOK 24.9 million. Net financial costs also include a loss of NOK 18.2 million, the result of a termination agreement EWOS Chile signed in 2010 with Cultivos Marinos Chiloé Ltda., related to an investment made in 2008.

In 2010 Mainstream Norway hedged parts of its harvest volume via financial contracts in the marketplace Fish Pool. The change in market value of these contracts resulted in a recorded loss of NOK 26.7 million. Moreover, the group entered into an interest rate exchange agreement in 2010 with effect from 2012. The change in market value of this financial instrument has resulted in an unrealised gain of NOK 20.8 million in 2010. Net Exchange rate loss was NOK 3.6 million in 2010, compared to an Exchange rate gain of NOK 7.4 million in 2009.

The net tax cost for the year was NOK 429.0 million (2009: NOK 143.4 million). The effective tax rate for continued operations was NOK 22.1 percent (2009: NOK 29.6 percent). The reduction in the effective tax rate is primarily due to the profits in Chile being taxed at a lower nominal tax rate than in other regions.

In August 2010, Cermaq entered into an agreement with Morpol ASA to sell the group's farming operation in Scotland. The gain from the sale of NOK 69.8 million is included in the ordinary operating profit. In 2009 Denofa was deconsolidated after Norgrain reduced its owner share to 49 percent. Profits from Denofa's Business operation are reclassified and presented in the result for discontinued operations in 2009. Profits on sales of the majority share in Denofa of NOK 13.4 million have also been included in the result for discontinued operations. The group's investment in Uniol was classified as discontinued operations from October 2009. In December 2009 the investment in Uniol in the form of shares and loans was written down to zero as a result of the company being in the midst of debt settlement negotiations. In January 2001, the Cermaq group transferred its shares and claims in Uniol for NOK 1 to the new owner.

The parent company's result for 2010 was NOK -37.0 million (2009: NOK 1.8 million). The

negative result in 2010 is primarily due to a total loss of NOK 78.0 million which resulted from the write down of a group loan given to Mainstream Scotland in connection with the sale of Morpol ASA, as well as a loss from the sale of shares in Marine Farms ASA. The positive result in 2009 is primarily due to profit from the sales of shares in Lighthouse Caledonia ASA of NOK 38.6 million. Actual fair value adjustment of financial assets in 2009 is primarily connected to the write down of the company's assets in Uniol in part offset by a positive fair value adjustment of the shareholding in Marine Farms ASA.

Business segments

EWOS

The group's fish feed operations had an operating income of NOK 7 388.4 million in 2010 (2009: NOK 6 250.6 million). This is an increase of NOK 1 137.8 million from 2009, equivalent to 18.2 percent. The sales volumes were increased from 787 600 to 876 200 tonnes, which is an increase of 11.2 percent. The increased operating income and volume came from all countries in which EWOS operates, and was in particular generated by increased raw material prices in addition to volume growth at EWOS Chile.

Raw material costs are the most important factor in the total production costs for EWOS, and these were substantially higher in 2010 than in 2009 as a result of the increase in volume. The operating result for EWOS for the year was NOK 509.1 million (2009: NOK 379.6 million). This is an increase of 34.1 percent from 2009 and reflects increased volumes and a favourable development in the sale of so-called functional feeds. Increased focus on preventative fish health has resulted in increased demand for feed that stimulates fish immunity to disease and parasites. EWOS Innovation has also developed a feed that improves fish ability to digest vegetable proteins. Overall, this has meant functional feed has contributed 35 percent of EWOS' sales volumes. EWOS' share of the salmon feed market increased to approximately 35 percent by the end of 2010, up from approximately 33 percent at year-end 2009.

Mainstream

The group's fish farming operations had an

operating income of NOK 3 501.5 million in 2010 (2009: NOK 3 300.3 million). This represents an increase of NOK 201.2 million or 6.1 percent. The volumes from Mainstream were reduced by 11 600 tonnes to 96 700 tonnes slaughtered weight compared to the year before. This represents a reduction of 10.7 percent. The volume in Norway increased considerably, while the effects of the earlier problems in Chile contributed to an overall volume decline. Average prices in relation to 2009 were higher in all regions and contributed a significant portion of the income increase.

The operating result before fair value adjustment of biomass was NOK 913.3 million (2009: NOK 175.1 million). This represents an increase of NOK 738.2 million from 2009. A significant portion of the increased operating result is due to the changes in the Chilean business. The development of biological conditions in Chile has been positive for both Mainstream Chile and the industry in general. In 2010, Mainstream Chile achieved an operating profit of NOK 205.8 million in 2010. Both Norway and Canada delivered strong results again. The operating result after fair value adjustment of biomass was NOK 1 398.5 million in 2010 (2009: NOK 199.1 million). Besides the effects of changes in Chile, the increased operating profit is primarily due to higher market prices.

Other activities

The group's non-core business consists principally of the subsidiary Norgrain and other associated companies. Norgrain is an investment and trading company and achieved in 2010 an operating profit of NOK -0.1 million (2009: NOK 14.2 million). The profit reduction is due to allocations for restructuring in connection with discontinuation of the company's trading operations in Oslo. The companies within the agricultural sector are not defined as core business, and the sale of these companies is planned once conditions are favourable.

Balance sheet

The book value of the group's assets was NOK 9 612.8 million on 31 December 2010, compared to NOK 8 266.2 million at the end of 2009. The significant increase in the group's assets is due, in particular, to higher

inventory in both EWOS and Mainstream. The restructuring in Chile has resulted in increased working capital, primarily due to higher receivables and inventory.

Book equity at the end of 2010 was NOK 5 751.9 million (2009: NOK 4 353.0 million). The increase is principally due to the strong total result of NOK 1 538.8 million, in part offset by dividend payments of NOK 139.8 million.

The equity ratio at the end of 2010 was 59.8 percent, up from 52.7 percent at the end of 2009.

The parent company recognised assets of NOK 2 477.3 million on the balance sheet at year-end (2009: NOK 3 259.1 million). The reduction in the balance sheet total is primarily due to payment of external debt and reduction of long-term receivables due from subsidiaries. The equity ratio for the parent company was 56.3 percent at the year-end (2009: 58.5 percent).

Financing

The group's net interest-bearing debt was reduced from NOK 1 809.8 million on 31 December 2009, to NOK 1 180.5 million on 31 December 2010. The reduction of NOK 629.3 million reflects a strong cash flow from the operating activities. Furthermore, the cash effect from the disposal of the fish farming business in Scotland and the shares in Marine Farms ASA, as well as non-current assets, has led to a substantial reduction in net interest-bearing debt. The exchange rate for US dollars and Norwegian kroner from the end of 2009 to the end of 2010 was relatively stable and has resulted in insignificant foreign exchange rate effects, despite substantial fluctuations during the year.

In 2010, a refinancing of the group's credit facilities was successfully implemented. After the refinancing, the main financing for the group is through three committed credit facilities with a borrowing limit of NOK 2 670 million, of which USD 50 million matures due in 2012, NOK 1 500 million matures due in 2013 and USD 200 million matures due in 2015. On 31 December 2010, the facilities had been drawn upon for an amount equivalent to NOK 1 580 million. The facilities have a floating interest rate which

is connected to the relevant NIBOR/LIBOR interest rate, plus a margin, according to a ratio between the group's EBITDA and net interest bearing debt.

Cash flow

Net cash flow from operational activities was NOK 719.5 million (2009: NOK 1 216.5 million). Despite strong improvement in the operating result, the cash flow from operational activities was considerably lower than for the previous year, due to higher working capital, primarily in Chile. Taxes paid amounted to NOK 196.7 million in 2010, while in 2009 the group was repaid NOK 64.7 million.

The net cash flow from investment activities was NOK 127.0 million (2009: NOK -369.2 million). Investment payments related to non-current assets amounted to NOK 353.0 million. In 2009 the equivalent amount was NOK 402.1 million. Net positive cash flow from the purchase and sales of operations and non-current assets was NOK 438.5 million, principally connected to the sale of Mainstream Scotland and the shares in Marine Farms ASA.

The net cash flow from financing activities amounted to NOK -796.9 million (2009: NOK -590.1 million) as a result of a reduction of interest-bearing debt by NOK 587.5 million and a dividend payment of NOK 139.8 million. Net interest payments and other financial items amounted to NOK 69.5 million.

The changes in cash and cash equivalents for the period amounted to NOK 58.3 million (2009: NOK 244.6 million).

The parent company had a net cash flow of NOK -60.9 million in 2010 (2009: NOK -158.6 million) primarily due to a reduction of interest-bearing debt, in part offset by the subsidiaries' repayment of loans to Cermaq ASA.

Going concern

Based on the above report of the group's profit and loss account, the board confirms that the annual financial statements have been prepared under the assumption that the company is a going concern and that this prerequisite has been met.

Allocation of the profits for the year at Cermaq ASA

The board of directors at Cermaq agreed in December 2010 that the annual dividend over time should be in the order of 30-50 percent of the group's profits after tax. The dividend proposal is reassessed every year in relation to earnings, cash flows, the financial position and strategy. Dividends for a given year can therefore deviate from the long-term objective. The board of directors proposes payment of dividends in the amount of NOK 5.40 per share for the accounting year of 2010. This represents a dividend of 45 percent of the group's profits after tax.

| | |
|--|--------------|
| Profit | - 27 635 653 |
| Appropriated dividends | 499 500 000 |
| Transferred from other shareholders equity | 527 135 653 |

The profit for the year for the parent company Cermaq ASA was NOK -27 635 454. The board proposes to the general meeting that the profits be allocated as follows:

The company's distributable equity at year-end after funds for dividends have been allocated for the accounting year of 2010 amounts to NOK 455 330 727.

The board thanks the group's employees, who have all contributed to the group's excellent results in 2010.

RISK AND RISK MANAGEMENT

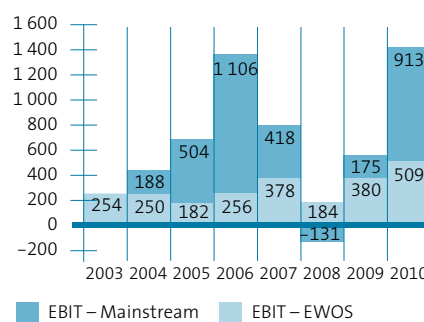
Risk management

The group is exposed to various financial and operational risks. The board has established a framework for risk management

(see figure below) which shall ensure that the group has good internal control and expedient systems for risk management that are adapted to the scope and nature of the operational activities.

2010 has been a very good year for the aquaculture industry due to stable high prices for salmon resulting from strong demand and a reduced supply of salmon from Chile. However, over time the group must be able to sustain considerable cyclic fluctuations in profitability due to price volatility, as well as lower profits due to production-related challenges, such as substantial outbreaks of disease.

The group has a strategy of operating within both the fish feed and fish farming segments to, among other things, diversify the operational risks for the enterprise. The significance of this strategy is particularly evident in periods with low salmon prices or large production-related challenges, in which the fish feed operations' relatively stable results and cash flow, represent a significant portion of the total group profits (see Figure below).



The board views a high equity ratio and a diversification of risk, as explained in this section, as being the most important elements of the group's financial risk management. The board has decided that the group should have a strong balance sheet and that the equity ratio should normally be at least



45 percent. At the end of 2010 the equity ratio was just under 60 percent.

It is group policy to establish a systematic management of operational risk through management systems which are certified according to ISO standards or equivalent standards. The group has defined the most important areas as being quality (ISO 9001), environment (ISO 14001), food safety (ISO 22000) and health, environment and safety (HSE) (OHSAS 18001). All the subsidiaries have continued working with this in 2010, and the most of the companies aim to have established standards within the remaining areas during the course of 2011.

| Operating company | ISO 9001 | ISO 22000 | ISO 14001 | OHSAS 18001 |
|-------------------|----------|---------------|-----------|-------------|
| MS Norway | Yes | No | No | No |
| MS Chile | Yes | Yes (in part) | Yes | Yes |
| MS Canada | Yes | No | Yes | Yes |
| EW Norway | Yes | Yes | Yes | Yes |
| EW Chile | Yes | Yes | Yes | Yes |
| EW Canada | Yes | Yes | Yes | Yes |
| EW Scotland | Yes | Yes | Yes | No |
| EWOS Innovation | Yes | No | No | No |

Each quarter the board reviews a status report on the total risk factors, which of them are expected to have the greatest financial impact if they occur, and the most important measures that can be used to reduce them. Furthermore, the board has a biannual review of the company's internal reporting of sustainability indicators. The reporting provides a basis for revealing development trends and implementing remedial action in relation to increases in operational risk.

Financial Risk

The financial risk has been significantly reduced during 2010, in line with the improvements in operational results. The group's achievement of its best ever results, together with measures which were implemented to reduce the working capital and sales of shares and operations, has resulted in a strong cash flow which has reduced net interest-bearing debt considerably. In the course of 2010 the group renegotiated and extended its long-term debt facilities by 3-5 years. Consequently, the group has gained considerable financial flexibility for future growth both organic and through acquisition, and with which to pay dividends.

The financial market risk is furthermore reduced as a result of a gradual improvement and stabilising of the financial markets, resulting in sustained low interest rates and reduced exchange rate effects.

A more detailed discussion of the individual risk categories follows below. For further information about financial risk (exchange rate, interest, credit and liquidity) see note 24 in the annual accounts.

Currency risk

In the translation of foreign subsidiaries' profit and loss accounts and balance sheets, the group's greatest exposure is to the US dollar, and assets and incomes recorded in US dollar dollars are, to a large degree, hedged through loans in the same currency. The group's exchange rate exposure related to the subsidiaries' equity is normally not hedged.

Exchange rate exposure in related to future operations-related cash flow is principally connected to the US dollar and the euro against the Norwegian krone, and the US dollar against the Canadian dollar. Exchange rate exposure is to a large degree reduced by the companies in the group having exposures that offset one another for the group as a whole. Exchange rate exposure is moreover effectively reduced through cost price adjustment provisions in contracts with fish feed customers. The remaining exchange rate risk for the group is perceived as being low. For this reason, hedging through financial contracts is utilised only to a limited extent. Certain movements in the market will however in some cases mean it is appropriate for the group to take on certain exchange rate positions. As a result, the Board of Directors has given the administration the opportunity to enter into long term exchange rate contracts, provided they do not represent significant exposure of the group. No such contracts were entered into the previous year.

Interest rate risk

At the end of 2010, 76 percent (2009: 53.5 percent) of the group's interest-bearing debt was in US dollars, which provided hedging against the investments in Chile. 24 percent (2009: 46.5 percent) of the group's interest-bearing debt was in Norwegian krone.

The group's basic position is to accept exposure to floating interest rates on its loans, and it has a policy of not employing financial instruments to gain fixed interest conditions, unless there is thought to be a considerable risk of a breach of the group's loan covenants.

The board has, however, through a change in financial policy in 2010, given management the option to make use of interest rate instruments (such as interest rate exchange agreements on long-term loans) at what are considered favourable levels, provided that the agreements do not result in a substantially increased exposure for the group.

At the end of 2010, all debt in US dollars was based on floating interest rate conditions, in accordance with the group's financial policy. In the case of Norwegian krone, the group has in 2010 entered into an interest rate exchange agreement of NOK 1 billion, whereby interest rates are floating the first two years and thereafter fixed for the following five years. As the requirements on hedge accounting are not considered to have been complied with, the group had by the turn of the year recorded an unrealised gain in excess of NOK 20 million on this agreement.

Credit risk

The board perceives the credit risk as diversified in that the group's customers represent different industries and geographical areas. The counterparty risk in relation to financial institutions is also viewed as limited since the group usually has low liquidity reserves and limited trading in derivatives, and for the most part uses relationship banks. The group did not have significant exposure to any individual customer or contracting party as of 31 December 2010.

The credit risk in Chile, at the beginning of 2010, was higher than usual due to the demanding situation in the fish farming industry in the country. The situation has gradually improved throughout the course of the year, with the number of outbreaks of disease being considerably diminished and the companies that have had fish to sell having achieved excellent prices. Several of the major players have been able to obtain considerable equity in the market

and are positioned for consolidation and growth in the years to come. The focus for EWOS Chile moving into 2011 is to take part in the growth to come, but also to maintain adequate control of the credit risk through careful selection of customers and by reducing the credit period.

Liquidity risk

The group's long-term loans were to reach maturity in December 2013, and the group used the spring of 2010 to evaluate alternative methods of finance, including the most favourable timing for conducting a refinancing. The management and the board concluded that the liquidity risk had increased as a result of the financial instability connected with the sovereign debt burdens of European nations, and chose in the summer of 2010 to employ its improved financial situation to renegotiate and extend the group's long-term loans by three to five years. With the refinancing in place, current liquidity risk is lower than it was a year ago.

Operational risk

At the beginning of 2010 the greatest risk exposure was related to developments in the fish health situation in Chile, where a deterioration of the biological situation could have considerable impact on results for both Mainstream and EWOS. As results demonstrate, the development in 2010 has been positive. This is due not least to fish farming companies such as Mainstream having worked purposefully to implement preventive measures, as well as to the implementation of new regulations by the public authorities. In the board's opinion the operational risk associated with Chile has been reduced. However the ISA (infectious salmon anaemia) related risk will continue to exist in Chile in the coming years, and the risk will be assessed on a current basis in connection with decisions to transfer more salmon into the ocean and in connection with future investments in Chile.

CORPORATE RESPONSIBILITY

Cermaq's practise of social responsibility is based on the board's view that the company has a responsibility for the people, communities and environments which are affected by its operations. Through sustainable aquaculture, Cermaq contributes to, among other

things, the efficient production of healthy food and the provision of employment and financial activity in many remote areas. Social responsibility is an integral part of Cermaq's corporate governance.

Cermaq has adopted its own sustainability principles which apply to all companies in the group. The sustainability principles are included in Cermaq's Sustainability Passport which is distributed to all employees, and the principles are available on the company's website.

The principles comprise these areas:

- healthy fish in healthy farming operations
- sustainable fish feed and sustainable sourcing of fish feed ingredients
- management of the environmental impacts of our operations
- good labour practices and decent work
- local community acceptance
- product responsibility

Cermaq's compliance with the sustainability principles and the improvements achieved are measured internally through a set of sustainability indicators.

In 2010, Cermaq presented its first sustainability report with reporting in conformance with the Global Reporting Initiative (GRI) standard. The report for 2009 was at level C, which was confirmed by GRI through an external control. For 2010, Cermaq presents a more extensive sustainability report on level B+. This report is also externally verified by the sustainability auditing unit of the company's auditor, KPMG. Complete information on the results of the sustainability indicators is available on the company's website, www.cermaq.com.

The environmental areas that most stakeholders view as key for the fish farming business are escapes, disease and sea lice, effluents and emissions from sea sites and marine raw material in fish feed. All these areas are thoroughly covered in the company's sustainability report.

Transparency and documentation of results are key elements of our social responsibility. Cermaq has therefore also reported to the Carbon Disclosure Project and the Sustain-

able Value Creation investor initiative. In 2011, Cermaq joined the UN Global Compact.

The board agreed in February 2011 on a new set of guidelines for ethics and social responsibility. The guidelines provide a comprehensive overview of social responsibility in Cermaq, including areas such as trade unions, employees, local society, environment, anti-corruption and integrity. In 2010, the Cermaq group had three notifications made to our whistle blowing system. The notifications were managed in accordance with the company's routines. Specific corrective measures were agreed upon.

Observance of the guidelines for ethics and social responsibility should be ensured through integration in our management systems, internal information and training, as well as assessment of the company's results by measurement of non-financial indicators. Both at group level and in each operating company, there is extensive contact and dialogue with stakeholders. Contact with local communities is imperative for Cermaq. The company has also been actively involved with processes such as the World Wildlife Fund (WWF) Salmon Aquaculture Dialogue and the Global Aquaculture Alliance's BAP standard and roundtable conference on soya.

In the board's report for 2009, we reported that the Friends of the Earth Norway and the Forum for Environment and Development (ForUM) had filed a formal complaint against Cermaq under the OECD's Guidelines for Multinational Enterprises. This case is still being processed. The company wants to continue dialogue with the parties that filed the complaint. In 2010, Friends of the Earth Norway participated in a meeting with Cermaq that was unrelated to the OECD complaint process, while ForUM has not participated in the OECD's National Contact Point meetings and has refused to meet Cermaq for dialogue.

In 2010, Cermaq received negative publicity because EWOS, via its sub-contractor GC Rieber Oils AS, purchased fish oil from West Sahara. Cermaq responded with a new and thorough assessment of the purchase, utilising external legal counsel

and initiating contact with the Norwegian Ministry of Foreign Affairs about the case. Cermaq has not been specifically advised to discontinue the purchase, but it has also not managed to establish to an adequate degree that the purchase was in accordance with the Norwegian authorities' recommendations. Cermaq subsequently resolved to discontinue the purchase. In 2011, Cermaq and EWOS will continue our efforts to strengthen our routines for managing the supply chain.

IMPACT ON THE EXTERNAL ENVIRONMENT

Like all industry activities, aquaculture has an ecological footprint. The footprint must remain within limits that are socially acceptable. After on-growing sites have completed a cycle, they will undergo a fallowing period in order to ensure that temporary changes are reversed and safeguard the basis for satisfactory fish health.

EWOS Innovation has developed a model for calculation of ecological footprint, which is more comprehensive than the calculation of CO₂ equivalents. This can be used to map the footprint and adapt raw material composition in fish feed based on the ecological footprint. The model is currently implemented for fish feed, but not for fish farming. Studies carried out by SINTEF and others demonstrate that the production of salmon provides a better feed utilization and a lower carbon footprint than meat production from agriculture.

Complaints from neighbours about our operations can occur, particularly concerning odour from the feed plants. All complaints are followed up by the business segment involved. In 2010, there were five complaints, which is the same number as in 2009. Three of the complaints in 2010 were about odour, one about noise and one about dust.

Through its reporting to the Carbon Disclosure Project, the company publishes detailed information on the group's energy consumption. Total consumption in 2010 was 1 368 484 GJ (equivalent to 380 134 444 Kwh), which is an increase of 9.4 percent from 2009 (1 251 123 GJ or 347 534 167 Kwh).

Fish feed production is the most energy

intensive business segment and accounts for 68 percent of the total energy consumption. In 2010, the energy consumption per tonne of fish feed produced by EWOS was reduced by 3.9 percent compared with 2009; in addition to the total production of fish feed being increased by 14.6 percent. The energy consumption per tonne of fish produced decreased by 15 percent. Of the total energy consumption, electric power is the most important and amounted to 39 percent of total energy consumption in 2010.

EWOS Canada exceeded the limits for effluents of ammonia, and is cooperating with the authorities on corrective measures. All other sites have complied with their permits for effluents and emissions, as they are defined in the individual countries.

The component parts constituting the raw materials in the fish meal and fish oil EWOS purchases are all assessed by EWOS to have been harvested in a sustainable manner. A constantly greater share of these marine raw materials comes from trimmings. This is good resource management.

The board is of the opinion that the group's production of fish feed and salmon and trout pollutes the external environment only to a limited extent. The air and water emissions are within the limits set by the authorities.

FISH HEALTH AND IMPACT ON WILD SALMON

Fish health in Cermaq's farming operations has been good, with satisfactory biological results. There has been less disease than in previous years and only slight need for treatment with antibiotics. Fish health in the company's activities in Chile is now at the same level as in our other operations. The need to use antibiotics is slight and further reduced since 2009, particularly in Chile.

In Norway and Canada there is a considerable debate about how the aquaculture industry affects wild salmon. The main focus of the debate concerns the potential spread of sea lice and diseases, and escaping salmon which spawn together with wild salmon.

The industry has an explicit goal of zero escapes, and Cermaq attained this goal in 2010. Nor have we had any escapes so far in 2011. In 2009, the total assumed fish escapes were less than 1500. The company will continue its measures to avoid escapes.

Sea lice can have negative impact on migrating smolt, and high concentrations of sea lice can, for example, affect Norwegian sea trout that remain in the vicinity of the farming areas during the summer. While the public attention in Norway on sea lice was particularly noticeable in 2010, the lice infestations at Mainstreams' sites in Norway have been low, and fewer treatments were carried out than in 2009. The incidences of lice at Mainstream's sites in Canada and Chile have also been few. However, some of EWOS Innovation's research sites are located in areas with more frequent lice infestations. All the Cermaq sites have complied with regulations for sea lice. In 2010, the companies' treatment against lice has been reduced both with regard to pharmaceuticals in fish feed and for bath treatment against lice.

On the basis of this, it is the board's opinion that the effect of the company's farming operations on wild salmon has been limited in 2010.

Wild salmon has great commercial value in British Columbia, and the return of Sockeye Pacific salmon was at an all-time high in 2010. A year earlier, a special commission had been established to investigate the low return the previous year. This fluctuation illustrates that the variation in wild salmon stocks in British Columbia can be more complicated and have more complex causes than earlier supposed.

Cermaq monitors the development of available technology that can help to minimize the negative environmental impacts of aquaculture, and the company also uses its R&D unit, EWOS Innovation, in this monitoring process. EWOS Innovation is currently taking part in the testing of an existing model for fish farming in closed containment. Cermaq's preliminary evaluation is that there remain considerable challenges that must be solved before closed contain-

ments can provide a sustainable solution. Further knowledge on total energy consumption, operation and construction, animal welfare and fish health.

PERSONNEL MATTERS

The employees in the Cermaq group have been instrumental in the company being able to achieve its record high result in 2010.

On 31 December 2010, there were 3 533 employees in the group, which is an increase from 3 277 employees in 2009. The increase is due principally to an increased workforce at Mainstream Chile due to increased production.

Of the employees in the group, 629 were employed in the aquaculture business in Norway and 2850 were employed outside of Norway. Eight people were employed in agricultural activities. Cermaq ASA had 46 employees.

All employees of the Cermaq group are guaranteed a high level of safety for their work. Cermaq has decided that all operative companies are to be certified according to the international HSE standard OHSAS 18001. At present, Mainstream Chile, Mainstream Canada, EWOS Norway, EWOS Chile and EWOS Canada have certification according to this standard. The other companies are scheduled for certification during the course of 2011.

The average sickness absence for the group was 3.4 percent (2009: 3.1 percent). Sickness absence at Cermaq ASA in 2010 was 0.4 percent. In the entire group, 189 work-related injuries were registered, while in 2009 there were 170 injuries excluding Mainstream Scotland. The number of injuries implies that there have been 31.04 injuries per million working hours. This is an increase from 27.4 injuries per million working hours in 2009 and something that the companies are looking into. The definition of injury that is utilised is in accordance with GRI (Global Reporting Initiative), and this entails that extremely minor injuries can be included in the statistics.

In 2010, the board has handled the subject of succession planning and the development

of management and key resources in the group. During the past few years, Cermaq has had a talent programme which has produced excellent internal feedback. The talent programme was established in 2008 and includes participants from all of the companies. The programme takes place over the course of one year and includes two gatherings and a follow-up between the gatherings. The purpose of the talent programme is to strengthen manager development in the group. Furthermore, the programme has an important culture-building effect and contributes to increased collaboration across the different companies and business segments. In 2011, Cermaq will implement a global leadership programme. The goal of the global leadership programme is to help to create a common platform for management and management culture in the group and to develop individual managers in order to ensure effective management throughout our operations.

In 2010 the average training for all employees amounted to 0.9 percent of total working time. This varied from 0.8 percent in Mainstream to 1.3 percent in Cermaq ASA. All group managers took part in training, including dilemma training on corruption issues.

Employees in Cermaq are free to join the trade union of their choice. The board has agreed principles which state that companies in the group shall promote a good collaboration with employees and trade unions. In 2010, around 34 percent of the employees in the Cermaq group had collective bargain agreements (2009: 33 percent). The percentage of employees with collective bargain agreements in Chile is 25 percent (2009: 29 percent).

DIVERSITY

In accordance with principles agreed by the board, Cermaq shall have an inclusive working environment where there is no discrimination on the basis of ethnicity, national origin, language, gender, sexual orientation, religion or belief. Companies in the group shall promote equal working opportunities and the fair treatment of all employees.

On 31 December 2010, the percentage of

women employed in the Cermaq group was 26 percent. The percentage of female employees at Cermaq ASA was 26 percent. Group management, at the end of 2010, was made up of six people; of these, five were men and one was a woman. All members of the group management were Norwegian. In the group, none of the general managers were women. There were six women in the group management teams (2009: eight women). This implies that five subsidiaries have one woman in the management group. Two of these women are in subsidiaries within the aquaculture business and three women are in subsidiaries within the fish feed business.

The board of Cermaq has eight members. At the end of 2010, there were five men and three women on the board. All board members are Norwegian. Of the five shareholder-elected members, three are men and two are women. At the end of 2010, the employee-elected board members consisted of two men and one woman.

No special measures were implemented to promote anti-discrimination, availability or equal opportunity in 2010. In general, the board aims to increase the percentage of female managers through the development of internal talent. The group's talent programme is viewed as a measure for this.

Mainstream Canada's agreement with the Ahousaht First Nations, on conditions for the company's farming operations in the Ahousaht territories, involves an agreement to employ tribe members in the company's activities.

SHAREHOLDER MATTERS

On 31 December 2010, there were 2 724 shareholders at Cermaq ASA (3 476 shareholders at the end of 2009). The Norwegian government, through the Ministry of Trade and Industry, is still the largest shareholder with 43.5 percent of the shares. Foreign investors own 30.2 percent of the shares. Cermaq ASA held, as of 31 December 2010, 4 556 of its own shares. In 2010, 33 600 of these shares were sold to employees in connection with the annual shares programme. The company acquired 35 000 of its own shares in 2010.

CORPORATE GOVERNANCE

The board is committed to management of the group's activities in a manner that creates values for the shareholders and simultaneously safeguards the environment and the surroundings of the enterprise.

The group's principles for corporate governance follow The Norwegian Code of Practice for Corporate Governance, with a few exceptions. The board's report of corporate governance at Cermaq is included on pages 46–49 of the annual report. The report indicates in concrete terms all cases of non-compliance with the code.

FUTURE PROSPECTS 2011

Mainstream

Cermaq expects another good year for Mainstream in 2011. The strong market for salmon is expected to continue, driven by limited supply and a continued increased demand from consumers. Even if the supply of Atlantic salmon from Chile increases, limited growth in Norway, combined with stable volumes in other regions and the expected high demand from both established and new markets, suggests continued high salmon prices in the year to come.

Mainstream Norway expects to increase the sales volume by eight percent in 2011, principally from organic growth in Finnmark. The company will make considerable investments in this region in 2011, in order to increase total production in Norway by 35 percent to around 50 thousand tonnes in 2013. Mainstream Chile expects to transfer 10 million smolt in 2011, around 75 percent of

them during the last six months. The sales volumes in 2011 are expected to increase by 21 percent to 45.3 thousand tonnes, primarily from increased volumes of Atlantic salmon.

The Chilean aquaculture industry is now in rapid growth. The biological situation is good for most of the Chilean aquaculture players. However, rapid growth increases the risk of new outbreaks of disease. This requires that aquaculture players are careful and operate in a sustainable manner, and that the authorities enforce the new regulations which shall ensure that disease does not reappear as a major problem for the aquaculture industry in Chile.

Mainstream Canada expects to maintain its volumes and its market position in 2011.

EWOS

The prospects for EWOS in 2011 are excellent. The board expects that the increased aquaculture activity in Chile will continue to generate increased volume growth for EWOS. Stable volumes are expected in the other regions.

EWOS' production capacity is considered to be adequate to handle the expected volumes in all regions during the year to come, and there are therefore no plans for substantial investments to increase capacity.

With regard to the supply of raw materials, particularly fish meal and fish oil, this will continue to be a challenge in 2011. This is illustrated by the temporary moratorium on

anchovy fishing off the coast of Peru. Fishing in other areas, which represent between 70 and 75 percent of the global production of fish oil and fish meal, is however on the same level as earlier. Prices of these raw materials will remain high during the first half of 2011, but EWOS sees a considerable potential for replacing traditional fish meal and fish oil with more innovative high-quality raw materials. EWOS will therefore continue to leverage its long-term R&D activities and product development within the area of alternative raw materials.

EWOS' operations in Vietnam are expected to begin during the second quarter of 2011. The new organisation is almost complete. Key activities in 2011 will be to implement the EWOS quality and production standards, improve marketing, promote sales and make the necessary adjustments in order to support an annual production capacity of 85 thousand tonnes by the end of 2011.

Cermaq

Cermaq is well equipped for the future. A high equity ratio and satisfactory situation in all the group's operations leave Cermaq well positioned to exploit both organic growth and other opportunities.

The board will assess, on an ongoing basis, relevant strategic initiatives to strengthen Cermaq's leading role in the industry. As a part of this work, the board will consider possibilities for the purchase of other enterprises to achieve growth.

Oslo, 15 March 2011

Bård Mikkelsen
Chairman

Astrid Sørgaard
Deputy Chairman

Rebekka Glasser Herlofsen
Director

Helge Midttun
Director

Jan Erik Korssjøn
Director

Reidun Karlsen
Director (employee elected)

Ted Andreas Mollan
Director (employee elected)

Terje Rekdal
Director (employee elected)

Geir Isaksen
Chief Executive Officer

INCOME STATEMENT 01.01-31.12

Amounts in NOK 1 000

| | Notes | 2010 | 2009 |
|---|--------|------------------|------------------|
| Continuing operations | | | |
| Operating revenues | 6 | 9 990 528 | 8 971 713 |
| Cost of materials | 18 | (6 271 245) | (6 028 562) |
| Personnel expenses | 7,8 | (723 195) | (684 207) |
| Depreciation | 13, 14 | (338 955) | (334 348) |
| Other operating expenses | 9 | (1 314 649) | (1 401 034) |
| Gain/(loss) from sale of operation and fixed assets | 4, 14 | 96 859 | – |
| Operating result before unrealised fair value adjustments | | 1 439 344 | 523 562 |
| Unrealised fair value adjustments | 19 | 512 172 | 22 193 |
| Operating result | | 1 951 516 | 545 755 |
| Income from associates | 15 | 31 634 | 11 367 |
| Interest income | 10 | 5 537 | 6 774 |
| Other financial income | 10 | 63 450 | 39 408 |
| Fair value adjustment | 10 | 21 084 | – |
| Interest expenses | 10 | (55 794) | (97 976) |
| Write down of financial assets | 10 | (18 182) | (24 955) |
| Other financial expenses | 10 | (51 990) | (3 387) |
| Net foreign exchange gains/(losses) | 10 | (3 626) | 7 440 |
| Financial items, net | 10 | (39 521) | (72 696) |
| Result before tax | | 1 943 629 | 484 426 |
| Income tax expense | 11 | (428 959) | (143 432) |
| Result for the year continuing operations | | 1 514 669 | 340 994 |
| Discontinued operations | | | |
| Result discontinued operations | | – | (45 035) |
| Net result total operations | | 1 514 669 | 295 959 |
| Attributable to | | | |
| Owners of the parent | | 1 514 412 | 295 251 |
| Non-controlling interests | 12 | 257 | 708 |
| Net income/(loss) continuing operations attributable to: | | | |
| Owners of the parent | | 1 514 412 | 337 305 |
| Non-controlling interests | | 257 | 3 689 |
| Net income/(loss) discontinued operations attributable to: | | | |
| Owners of the parent | | – | (42 054) |
| Non-controlling interests | | – | (2 981) |
| Earnings per share | | | |
| Basic and diluted EPS continuing operations | 22 | 16.4 | 3.6 |
| Basic and diluted EPS discontinued operations | 22 | – | (0.5) |

→ CERMAQ GROUP

STATEMENT OF COMPREHENSIVE INCOME

Amounts in NOK 1 000

| | 2010 | 2009 |
|---|------------------|------------------|
| Net result total operations | 1 514 669 | 295 959 |
| Exchange differences on translation of foreign operations | 73 648 | (292 554) |
| Available-for-sale investments – change in fair value | (49 567) | 50 165 |
| Other ¹⁾ | – | (16 873) |
| Total other comprehensive income | 24 081 | (259 262) |
| Total comprehensive income | 1 538 750 | 36 697 |
| Attributable to | | |
| Owners of the parent | 1 538 493 | 35 989 |
| Non-controlling interests | 257 | 708 |

¹⁾ Actuarial loss on defined benefit scheme closed for future accruals in 2007 in UK subsidiary.

→ CERMAQ GROUP

CONSOLIDATED FINANCIAL POSITION AS OF 31 DECEMBER

Amounts in NOK 1 000

| | Notes | 2010 | 2009 |
|--|-------|------------------|------------------|
| Assets | | | |
| Licences | 13 | 1 223 689 | 1 207 272 |
| Goodwill | 13 | 805 890 | 794 123 |
| Deferred tax asset | 11 | 18 701 | 12 479 |
| Total intangible assets | | 2 048 280 | 2 013 874 |
| Property, plant and equipment | 14 | 2 288 993 | 2 314 709 |
| Investments in associates | 15 | 182 504 | 136 905 |
| Investments in shares | 16 | 79 564 | 213 965 |
| Other long-term receivables | 17 | 116 122 | 70 527 |
| Total financial fixed assets | | 378 191 | 421 398 |
| Total non-current assets | | 4 715 464 | 4 749 981 |
| Inventory | 18 | 842 498 | 596 434 |
| Biological inventory | 19 | 2 158 774 | 1 543 454 |
| Accounts receivable from customers | 20 | 1 263 295 | 860 209 |
| Other short-term receivables | 17 | 154 084 | 95 758 |
| Bank deposits, cash in hand, etc. | 21 | 478 675 | 420 395 |
| Total current assets | | 4 897 325 | 3 516 250 |
| TOTAL ASSETS | | 9 612 789 | 8 266 231 |
| EQUITY AND LIABILITIES | | | |
| Share capital | 22 | 925 000 | 925 000 |
| Treasury shares | 22 | (46) | (32) |
| Other equity | | 4 803 657 | 3 403 948 |
| Total equity attributable to owners of the parent | | 5 728 611 | 4 328 917 |
| Non-controlling interest | 12 | 23 247 | 24 091 |
| Total equity | | 5 751 858 | 4 353 008 |
| Pension liabilities | 8 | 58 376 | 60 401 |
| Deferred tax | 11 | 759 141 | 549 609 |
| Total provisions | | 817 517 | 610 010 |
| Interest bearing long-term debt | 23 | 1 618 107 | 2 193 407 |
| Total non-current liabilities | | 2 435 624 | 2 803 417 |
| Interest bearing short-term debt | 23 | 41 074 | 36 754 |
| Accounts payable | | 883 825 | 702 995 |
| Other short-term liabilities | 25 | 500 408 | 370 057 |
| Total current liabilities | | 1 425 307 | 1 109 806 |
| TOTAL EQUITY AND LIABILITIES | | 9 612 789 | 8 266 231 |

Oslo, 15 March 2011


Bård Mikkelsen
Chairman


Astrid Sjøgaard
Deputy Chairman


Rebekka Glasser Herlofsen
Director


Helge Midttun
Director


Jan Erik Korssjøn
Director


Reidun Karlsen
Director (employee elected)


Ted Andreas Mollan
Director (employee elected)


Terje Rekdal
Director (employee elected)


Geir Isaksen
Chief Executive Officer

→ CERMAQ GROUP

CASH FLOW STATEMENT 01.01-31.12

Amounts in NOK 1 000

| | Notes | 2010 | 2009 |
|---|--------|------------------|------------------|
| Ordinary result before tax and interest | | 1 943 627 | 484 426 |
| (Gain)/loss on tangible and intangible assets | | (97 013) | (43 182) |
| Depreciation and impairment | 13, 14 | 338 955 | 334 348 |
| Impairment and other fair value adjustments | 10 | (64 529) | 24 955 |
| Change in fair value of biological assets | 19 | (512 172) | (22 193) |
| Taxes paid | | (196 680) | 64 745 |
| Net interest paid | | 49 612 | 77 347 |
| Income from associates | 15 | (31 634) | (11 367) |
| Dividends received from associates | 15 | 11 206 | 11 186 |
| Change in stock, accounts receivable and accounts payable | | (728 105) | 146 233 |
| Change in other short-term operating assets and liabilities | | 6 221 | 149 971 |
| Net cash flow from operating activities | | 719 488 | 1 216 471 |
| Proceeds from sale of property, plant, equipment (PPE) and intangible assets | 13, 14 | 41 521 | 12 976 |
| Purchases of (PPE) and intangible assets | 13, 14 | (352 955) | (402 130) |
| Proceeds from sale of operations, net of cash disposed | 4, 15 | 349 085 | - |
| Purchases of operations, net of cash acquired | 4, 15 | (22 154) | (12 100) |
| Proceeds from sale of shares and other investments | 16 | 303 560 | 63 263 |
| Purchases of shares and other investments | 16 | (192 018) | (31 223) |
| Net cash flow from investing activities | | 127 039 | (369 214) |
| Net change in interest bearing debt | 23 | (587 535) | (513 148) |
| Interest received | 23 | 4 651 | 5 096 |
| Interest paid | 23 | (54 263) | (82 443) |
| Paid other financial items | 23 | (19 867) | - |
| Dividends paid (incl. payments to non-controlling interest) | | (139 846) | - |
| Change in treasury shares | 22 | (54) | 430 |
| Net cash flow from financing activities | | (796 914) | (590 065) |
| Foreign exchange effect | | 8 667 | (12 594) |
| Net change in cash and cash equivalents for the year (continuing operations) | | 58 280 | 244 598 |
| Net change in cash and cash equivalents for the year (discontinued operations) | 5 | - | - |
| Cash and cash equivalents at the beginning of the year | | 420 395 | 175 798 |
| Cash and cash equivalents at the end of the year | | 478 675 | 420 395 |

→ CERMAQ GROUP

STATEMENT OF CHANGES IN EQUITY

Amounts in NOK 1 000

| | Share capital | Treasury shares | Other reserves | Conversion differences | Total equity attributable to owners of the parent | Non-controlling interest | Total equity |
|-------------------------------------|----------------|-----------------|------------------|------------------------|---|--------------------------|------------------|
| Equity 1 January 2009 | 925 000 | (130) | 3 228 724 | 138 902 | 4 292 497 | 66 438 | 4 358 935 |
| Total comprehensive income | - | - | 328 543 | (292 554) | 35 989 | 708 | 36 697 |
| Change in treasury shares | - | 98 | 333 | - | 431 | - | 431 |
| Dividend paid | - | - | - | - | - | (3 942) | (3 942) |
| Change in non-controlling interests | - | - | - | - | - | (39 113) | (39 113) |
| Equity 31 December 2009 | 925 000 | (32) | 3 557 600 | (153 652) | 4 328 917 | 24 091 | 4 353 008 |
| Equity 1 January 2010 | 925 000 | (32) | 3 557 600 | (153 652) | 4 328 917 | 24 091 | 4 353 008 |
| Total comprehensive income | - | - | 1 464 845 | 73 648 | 1 538 493 | 257 | 1 538 750 |
| Change in treasury shares | - | (14) | (40) | - | (54) | - | (54) |
| Dividend paid | - | - | (138 745) | - | (138 745) | (1 101) | (139 846) |
| Equity 31 December 2010 | 925 000 | (46) | 4 883 660 | (80 004) | 5 728 613 | 23 246 | 5 751 858 |

→ CERMAQ GROUP

NOTES TO THE CONSOLIDATED FINANCIAL ACCOUNTS

NOTE 1

→ Corporate information

Cermaq ASA is a company incorporated and domiciled in Norway whose shares are publicly traded on the Oslo Stock Exchange (OSE). The address of its registered office and the Group's principal places of business are disclosed at the end of the annual report. The principal activities of the company and its subsidiaries are described in note 6.

The consolidated financial statements of Cermaq ASA for the year ended 31 December 2010 were authorised for issue in accordance with a resolution of the Board of Directors on 15 March 2011.

NOTE 2

→ Accounting principles

2.1 BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements of Cermaq ASA and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, relevant interpretations and the additional Norwegian disclosure requirements following the Norwegian Accounting Act applicable as at 31 December 2010.

Basis of measurement

The consolidated financial statements are prepared under the historical cost convention except for the following:

- derivative financial instruments are measured at fair value
- available-for-sale financial assets are measured at fair value less costs to sell
- biological assets are measured at fair value less costs to sell

The methods used to calculate fair values are discussed in the principles below and in the relevant note.

The accounting principles are applied consistently for all years presented.

Presentation currency

Figures are presented in Norwegian kroner and all values are rounded to the nearest thousand, except where otherwise indicated.

2.2 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Preparation of the accounts requires that management make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The final values realised may deviate from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

The judgements and estimates which are considered to be most significant for the Group are set out below:

Goodwill and intangible assets

Carrying value of goodwill and intangible assets with indefinite lives is reviewed for impairment annually or more frequently if there are indicators of a decrease in value below carrying amount. This requires an estimation of value in use of the cash-generating units to which the goodwill and intangible assets are allocated. Identifying the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Expectations about future cash flows will vary between periods. Changes in market conditions and expected cash flows may cause impairments in the future. The major assumptions which have an impact on present value of projected cash flows, are the discount rate, the estimated price of salmon in each of the Group's markets, cost of production for each product, salmon production volumes and that there will continue to be a market for salmon produced in the geographical areas where the assets are located. More details are given in note 13, Intangible assets.

Deferred tax

Deferred tax assets related to tax losses carried forward are recognised to the extent that expected future income for the respective company will be sufficient over the medium term to utilise those tax losses. This requires an estimate to be made of the expected future income of the company concerned. Estimates of future income may change over time and this could result in changes to the carrying value of deferred tax assets. Details of unrecognised deferred tax assets are given in note 11.

Fair values on acquisitions

The cost price for acquired shares is allocated to identifiable assets and liabilities at their estimated fair values at the time of acquisition. Any excess value beyond that allocated to assets and liabilities is recognised in the financial position as goodwill. To determine fair values on acquisition, estimates must be made. Commonly, an active market does not exist for assets and liabilities obtained through acquisitions and therefore alternative methods must be used to determine fair values. If fair value of assets acquired exceeds the consideration paid, the difference is recognised in the income statement. The allocation of the consideration to identifiable assets and liabilities is made on a provisional basis. The values allocated are reviewed based on improved knowledge of operations in subsequent periods, but no later than 12 months after the acquisition.

Fair value of biological assets

In accordance with IAS 41, the Group records inventories of live fish at fair value less costs to sell. Difference between fair value of live inventory at the beginning and the end of the period is recognised as a net positive or negative fair value adjustment in the income statement. The estimate of fair value is based on spot prices for salmon at the balance sheet date in the respective markets in which the Group operates. The fair value calculation includes estimates of volumes, quality, mortality and normal cost of harvest and sale. The income or loss which will be recognised on sale may differ materially from that implied by the fair value adjustment at the end of a period. The fair value adjustment on inventories has no cash impact and does

not affect the result of operations before unrealised fair value adjustments.

2.3 ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

The accounting policies adopted are consistent with those of the previous financial year. In addition, the Group has adopted the following new and amended Standards and interpretations issued by the IASB and approved by the EU that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2010:

- Amended IFRS 2 Group cash settled share-based payment transaction
- Revised IFRS 3 Business Combination
- Revised IAS 27 Consolidated and Separate Financial Statements
- Amended IAS 39 Financial Instruments: Recognition and Measurement
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation
- IFRIC 17 Distributions of non-cash assets to owners
- IFRIC 18 Transfers of Assets from customers
- Improvements to IFRSs (issued by IASB April 2009)

The revised IFRS 3 standard introduced changes in the valuation of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. The revised standard was implemented prospectively and affected all business combinations with acquisition dates on or after 1 January 2010.

The revised IAS 27 standard requires that changes in ownership interest of a subsidiary are accounted for as an equity transaction. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

The revised standard was implemented prospectively and future transactions with non-controlling interests will be affected.

The adoption of the standards and interpretations described above has had an immaterial impact on the Group's consolidated financial statements for 2010.

Please refer to the end of the principles section for approved IFRSs and IFRICs with a future effective date.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation principles

The consolidated accounts include the parent company Cermaq ASA and companies where Cermaq ASA has a direct or indirect ownership of more than 50 percent of the voting capital and/or a controlling influence.

Companies where Cermaq ASA has a significant influence (normally defined as ownership interest between 20 and 50 percent of the voting capital) over operations and financial decisions have been incorporated into the Group accounts by means of the equity method. In accordance with this principle, the share of the profit or loss from these companies for periods where significant influence is effective is included as income from associates. Investments are recognised at cost and include goodwill identified on acquisition, net of any accumulated impairment losses.

The purchase method is applied when accounting for business combinations. Companies that have been acquired during the year have been consolidated from date of acquisition. Companies that have been sold during the year have been consolidated up until the date of transfer.

Consolidated accounts have been prepared on the basis of uniform principles, and the accounting principles of subsidiaries and associates are consistent with the policies adopted by the Group. The accounting principles have been consistently applied to all the years presented.

All significant transactions and balances between Group companies have been eliminated.

Classification principles

Liquid assets are defined as cash and bank deposits. The Group's cash pool systems are netted, with cash and overdrafts within the same cash pool system presented net.

Other assets which are expected to be realised within the entity's normal operating cycle or within 12 months from the balance sheet date, are classified as current assets. Other assets expected to be realised over a longer period are classified as non-current assets.

Liabilities that are expected to be settled in the entity's normal operating cycle or are due to be settled within 12 months after the balance sheet date, are classified as current liabilities. Other liabilities expected to be settled over a longer period are classified as non-current liabilities.

Proposed dividend is not recognised as liability until the Group has an irrevocable obligation to pay the dividend, which is normally after approval at the annual general assembly.

Cermaq's key measurement is EBIT pre fair value adjustments on live biomass. Fair value changes on biological assets are presented on a separate line within the income statement. This presentation has been chosen to clearly identify earnings on sales during the period.

Foreign operations and foreign currency translation

The functional currency of the subsidiary companies is the local currency in the country in which they are based, except for the subsidiaries in Chile which use the US dollar (USD) as their functional currency.

On consolidation, the financial statements of foreign operations, including any excess values, are translated into Norwegian kroner using exchange rates at the year end for the financial position and average monthly exchange rates over the year for the income statement. Foreign currency differences are recognised in other comprehensive income.

Foreign currency transactions

All foreign currency transactions are converted to the respective functional currencies at exchange rates at the dates of the transactions. All monetary items denominated in foreign currency are translated to the functional currency at the exchange rate at the balance sheet date. Realised and unrealised currency gains and losses are recognised as financial items in the income statement.

Revenue recognition

Sale of goods

The sale of all goods is recorded as operating revenue at the time of delivery which is the point at which risk passes to the customer. Revenue is measured at the fair value of the consideration received or receivable. Discounts, other price reductions, taxes, etc., are deducted from operating revenues.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale or terms with the specific customer.

• Feed companies

Risk is transferred to the customer at delivery which could be either at factory gate if the customer collects the goods or at the customer's premises, depending on the terms of the sales agreement.

• Farm companies

The point when risk passes to the customer depends on the delivery terms specified in the sales agreement. Delivery terms vary between countries and between customers. Normally where delivery is made by vehicle owned or hired by the farm companies, delivery is complete and risk passes once delivery has been made to the buyers specified address. Where delivery is made by other means, risk normally passes when the goods are handed over to the relevant carrier.

Interest income

Interest income is recognised as incurred, using the effective interest method.

Dividend

Dividend income is recognised in profit and loss on the date that the Group's right to receive payment is established.

Fair value on biomass

Changes in estimated fair value on biomass are recognised in the income statement. The fair value adjustment is reported on a separate line; "unrealised fair value adjustments". The change in fair value adjustment is calculated as the change in fair value of the biomass less the change in accumulated cost of production for the biomass.

Fixed price contracts

The Group enters into long-term sale contracts for delivery of salmon products. The contracts are signed based on the assumption that delivery of salmon products will take place. These contracts are not tradable. Provisions are made for onerous fixed price contracts to the extent where the Group is obliged to sell salmon products at a lower price than the market price used for the fair value adjustments of biomass.

Derivative financial instruments

The Group holds a limited number of financial derivative instruments used to hedge its foreign currency, interest and market risk exposures. Derivatives are initially recognised at fair value. Changes in fair value of derivatives are recognised through profit and loss, unless they qualify for hedge accounting.

The Group's criteria for classifying a derivative as a hedging instrument for accounting purposes follows specific guidance in IAS39 and is as follows:

(1) there is adequate documentation when the hedge is entered into that the hedge is effective, (2) the hedge is expected to be highly effective in that it counteracts changes in the fair value or cash flows from an identified asset or liability, (3) for cash flow hedges, the

forthcoming transaction must be highly probable, (4) the effectiveness of the hedge can be reliably measured, and (5) the hedge is evaluated regularly and has proven to be effective.

For the purpose of hedge accounting, hedges are classified as cash flow hedges where they hedge exposure to variability in cash flows that is attributable to a particular risk associated with a forecast transaction. For cash flow hedges which meet the conditions for hedge accounting, any gain or loss on the contract that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in the income statement within finance.

All financial instruments are recognised in the balance sheet at fair value when the entity becomes a party to the contractual provisions of the instrument. The instrument is derecognised when the contractual rights expires or contractual rights and obligations are transferred.

Derivative financial instruments are classified as current assets or liabilities in the financial position.

Non-derivative financial instruments

Other financial assets of the Group are classified into the following categories: at fair value through profit and loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Management determines the classification of its financial assets at initial recognition.

Other financial assets are initially recognised at fair value, with subsequent measurement as described below (only listed those relevant to the Group):

- Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Due to immaterial transaction costs and the short credit period, the amortised cost equals the nominal value less any allowance for credit losses.
- Available-for-sale financial assets are measured at fair value with fair value changes except impairment, recognised in other comprehensive income.

Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense when incurred. Interest bearing loans are measured at amortised cost using the effective interest method.

Inventories

Raw materials and purchased commodities are valued at the lower of historical cost and net realisable value in accordance with the FIFO principle.

Finished goods in feed companies are feed ready for deliverance to customer, valued at the lower of cost and net realisable value. The cost of finished goods includes any processing costs that have incurred. Processing costs consist of logistics, handling and storage costs.

Cermaq values all live biomass (fish) inventory at fair value less costs to sell. Finished goods/frozen inventory within the farming division is recognised at the lower of cost (fair value at the point of harvest) and net realisable value.

Tangible fixed assets and depreciation

Tangible fixed assets are carried at cost less accumulated depreciation and accumulated impairment losses.

Allowances are made for depreciation from the point in time when an asset is ready for its intended use, and depreciation is calculated based on useful life of the asset considering estimated residual value, normally in accordance with the following guidelines:

| Asset group | Depreciation rate |
|------------------------------------|-------------------|
| Furniture and fixtures | 20–33% |
| Computer equipment | 20–33% |
| Vehicles | 15–20% |
| Machinery and production equipment | 10–20% |
| Plant | 3–5% |
| Office buildings and dwellings | 2–5% |

Different depreciation rates are applied to an asset where components of the asset are characterised by having different useful economic lives. Land and plant under construction are not depreciated. For plant under construction, depreciation is charged once the plant is ready for its intended use.

Gains or losses from sale of tangible assets are calculated as the difference between sales price and carrying value at date of sale. Gains and losses from sale of tangible fixed assets are recorded as operating revenues or losses.

Carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that carrying amount may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

Depreciation methods, residual values and estimated useful life are reviewed annually.

Intangible assets

Expenditure on research activities are expensed as incurred. Development costs are only capitalised if specific criteria are met. In 2010, all development costs have been expensed.

Payments for licences, rights and other intangible assets are depreciated in accordance with the useful life of such licences or rights. The substance of fish farming licences in the Group's major markets is that they have an indefinite life. The uncertainty related to renewal of existing licences by the authorities in each region is not considered to alter the indefinite useful life of these assets and therefore licences are not amortised. Licences, which are obtained as part of an acquisition, are valued using values established by similar transactions in similar locations.

Where a business is acquired and the consideration for the business exceeds the net fair values of the identifiable assets, liabilities and contingent liabilities, the difference, provided it represents a commercial value, is identified as goodwill on the balance sheet. Goodwill is carried at cost less accumulated impairment write downs.

Goodwill is not amortised. At acquisition date goodwill is allocated to each of the cash generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amounts of the cash generating unit to which the

goodwill relates. In order to determine the Group's cash generating units, assets are grouped together at the lowest levels for which there are separately identifiable, mainly independent, cash flows. Recoverable amounts are calculated using a value in use approach, rather than fair value less costs to sell.

Carrying value of goodwill and licenses with an indefinite life is reviewed for impairment annually or more frequently, if there are indicators of a fall in value below carrying amount.

Pension costs and obligations

Group companies operate various pension schemes and these include both defined benefit schemes and defined contribution schemes.

In 2006, the parent company and all 100 percent owned Norwegian companies in the Group transferred to defined contribution plans for "kollektiv tjenestepensjon". In 2007, the same Norwegian companies in the Group transferred from funded to unfunded defined benefit plans for Top Hat-schemes (salary above 12G) for employees in the scheme at 31 December 2006. New employees/employees with a salary above 12G after 1 January 2007 have a defined Top Hat-contribution scheme.

In 2007, a UK subsidiary transferred from defined benefit plans to defined contribution schemes. The defined benefit scheme is closed for future accrual but established under a trust, which means that its assets are held separately from the company's, although any funding shortfall must be financed by the company.

The companies' payments to defined contribution schemes are recognised in the income statement the year the contribution applies, with no further liability for the Group.

In defined benefit plans, the pension commitments and pension costs are determined using a linear accrual formula. A linear accrual formula distributes pension obligations in a straight line over the accrual period. The employees' accrued pension rights during a period are defined as the pension costs for the year. All pension costs are recognised in the income statement as personnel expenses.

Pension obligations are calculated on the basis of long-term discount rates and long term expected yield, wage increases, price inflation and pension adjustment. Pension funds are recognised net of their fair value and the pension obligations to which they relate. A surplus is recognised to the extent that it can reasonably be utilised.

Changes in calculated pension obligations due to changes in pension plans are accrued over the remaining contribution vesting period. Changes in the underlying obligations and assets of pension funds as a result of changes in estimates are accrued over the average remaining useful working life of employees for the portion of the deviations that exceed 10 percent of gross pension obligations or pension assets.

The discount rate used in calculations is determined based on the 10 year government bond rate in each country where the Group has pension obligations.

Share-based remuneration

The Group has share-based payments to key personnel. The fair value of share options is calculated at grant date. The valuation is based on well known valuation models accommodating the characteristics of the options in question. The fair value calculated at grant date is

charged against profit and loss over the vesting period of the options, with a corresponding increase in equity. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest. The vesting period is the period from granting the options until the options are fully vested.

Taxation

Income tax expense consists of tax payable and changes in deferred tax.

Tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement following items of income and expense which are not taxable/deductible in the year or taxable/deductible in future years. Tax payable is calculated using tax rates enacted or substantively applicable at the reporting date.

Deferred tax is recognised in respect of all temporary differences and accumulated tax losses carried forward at the balance sheet date which implies increased or decreased tax payable when these differences reverse in future periods. Temporary differences are differences between taxable profits and results that occur in one period and reverse in a later period.

Deferred tax is calculated applying the nominal tax rates (at the balance sheet date for each relevant tax jurisdiction) to temporary differences and accumulated tax losses carried forward.

A net deferred tax asset is only recognised when, on the basis of all available evidence, it is more likely than not that there will be taxable profits from which the future reversal of the underlying timing differences can be deducted.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching the grants and that the grants will be received.

The grants are recognised in the income statement in accordance with the progress in the projects to which they are related.

Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as discontinued operation, the comparative statement of income, comprehensive income and cash flow is re-presented as if the operation had been discontinued from the start of the comparative period.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Repurchase of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity net of tax effects. Repurchased shares are classified as treasury shares and are presented as a

deduction from total equity. When treasury shares are sold or reissued, the amount received is recognised as an increase in equity, and the resulting surplus or deficit of the transaction is transferred to/from retained earnings.

Non-controlling interests

The share of the profit or loss after tax attributable to non-controlling interests is presented on a separate line after the Group's profit for the year. The share of the equity attributable to non-controlling interests is presented on a separate line within Group equity.

Cash flow statement

The Group's cash flow statement analyses the Group's overall cash flow by operating, investment and financing activities. The acquisition of subsidiaries is shown as an investment activity for the Group and is presented separately with deductions for any cash reserves in the acquired company. The statement shows the effect of operations on the Group's liquid asset balances.

Statement of changes in equity

The statement of changes in equity only includes transactions with the owners and is presented after the statement of financial position.

IFRSs and IFRIC interpretations not yet effective

At the date of authorisation of financial statements, the following standards and interpretations were issued, but not yet effective. These pronouncements have not been applied in preparing these financial statements:

Amendments to IFRS 7 – Financial Instruments. The amendments to IFRS 7 imply additional disclosures to enhance the transparency of disclosure requirements for the transfer of financial assets. The amendments will assist users to understand the implications of transfers of financial assets and the potential risks that may remain with the transferor. IFRS 7 is effective from 1 July 2011, but the standard is not yet approved by the EU. The Group expects to apply IFRS 7 as of 1 July 2011. The potential impact of the standard on the Group's accounts has not been concluded.

IFRS 9 – Financial Instruments. IFRS 9 replaces the classification and measurement rules in IAS 39 Financial Instruments - Recognition and measurement for financial instruments. According to IFRS 9 financial assets with basic loan features shall be measured at amortised cost, unless one opts to measure these assets at fair value. All other financial assets shall be measured at fair value. IFRS 9 is effective from 1 January 2013, but the standard is not yet approved by the EU. The Group expects to apply IFRS 9 as of 1 January 2013. The potential impact of the standard on the Group's accounts has not been concluded.

Amendment to IAS 12 – Income Taxes. The amended IAS 12 implies deferred tax on investment property measured at fair value as per IAS 40 Investment Property is required to be determined using the rebuttable presumption that the carrying amount of the underlying asset will be recovered through sale rather than use. The revised IAS 12 is effective from 1 January 2012, but is not yet approved by the EU. The Group expects to apply IAS 12 from 1 January 2012. The change is expected to have an insignificant impact on the Group accounts.

Revised IAS 24 – Related Party Disclosures. The revised standard clarifies and simplifies the definition of a related party, compared to the current IAS 24. The revised standard also provides some relief for government-related entities to disclose details of transactions with

other government-related entities. The revised IAS 24 is effective from 1 January 2011. The Group will implement the revised IAS 24 from 1 January 2011. The changes are expected to have an insignificant impact on the Group accounts.

Amendment to IAS 32 – Financial Instruments. The amended IAS 32 alters the definition of a financial liability to classify rights issues as equity instruments. This is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, in order to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amended IAS 32 is effective from 1 February 2011. The Group will implement the amended standard from 1 February 2011. The change is expected to have an insignificant impact on the Group accounts.

Amendment to IFRIC 14 – Prepayments of a Minimum Funding Requirement. The amendment to IFRIC 14 allows entities to recognise a prepayment of pension contributions as an asset rather than an expense. The interpretation is effective for annual periods beginning on or after 1 January 2011. The Group will implement IFRIC 14 as of 1

January 2011. The change is expected to have an insignificant impact on the Group accounts.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments. The interpretation clarifies the accounting treatment of financial liabilities that, as a result of a renegotiation of the terms of the financial liability, are fully, or partially, extinguished with equity instruments. The interpretation is effective for annual periods beginning on or after 1 July 2011. The Group expects to implement IFRIC 19 as of 1 July 2011. The changes are expected to have an insignificant impact on the Group accounts.

IASB's annual improvement project was published in May 2010 and implies 11 changes in 6 standards. The improvements are effective for annual periods beginning on or after 1 January 2011, but are not yet approved by the EU. There are separate transition provisions for each standard. The Group expects to implement the changes from 1 January 2011. These changes are expected to have an insignificant impact on the Group accounts.

NOTE 3

→ Companies in the group

The consolidated accounts for 2010 include the following subsidiaries and associates of significant size:

Amounts in 1 000 (local currency)

| | Registered | Currency | Nominal share capital | The group's ownership interest and voting share |
|--|------------|----------|-----------------------|---|
| Company name | | | | |
| Parent company Cermag ASA | Norway | NOK | 925 000 | |
| Subsidiaries | | | | |
| Statkorn Aqua AS | Norway | NOK | 180 000 | 100% |
| EWOS AS | Norway | NOK | 200 000 | 100% |
| EWOS Innovation AS | Norway | NOK | 23 363 | 100% |
| Mainstream Norway AS | Norway | NOK | 5 440 | 100% |
| EWOS Ltd. | Scotland | GBP | 58 018 | 100% |
| EWOS Canada Ltd. - Group ¹⁾ | Canada | CAD | 15 000 | 100% |
| EWOS Chile Alimentos Ltda. | Chile | USD | 17 000 | 100% |
| Mainstream Chile S.A | Chile | USD | 154 719 | 100% |
| Norgrain AS | Norway | NOK | 47 968 | 72,5% |
| Associated companies | | | | |
| Denofa AS ²⁾ | Norway | NOK | 10 000 | 49% |
| Hordafôr AS | Norway | NOK | 2 210 | 35,2% |

¹⁾ Activities in Canada are organised in one legal entity, which includes Mainstream Canada

²⁾ Ownership through the subsidiary Norgrain AS

NOTE 4

→ Changes in the corporate structure/significant individual transactions

YEAR 2010

The following significant acquisitions and sales and of companies took place during the year:

Amounts in NOK 1 000

| | Date of acquisition/sale | Transaction cost/(proceeds) |
|----------------------------|--------------------------|-----------------------------|
| Company name | | |
| Ranfjord Fiskeprodukter AS | 31.08.2010 | 21 252 |
| Mainstream Scotland Ltd. | 25.08.2010 | (346 095) |
| Marine Farms ASA | 17.09.2010 | (112 031) |

The subsidiary Mainstream Norway AS acquired 37.35 percent of the shares in Ranfjord Fiskeprodukter AS in August 2010. Please refer to note 15 for the Group's share of the 2010 net profit and other financial information for the company.

Cermaq ASA entered into an agreement to sell its farming and processing operations in Scotland, Mainstream Scotland Ltd., to Morpol ASA in August 2010 for a enterprise value of NOK 350 million. The sale resulted in an accounting gain of NOK 69.8 million.

On 14 September 2010, Cermaq ASA achieved through several transactions an ownership of 43 percent in Marine Farms ASA and announced its intent to issue a mandatory offer for the remaining shares in the company. On 17 September 2010, the Group announced that Cermaq ASA had entered into an agreement to sell all its shares in Marine Farms ASA to Morpol ASA for a total consideration of NOK 292 million or NOK 18.50 per share. The sale resulted in an accounting gain of NOK 61.6 million.

YEAR 2009

The following significant acquisitions and sales and of companies took place during the year:

Amounts in NOK 1 000

| | Date of acquisition/sale | Transaction cost/(proceeds) |
|--------------------------|--------------------------|-----------------------------|
| Company name | | |
| Lighthouse Caledonia ASA | 04.03.2009/22.09.2009 | 25 000/(63 623) |
| Denofa AS | 31.08.2009 | (30 440) |
| Ballangen Sjøfarm AS | 29.10.2009 | 12 100 |

Cermaq subscribed for NOK 25 million out of a total private placement share issue of NOK 150 million offered by Lighthouse Caledonia ASA (LHC) in March 2009. The investment represented an ownershare of 16.3 percent in LHC. The shares were sold in September 2009 to Northern Link Ltd. The sale resulted in an accounting gain of NOK 38.6 million.

On 13 July 2009, the Cermaq Group agri subsidiary Norgrain AS, entered into an agreement to sell 11 percent of its shareholding in Denofa AS to the Brazilian company Amaggi, a division of the André Maggi Group. The sale of the Group's majority stake in Denofa was completed on 31 August 2009. Norgrain's ownership in Denofa is 49 percent after the sale. The other owner of Denofa, Agrenco (Brazil) sold its current 40 percent stake in the company to Amaggi in the joint deal. The net sales proceeds related to the transaction amounted to NOK 30.4 million after direct transaction costs, cash sold and settlement of other outstanding receivables. Net gain on the sale after direct expenses and guarantee provision was NOK 13.4 million.

The agreement also gives Norgrain an option to sell their remaining shares to Amaggi after 4 years at a predetermined price. The sales option is valued at 0 in the Group's accounts. Please refer to note 5 for summary of financial information for discontinued operations.

Mainstream Norway AS acquired 30 percent of the shares in Ballangen Sjøfarm AS in October 2009. Please refer to note 15 for the Group's share of 2009-result and other financial information for the company.

NOTE 5

→ Discontinued operations

Please refer to note 4 for details related to sale of majority stake in Denofa AS. Denofa was classified as held for sale and discontinued operations as from 1 July 2009 and depreciation ceased from the same date.

The Cermaq Group's investment in Uniol AS was classified as held for sale and discontinued operations as from October 2009. As at 31 December 2009, the investment was impaired and the investment in Uniol has no carrying value in the Group accounts as at 31 December 2010.

The results in the discontinued operations are reported separately under the heading Discontinued operations in the Group's income statement for current and prior periods. Cash flows from discontinued operations are presented separately, including for prior periods. Prior period financial positions are not re-presented.

The remaining ownership in Denofa of 49 percent is presented as Investment in associated companies in the financial position with the corresponding share of result included in Income from associates in the Group's income statement.

The discontinued Denofa and Uniol operations were previously included within Other activities in the segment reporting.

Summary of financial data for discontinued operations

The results of the discontinued operations included in the income statement are set out below. The comparative net profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current period.

Amounts in NOK 1 000

| Statement of income | 2010 | 2009 |
|---|----------|-----------------|
| Operating revenues ¹⁾ | - | 1 055 215 |
| Cost of materials | - | (975 210) |
| Personnel expenses | - | (28 934) |
| Depreciation | - | (5 174) |
| Other operating expenses | - | (27 511) |
| EBIT | - | 18 386 |
| Financial items, net | - | 12 992 |
| Net income/(loss) before tax | - | 31 378 |
| Income taxes | - | (11 897) |
| Net income/(loss) pre sale of shares | - | 19 481 |
| Gain on sale of shares | - | 13 314 |
| Net income/(loss) from discontinued operations Denofa AS | - | 32 795 |
| Income from associates | - | (1 237) |
| Change in fair value of financial assets | - | (85 785) |
| Net income/(loss) before tax | - | (87 022) |
| Income taxes | - | 9 191 |
| Net income/(loss) from discontinued operations Uniol AS | - | (77 830) |
| Net income/(loss) from discontinued operations | - | (45 035) |

¹⁾ Includes internal sale to Group company Norgrain AS

Amounts in NOK million

| Statement of cash flows | 2010 | 2009 |
|---|----------|----------------|
| Net cash flow from operating activities | - | - |
| Net cash flow from investing activities | - | - |
| Net cash flow from financing activities | - | - |
| Net cash flow discontinued operations | - | - |
| Net cash flow discontinued operations NIBD | - | 290 289 |

Effects on the financial position

The deconsolidation of Denofa AS in 2009 reduced the Group's assets by NOK 450 million, partly offset by the recognition of carrying amount of the remaining investment of NOK 74 million as investment in associated companies. The impairment of the Uniol investment in 2009 reduced the Group's assets by NOK 86 million.

NOTE 6

→ Information on segments and geographic distribution

The Group has two reportable segments in accordance with IFRS 8 Operating segments. The Group's main strategic business area is aquaculture, which consists of two segments; fish feed production and fish farming.

Fish feed involves the production and sale of fish feed. Fish farming involves the breeding and on-growing of salmon and trout, as well as the slaughtering, processing, sale and distribution of salmon and trout.

Fish feed and Fish farming are managed separately as each segment is considered to be a strategic business unit. Separate reports are prepared for the operating segments, and corporate management evaluates the results and resource allocation continuously. Segmental information is presented in these accounts.

Cermaq's other activities consist of operations carried out through the parent company Cermaq ASA, the Agri subsidiary Norgrain AS and associated companies.

The Group evaluates operations based on the operating profit or loss and cash flows of the strategic business units. Intercompany sales and transfers between operations take place at market prices.

Amounts in NOK 1 000

| | Fish feed | | Fish farming | | Other activities | |
|--|------------------|------------------|------------------|------------------|------------------|-----------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| External sales | 6 191 342 | 5 265 341 | 3 501 505 | 3 300 308 | 298 181 | 420 873 |
| Internal sales | 1 197 079 | 985 234 | – | – | 2 903 | 2 815 |
| Total revenue | 7 388 422 | 6 250 575 | 3 501 505 | 3 300 308 | 300 836 | 423 688 |
| Ordinary depreciation | (161 789) | (130 733) | (172 297) | (201 511) | (4 870) | (2 105) |
| Operating result pre fair value | 509 135 | 379 616 | 913 338 | 175 122 | 36 886 | (30 137) |
| Fair value adjustments | 12 813 | (413) | 485 137 | 24 027 | – | – |
| Operating result | 521 948 | 379 203 | 1 398 475 | 199 150 | 36 886 | (30 137) |
| Income from associates | 744 | – | 6 064 | 2 428 | 24 826 | 8 939 |
| Tax | (122 193) | (83 266) | (310 782) | (63 759) | 4 067 | 9 776 |
| Net result | 367 388 | 245 689 | 1 048 821 | 84 337 | 97 256 | 10 755 |
| Assets | 4 183 589 | 3 994 893 | 5 809 267 | 4 702 992 | 1 592 637 | 2 429 910 |
| Intangible assets | 478 162 | 477 951 | 1 561 431 | 1 508 524 | 36 458 | 39 177 |
| Liabilities | 2 809 098 | 2 963 267 | 2 293 439 | 2 588 173 | 738 438 | 1 213 679 |
| Capital expenditure | 103 051 | 256 421 | 283 222 | 144 778 | 3 196 | 951 |
| Acquisition of companies | – | – | 21 252 | 12 100 | – | – |

Amounts in NOK 1 000

| | Eliminations | | Consolidated | |
|--|--------------------|--------------------|------------------|------------------|
| | 2010 | 2009 | 2010 | 2009 |
| External sales | (500) | (14 807) | 9 990 528 | 8 971 713 |
| Internal sales | (1 199 982) | (988 051) | – | – |
| Total revenue | (1 200 235) | (1 002 858) | 9 990 528 | 8 971 713 |
| Ordinary depreciation | – | – | (338 955) | (334 348) |
| Operating result pre fair value | (20 016) | (1 039) | 1 439 344 | 523 562 |
| Fair value adjustments | 14 222 | (1 421) | 512 172 | 22 193 |
| Operating result | (5 794) | (2 460) | 1 951 516 | 545 755 |
| Income from associates | – | – | 31 634 | 11 367 |
| Tax | (52) | (6 183) | (428 959) | (143 432) |
| Net result | 1 205 | 214 | 1 514 669 | 340 994 |
| Assets | (1 972 703) | (2 861 563) | 9 612 788 | 8 266 231 |
| Intangible assets | (27 771) | (11 778) | 2 048 279 | 2 013 874 |
| Liabilities | (1 980 043) | (2 851 902) | 3 860 933 | 3 913 216 |
| Capital expenditure | – | – | 389 469 | 402 150 |
| Acquisition of companies | – | – | 21 252 | 12 100 |

Amounts in NOK 1 000

| Group operating revenues by the location of the individual customers | | 2010 | 2009 |
|--|--|------------------|------------------|
| Country | | | |
| Norway | | 4 984 828 | 4 285 380 |
| Chile | | 1 393 925 | 1 036 103 |
| USA | | 719 991 | 861 510 |
| Japan | | 669 203 | 775 516 |
| United Kingdom | | 648 754 | 557 343 |
| Canada | | 563 816 | 495 053 |
| Rest of Europe | | 620 385 | 598 793 |
| Other countries | | 389 625 | 362 014 |
| Total operating revenues | | 9 990 528 | 8 971 713 |

| Total assets per country | | 2010 | 2009 |
|--------------------------|--|------------------|------------------|
| Country | | | |
| Norway | | 4 467 647 | 4 066 833 |
| Chile | | 3 536 039 | 2 845 645 |
| United Kingdom | | 218 237 | 398 928 |
| Canada | | 1 456 193 | 1 111 586 |
| Group eliminations | | (65 327) | (156 761) |
| Total assets | | 9 612 789 | 8 266 231 |

| Capital expenditure per country | | 2010 | 2009 |
|----------------------------------|--|----------------|----------------|
| Country | | | |
| Norway | | 138 156 | 297 036 |
| Chile | | 155 156 | 42 244 |
| United Kingdom | | 34 683 | 13 378 |
| Canada | | 61 473 | 49 472 |
| Total capital expenditure | | 389 469 | 402 130 |

NOTE 7

→ Wages and other personnel expenses

Amounts in NOK 1 000

| | 2010 | 2009 |
|---|----------------|----------------|
| Wages and salaries including holiday pay | 629 930 | 586 939 |
| National insurance contributions | 44 600 | 42 401 |
| Pension costs | 23 780 | 32 883 |
| Other staff expenses | 24 884 | 21 984 |
| Total wages and other personnel expenses | 723 195 | 684 207 |

The number of employees in the Cermaq Group at 31 December 2010 was 3 533 persons (2009: 3 277 persons). The number of man-years during the year in the Group was 3 251 (2009: 3 006 man-years).

OUR RESULTS

BOARD OF DIRECTORS REPORT

ANNUAL ACCOUNTS 2010

ANALYTIC INFORMATION

SHAREHOLDERS INFORMATION

GRI NAVIGATOR

Remuneration – key management personnel

The Cermaq Central Management Team (CCMT) and the Cermaq board were entitled to the following remuneration:

Amounts in NOK 1 000

| Cermaq Central Management Team (CCMT) | Salary | Bonus | Other remuneration | Total paid remuneration | Fair value of options issued | Pension cost ⁸⁾ |
|---------------------------------------|---------------|--------------|--------------------|-------------------------|------------------------------|----------------------------|
| 2010 | | | | | | |
| Geir Isaksen | 2 967 | 486 | 48 | 3 501 | – | 1 039 |
| Geir Sjaastad | 1 712 | 257 | 140 | 2 109 | – | 280 |
| Tore Valderhaug ¹⁾ | 1 869 | 59 | 28 | 1 956 | – | 196 |
| Steven Rafferty ²⁾ | 1 097 | 435 | 8 | 1 540 | – | 63 |
| Kjell Bjordal ³⁾ | 2 080 | 364 | 159 | 2 603 | – | 3 917 |
| Synne Hombles | 1 564 | 267 | 33 | 1 864 | – | 133 |
| Geir Molvik ⁷⁾ | 1 152 | – | 19 | 1 171 | – | 516 |
| Total | 12 441 | 1 868 | 435 | 14 744 | – | 6 145 |
| 2009 | | | | | | |
| Geir Isaksen | 2 832 | – | 47 | 2 879 | – | 1 109 |
| Geir Sjaastad | 1 685 | – | 126 | 1 811 | – | 303 |
| Tore Valderhaug ¹⁾ | 321 | – | 3 | 324 | – | 32 |
| Steven Rafferty ²⁾ | 2 415 | – | 135 | 2 550 | – | 208 |
| Kjell Bjordal ³⁾ | 2 059 | – | 190 | 2 249 | – | 922 |
| Synne Hombles | 1 450 | – | 32 | 1 482 | – | 117 |
| Francisco Ariztia ⁴⁾ | 1 846 | – | 122 | 1 967 | – | – |
| Tarald Sivertsen ⁵⁾ | 1 128 | – | 18 | 1 146 | – | 97 |
| Endre Witzø ⁶⁾ | 343 | – | 6 | 349 | – | 55 |
| Total | 14 079 | – | 679 | 14 433 | – | 2 843 |

¹⁾ Tore Valderhaug assumed his position as Chief Financial Officer (CFO) 1 November 2009

²⁾ Steven Rafferty assumed his position as CFO 1 May 2008. Mr. Rafferty was appointed as Chief Operating Officer (COO) of Farming 1 July 2009. Mr. Rafferty combined his new position with the CFO position until 31 October 2009. He resigned from the Group 31 March 2010

³⁾ Salary paid by EWOS AS

⁴⁾ Salary paid by Mainstream Chile S.A. Mr. Ariztia resigned from his position as COO of Mainstream Americas 30 June 2009

⁵⁾ Tarald Sivertsen left the CCMT 31 October 2009. Mr. Sivertsen is still working for the Group as Deputy COO Farming

⁶⁾ Endre Witzø assumed his position as Chief Strategy Officer 1 January 2008. Mr. Witzø left CCMT 31 March 2009, but remained in his position as Chief Strategy Officer until he resigned from the Group 31 March 2010

⁷⁾ Geir Molvik assumed his position as COO Farming 1 June 2010. Mr. Molvik was previously Managing Director of EWOS AS

⁸⁾ Pension cost is this year's service cost and payments to defined contribution schemes

Amounts in NOK 1 000

| The Board | Board fee 2010 | Board fee 2009 |
|--|----------------|----------------|
| Bård Mikkelsen – Chairman of the board ¹⁾ | 347 | 268 |
| Astrid Sørsgaard – Deputy Chairman ^{2) 3)} | 283 | 215 |
| Rebekka Glasser Herlofsen ^{3) 4)} | 208 | 101 |
| Helge Midttun ^{3) 4)} | 208 | 101 |
| Jan Erik Korssjøen ⁴⁾ | 175 | 85 |
| Reidun Karlsen – employee elected ^{4) 5)} | 175 | 191 |
| Terje Rekdal – employee elected ⁴⁾ | 175 | 85 |
| Ted Andreas Mollan – employee elected ⁴⁾ | 175 | 85 |
| Sigbjørn Johnsen ^{3) 6)} | – | 186 |
| Wenche Kjølås ^{3) 8)} | – | 101 |
| Kjell Frøyslid ⁸⁾ | – | 85 |
| Jan Helge Førde – employee elected ⁸⁾ | – | 85 |
| Nils Inge Hitland – employee elected ⁹⁾ | – | 87 |
| Total | 1 746 | 1 674 |

¹⁾ Chairman of the Board from Annual General Meeting in May 2009

²⁾ Deputy Chairman from Annual General Meeting in May 2009

³⁾ Included in the total Board fee for 2010 is compensation related to Audit Committee meetings. Annual Audit Committee fee is NOK 32 000

⁴⁾ Board member from Annual General Meeting in May 2009

⁵⁾ Deputy Reidun Karlsen replaced Kent Inge Eliassen from March 2009

⁶⁾ Sigbjørn Johnsen resigned from the Board and Chairman in May 2009

⁷⁾ Deputy Nils Inge Hitland replaced Ingrid Kassen as from February 2009 in the Board due to Ingrid Kassen's resignation from EWOS AS

⁸⁾ Resigned from the Board in May 2009

Employee elected directors have in addition received ordinary salaries from the companies where they are employed.

Deputies in the Board and members of the Nomination Committee receive NOK 2 400 for each meeting they attend.

None of the directors have any share-based remuneration. An overview of CCMT and Board members' share holdings in the company are shown in note 22.

For 2010, the Board determined a bonus scheme for CCMT based on Return on capital employed (ROCE) between 7 and 13 percent and individual criteria. Each element counts for half of the maximum bonus and is independent of each other. The total bonus is limited to 30 percent of the fixed salary. There will be bonus payments in 2011 for the financial year 2010. The bonus has been provided for in the 2010 accounts.

Bonus paid in 2010 was related to the financial year 2009. For 2009, the Board determined a bonus scheme for CCMT based on ROCE between 7 and 13 percent, goals set for average outstanding days on receivables and inventories and individual criteria. Each element counted for one third of the maximum bonus and was independent of each other. The total bonus was limited to 30 percent of the fixed salary.

CCMT members are members of the Group's pension schemes described in note 8. In addition, Geir Isaksen and Kjell Bjordal have pension schemes which entitle them to retire at the age of 62 and 60 years respectively. The early retirement schemes in question provide pensions up to a maximum of 66 percent of salary from retirement dependent upon number of years pensionable service.

Geir Isaksen and Kjell Bjordal are entitled to one year's salary compensation if the company brings the conditions of employment to an end. Geir Sjaastad is entitled to nine months salary for loss of employment. The Chairman of the Board and other members of the Board as well as other CCMT members have no such rights. Geir Isaksen's and Geir Sjaastad's compensation for loss of employment is reduced if income from other sources than board fees and capital income exceeds NOK 100 000.

Geir Isaksen, Geir Sjaastad, Tore Valderhaug, Geir Molvik and Synne Homble have loans from Cermaq ASA of NOK 4 687 each at year end. Kjell Bjordal has a loan from EWOS of NOK 134 000. There has been no remuneration paid during the year beyond what is considered normal for management.

Option scheme

In 2006, an option scheme was established. Fair value per option and established cost in the financial statements is calculated using Monte Carlo simulation. At year end, 42 individuals (2009: 44 individuals) are included in the scheme. The options vested in three tranches, with one third at 26 October 2006, one third at 1 June 2007 and one third at 1 June 2008.

Options vested at 26 October 2006 can be exercised in the period 1 June 2009–1 June 2012.

Options vested at 1 June 2007 can be exercised in the period 1 June 2010–1 June 2013.

Options vested at 1 June 2008 can be exercised in the period 1 June 2011–1 June 2014.

Cermag has limited the potential gain of the options vested to NOK 50 per option. The gain is calculated as the difference between strike price and average share price at Oslo Stock Exchange the day the trading is notified, and the following day. If the maximum gain is achieved, the number of options that can be exercised will be reduced.

The options are associated with employment and employees leaving the company must exercise any options that are vested within three months. Employees whose employment has been terminated as a result of misconduct do not have any right to exercise options.

At the end of 2010, 606 666 options are vested and outstanding (2009: 626 666 options). Strike price for options vested on 1 June 2008 is NOK 71.92 per option, based on the average share price from the days 30 May, 2 June and 3 June 2008 plus a premium of 10 percent. The strike price for options vested on 1 June 2007 is 113.76 based on the average share price from the days 31 May, 1 June and 4 June 2007 plus a premium of 10 percent. The strike price for options vested on 26 October 2006 is NOK 92.93 per option, based on a three day average share price from the days 31 May, 1 June and 2 June (as 1 June 2006 was the exercise date of the previous option program) plus a premium of 10 percent. Share price on grant date 2006 was NOK 78.50.

Other assumptions considered in the model is decreasing volatility during the exercise period from 40-25 percent, 4.1 percent risk free interest rate and 2.25 percent in expected dividend. The share price of Cermaq at year end 2010 was NOK 90.0. The accumulated option cost of the program is NOK 12.7 million. The vesting period ended in June 2008 and there will be no further cost related to the program.

| Overview of Cermaq Central Management Team members' options: | Ingoing balance | Options vested in 2010 | Outgoing balance |
|--|-----------------|------------------------|------------------|
| Geir Isaksen | 50 000 | – | 50 000 |
| Geir Sjaastad | 35 000 | – | 35 000 |
| Kjell Bjordal | 35 000 | – | 35 000 |
| Geir Molvik | 25 000 | – | 25 000 |

Report to shareholders on directors' remuneration

The main principles for the Group's wage policies for key management personnel are: management wages should be competitive, motivating, understandable, acceptable and flexible. In addition to fixed salary, bonus, pensions and other fringe benefits which are common for similar positions, are considered. The terms of the CEO are set by the Board. General programs for variable pay to CCMT are also set by the Board. With respect to remuneration linked to shares or share price development, guidelines are approved by the general assembly. The report to shareholders on directors' remuneration is approved by the Board and is available on the Group's website www.cermaq.com, and can also be found on page 114 in the Annual Report.

NOTE 8

→ Pension costs and obligations

Of the 3 533 employees at 31 December 2010, 1 071 are members of pension schemes within the Group. 60 of these are located in Scotland, 328 in Canada and the remaining 683 in Norwegian companies.

In Norway, the Group is required by law (Act relating to mandatory service pensions) to have a service pension plan. The schemes in Norwegian companies meet the requirements of the law.

All Norwegian 100 percent owned subsidiaries have defined contribution schemes for active members. Contributions are given in steps of 0, 3 and 6 percent of salary for salaries below 12G (which is equivalent to annual salary of around NOK 905 000). The subsidiary Norgrain AS has defined benefit schemes for its employees. Further, some of the Group's foreign subsidiaries have contribution schemes. Contributions are made at various rates of salary depending on the age and position of the employee. Contributions to these schemes in 2011, are expected to be at approximately the same level as in 2010 given the scheme structures as at year end 2010.

A Scotland subsidiary has a defined benefit pension scheme which was closed to future accrual in 2007 following transfer to defined contribution scheme. The scheme is established under a trust, which means that its assets are held separately from the company's assets, but any funding shortfall must be financed by the company. The company currently pays deficit contributions of GBP 139 200 per year. The scheme showed an unrecoverable surplus of GBP 231 000 at year end 2008. At year end 2009, the scheme deficit was GBP 2.5 million following actuarial losses on the scheme. The deficit was recognised in other comprehensive income net of tax. At year end 2010, the scheme deficit was GBP 2.5 million. The scheme assets and liabilities was not included in the 2008 and 2007 accounts following a net nil liability (unrecoverable surplus). The 2008 and 2007 tables below have been restated for consistency (with no changes to reported pension liability). All scheme assets are held by EWOS Ltd. pension scheme trustees and are mainly invested in an investment fund. Assumptions used in the UK actuary calculation as at 31 December 2010 are a discount rate of 5.4 percent, actual return of 5.9 percent and inflation/pension adjustment of 3.4 percent.

Top Hat-schemes in Norwegian companies (benefits for salary above 12G), are non-funded defined benefit schemes for employees within the scheme at 31 December 2006. Persons entering the Top Hat-scheme after this date have a defined contribution scheme. Annual contribution is 15 percent of salary above 12G.

Early retirement schemes and schemes for pensioners are defined benefit schemes. Under defined benefit schemes, the Group is responsible for providing pensions to employees who are members of the schemes. These responsibilities are funded by making contributions to insurance schemes. There is no guarantee that the amounts funded will be sufficient to meet the Group's pension liabilities.

As at 31 December 2010, there was a deficit of NOK 58.4 million in pension scheme funding, which will be made up by increased ongoing contributions.

The new Norwegian pension legislation related to general early retirement schemes ("AFP-tilskottsloven") was approved 19 February 2010 with effect from 1 January 2010. Persons borned after 31 December 1948 will get early retirement in accordance with the new scheme. Persons borned between 1944 and 1948 could choose whether to be a part of the old or new scheme. The old scheme was closed for further accruals at the end of 2010 and will be settled in January 2016. The new early retirement legislation resulted in an income of NOK 7.1 million in 2010 for the Group.

| Assumptions (Norwegian defined benefit schemes) | 2010 | 2009 |
|---|----------------|----------------|
| Financials | | |
| Discount rate | 3.2% | 4.5% |
| Expected return on pension funds | 4.5% | 5.5% |
| Wage adjustment | 3.8% | 4.0% |
| Basic amount adjust/inflation | 3.8% | 4.0% |
| Pension adjustment | 1.5% | 2.0% |
| Demographic | | |
| Mortality | K-2005 | K-2005 |
| Early retirement | 50% at 62 year | 50% at 62 year |

Amounts in NOK 1 000

| Pension cost | 2010 | 2009 |
|--|----------------|---------------|
| Net present value of current year's pension benefit earned | 1 333 | 5 439 |
| Interest cost of pension liability | 7 335 | 7 953 |
| Expected return on pension funds | (5 604) | (5 922) |
| Actuarial gains and losses | 1 902 | 4 301 |
| Recognised one off effects | (7 098) | – |
| Administrative expenses | 521 | 405 |
| Accrued National Insurance contributions | 501 | 649 |
| Net accrued pension cost defined benefit schemes | (1 110) | 12 824 |
| Cost defined contribution scheme and other pension costs | 24 890 | 20 059 |
| Total pension cost | 23 780 | 32 883 |

Amounts in NOK 1 000

| Pension liability, including historic information | Funded 2010 | Non-funded ¹⁾ 2010 | Total 2010 | Total 2009 |
|---|-----------------|-------------------------------|-----------------|-----------------|
| Projected benefit liabilities | (146 427) | (16 511) | (162 938) | (162 282) |
| Estimated pension funds | 101 100 | 2 056 | 103 156 | 102 713 |
| Estimated net pension funds/(liabilities) | (45 327) | (14 455) | (59 782) | (59 569) |
| Unrecorded gain/(loss) | 4 361 | 998 | 5 359 | 2 569 |
| Net pension funds/(liabilities) | (40 966) | (13 457) | (54 423) | (57 000) |
| Accrued National Insurance contributions | (2 557) | (1 396) | (3 953) | (3 403) |
| Pension funds/(obligations) | (43 523) | (14 853) | (58 374) | (60 401) |

| | Total 2008 | Total 2007 | Total 2006 | Total 2005 |
|--|-----------------|-----------------|-----------------|-----------------|
| Projected benefit liabilities | (138 734) | (130 386) | (174 303) | (251 975) |
| Estimated pension funds | 103 584 | 111 128 | 126 090 | 159 413 |
| Estimated net pension funds/(liabilities) | (35 150) | (19 258) | (48 213) | (92 563) |
| Unrecorded gain/(loss) | 10 049 | (5 129) | 6 600 | 27 861 |
| Net pension funds/(liabilities) | (25 102) | (24 387) | (41 614) | (64 702) |
| Accrued National Insurance contributions | (3 344) | (2 662) | (2 413) | (3 891) |
| Pension funds/(obligations) | (28 446) | (27 048) | (44 026) | (68 593) |

| Changes in the present value of the defined benefit liability | 2010 | 2009 | 2008 | 2007 |
|---|----------------|----------------|----------------|----------------|
| Opening defined benefit liabilities at 1 January | 162 282 | 138 734 | 130 386 | 174 303 |
| Interest cost | 7 335 | 7 953 | 2 766 | 7 139 |
| Current service cost | 1 333 | 5 439 | 4 104 | 5 974 |
| Benefits paid | (7 226) | (7 804) | (3 689) | (4 618) |
| Effect of closing general company pension scheme | – | – | 12 | (28 996) |
| Effect of acquisitions/sale of companies | – | (2 050) | 1 447 | – |
| Actuarial (gains)/losses on liabilities | 3 036 | 24 901 | 12 811 | (18 597) |
| Currency effect | (3 822) | (4 891) | (9 102) | (4 819) |
| Projected benefit liabilities at 31 December | 162 938 | 162 282 | 138 734 | 130 386 |

¹⁾ Non-funded schemes relate to AFP, Top hat and early retirement schemes

OUR RESULTS

BOARD OF DIRECTORS REPORT

ANNUAL ACCOUNTS 2010

ANALYTIC INFORMATION

SHAREHOLDERS INFORMATION

GRI NAVIGATOR

Amounts in NOK 1 000

| Changes in estimated pension funds | 2010 | 2009 | 2008 | 2007 |
|--|----------------|----------------|----------------|----------------|
| Estimated pension funds at 1 January | 102 713 | 103 584 | 111 128 | 126 090 |
| Expected return | 5 604 | 5 922 | 2 471 | 5 663 |
| Contributions paid | 2 477 | 2 167 | 1 610 | 12 988 |
| Benefits paid | (6 444) | (6 858) | (2 618) | (4 188) |
| Effect of closing general company pension scheme | – | – | – | (24 746) |
| Actuarial (gains)/losses on liabilities | 250 | 2 790 | 94 | (1 138) |
| Currency effect | (1 445) | (4 891) | (9 102) | (3 541) |
| Estimated pension funds at 31 December | 103 156 | 102 713 | 103 584 | 111 128 |

The group's Norwegian pension funds are invested as follows:

| | 2010 | 2009 |
|---------------------------------------|----------------|----------------|
| Current bonds | 16.6 % | 23.3 % |
| Long-term bonds | 32.5 % | 35.7 % |
| Moneymarket funds | 13.2 % | 8.5 % |
| Stocks | 15.6 % | 13.5 % |
| Real estate | 16.1 % | 16.6 % |
| Various | 6.0 % | 2.4 % |
| Total | 100.0 % | 100.0 % |
| Actual return on pension funds | 6.0 % | 5.4 % |

Sensitivities

The above pension cost and pension liabilities related to defined benefit schemes, are based on the assumptions outlined above. The actuarial calculations are sensitive to any changes in these assumptions. Normally, a 1 percent change in discount rate would imply a 20 percent change in the pension liability and pension cost (defined benefit schemes) and a 1 percent change in wage adjustment would imply a 10 percent change in the pension liability and pension cost (defined benefit schemes).

NOTE 9**→ Other operating expenses***Amounts in NOK 1 000*

| | 2010 | 2009 |
|---------------------------------------|------------------|------------------|
| Production cost ¹⁾ | 533 481 | 559 934 |
| Logistic cost ²⁾ | 428 419 | 437 078 |
| Sales and administration expenses | 190 811 | 210 077 |
| Other operating expenses | 161 937 | 193 945 |
| Total other operating expenses | 1 314 649 | 1 401 034 |

¹⁾ Production costs include all costs associated with production of goods and other maintenance costs

²⁾ Logistics costs include all costs associated with transporting goods from production site to the customer

Research and development costs

Research and development costs are expenditure on research projects related to aquaculture and include costs of employing scientists and administrators, costs of technical equipment, premises costs and costs of contractors.

IAS 38 sets detailed conditions governing the circumstances under which R&D expenditure can be capitalised. These include the requirements that expenditure will generate probable future economic benefits and that costs can be specifically attributed to an intangible asset. The detailed conditions set out in IAS 38 with respect to capitalization of R&D have not been met in 2010, and R&D costs have been expensed as incurred. R&D costs were NOK 77.5 million in 2010 (2009: NOK 73.8 million).

Auditor

Expensed fees from the Group's auditor, KPMG, have been as follow (excluding VAT):

Amounts in NOK 1 000

| | 2010 | 2009 |
|---|--------------|--------------|
| Audit fees | 4 117 | 4 197 |
| Other audit related services | 197 | 686 |
| Total audit fees to KPMG | 4 314 | 4 883 |
| Tax services | 334 | 524 |
| Other services | 234 | 681 |
| Total fees to KPMG | 4 882 | 6 087 |
| Audit fees to other auditors ¹⁾ | 295 | 263 |

¹⁾ Including audit fees in subsidiaries (continuing operations) that have Ernst & Young as auditor

NOTE 10

→ Financial income/expenses

Amounts in NOK 1 000

| Recognised in profit and loss | 2010 | 2009 |
|--|------------------|------------------|
| Interest Income on bank deposits | 5 537 | 6 774 |
| Net foreign exchange gain | - | 7 440 |
| Net gain on disposal of available for sale assets ¹⁾ | 61 627 | 38 675 |
| Fair value adjustment interest rate swap | 20 848 | - |
| Other financial income | 2 060 | 733 |
| Financial income | 90 071 | 53 622 |
| Interest expense on financial liabilities measured at amortized cost | (55 794) | (97 976) |
| Impairment loss on available for sale financial assets ²⁾ | - | (24 955) |
| Impairment loss financial contracts ³⁾ | (18 182) | - |
| Fair value changes financial contracts ⁴⁾ | (26 731) | - |
| Net foreign exchange loss | (3 626) | - |
| Other financial expense | (25 260) | (3 387) |
| Financial expense | (129 592) | (126 318) |
| Net financial items | (39 521) | (72 696) |
| The above financial income and expense include the following: | | |
| Total interest income on financial assets | 5 537 | 6 774 |
| Total interest expense on financial liabilities | (55 794) | (97 976) |

¹⁾ Mainly gain regarding sale of shares in Marine Farms ASA

²⁾ Impairment loss 2009 mainly relates to shares in Marine Farms ASA

³⁾ EWOS Chile settled an agreement with Cultivos Marinos Chiloé Ltda regarding termination of a contract to acquire a feed plant. An impairment loss of NOK 18.2 million was booked. More information in note 16

⁴⁾ Mainstream Norway entered into salmon forward contracts with the Fish Pool exchange. These contracts has a fair valute loss of NOK 26.7 million. More information in note 24

Amounts in NOK 1 000

| Recognised in other comprehensive income | 2010 | 2009 |
|---|----------|--------|
| Net change in fair value of available for sale financial assets ¹⁾ | (49 567) | 51 330 |
| Fair value adjustment of forward contracts | - | - |
| Attributable to: | | |
| Equity holders of the company | (49 567) | 51 330 |
| Recognised in: | | |
| Other reserves | (49 567) | 51 330 |

¹⁾ Change in fair value mainly related to a reversal of a previous impairment loss in connection with the sale of shares in Marine Farms ASA

NOTE 11

→ Taxation

Amounts in NOK 1 000

| Income tax expense | 2010 | 2009 |
|---|------------------|------------------|
| Tax payable | (233 174) | (72 294) |
| Change in deferred tax | (195 785) | (71 138) |
| Tax on ordinary result | (428 959) | (143 432) |
| Distribution of income tax expense | 2010 | 2009 |
| Norway | (242 164) | (104 049) |
| Abroad | (186 795) | (39 384) |
| Tax on ordinary result | (428 959) | (143 432) |

Tax payable in the consolidated balance sheet amounts to NOK 155.2 million, primarily related to payable taxes in Norway.

The tax on the group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profit of the consolidated companies as follows:

Amounts in NOK 1 000

| Reconciliation of tax for the year | 2010 | 2009 |
|---|------------------|------------------|
| 28% tax on profit before tax for the year | (544 216) | (135 639) |
| 28% tax effect on permanent differences | 46 630 | (5 149) |
| Differences in nominal tax rate for foreign companies | 52 772 | (19 243) |
| Change in tax from previous years | (4 504) | 4 353 |
| Other differences | 20 359 | 12 247 |
| Tax on ordinary result | (428 959) | (143 432) |

The weighted average applicable tax rate for continuing operations was 22.1 percent for the year ending 31 December 2010 (2009: 29.6 percent). The 2010 tax rate reflects that a bigger part of the Group's taxable profits was generated from Chile, which has a lower nominal tax rate compared to the other countries where the Group has operations in.

Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The table below outlines the Group's net deferred tax liability:

Amounts in NOK 1 000

| Tax effect of temporary differences | 2010 | 2009 |
|---|----------------|----------------|
| Intangible assets | 248 178 | 232 387 |
| Tangible assets | 70 625 | 55 288 |
| Inventories | 475 913 | 328 041 |
| Accounts receivables | 4 132 | (14 420) |
| Pension | (16 079) | (16 734) |
| Other | (23 628) | (12 763) |
| Deferred tax losses | (18 701) | (83 779) |
| Not recognised deferred tax asset | – | 49 110 |
| Net deferred tax/(deferred tax assets) | 740 440 | 537 130 |

Net deferred tax asset in Scotland is recognised in the financial position by NOK 9.3 million. Other countries where the Group operates has net deferred tax liabilities at a total of NOK 749.7 million. Deferred income tax assets are recognised for tax losses carried forward and other net deductible temporary differences to the extent that the realisation of the related tax benefit through the future taxable profits is probable.

Amounts in NOK 1 000

| Tax effect of tax losses carried forward | 2010 | 2009 |
|--|---------------|---------------|
| Norway | 9 379 | 48 250 |
| Scotland | 9 322 | 35 529 |
| Total | 18 701 | 83 779 |

The tax losses specified above are without expiration.

NOTE 12

→ Non-controlling interests

Amounts in NOK 1 000

| Non-controlling interests' share of | 2010 | 2009 |
|---|---------------|---------------|
| Ordinary depreciation | (317) | (2 179) |
| Operating result | (28) | 14 929 |
| Result before tax | 323 | 5 150 |
| Tax | (67) | (4 438) |
| Development of non-controlling interests | 2010 | 2009 |
| Non-controlling interests 1 January | 24 091 | 66 438 |
| Result for the year attributed to non-controlling interests | 257 | 708 |
| Increase/(decrease) related to acquisitions/(sales) | - | (39 113) |
| Dividend paid to non-controlling interests | (1 101) | (3 942) |
| Non-controlling interests 31 December | 23 247 | 24 091 |
| Specification of non-controlling interests | 2010 | 2009 |
| Norgrain AS | 23 247 | 24 091 |
| Non-controlling interests 31 December | 23 247 | 24 091 |

NOTE 13

→ Intangible assets

Amounts in NOK 1 000

| | Goodwill | Licences |
|---|----------------|------------------|
| Cost 1 January 2009 | 908 428 | 1 373 936 |
| Acquisitions/(sale) of companies | (32 372) | 6 056 |
| Acquisitions | - | 47 |
| Disposals | - | (5 000) |
| Transfers and other charges | - | 93 |
| Foreign currency effect | (81 933) | (148 530) |
| Cost 31 December 2009 | 794 123 | 1 226 602 |
| Accumulated amortisation and impairment 1 January 2009 | - | (11 910) |
| Impairment ¹⁾ | - | (7 912) |
| Foreign currency effect | - | 491 |
| Accumulated amortisation and impairment 31 December 2009 | - | (19 331) |
| Carrying value 1 January 2009 | 908 428 | 1 362 026 |
| Carrying value 31 December 2009 | 794 123 | 1 207 272 |

¹⁾ Impairment of non-renewed license in Mainstream Canada

Amounts in NOK 1 000

| | Goodwill | Licences |
|---|----------------|------------------|
| Cost 1 January 2010 | 794 123 | 1 226 602 |
| Acquisitions | - | 44 114 |
| Disposals | - | (32 791) |
| Transfers and other charges | - | 445 |
| Foreign currency effect | 11 767 | 14 900 |
| Cost 31 December 2010 | 805 890 | 1 253 270 |
| Accumulated amortisation and impairment 1 January 2010 | - | (19 331) |
| Impairment ¹⁾ | - | (9 045) |
| Foreign currency effect | - | (1 205) |
| Accumulated amortisation and impairment 31 December 2010 | - | (29 581) |
| Carrying value 1 January 2010 | 794 123 | 1 207 272 |
| Carrying value 31 December 2010 | 805 890 | 1 223 689 |

¹⁾ Impairment of non-renewed license in Mainstream Canada

Amounts in NOK 1 000

| Specification of goodwill | Acquisition year | Carrying value 31.12.2009 |
|------------------------------|------------------|---------------------------|
| Company/group | | |
| EWOS Norway AS | 2000 | 189 748 |
| EWOS Chile Ltda. | 2000 | 137 161 |
| EWOS Canada Ltd.- Group | 2000 | 110 090 |
| EWOS Ltd. | 2000 | 12 420 |
| Mainstream Chile S.A - Group | 2000/2001 | 219 721 |
| Mainstream Norway AS | 2005/2006/2007 | 124 983 |
| Total | | 794 123 |

Amounts in NOK 1 000

| Specification of goodwill | Acquisition year | Carrying value 31.12.2010 |
|------------------------------|------------------|---------------------------|
| Company/group | | |
| EWOS Norway AS | 2000 | 189 748 |
| EWOS Chile Ltda. | 2000 | 139 057 |
| EWOS Canada Ltd.- Group | 2000 | 117 256 |
| EWOS Ltd. | 2000 | 12 088 |
| Mainstream Chile S.A - Group | 2000/2001 | 222 758 |
| Mainstream Norway AS | 2005/2006/2007 | 124 983 |
| Total | | 805 890 |

Specification of fish farming licences

Amounts in NOK 1 000

| Specification of fish farming licences | Ongoing licences | Acquisition year | Carrying value 31.12.2009 |
|--|------------------|--------------------------|---------------------------|
| Country | | | |
| Chile | 59 | 2000/2004/2007/2008/2009 | 666 047 |
| Canada | 28 | 2000/2005 | 112 354 |
| Scotland | 24 | 2000 | 33 690 |
| Norway | 48 | 2003/2005/2006/2007 | 395 182 |
| Total | 159 | | 1 207 272 |

Mainstream Chile acquired 5 new licenses in 2009. Mainstream Canada did not get renewal of 2 licenses in the year, of which one resulted in an impairment of carrying value by NOK 7.9 million. EWOS Innovation sold 1 license in 2009.

Amounts in NOK 1 000

| Specification of fish farming licences | Ongrowing licences | Acquisition year | Carrying value 31.12.2010 |
|--|--------------------|-------------------------------|---------------------------|
| Country | | | |
| Chile | 61 | 2000/2004/2007/2008/2009/2010 | 717 337 |
| Canada | 27 | 2000/2005 | 111 170 |
| Norway | 48 | 2003/2005/2006/2007 | 395 182 |
| Total | 136 | | 1 223 689 |

Mainstream Chile acquired 2 new licenses in 2010. Mainstream Canada did not get renewal of 1 license in the year, which resulted in an impairment of carrying value by NOK 9.0 million.

Impairment

At acquisition, goodwill and intangible assets are allocated to the cash generating units to which they relate (operating companies).

Group management review carrying value of cash generating units annually or more frequently when there is an indication that an asset may be impaired. A value in use approach is used to determine recoverable amount.

Reviews are based on comparing the net present value (NPV) of projected future cash flows with the carrying value of assets taking into account all circumstances which could affect asset value. NPV is calculated by discounting management's best estimates of cash flows for the next 5 years, plus a terminal value. The terminal value is calculated as the net present value of the expected net cash flow in year five over the remaining useful life of the assets.

Different NPV scenarios have been developed, using varying salmon prices, production costs and discount rates, to test the sensitivity of the NPV calculation to these variables with reference to existing management plans plus forecasts and current market conditions.

The most important assumptions used in the impairment calculations are based on long-term expectations about the industry and the cash generating units, and these do not change frequently in practice. Base case margin assumptions are developed using the Group's long-term expectations for the industry which may vary significantly from the short-term margins achieved mainly due to variations in price. Volume assumptions are based on existing licence capacities and planned production. The Group has an ongoing review process, which includes sensitivity analysis and analysis of actual results achieved compared to long term assumptions, to assess whether the long term base case assumptions continue to correctly reflect expectations.

As with any estimate the cash flow projections are sensitive to changes in underlying assumptions; it is possible that the long-term assumptions used in future impairment calculations may differ from those applied in 2010.

The pre tax discount rate used is 10 years government bond rate for each currency in which Group assets are denominated (NOK 3.56 percent, USD 3.28 percent, CAD 3.16 percent, GBP 3.50 percent), plus a risk premium of 6 percent. The terminal growth factor used in the discounted cash flow calculations is 2 percent.

On the basis of this analysis, management believes that there is no need for impairment of the carrying value of goodwill and fish farming licenses at 31 December 2010.

Sensitivities

In connection with the impairment testing of goodwill, sensitivity analyses have been carried out. The value in use is determined based on future strategy plans considering the expected development of the company. Sensitivity analyses have been performed for each defined cash generating units and indicates that with a 2 percentage point increase in the risk premium used (increasing the discount rate), a NOK 1 per kilogram reduction in the long term average margin assumed in the farming businesses and a significant decrease in volumes in the feed business would not result in impairment losses per 31 December 2010.

NOTE 14

→ Tangible fixed assets

Amounts in NOK 1 000

| | Machinery, fixtures, vehicles, etc. | Buildings | Land | Plant under construction | Total |
|--|---|------------------|----------------|-----------------------------|--------------------|
| Historical cost 1 January 2009 | 3 363 538 | 916 786 | 121 551 | 441 495 | 4 843 369 |
| Additions, cost price | 273 678 | 3 477 | – | 126 819 | 403 974 |
| Disposals, cost price | (91 526) | (24 828) | (15) | (3 184) | (119 553) |
| Transfers ²⁾ | 248 087 | 281 011 | (23 781) | (504 948) | 369 |
| Foreign currency effect | (230 115) | (70 057) | (6 342) | (9 369) | (315 882) |
| Historical cost 31 December 2009 | 3 563 663 | 1 106 389 | 91 414 | 50 813 | 4 812 277 |
| Historical cost 1 January 2010 | 3 563 663 | 1 106 389 | 91 414 | 50 813 | 4 812 277 |
| Additions, cost price ¹⁾ | 97 106 | 10 277 | 3 036 | 234 937 | 345 355 |
| Disposals, cost price ³⁾ | (191 269) | (30 332) | (383) | – | (221 984) |
| Writeoff | (1 295) | – | – | – | (1 295) |
| Transfers ²⁾ | 123 648 | 49 585 | (8 988) | (166 103) | (1 858) |
| Foreign currency effect | 44 545 | 5 871 | 2 010 | (2 753) | 49 672 |
| Historical cost 31 December 2010 | 3 636 398 | 1 141 789 | 87 088 | 116 893 | 4 982 167 |
| Accumulated depreciation 1 January 2009 | (2 024 877) | (338 928) | – | – | (2 363 804) |
| Ordinary depreciation for the year for continuing operations | (284 168) | (42 195) | – | – | (326 363) |
| Ordinary depreciation for the year for discontinued operations | (4 553) | (622) | – | – | (5 174) |
| Accumulated depreciation on disposals in the year | 19 759 | 3 924 | – | – | 23 683 |
| Transfers ²⁾ | 77 | 877 | – | (1 334) | (380) |
| Foreign currency effect | 151 349 | 23 128 | – | (8) | 174 469 |
| Accumulated depreciation 31 December 2009 | (2 142 412) | (353 815) | – | (1 342) | (2 497 569) |
| Accumulated depreciation 1 January 2010 | (2 142 412) | (353 815) | – | (1 342) | (2 497 569) |
| Ordinary depreciation for the year for continuing operations | (281 065) | (48 095) | – | – | (329 160) |
| Ordinary depreciation for the year for discontinued operations | 121 686 | 22 380 | – | – | 144 066 |
| Accumulated depreciation on disposals in the year ³⁾ | 32 429 | (15 688) | – | – | 16 741 |
| Writeoff | 509 | – | – | – | 509 |
| Transfers ²⁾ | 268 | 1 145 | – | – | 1 413 |
| Foreign currency effect | (26 958) | (2 226) | – | 8 | (29 176) |
| Accumulated depreciation 31 December 2010 | (2 295 543) | (396 298) | – | (1 334) | (2 693 175) |
| Carrying value 1 January 2009 | 1 338 662 | 577 858 | 121 551 | 441 495 | 2 479 566 |
| Carrying value 31 December 2009 | 1 421 251 | 752 573 | 91 414 | 49 471 | 2 314 709 |
| Carrying value 1 January 2010 | 1 421 251 | 752 573 | 91 414 | 49 471 | 2 314 709 |
| Carrying value 31 December 2010 | 1 340 855 | 745 491 | 87 088 | 115 559 | 2 288 993 |

¹⁾ Includes additions from discontinued operations, Mainstream Scotland Ltd.

²⁾ Transfers from plant under construction to relevant asset class at finish date

³⁾ Includes disposal from deconsolidation of Mainstream Scotland Ltd.

Financial lease

There are no significant restrictions on titles, pledges or other contractual commitments related to tangible fixed assets. Note 23 shows details of financial leases related to fixed assets.

NOTE 15

→ Investments in associated companies

Amounts in NOK 1 000

| | Equity interest 31.12.2010 | Carrying value 01.01.2010 | Share of result for the year ³⁾ | Dividend | Additions or deductions | Carrying value 31.12.2010 |
|---------------------------------------|-------------------------------|------------------------------|---|-----------------|----------------------------|------------------------------|
| Fish farming | | | | | | |
| Ballangen Sjøfarm AS | 30.00% | 13 363 | 3 905 | (450) | - | 16 818 |
| Silver Seed AS | 50.00% | 9 470 | 475 | 44 | - | 9 989 |
| Helnessund Bøteri AS | 33.00% | 1 936 | (10) | (43) | - | 1 883 |
| Øksnes Thermo AS | 24.40% | 1 237 | 2 760 | (1 006) | (2 991) | - |
| Ranfjord Fiskeprodukter | 37.35% | - | (1 106) | - | 21 252 | 20 146 |
| Nordnorsk Stamfisk AS | 25.00% | - | (16) | - | 55 | 39 |
| Other | | 157 | 53 | - | 40 | 250 |
| Total fish farming | | 26 163 | 6 061 | (1 455) | 18 356 | 49 126 |
| Other activities | | | | | | |
| Denofa AS ¹⁾ | 49.00% | 79 398 | (704) | (2 895) | - | 75 799 |
| Artic Fjell AS | 40.00% | - | - | - | 408 | 408 |
| Feed Tromsø AS | 40.00% | - | 744 | - | 6 406 | 7 150 |
| Hordafør AS | 35.15% | 31 344 | 25 532 | (6 855) | - | 50 021 |
| Uniol AS | 40.20% | - | - | - | - | - |
| Total other activities | | 110 742 | 25 572 | (9 750) | 6 814 | 133 378 |
| Total investment in associates | | 136 905 | 31 633 | (11 205) | 25 170 | 182 504 |

¹⁾ The Group sold its majority stake holding in Denofa AS in August 2009. Following the sale, Denofa is from 2009 classified as an associated company in the accounts

²⁾ Ownership through Cermaq ASA with 12.9 percent and through Norgrain AS with 27.3 percent. The investment was classified as held for sale and discontinued operations as from October 2009. The investment was fully impaired in December 2009 and has no carrying value in the Group accounts

³⁾ Share of net profit are based on preliminary reporting from associated companies

None of the associate companies have published share price quotations. The Group's share of income from associates is recognised in the profit and loss statement net of tax as Income from associates.

Please refer to note 28 for transactions with related parties.

Amounts in NOK 1 000

| | Equity interest 31.12.2009 | Carrying value 01.01.2009 | Share of result for the year ³⁾ | Additions or deductions | Carrying value 31.12.2009 |
|---------------------------------------|-------------------------------|------------------------------|---|----------------------------|------------------------------|
| Fish farming | | | | | |
| Ballangen Sjøfarm AS | 30.00% | - | 1 263 | 12 100 | 13 363 |
| Silver Seed AS | 50.00% | 8 991 | 479 | - | 9 470 |
| Helnessund Bøteri AS | 33.00% | 1 998 | (62) | - | 1 936 |
| Øksnes Thermo AS | 24.40% | 454 | 783 | - | 1 237 |
| Other | | 192 | (35) | - | 157 |
| Total fish farming | | 11 635 | 2 428 | 12 100 | 26 163 |
| Other activities | | | | | |
| Denofa AS ¹⁾ | 49.00% | - | 5 424 | 73 974 | 79 398 |
| Uniol AS ²⁾ | 40.20% | 55 834 | - | (55 834) | - |
| Hordafør AS | 35.15% | 33 102 | 3 515 | (5 273) | 31 344 |
| Total other activities | | 88 937 | 8 939 | 12 867 | 110 742 |
| Total investment in associates | | 100 572 | 11 367 | 24 967 | 136 905 |

¹⁾ Norgrain AS acquired additional 20 percent of Denofa AS in May 2008, which increased the Group's shareholding from 40 to 60 percent. The majority stake in Denofa was sold in 2009, with subsidiary results presented within discontinued operations. Share of results from associates is presented within continuing operations

²⁾ Ownership through Cermaq ASA with 12.9 percent and through Norgrain AS with 27.3 percent

³⁾ Share of net profit was based on preliminary reporting from associated companies

Summary of preliminary financial information for associated companies, not adjusted for the percentage equity interest held by the group:

Amounts in NOK 1 000

| 2010 | Total assets 31.12.2010 | Total liabilities 31.12.2010 | Total equity 31.12.2010 | Operating revenues | Result for the year |
|-------------------------|----------------------------|---------------------------------|----------------------------|-----------------------|------------------------|
| Ballangen Sjøfarm AS | 50 873 | 22 651 | 28 222 | 46 931 | 13 008 |
| Silver Seed AS | 40 881 | 20 615 | 20 266 | 28 127 | 1 248 |
| Helnessund Bøteri AS | 23 365 | 17 785 | 5 580 | 15 938 | 829 |
| Ranfjord Fiskeprodukter | 42 651 | 23 724 | 18 927 | 34 432 | 5 717 |
| Nordnorsk Stamfisk AS | 214 | 55 | 159 | – | (41) |
| Denofa AS group | 403 192 | 307 631 | 95 561 | 1 569 320 | (1 437) |
| Hordafør AS | 305 425 | 170 754 | 134 671 | 569 245 | 74 740 |
| Uniol AS | 321 700 | 262 741 | 58 959 | 1 759 | (36 275) |

Amounts in NOK 1 000

| 2009 | Total assets 31.12.2009 | Total liabilities 31.12.2009 | Total equity 31.12.2009 | Operating revenues | Result for the year |
|----------------------|----------------------------|---------------------------------|----------------------------|-----------------------|------------------------|
| Ballangen Sjøfarm AS | 34 100 | 17 386 | 16 714 | 27 629 | 4 167 |
| Silver Seed AS | 46 679 | 27 661 | 19 018 | 29 376 | 976 |
| Helnessund Bøteri AS | 23 954 | 19 203 | 4 751 | 25 800 | 234 |
| Øksnes Thermo AS | 16 593 | 13 297 | 3 296 | 35 402 | 3 510 |
| Denofa AS Group | 478 619 | 346 689 | 131 930 | 1 660 631 | 26 555 |
| Hordafør AS | 255 096 | 161 453 | 93 643 | 352 469 | 33 954 |
| Uniol AS | 372 886 | 274 632 | 98 254 | 65 247 | (18 026) |

NOTE 16

→ Investments in other companies

Amounts in NOK 1 000

| | 2010 | 2009 |
|---|---------------|----------------|
| Marine Farms ASA (16.20%) | – | 100 808 |
| AquaGen AS (12.35%) | 70 000 | 70 000 |
| Cultivos Marinos Chiloé Ltda. | – | 28 883 |
| Other | 9 564 | 14 274 |
| Total investments in other companies | 79 564 | 213 965 |

Investments in other companies are classified as available-for-sale and measured at fair value. Fair value of Other investments have been estimated using other methods of estimation, ie. valuation techniques using significant unobservable inputs.

The shares in AquaGen AS are carried at fair value in the financial position, with NOK 57.9 million recognised in equity.

In May 2008, Cermaq, through its subsidiary EWOS Chile Alimentos Ltda., signed an agreement to acquire a feed plant from Cultivos Marinos Chiloé Ltda. (CMC). Finalisation of the agreement was dependent on fulfillment of obligations in the contract. In September 2010, Cermaq reached a settlement with the counterpart which terminates any future obligations for Cermaq, and EWOS Chile obtains at the same time a three year feed contract with CMC. An impairment loss of NOK 18.2 million was booked in 2010.

NOTE 17

→ Other receivables

Amounts in NOK 1 000

| | 2010 | 2009 |
|--------------------------------|----------------|----------------|
| Other short-term receivables | 154 084 | 95 758 |
| Other long-term receivables | 116 122 | 70 527 |
| Total other receivables | 270 206 | 166 285 |

Other receivables are measured at amortised cost using the effective interest method, less any impairment. Due to immaterial transaction costs and the short credit period, the amortised cost equals nominal value less allowance for credit losses.

Other short-term receivables are mainly prepayments and receivables on VAT and taxes. Long term receivables mainly relates to the expected refund of taxes in Chile.

The Group's exposure to credit risks related to other receivables is disclosed in note 24.

NOTE 18

→ Inventory

Amounts in NOK 1 000

| | 2010 | 2009 |
|------------------------|----------------|----------------|
| Raw materials | 604 174 | 314 505 |
| Work in progress | 4 788 | 7 416 |
| Finished goods | 242 136 | 288 155 |
| Inventory provisions | (8 600) | (13 641) |
| Total inventory | 842 498 | 596 434 |

Finished goods include feed within the feed division valued at cost and within farming; processed fish and frozen inventory recorded at fair value at point of harvest.

Norgrain AS has inventory pledge as security for interest bearing liabilities, please also refer to note 27.

NOTE 19

→ Biological assets

Biological assets are inventories of live fish held in tanks, cages and pens at locations in Norway, Chile and Canada. The table below shows the biological assets (biomass) held at the end of the period split between mature, or harvestable, and immature fish.

Amounts in tonnes

| | 2010 | 2009 |
|---------------|---------------|---------------|
| Immature fish | 38 905 | 33 051 |
| Mature fish | 25 251 | 21 786 |
| Total | 64 156 | 54 837 |

In practice, the average weight sizes at harvest vary from site to site and period to period. The designations shown in the table above represent typical minimum harvest weights defined as > 3.8 kg for atlantics and > 2.5 kg for coho and trout. Fish below these weights are defined as immature or non-harvestable. Immature fish also comprise brood stock, smolts and fry. There is more uncertainty related to the valuation of small fish than harvestable fish, due to time to harvest.

Amounts in NOK 1 000

| Specification of biological assets | 2010 | 2009 |
|------------------------------------|------------------|------------------|
| Cost of biological assets | 1 440 739 | 1 278 254 |
| Fair value adjustment | 718 035 | 265 200 |
| Total biological assets | 2 158 774 | 1 543 454 |

The increase in fair value adjustments of biological assets is due to increased prices and changes in the composition of live inventory.

Amounts in NOK 1 000

| Movement in carrying value of biological assets in the year: | 2010 | 2009 |
|--|------------------|------------------|
| Biological assets 1 January | 1 543 454 | 1 899 922 |
| Effects of sale | (133 612) | - |
| Fair value adjustments | 512 172 | 22 193 |
| Foreign currency effect | 28 764 | (165 557) |
| Net harvesting/purchases | 207 995 | (213 104) |
| Biological assets 31 December | 2 158 774 | 1 543 454 |

Amounts in tonnes (RWE)

| | 2010 | 2009 |
|---|---------------|---------------|
| Biological assets 1 January | 54 837 | 74 741 |
| Effects of sale | (5 175) | – |
| Harvested | (105 396) | (116 671) |
| Biological transformation and purchases | 119 890 | 96 767 |
| Biological assets 31 December | 64 156 | 54 837 |

Valuation

The valuation of biomass is carried out for each operating region. Estimated biomass (kg) is multiplied by estimated prices; prices which would be received by the farms assuming that all fish were sold at market index prices less costs to sell at the end of the period. Market index prices are published market statistics on prices achieved on actual sales in the key markets in which the Group operates. In valuing immature fish, index prices for mature fish are used with a weight adjustment to reflect differences to mature, harvestable fish. It is assumed in the calculations that all fish in inventory could be sold without affecting market prices.

The fair value less costs to sell of volumes harvested during the year was approximately NOK 3 153 million (2009: NOK 2 620 million). In total 113 827 tonnes live weight was harvested in 2010 (2009: 126 004 tonnes).

The profit and loss account in 2010 is impacted by the fair value adjustment in the period plus the reversal of prior period adjustment. The aggregate gain or loss arising on initial recognition of biological assets and from changes in the fair value less costs to sell of biological assets was NOK 512.2 million (2009: NOK 22.2 million).

Sensitivities

The estimate of unrealised fair value adjustment is based on assumptions. Changes in these assumptions will impact the fair value calculation. In practice, the realised profit which is achieved on the sale of inventory will differ from the calculations of fair value because of changes in the final market destinations of sold fish, changes in price levels, changes in cost levels, differences in quality etc. A 10 percent increase in sales prices would increase fair value of biomass by NOK 162.5 million.

NOTE 20

→ Accounts receivable from customers

Amounts in NOK 1 000

| | 2010 | 2009 |
|-------------------------------------|------------------|----------------|
| Receivables from customers | 1 332 423 | 935 092 |
| Provisions for doubtful receivables | (69 128) | (74 883) |
| Total accounts receivable | 1 263 295 | 860 209 |

The Group's exposure to credit risks related to accounts receivable is disclosed in note 24.

NOTE 21

→ Liquid assets

Amounts in NOK 1 000

| | 2010 | 2009 |
|---|----------------|----------------|
| Bank and cash in hand ¹⁾ | 478 675 | 420 395 |
| Total bank deposits and cash in hand | 478 675 | 420 395 |

¹⁾ As at 31 December 2010, NOK 9 million is restricted cash related to Fish Pool contracts

The Group's exposure to foreign exchange and interest rate risk is disclosed in note 24.

NOTE 22

→ Share information

| 20 largest shareholders 31 December 2010 | Nationality | Number of shares held | Ownership |
|--|-------------|-----------------------|----------------|
| NÆRINGS- OG HANDELSDEPARTEMENTET | NOR | 40 271 600 | 43.54% |
| MORGAN STANLEY | GBR | 5 415 854 | 5.85% |
| FOLKETRYGDFONDET | NOR | 4 517 966 | 4.88% |
| SKAGEN VEKST | NOR | 1 792 433 | 1.94% |
| VITAL FORSIKRING ASA | NOR | 1 520 985 | 1.64% |
| JPMORGAN CHASE BANK | GBR | 1 460 508 | 1.58% |
| STATE STREET BANK | USA | 1 321 587 | 1.43% |
| ORKLA ASA | NOR | 1 158 298 | 1.25% |
| DNB NOR NORGE SELEKT | NOR | 961 705 | 1.04% |
| STATOIL PENSJON | NOR | 886 026 | 0.96% |
| DNB NOR NORGE (IV) | NOR | 827 828 | 0.89% |
| STATE STREET BANK | USA | 737 052 | 0.80% |
| BANK OF NEW YORK | GUM | 696 600 | 0.75% |
| THE NORTHERN TRUST | GBR | 690 548 | 0.75% |
| DZ BANK INTERNATIONAL | LUX | 685 989 | 0.74% |
| STATE STREET BANK | USA | 569 275 | 0.62% |
| HANDELSBANKEN HELSINKI | USA | 555 400 | 0.60% |
| STATE STREET BANK | USA | 545 926 | 0.59% |
| BANK OF NEW YORK | USA | 512 512 | 0.55% |
| SIX SIS | CHE | 480 397 | 0.52% |
| Total 20 largest shareholders | | 65 608 489 | 70.93% |
| Total other shareholders | | 26 891 511 | 29.07% |
| Total number of shares | | 92 500 000 | 100.00% |

The names duplicated in the list of shareholders above may represent different investors.
The shares have a face value of NOK 10. All shares in the company have equal status.

Amounts in NOK 1 000

| Reconciliation of outstanding shares | 2010 | 2009 |
|--|-------------------|-------------------|
| Outstanding shares 1 January | 92 496 844 | 92 487 044 |
| Purchase of treasury shares to cover the employee share program | (35 000) | (25 000) |
| Sale of treasury shares to employees as part of employee share program | 33 600 | 34 800 |
| Outstanding shares 31 December | 92 495 444 | 92 496 844 |
| Treasury shares 31 December | 4 556 | 3 156 |

Shares owned by the company may be used in connection with share sales to employees and for partial payment of share option agreements with key management personnel.

In 2010, 33 600 treasury shares were sold to employees in connection with the employee share program. The share programme allows the employees to purchase up to 200 Cermaq shares at a 20 percent discount, calculated based on the average closing price on the stock exchange the three last days of the offer period. Share price on the date of sale was NOK 58.58. The share price including 20 percent discount was NOK 46.87. The employee discount of NOK 421 831 has been recognised as other personnel expenses.

Dividend

The Board has proposed a dividend per share of NOK 5.40 in 2010. Dividend paid for 2009 was NOK 1.50 per share. The dividend proposed is to be approved at the Annual General Meeting and if approved, the total dividend payment will amount to NOK 499.5 million. The dividend is not accounted for as a liability at 31 December 2010.

OUR RESULTS

BOARD OF DIRECTORS REPORT
ANNUAL ACCOUNTS 2010
 ANALYTIC INFORMATION
 SHAREHOLDERS INFORMATION
 GRI NAVIGATOR

The following board members and key management personnel have shares in the company 31 December:

| | Position | 2010 | 2009 |
|--------------------------------|------------------------------|---------|---------|
| Bård Mikkelsen | Chairman | 3 000 | 3 000 |
| Astrid Sørsgaard ¹⁾ | Deputy Chairman | 3 000 | 3 000 |
| Rebekka Glasser Herlofsen | Director | 5 000 | - |
| Helge Midttun | Director | - | - |
| Jan Erik Korssjøen | Director | - | - |
| Reidun Karlsen | Director – employee elected | - | - |
| Terje Rekdal | Director – employee elected | 400 | 400 |
| Ted Andreas Mollan | Director – employee elected | - | - |
| Geir Isaksen ¹⁾ | CEO | 71 227 | 71 027 |
| Geir Sjaastad ¹⁾ | Project Director | 44 227 | 44 027 |
| Tore Valderhaug ¹⁾ | CFO | 5 200 | 5 000 |
| Geir Molvik | COO Farming | 1 000 | 800 |
| Kjell Bjordal ¹⁾ | COO Feed | 250 200 | 250 000 |
| Synne Hømle ¹⁾ | Director Corporate Functions | 3 200 | 3 000 |

¹⁾ Number of shares held includes shares held by companies or other related parties with whom the persons can be identified with according to the law

Earnings per share (EPS)

Basic earnings per share

Basic EPS is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the company and held as treasury shares.

Diluted earnings per share

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The dilutive potential is share options. The Group's share-based compensation scheme has at year-end a dilutive effect, but not for the full year.

Adjusted earnings per share

Adjusted EPS is based on the reversal of certain fair value adjustments, and is shown as it is Cermaq's view that this figure provides a more reliable measure of performance.

Amounts in NOK 1 000

| | 2010 | 2009 |
|---|-------------------|-------------------|
| Net income/(loss) after tax and non-controlling interests | 1 514 413 | 295 250 |
| Biological assets fair value adjustments | (512 172) | (22 193) |
| Financial instruments fair value adjustments | (20 848) | (20 791) |
| Impairment of financial assets | 18 182 | 24 955 |
| Gain on sale of shares and operations | (158 459) | (38 500) |
| Tax impact of fair value adjustments | 118 492 | 12 600 |
| Adjusted net income/(loss) | 959 607 | 251 321 |
| Shares issued 1 January | 92 500 000 | 92 500 000 |
| Effect of treasury shares | (3 866) | (7 855) |
| Number of shares | 92 496 134 | 92 492 145 |
| Adjusted for share options | - | - |
| Diluted number of shares | 92 496 134 | 92 492 145 |
| Earnings per share | | |
| Basic and diluted EPS continuing operations | 16.4 | 3.6 |
| Basic and diluted EPS discontinued operations | - | (0.5) |
| Basic and diluted EPS total operations | 16.4 | 3.2 |
| Adjusted basic and diluted EPS continuing operations | 10.4 | 3.3 |
| Adjusted basic and diluted EPS discontinued operations | - | (0.6) |
| Adjusted basic and diluted EPS total operations | 10.4 | 2.7 |

NOTE 23

→ Interest bearing debt

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For an analysis of the Group's exposure to interest rates, foreign currency and liquidity risk see note 24. For information about secured debt and carrying value of pledged assets see note 27.

The Group's interest bearing debt is classified as financial liabilities measured at amortised cost.

Amounts in NOK 1 000

| | 2010 | 2009 |
|---|------------------|------------------|
| Credit facilities ¹⁾ | 1 579 868 | 2 149 558 |
| Long-term financial leases ²⁾ | 37 046 | 41 630 |
| Other long-term liabilities ³⁾ | 1 191 | 2 219 |
| Total interest bearing long-term liabilities | 1 618 106 | 2 193 407 |
| Short-term financial leases ⁴⁾ | 10 688 | 10 300 |
| Short-term liabilities ⁵⁾ | 30 388 | 26 454 |
| Total interest bearing liabilities | 1 659 182 | 2 230 161 |

¹⁾ In August a refinancing of the debt in the Group was done. The main source of debt financing for the Cermaq Group are four committed revolving credit facilities, with a total credit limit equivalent of NOK 2 964 million, of which USD 50 million is due in September 2012, NOK 1 500 million is due in August 2013 and USD 200 million is due in August 2015.

As of 31 December 2010 USD 210 million (NOK 1 230 million) and NOK 350 million of these facilities were utilised. The interest rates on these facilities are variable and linked to the relevant LIBOR rate plus a margin depending on the level of the Group's consolidated interest cover ratio. The Group's credit facilities are subject to the same financial covenants:

- a) The Group's equity ratio shall not be lower than 40 percent (including goodwill)
- b) The ratio of the Group's adjusted EBITDA to Interest payable shall not be less than 4:1. If the Group's equity ratio exceeds 45 percent this covenant does not apply. Cermaq's calculations show that the Group is in compliance with the financial covenants at year end
- ²⁾ Long term financial leases are related to machinery and equipment, land and water and buildings and constructions
- ³⁾ Other long-term liabilities are related to long-term loans from other sources than the Group's credit facilities
- ⁴⁾ Short-term financial leases are related to payments due within one year
- ⁵⁾ Short-term liabilities comprise primarily of money market loans

The maturity plan of the Group's interest bearing debt and credit facilities is as follows:

Amounts in NOK 1 000

| Maturity | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | After 2015 |
|---|------------------|---------------|--------------|----------------|--------------|------------------|---------------|
| Credit facilities | 1 579 868 | - | - | 543 265 | - | 1 036 603 | - |
| Long-term financial leasing | 37 046 | - | 5 843 | 6 989 | 6 326 | 5 198 | 12 412 |
| Other long-term liabilities | 1 191 | - | 1 459 | - | - | - | - |
| Short-term liabilities | 41 076 | 41 076 | - | - | - | - | - |
| Gross interest bearing debt | 1 659 182 | 41 076 | 7 302 | 550 255 | 6 326 | 1 041 801 | 12 412 |
| Available credit lines of the credit facilities | 1 384 261 | - | - | - | - | - | - |
| Other available credit lines | 927 718 | - | - | - | - | - | - |
| Total available credit lines | 2 311 978 | | | | | | |

NOTE 24

→ Financial risk management

OVERVIEW

The Group has exposure to the following risks from its use of financial instruments; market risk, liquidity risk and credit risk. This note presents information about the Group's exposure to each of these risks, the Group's objectives, policies and procedures for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The main objective of Cermaq's financial risk management policies is to ensure the ongoing liquidity of the Group, defined as being at all times in a position to meet the liabilities of the Group as they fall due. This also includes being able to meet financial covenants on Group debt under normal circumstances.

Financial risk management is carried out by Group treasury under financial risk management policies approved by the board of directors. These policies cover areas such as funding, foreign exchange risk, interest rate risk, credit risk, insurance coverage, use of derivative and non-derivative financial instruments and the investment of excess liquidity.

With regards to insurance coverage, the Group insures globally against material risk where the insurance is economically available. The balance between the amount covered and what is left to own risk varies, depending on the nature of the risk, the value of the assets and prospective liabilities and the cost and the availability of insurance.

The Board of Directors believes that the most important measure against any risk the Group is exposed to would be to have a strong financial position. The board aims at maintaining a minimum equity ratio of 45 percent to ensure the Group's solidity and operational flexibility. At 31 December 2010 the Group's equity ratio was 59.8 percent.

Risk management policies and procedures are reviewed regularly to reflect changes in market conditions and the Group's activities. There were no material changes to these policies and procedures during the year.

MARKET RISK

Market risk can be defined as the risk that the Group's income and expenses, future cash flows or fair value of financial instruments will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rates risk and other price risk (such as spot prices for salmon and quoted raw material commodities).

Market risks are monitored and actively managed by the Group. Exposure to these risks is reduced by having operations in different segments and markets and through operational risk mitigating strategies. In some cases market risks are transferred to third parties via contractual price adjustment clauses, but rarely by means of financial derivatives. As hedging activities normally result in lower average expected return, the Group only uses external hedging where there is a significant risk of breach of financial covenants.

Currency risk

Because of the international nature of its operations, the Group is exposed to fluctuations of foreign currency rates. For risk management purposes, three type of currency exposure have been identified:

Translational exposure

Being a multinational Group, Cermaq faces currency risk arising from the translation into the reporting currency of the financial statements of subsidiaries whose functional currency differs from the parent. Translational exposure does not give rise to an immediate cash effect, however as it may impact the Group's financial covenants, it is closely monitored. The Group seeks to mitigate balance sheet exposure by funding assets with borrowing denominated in the same currency. The exposure related to equity of foreign subsidiaries is generally not hedged.

Transactional exposure

Most of the operating companies in the Group are exposed to changes in the domestic value received or paid under foreign currency denominated committed transactions. For the farming business exposure arises mainly from export sales, while for the feed companies exposure results from the sourcing of raw materials in the international commodities markets. Transactional exposure for the Group is mitigated by diversification benefits and price adjustment clauses in feed supply contracts. Where opposite exposure from different subsidiaries are not perfectly offset, the residual effect of adverse movements in foreign currency rates on transaction streams could negatively impact the results and financial position of the Group, thus affecting covenants based on accounting measures.

The table below summarises the foreign currency exposure on the net monetary position of all Group entities against their functional currency. The exposure on translating the financial statements of subsidiaries into the presentation currency is not included in the analysis.

| <i>Amounts in NOK 1 000</i> | | | | | | | |
|--|-----------------|----------------|----------------|----------------|-----------------|----------------|----------------|
| Exposure to currency risk ¹⁾ | NOK/USD | NOK/EUR | NOK/GBP | GBP/USD | USD/CLP | CAD/USD | USD/JPY |
| 2010 | | | | | | | |
| Cash and cash equivalents | 34 784 | 22 274 | 15 509 | – | 21 808 | 80 380 | 2 418 |
| Accounts Receivable | 15 414 | 44 258 | 2 802 | 12 | 3 128 | 38 977 | 51 024 |
| Trade payable | (66 611) | (59 750) | 34 | – | (86 564) | (15 120) | – |
| Borrowing (interest bearing debt) | – | – | (6 629) | – | 49 | – | – |
| Forward Contracts | – | – | – | 18 155 | – | – | – |
| Net Exposure | (16 413) | 6 782 | 11 716 | 18 167 | (61 579) | 104 236 | 53 441 |
| 2009 | | | | | | | |
| Cash and cash equivalents | 60 814 | 57 984 | 11 379 | 4 702 | 33 068 | 15 524 | – |
| Accounts Receivable | 9 368 | 35 714 | 1 994 | 139 | 23 130 | 30 935 | – |
| Trade payable | (24 465) | (25 296) | 657 | – | (70 591) | (12 089) | – |
| Borrowing (interest bearing debt) | – | – | – | – | – | – | – |
| Forward Contracts | (5 237) | 474 | – | 14 326 | – | – | – |
| Net Exposure | 40 480 | 68 876 | 14 030 | 19 167 | (14 393) | 34 370 | – |

¹⁾ The loan portfolio by currency is specified below; under interest rate risk

Effect in NOK 1 000

| Sensitivity analysis | NOK/ USD | NOK/ EUR | NOK/ GBP | GBP/ USD | USD/ CLP | CAD/ USD | USD/ JPY | Profit and loss |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------------|
| 2010 | | | | | | | | |
| Net exposure | (16 413) | 6 782 | 11 716 | 18 167 | (61 579) | 104 236 | 53 441 | |
| Volatility | 4% | 1% | 3% | 3% | 4% | 2% | 5% | |
| Total effect on net income of – movements | (622) | 100 | 298 | 556 | (2 742) | 1 946 | 2 494 | 2 029 |
| Total effect on net income of + movements | 622 | (100) | (298) | (556) | 2 742 | (1 946) | (2 494) | (2 029) |
| 2009 | | | | | | | | |
| Net exposure | 40 480 | 68 876 | 14 030 | 19 167 | (14 393) | 34 370 | – | |
| Volatility | 8% | 3% | 4% | 6% | 7% | 7% | – | |
| Total effect on net income of – movements | 3 040 | 2 161 | 625 | 1 148 | (938) | 2 347 | – | 8 383 |
| Total effect on net income of + movements | (3 040) | (2 161) | (625) | (1 148) | 938 | (2 347) | – | (8 383) |

The analysis is based on the currencies the Group is most exposed to at the end of 2010.

The reasonable shifts in exchange rates in the table above are based on 5 years historical volatility. If the relevant cross foreign exchange rates moved by the amounts showed in the table above, the effect on the Group's net income would be NOK 2 million (2009: NOK 8 million). Since the Group does not apply hedge accounting, there would be no impact on other comprehensive income beyond ordinary translation effects from operations in foreign currency.

As a general rule the Group does not hedge transaction exposure in the financial markets. Currency protection measures may be allowed in those cases where there is a significant risk of breach in the financial covenants, and the exposure can not be effectively reduced by use of operational hedges.

Market movements can however, in some instances, mean that it can be suitable for the Group to take certain foreign currency positions. The Board of Cermaq has as a result provided the administration with an opportunity to enter into long-term foreign currency contracts, provided that the contracts do not lead to significant exposure for the Group. No such contracts were entered into in 2010.

Amounts in 1 000 (local currency)

Currency forward contracts as at 31 December 2010

| Cermaq group buys | | Cermaq group sells | |
|-------------------|--------|--------------------|-------|
| USD | 3 100 | GBP | 3 123 |
| DKK | 10 000 | | |

The fair value of currency hedging derivatives as at 31 December 2010 was positive and valued at NOK 303 000 (2009: NOK 964 000 positive). Financial instruments have not been accounted for using hedge accounting.

Economic currency exposure

The Group is exposed to the risk that medium/long term trend shifts in exchange rates might affect its competitive position. This strategic currency exposure is regularly monitored, but as the exposure is currently considered limited, it is not actively hedged.

| Significant exchange rates applied during the year | Average rate | | Reporting rate, mid-spot rate | |
|--|--------------|-------|-------------------------------|-------|
| | 2010 | 2009 | 2010 | 2009 |
| 1 USD | 6.044 | 6.282 | 5.856 | 5.777 |
| 1 GBP | 9.335 | 9.805 | 9.068 | 9.317 |
| 1 EUR | 8.007 | 8.729 | 7.813 | 8.315 |
| 1 CAD | 5.867 | 5.507 | 5.861 | 5.503 |
| 1 DKK | 1.075 | 1.172 | 1.048 | 1.117 |
| 1 CHF | 5.803 | 5.781 | 6.250 | 5.597 |
| 100 CLP | 1.187 | 1.123 | 1.247 | 1.145 |
| 100 JPY | 6.897 | 6.718 | 7.195 | 6.257 |

Interest rate risk

The Group is exposed to increase in interest rates as a result of having debt with floating interest rate terms. An increased cost of borrowing might adversely affect the Group's profitability and interest cover ratio, which is one of the debt covenants.

At the outset, the Group wishes to be exposed to floating rate conditions on its loans, and will normally not utilize financial derivatives to obtain

fixed rate terms, unless it is considered to be a significant risk for breach in debt covenants. The Board of Cermaq has however granted the administration the authority to enter into interest swap agreements on its long term borrowing, should this for various reasons be considered suitable, provided that the agreements do not lead to a significantly increased exposure for the Group.

The Group has no fixed rate liabilities and is therefore not exposed to the risk that changes in interest rates might drive changes in market value of its outstanding debt.

In 2010, an interest rate swap which will swap a principal of NOK 1 000 million of the NOK credit facility from floating to fixed interest rate for 5 years commencing from 2012 was entered into. The interest rate swap has at inception not been designated to hedge specific cash flows during the 5 year period. Consequently, it is not deemed as an effective hedge in accordance with IFRS requirements. Subsequent fair value changes on the instrument will be charged to the Income Statement as part of Financial items.

At year end, 76.2 percent (2009: 53.5 percent) of the Group's interest bearing debt was denominated in US dollars which provided a hedge against investments in Chile. 23.8 percent (2009: 46.5 percent) of the Group's interest bearing debt was in Norwegian kroner.

The table below shows the Group's interest bearing debt split by currency, as well as average interest rates and the average time until the next interest rate adjustments.

Amounts in NOK 1 000

| Loan portfolio by currency | 2010 | 2009 | Average fixing of interest rates | Average interest rates |
|----------------------------------|------------------|------------------|----------------------------------|------------------------|
| USD | 1 264 378 | 1 190 722 | 3 month | 1.67% |
| NOK | 393 550 | 1 037 781 | 1 month | 3.46% |
| Other | 1 254 | 1 658 | - | - |
| Interest bearing debt | 1 659 182 | 2 230 161 | 1.5 months | 2.10% |
| Cash and bank | 478 675 | 420 395 | | |
| Net interest bearing debt | 1 180 507 | 1 809 766 | | |

Amounts in NOK 1 000

| Cash flow sensitivity analysis for variable rate instruments | Income statement | | Other comprehensive income | |
|--|------------------|------------------|----------------------------|------------------|
| | 100 BPS increase | 100 BPS decrease | 100 BPS increase | 100 BPS decrease |
| 2010 | | | | |
| Variable rate instruments | (16 579) | 16 579 | - | - |
| Interest rate swap | 4 386 | (4 386) | - | - |
| Cash flow sensitivity (net) | (12 193) | 12 193 | - | - |
| 2009 | | | | |
| Variable rate instruments | (22 285) | 22 285 | - | - |
| Interest rate swap | - | - | - | - |
| Cash flow sensitivity (net) | (22 285) | 22 285 | - | - |

A change of 100 basis points in interest rate at the reporting date would have increased (decreased) profit and loss by NOK 12 million (2009: NOK 22 million). This analysis assumes that all other variables remain constant.

Other price risk

The Group's feed business sources raw materials in the international commodity markets, where most of the commodities are not quoted. A large portion of raw materials is contracted in advance of periodic sale price regulations agreed with the customers, this way the risk associated with increases in commodity prices is effectively transferred to the customers. Unexpected surge in sales volume could make it necessary to purchase raw material outside of previously negotiated purchase agreements. An increase in raw material cost as a result of this, may not be possible to transfer to the customers.

The farming business is sensitive to fluctuations in the spot prices of salmon, which is to a large extent governed by the supply of salmon. The impact of changes in salmon prices is primarily mitigated by geographical diversification, however due to long production cycles, it is difficult to respond quickly to global trends in market prices. Salmon is to a large extent traded based on spot price, although this would vary with different markets and with the market position of the company. The Group has only to a limited extent reduced its exposure to spot prices by entering into fixed price/volume contracts with its customers.

Mainstream Norway entered in 2010 into salmon forward contracts with the Fish Pool exchange for a limited part of their volume. These contracts are not deemed effective hedges in accordance with IFRS, hence the actual results on closed contracts and the fair value changes on open contracts, have been included as part of financial items with a loss of 26.7 million for 2010.

LIQUIDITY RISK

Liquidity risk arises from the Group's potential inability to meet its financial obligations towards suppliers and debt capital providers. The Group's liquidity situation is closely monitored, and rolling forecasts of cash flows and cash holdings are prepared regularly.

Liquidity risk is managed through maintaining flexibility in funding by securing available committed credit lines provided by Nordic banks with good credit rating, and through maintaining sufficient liquid assets with the same relationship banks. In August 2010, the Group successfully renegotiated and extended its committed credit lines for a period of 3-5 years. The refinancing has provided the Group with significant financial flexibility to grow, both organically and through acquisitions, and to pay out dividend.

The Group seeks to maintain medium term committed facilities to cover forecast borrowings for the next 12 months, plus financial headroom to cover medium sized acquisitions, and unforeseen movements in cash requirements. The committed credit facilities are supplemented by short-term overdrafts and borrowing lines in the local companies. These credit lines are generally callable on demand, so while they are useful for flexibility, they cannot be relied upon in times of financial difficulties. Please also refer to note 23 for information on committed credit facilities, available credit lines, and maturity of interest bearing debt. Other short-term liabilities, are specified in note 25 and are all due within 12 months.

In addition to the above described sources of liquidity, Cermaq monitors funding options available on the capital markets, as well as trends in the availability and cost of such funding, with a view to maintain financial flexibility and limiting refinancing risk. Cermaq's overall liquidity as of 31 December 2010 and 2009 (see note 21) included NOK 478.7 million and NOK 420.4 million, respectively, cash and cash equivalents held in various currencies. In addition as of 31 December 2010 and 2009 (see note 16) overall liquidity included NOK 79.6 million and NOK 214 million, respectively, in available-for-sale financial assets.

CREDIT RISK

Credit risk represents the accounting loss that would have to be recognised if other parties failed to perform as contracted and is related to financial instruments such as cash and cash equivalents, receivables and derivative financial instruments.

Cermaq has implemented a Group-wide cash management policy with the overall objective of minimising cash holdings while ensuring sufficient liquidity to meet business needs, avoid shortage of cash and limit the need for borrowing. The policy allows cash management investments in securities having a credit rating equal to or better than A+/A1 or equivalent, with a limit to how much can be invested in each security.

The Board has approved a Group-wide credit management policy governed by Cermaq credit committee. The committee is responsible for granting credits to international customers, defined as customers domiciled in more than one country. Cermaq credit committee is also responsible for approving credit limits to other large customers with credit limits above certain defined limits. Lower credit limits are established for credits with credit terms exceeding 90 days. Below the authorization level of Cermaq credit committee, Chief Operating Officers of each division are responsible for granting credit limits to the individual operating units. Loans or guarantees to customers can only be granted by Cermaq credit committee.

To mitigate credit risk, a policy has been implemented under which operating units may sell part of their receivables on a non-recourse basis. Some of the feed and farming companies have credit insurance, other guarantees or other securities such as pledges reducing the actual risk on outstanding receivables significantly. Recoverable VAT included in the balance also reduces the risk.

Concentration of credit risk is at the outset not considered significant since the Group's customers represent various industries and geographic areas. Counterparty risk against financial institutions is not considered significant due to limited liquid assets and low traded volume in derivatives. For these transactions, the Group relies mostly upon Nordic relationship banks, other relationship banks or widely recognized commodity exchanges.

The Group was not significantly exposed to any single customer or other counterparty as at 31 December 2010.

Credit risk related to feed sales in Chile has been reduced during 2010 due improved biological results and that high salmon price has returned good profits for the farmers. Several of the larger farmers have also managed to issue new shares and are well positioned to take part in the ongoing consolidation and the expected future growth in Chile.

Credit exposure was reduced throughout 2010 by collection of the oldest receivables. EWOS Chile has been selective in granting customer credits and seeks to reduce payment terms further during 2011.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Amounts in NOK 1 000

| | Notes | 2010 | 2009 |
|---------------------------|-------|------------------|------------------|
| Accounts receivable | 20 | 1 263 295 | 860 209 |
| Other receivables | 17 | 270 206 | 166 285 |
| Cash and cash equivalents | 21 | 478 675 | 420 395 |
| Total | | 2 012 176 | 1 446 889 |

Other receivables mainly relate to prepayments and VAT and tax refund.

Amounts in NOK 1 000

| Age distribution of accounts receivable | 2010 | 2009 |
|--|------------------|-----------------|
| Current | 1 146 638 | 740 395 |
| Overdue | 116 657 | 119 814 |
| 0-3 months | 63 549 | 58 674 |
| more than 3 months | 100 | 1 091 |
| more than 1 year | 53 008 | 60 049 |
| Total accounts receivable | 1 263 295 | 860 209 |
| Movement in allowance for impairment losses | | |
| Balance 1 January | (74 883) | (59 934) |
| Change in bad debt provision | 5 755 | (14 949) |
| Balance 31 December | (69 128) | (74 883) |

The movement in allowance for credit losses is reflected in the income statement.

CAPITAL MANAGEMENT

The Group's objective when managing capital is to maintain a capital structure able to support the operations and to maximise shareholder value. The farming business is characterized by price volatility and challenging production dynamics. The Group must be financially solid in order to be able to cope with fluctuations in profits and financial position and for this reason the Board of Directors has established as policy that the consolidated equity ratio shall at no time be lower than 45 percent. At 31 December 2010, the Group's equity ratio was 59.8 percent.

According to the Group's dividend policy, under normal circumstances, average dividend over several years should be 30-50 percent of the adjusted net profit. The board has proposed a dividend of NOK 5.40 per share for the financial year 2010, corresponding to a distribution to shareholders of NOK 499.5 million.

At 31 December 2010, net interest bearing debt amounted to NOK 1.2 billion. Note 23 provide an overview of the debt's maturity profile and information on the debt's financial covenants. The Group is currently mainly financed by bank loans, and developments in the availability of bank finance and alternative funding sources are evaluated in dialogue with the Group's leading banks.

There were no changes in the Group's approach to capital management during the year. Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

NOTE 25

→ Other non-interest bearing short-term liabilities

Other non-interest bearing short term liabilities are classified as financial liabilities measured at amortised cost.

Amounts in NOK 1 000

| | 2010 | 2009 |
|---|----------------|----------------|
| Social security taxes and VAT | 68 797 | 78 861 |
| Taxes payable | 155 260 | 67 367 |
| Other short-term liabilities | 276 351 | 223 828 |
| Total other short-term liabilities | 500 408 | 370 057 |

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 24.

NOTE 26

→ Operational lease

At 31 December 2010, the Group had a number of leases outstanding which are accounted for as operational leases. There were no material conditions covering subleasing, purchase, escalations or restrictions in the operating lease agreements at 31 December 2010.

Amounts in NOK 1 000

| Lessee | Assets | Rent charged profit and loss | Duration of agreement |
|-------------------|----------------------------|------------------------------|-----------------------|
| Cermaq ASA | Rent offices | 2 907 | 30.09.2014 |
| EWOS Canada | Machinery and equipment | 393 | 31.12.2011 |
| EWOS Scotland | Machinery and equipment | 1 605 | 31.12.2013 |
| EWOS Norway | Machinery and equipment | 4 130 | 31.12.2013 |
| EWOS Norway | Rent offices and buildings | 4 892 | 31.12.2015 |
| EWOS Innovation | Machinery and equipment | 50 | 31.12.2011 |
| Mainstream Norway | Machinery and equipment | 1 820 | 31.12.2013 |
| Mainstream Canada | Machinery and equipment | 1 401 | 31.12.2014 |
| Mainstream Canada | Rent buildings | 967 | 31.12.2013 |
| Total | | 18 164 | |

NOTE 27

→ Mortgages and guarantees

The Group's credit facilities, see note 23, are based on a negative pledge, which allows only limited potential to mortgage assets as security for other loans. Cermaq ASA guarantees the overdrafts of the subsidiaries which use the Group's corporate account system with Danske Bank/ Fokus Bank. The parent company guarantees also include guarantees for the debt of other Group companies.

Amounts in NOK 1 000

| | 2010 | 2009 |
|---|----------------|----------------|
| Guarantee liabilities | | |
| Guarantees | 603 081 | 653 735 |
| Total guarantee liabilities | 603 081 | 653 735 |
| Secured debt | 52 746 | 54 355 |
| <i>secured in the following assets, book value:</i> | | |
| Inventories | 1 | 16 125 |
| Accounts receivable | 4 542 | 32 736 |
| Shares in Associate companies | - | - |
| Fixed assets | 32 746 | 34 355 |
| Total carrying value of secured assets | 37 289 | 83 216 |

NOTE 28

→ Transactions with related parties

The table below provides details of transactions with related parties:

Amounts in NOK 1 000

| Related party | Transaction | 2010 | | 2009 | |
|--------------------------------|----------------------------|----------|----------------|----------|----------------|
| | | Sales to | Purchased from | Sales to | Purchased from |
| Øksnes Thermo AS ¹⁾ | Packing material | 182 | (7 541) | – | (13 798) |
| Helnessund Bøteri AS | Nets and services | 12 | (10 410) | – | (15 479) |
| Silver Seed AS | Smolt | 3 840 | (13 319) | 6 035 | (17 757) |
| Ballangen Sjøfarm AS | Processing services | 1 554 | (406) | 4 036 | – |
| Denofa AS ²⁾ | Raw materials and services | 884 | (106 342) | – | (69 548) |
| Uniol AS ³⁾ | Loan and services | – | – | 531 | (30 441) |
| Hordafør AS | Services | 302 | (331) | – | – |

¹⁾ Transactions with Øksnes Thermo AS in the period as associated company until 15 September 2010

²⁾ Transactions with Denofa AS after classification as associated company as from 1 September 2009

³⁾ Norgrain AS and Cermaq ASA provided loans of NOK 20.5 million and NOK 9.9 million respectively in 2009. The loans were fully impaired in 2009 and have no carrying values in the Group accounts at 31 December 2010

The Group had no significant liabilities to associated companies as of 31 December 2010 and 2009. All transactions with related parties are priced on an arm's length basis.

Transactions with subsidiaries have been eliminated in the Group accounts and do not represent related party transactions.

NOTE 29

→ Subsequent events

On 24 February 2011, the Group sold all shares in Hordafør AS to PK Karoløys ANS for a consideration of NOK 66 million. Expected gain for the Group is NOK 16 million.

→ CERMAQ ASA

INCOME STATEMENT 01.01-31.12

Amounts in NOK 1 000

| | Notes | 2010 | 2009 |
|--|----------|-----------------|-----------------|
| Operating revenues | | 72 066 | 27 750 |
| Salaries and personnel expenses | 2 | (60 765) | (50 014) |
| Depreciation | 7 | (3 718) | (3 836) |
| Other operating expenses | 4 | (44 823) | (20 497) |
| Result of operations | | (37 240) | (46 597) |
| Interest income | 5 | 52 839 | 70 901 |
| Other financial income | 5 | 67 046 | 38 753 |
| Interest expenses | 5 | (53 450) | (54 131) |
| Write down of financial assets | 5 | (59 990) | (21 027) |
| Other financial expenses | 5 | (950) | (1 072) |
| Net foreign exchange gains/(losses) | 5 | 12 125 | 5 337 |
| Financial items, net | 5 | 17 620 | 38 760 |
| Result before tax | | (19 620) | (7 837) |
| Tax | 6 | (8 015) | 9 589 |
| Result for the year | | (27 636) | 1 752 |
| Proposed dividend | | 499 500 | 138 746 |
| Allocated to/(from) other equity | | (527 136) | (136 994) |
| Total allocation of result for the year | | (27 636) | 1 752 |

→ CERMAQ ASA

FINANCIAL POSITION AS OF 31 DECEMBER

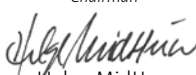
Amounts in NOK 1 000

| | Notes | 2010 | 2009 |
|--------------------------------------|-------|------------------|------------------|
| ASSETS | | | |
| Deferred tax asset | 6 | – | 3 987 |
| Tangible fixed assets | 7 | 13 924 | 16 756 |
| Investments in subsidiaries | 8 | 1 043 714 | 1 358 233 |
| Loans to group companies | 12 | 1 263 870 | 1 658 454 |
| Investments in associates | 9 | – | – |
| Investments in shares | 10 | 13 465 | 50 866 |
| Other financial assets | 11 | – | 1 625 |
| Total financial fixed assets | | 2 321 049 | 3 069 178 |
| Total non-current assets | | 2 334 973 | 3 085 934 |
| Accounts receivable from customers | 13 | 1 431 | 479 |
| Other short-term receivables | | 25 257 | 24 419 |
| Short-term intercompany receivables | 11 | 92 642 | 81 210 |
| Bank deposits, cash in hand, etc. | 14 | 2 160 | 63 073 |
| Total current assets | | 121 491 | 169 181 |
| TOTAL ASSETS | | 2 456 464 | 3 259 102 |
| EQUITY AND LIABILITIES | | | |
| Share capital | 15 | 925 000 | 925 000 |
| Company's own shares | 15 | (46) | (32) |
| Other paid-in capital | 15 | 12 711 | – |
| Total paid-in capital | | 937 665 | 924 969 |
| Other equity | 15 | 442 626 | 982 512 |
| Total equity | | 1 380 291 | 1 907 480 |
| Pension liabilities | 3 | 5 252 | 3 095 |
| Deferred tax | 6 | 7 931 | – |
| Total provisions | | 13 183 | 3 095 |
| Interest bearing long-term debt | 16 | 350 000 | 1 000 000 |
| Total non-current liabilities | | 363 183 | 1 003 095 |
| Other short-term liabilities | 18 | 531 260 | 163 253 |
| Other financial liabilities | 11 | – | 2 425 |
| Short-term intercompany liabilities | 11 | 181 730 | 182 849 |
| Total current liabilities | | 712 990 | 348 526 |
| TOTAL EQUITY AND LIABILITIES | | 2 456 464 | 3 259 102 |

Oslo, 15 March 2011



Bård Mikkelsen
Chairman



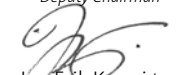
Helge Midttun
Director



Ted Andreas Mollan
Director (employee elected)



Astrid Sjøgaard
Deputy Chairman



Jan Erik Korssjøn
Director



Terje Rekdal
Director (employee elected)



Rebekka Glasser Herlofsen
Director



Reidun Karlsen
Director (employee elected)



Geir Isaksen
Chief Executive Officer

→ CERMAQ ASA

CASH FLOW STATEMENT 01.01–31.12

Amounts in NOK 1 000

| | Notes | 2010 | 2009 |
|--|-------|------------------|------------------|
| Ordinary result before tax | | (19 620) | (7 837) |
| (Gains)/Losses on tangible and intangible assets | | (32 455) | (38 772) |
| Depreciation | 7 | 3 718 | 3 836 |
| Change in fair value of financial assets | 5 | – | 11 017 |
| Taxes (paid) | | 2 197 | – |
| Net interest paid | | 30 906 | 42 315 |
| Difference between pension premiums paid and pension expense | | 2 157 | 2 518 |
| Change in stock, accounts receivable and accounts payable | | (3 606) | 7 634 |
| Change in other short-term operating assets and liabilities | | (32 114) | 102 399 |
| Net cash flows from operating activities | | (48 817) | 123 110 |
| Proceeds from sale of property, plant, equipment (PPE) and intangible assets | | 29 137 | 150 |
| Purchases of (PPE) and intangible assets | 7 | (1 246) | (1 250) |
| Distribution of share capital from subsidiaries | | 314 519 | – |
| Proceeds from sale of shares and other investments | | 222 557 | 63 623 |
| Purchases of shares and other investments | | (179 529) | (25 000) |
| Change in loans to Group companies | | 445 583 | 162 630 |
| Net cash flows from investing activities | | 831 021 | 200 152 |
| Net change in interest bearing debt | | (653 545) | (440 000) |
| Interest received | | 1 075 | 3 270 |
| Interest paid | | (31 981) | (45 585) |
| Paid other financial items | | (19 867) | – |
| Dividends paid | | (138 746) | – |
| Change in treasury shares | | (54) | 430 |
| Net cash flows from financing activities | | (843 118) | (481 885) |
| Net change in cash and cash equivalents for the year | | (60 913) | (158 622) |
| Cash and cash equivalents at the beginning of the year | | 63 073 | 221 695 |
| Cash and cash equivalents at the end of the year | | 2 160 | 63 073 |

→ CERMAQ ASA

NOTES

NOTE 1

→ Accounting principles

Annual accounts for Cermaq ASA have been prepared in accordance with the Norwegian Accounting Act and Norwegian generally accepted accounting principles.

The accounting principles described in this section are as applied to Cermaq ASA company only and do not describe the principles applied to the Cermaq group accounts. The notes for the Cermaq group are presented with the consolidated accounts for the group.

Investments in subsidiaries and associated companies

In Cermaq ASA, investments in subsidiaries and associated companies are recorded in accordance with the cost method.

Recognition of income

The sale of all goods is taken to income at the time of delivery. Services are taken to income at time of delivery.

Classification principles

Liquid assets are defined as cash and bank deposits.

Other assets intended for permanent ownership or use and receivables that mature more than one year after the end of the accounting year are classified as non-current assets. Other assets are classified as current assets.

Liabilities that fall due later than one year after the end of the accounting year are classified as non-current liabilities. Other liabilities are classified as current liabilities.

Foreign currency transactions

All foreign currency transactions are converted to NOK at the date of the transaction.

All monetary items denominated in foreign currency are translated at the exchange rate at the balance sheet date. Derivatives designated as hedging instruments in fair value hedges are measured at fair value and changes in fair value are recognised in the income statement.

Accounts receivables from customers

Receivables from customers are recorded at their nominal value less deductions for any expected losses.

Tangible fixed assets and depreciation

Tangible fixed assets are carried at cost less accumulated depreciation and impairment write downs.

Ordinary depreciation commences from the point in time when an asset is ready for its intended use, and depreciation is calculated based on the useful life of the asset in accordance with the following guidelines:

| Asset group | Depreciation rate |
|------------------------------------|-------------------|
| Furniture and fixtures | 20–33% |
| Computer equipment | 20–33% |
| Vehicles | 15–20% |
| Machinery and production equipment | 10–20% |
| Plant | 3–5% |
| Office buildings and dwellings | 2–5% |

Fixed assets are written down if the net present value (NPV) of the anticipated future cash flows related to the asset can be demonstrated to be lower than the carrying value of the asset.

Gains or losses from the sale of tangible assets are calculated as the difference between sales price and carrying value at the date of sale. Gains and losses from sale of tangible fixed assets are recognised as operating revenues or losses.

Pension costs and obligations

Norwegian companies are required by law to have a service pension plan according to the mandatory occupational pensions act. Cermaq ASA's pension schemes are in compliance with the law.

In 2006, the company transferred to defined contribution plans for "kollektiv tjenestepensjon". The company's premiums to the defined contribution scheme are recognised in the income statement for the year to which the contribution applies, with no further liability for the company.

In 2007, the company transferred from funded to unfunded defined benefit plans for Top-hat schemes (salary above 12G) for employees in the scheme at 31 December 2006. New employees/employees with salaries over 12G after 1 January 2007 have a defined Top Hat-contribution scheme. Pension obligations financed by operations is calculated and recognised in the pension liabilities in the balance sheet.

In defined benefit plans, pension commitments and pension costs are determined using a linear accrual formula. A linear accrual formula distributes future pension benefits in a straight line over the accrual period. The employees' accrued pension rights during a period are defined as the pension costs for the year.

Pension obligations are calculated on the basis of long-term discount rate and long term expected yield, wage increases, price inflation and pension adjustment. Pension funds are valued net of their fair value and the pension obligations to which they relate. A surplus is recognised to the extent that it can reasonably be utilised.

Changes in calculated pension obligations due to changes in pension plans are accrued over the remaining contribution period or expected lifetime. Changes in the underlying obligations and assets of pension funds as a result of changes in estimates are accrued over the remaining contribution period for the portion of the deviations that exceed 10 percent of gross pension obligations. The discount rate used in calculations is based on 10 year government bond rate.

Share based remuneration

Fair value of share options is calculated at grant date. Valuation is based on well known valuation models accommodating the characteristics of the options in question. The fair value calculated at grant date is charged against profit and loss over the vesting period of the options, with a corresponding increase in other paid equity. The vesting period is the period from granting the options and to the options are fully vested.

Financial assets and liabilities

Cermaq ASA implemented in 2009 the preliminary standard on Financial assets and liabilities. The standard is effective as from 1 January 2010 but earlier application is permitted. According to the standard, companies can choose between recognising financial instruments at fair value or off balance sheet-accounting. Cermaq ASA recognises fair value of financial instruments in the balance sheet.

Taxation

Tax accounted for considers both tax payable for the period and the movement in deferred tax.

Deferred tax is recognised in respect of all temporary differences and accumulated tax losses carried forward at the balance sheet date which implies increased or decreased tax payable when these differences reverse in future periods. Temporary differences are differences between taxable profits and results that occur in one period and reverse in a later period.

Deferred tax is calculated applying the nominal tax rate to temporary differences and accumulated tax losses carried forward.

Cash flow statement

The cash flow statement analyses the company's overall cash flow by operating, investment and financing activities. The statement shows the effect of operations on liquid asset balances.

Use of estimates

Preparation of the accounts in accordance with generally accepted accounting principles requires that management make estimates and assumptions which have an effect on the value of assets and liabilities on the balance sheet and reported revenues and expenses for the accounting year. The ultimate values realised may deviate from these estimates.

NOTE 2

→ Wages and personnel expenses

Amounts in NOK 1 000

| | 2010 | 2009 |
|---|---------------|---------------|
| Wages and salaries including holiday pay | 45 556 | 36 609 |
| National insurance contributions | 6 246 | 4 824 |
| Pension costs | 4 029 | 3 929 |
| Other personnel expenses | 4 935 | 4 652 |
| Total wages and personnel expenses | 60 765 | 50 014 |

The number of employees at year end is 46 persons (2009: 41 persons). Number of man-years during the year was 43 (2009: 36).

For details regarding salary for key management, please refer to note 7 in the group accounts.

NOTE 3

→ Pension costs and obligations

In November 2006, the company transferred from a defined benefit plan to a defined contribution plan for active members. The pension premiums are expensed when paid, and there is no additional obligation for the company beyond the annual premium. Contributions are given in steps of 0, 3 and 6 percent of salary. New employees/employees with salaries above 12G after 1 January 2007 have a defined Top Hat-contribution scheme with annual contribution of 15 percent of salary above 12G. Top-hat schemes for employees in the scheme at 31 December 2006, early retirement schemes and schemes for pensioners are defined benefit schemes.

Under a defined benefit scheme, the company is responsible for providing pensions to employees who are members of the schemes. These responsibilities are funded by making contributions to insurance schemes. As at 31 December 2010, there was a deficit of NOK 5.2 million related to the funding of the pension obligations.

In addition Cermaq ASA has responsibility for 31 pensioners. These were transferred to Cermaq ASA as an element in the final clarification of the sale of Stormøllen to Felleskjøpet in 1999.

| Assumption | 2010 | 2009 |
|----------------------------------|------|------|
| Discount rate | 3.2% | 4.5% |
| Expected return on pension funds | 4.5% | 5.5% |
| Wage adjustment | 3.8% | 4.0% |
| Basic amount adjust/inflation | 3.8% | 4.0% |
| Pension adjustment | 1.5% | 2.8% |

Amounts in NOK 1 000

| Pension costs | 2010 | 2009 |
|--|--------------|--------------|
| Net present value of current year's pension benefit earned | 1 477 | 1 675 |
| Interest cost of pension liability | 707 | 740 |
| Expected return on pension funds | (684) | (844) |
| Amortisation of discrepancies | 287 | 555 |
| Amortisation of past service cost | (141) | - |
| Administrative expenses | 194 | 74 |
| Accrued National Insurance contributions | 185 | 178 |
| Net accrued pension costs | 2 023 | 2 378 |
| Pension expense for the defined contribution plan | 1 664 | 1 491 |
| Other pension cost | 341 | 60 |
| Total pension cost | 4 029 | 3 929 |

Amounts in NOK 1 000

| Pension liabilities | 2010 | 2009 |
|--|----------------|----------------|
| Projected benefit liabilities | (21 359) | (17 368) |
| Estimated pension funds | 12 599 | 12 838 |
| Estimated net pension funds/(liabilities) | (8 760) | (4 530) |
| Unrecorded gain/(loss) on pension funds | 4 563 | 1 934 |
| Accrued National Insurance contributions | (1 054) | (499) |
| Pension funds/(liabilities) | (5 252) | (3 095) |

NOTE 4

→ Other operating expenses

Auditor

Expensed fees from the company's auditor, KPMG, have been as follow (amounts exclusive of vat):

Amounts in NOK 1 000

| | 2010 | 2009 |
|-------------------|------------|------------|
| Audit fees | 434 | 720 |
| Other services | 201 | 202 |
| Total fees | 634 | 922 |

NOTE 5

→ Financial income/expenses

Amounts in NOK 1 000

| | 2010 | 2009 |
|--|---------------|---------------|
| Interest income | 52 839 | 70 901 |
| Other financial income | 67 046 | 38 753 |
| Total financial income | 119 885 | 109 654 |
| Of which are related to group items | 52 376 | 67 427 |
| Interest expenses | (53 450) | (54 131) |
| Fair value adjustments of financial assets ¹⁾ | (59 990) | (21 027) |
| Other financial expenses | (950) | (1 072) |
| Total financial expenses | (114 390) | (76 230) |
| Of which related to group items | (33) | (106) |
| Net foreign exchange gains/losses, external | (7 541) | (917) |
| Net foreign exchange gains/losses, group | (4 584) | (4 419) |
| Net financial items | 17 620 | 38 760 |

¹⁾ Fair value adjustments relates to write down of loan to Mainstream Scotland Ltd. In 2009 fair value adjustment relates to write down of shares and receivables in Uniol AS and fair value adjustment of shares in Marine Farms ASA

NOTE 6

→ Taxation

Amounts in NOK 1 000

| Income tax expense | 2010 | 2009 |
|---------------------------------|----------------|--------------|
| Tax Payable | 3 903 | - |
| Change in deferred tax | (11 918) | 9 589 |
| Total income tax expense | (8 015) | 9 589 |

| Tax base calculation | 2010 | 2009 |
|--|------------|-----------------|
| Profit before income tax | (19 620) | (7 838) |
| Permanent differences ¹⁾ | 44 535 | (26 409) |
| Temporary differences | (15 180) | 8 578 |
| Change in tax losses carried forward and other tax credits | (27 383) | - |
| Corrections earlier years | 17 855 | - |
| Tax base | 207 | (25 669) |

| Temporary differences | 2010 | 2009 |
|----------------------------------|-----------------|-----------------|
| Non current assets | 2 793 | (115) |
| Financial instruments | - | 800 |
| Pensions | 5 113 | 2 459 |
| Gains and losses | (36 231) | (16 289) |
| Net temporary differences | (28 325) | (13 145) |

| | | |
|--|-----------------|---------------|
| Tax losses carried forward and other tax credits | - | 27 383 |
| Total | (28 325) | 14 238 |

| | | |
|--------------------------------|---------|-------|
| Deferred tax (liability) asset | (7 931) | 3 987 |
|--------------------------------|---------|-------|

| Reconciliation of the tax of the year | 2010 | 2009 |
|---|----------------|--------------|
| 28% tax on profit before tax for the year | 5 494 | 2 195 |
| 28% tax effect on permanent differences ¹⁾ | (12 470) | 7 395 |
| Change in tax from previous years | 1 764 | - |
| Other differences ²⁾ | (2 803) | - |
| Tax on ordinary result | (8 015) | 9 589 |

¹⁾ Tax impact of permanent differences in 2010 related to write down of loan to subsidiary and gain from sale of shares in Marine Farms ASA. In 2009 permanent differences are mainly related to non taxable income from fair value adjustments on shares and gain on sale of shares, partly offset by realised loss on shares

²⁾ Other differences are related to tax correction of Tax return 2009

NOTE 7

→ Tangible fixed assets

Amounts in NOK 1 000

| | Machinery, fixtures, vehicles, etc. | Buildings | Land | Total |
|---|-------------------------------------|-----------------|--------------|-----------------|
| Historical cost as at 1 January | 25 349 | 21 783 | 1 357 | 48 489 |
| Additions, cost price | 3 196 | - | - | 3 196 |
| Disposals, cost price | (554) | (5 559) | (383) | (6 496) |
| Historical cost as at 31 December | 27 991 | 16 224 | 974 | 45 189 |
| Accumulated depreciation as at 1 January | (18 094) | (13 639) | - | (31 733) |
| Ordinary depreciation for the year | (2 924) | (794) | - | (3 718) |
| Accumulated depreciation on disposals in the year | 160 | 4 026 | - | 4 186 |
| Accumulated depreciation as at 31 December | (20 858) | (10 407) | - | (31 265) |
| Carrying value as at 1 January | 7 254 | 8 145 | 1 357 | 16 756 |
| Carrying value as at 31 December | 7 133 | 5 817 | 974 | 13 924 |

NOTE 8

→ Investments in subsidiaries

Amounts in NOK 1 000

| | Ownership interest Cermaq ASA | Equity 31.12.2010 ³⁾ | Profit/loss for 2010 ³⁾ | Carrying value 31.12.2010 | Office location |
|---|----------------------------------|------------------------------------|---------------------------------------|------------------------------|---------------------|
| Statkorn Aqua AS | 100.0% | 428 424 | 7 651 | 425 249 | Oslo, Norway |
| EWOS AS ¹⁾ | 62.0% | 747 956 | 201 320 | 354 083 | Bergen, Norway |
| EWOS Ltd. | 100.0% | 144 402 | (148 763) | 14 717 | Westfield, Scotland |
| NorAqua AS | 100.0% | 153 | (6) | 10 202 | Bergen, Norway |
| EWOS Chile Ltda. ¹⁾ | 1.0% | 358 741 | 83 474 | 1 580 | Coronel, Chile |
| Mainstream Norway AS | 100.0% | 987 288 | 443 294 | 227 653 | Steigen, Norway |
| Share based remuneration ²⁾ | | | | 10 230 | |
| Total investment in subsidiaries | | | | 1 043 714 | |

¹⁾ The Cermaq group has 100 percent ownership of the companies. Statkorn Aqua AS has the remaining owner share

²⁾ The amount refers to shares in subsidiaries following share based remuneration in the parent company for work performed in subsidiaries

³⁾ Reported IFRS-figures for the group accounts. These may deviate from local statutory accounts

NOTE 9

→ Investments in associates

Amounts in NOK 1 000

| | Ownership interest and voting share 31.12.2010 | Carrying value 31.12.2010 |
|--|---|------------------------------|
| Uniol AS ¹⁾ | 12.9% | - |
| Total investments in associates | | - |

¹⁾ The ownership interest above applies to Cermaq ASA. The investment was fully impaired at 31 December 2010 and has no carrying value in the accounts

NOTE 10

→ Investments in other companies

Amounts in NOK 1 000

| | Owner- ship interest | Number of shares owned | Total par value | Share capital | Carrying value |
|------------------------------------|-------------------------|---------------------------|--------------------|------------------|-------------------|
| AquaGen AS | 12.34% | 326 849 | 3 268 | 26 478 | 12 080 |
| Røding AS | 12.6 % | 1 250 | 1 250 | 9 952 | 1 375 |
| Other companies | | | | | 10 |
| Total investments in shares | | | | | 13 465 |

NOTE 11

→ Other financial assets and liabilities

Amounts in NOK 1 000

| | 2010 | 2009 |
|---|--------------|--------------|
| Financial assets | 7 248 | 1 625 |
| Financial liabilities | (921) | (2 425) |
| Other financial assets/(liabilities) | 6 327 | (800) |

The financial assets and liabilities above are related to internal hedges with the subsidiaries EWOS AS and Mainstream Norway AS to reduce foreign currency exposure in these companies. The net exposure in Cermaq ASA is not hedged externally.

NOTE 12

→ Long term intercompany loans

Amounts in NOK 1 000

| Loans to group companies | Currency | Currency amount | 2010 | 2009 |
|---------------------------------------|----------|-----------------|------------------|------------------|
| EWOS Ltd. | GBP | - | - | 31 152 |
| Mainstream Scotland Ltd. | GBP | - | - | 42 316 |
| Loans to Norwegian companies | NOK | 1 263 870 | 1 263 870 | 1 584 986 |
| Total loans to group companies | | | 1 263 870 | 1 658 454 |

All intercompany items in foreign currency are translated at the exchange rate at the balance sheet date.

NOTE 13

→ Accounts receivable from customers

Amounts in NOK 1 000

| | 2010 | 2009 |
|----------------------------------|--------------|------------|
| Receivables from customers | 1 431 | 479 |
| Total accounts receivable | 1 431 | 479 |

NOTE 14

→ Liquid assets

Amounts in NOK 1 000

| | 2010 | 2009 |
|---|--------------|---------------|
| Bank and cash in hand | 2 160 | 63 073 |
| Total bank deposits and cash in hand | 2 160 | 63 073 |

As of 31 December 2010 there were no restricted deposits included within liquid assets. The Group has established a cash pool system with Fokus Bank. Cermaq ASA is in accordance with the agreements the Group account holder and other group companies are sub-account holders or participants.

The bank can offset overdrafts against deposits, so that the net position represents the net balance between the bank and the Group account holder.

NOTE 15

→ Equity

Amounts in NOK 1 000

| | Share capital | Treasury shares | Other paid capital | Other reserves | Total equity |
|---------------------------------|----------------|-----------------|--------------------|----------------|------------------|
| Equity 1 January | 925 000 | (32) | - | 982 512 | 1 907 480 |
| Change in own shares/redemption | - | (14) | - | (39) | (54) |
| Share based payment | - | - | 12 711 | (12 711) | - |
| Result for the year | - | - | - | (27 636) | (27 635) |
| Dividend | - | - | - | (499 500) | (499 500) |
| Equity 31 December | 925 000 | (46) | 12 711 | 442 626 | 1 380 291 |

Number of shares in the company is 92 500 000. The shares have a face value of NOK 10. All the shares in the company have equal status. For details regarding largest shareholders and shareholdings of key management personnel, please refer to note 22 in the group accounts.

NOTE 16

→ Interest bearing debt

Cermaq ASA has no short-term interest bearing debt as at 31 December 2010 (2009: 0). Cermaq ASA has drawn NOK 350 million on the group's long-term loan facility (2009: NOK 1 000 million).

NOTE 17

→ Financial risk management

Please refer to note 24 in the group accounts for further details related to financial risk management in the company and within the group.

NOTE 18

→ Non-interest bearing short-term liabilities

Amounts in NOK 1 000

| | 2010 | 2009 |
|---|----------------|----------------|
| Social security taxes and VAT | 2 871 | 3 008 |
| Accounts payable | 5 790 | 6 494 |
| Taxes payable | 58 | 1 764 |
| Dividend | 499 500 | 138 746 |
| Other short-term liabilities | 23 040 | 13 240 |
| Total other short-term liabilities | 531 260 | 163 253 |

NOTE 19

→ Off balance sheet leases

| Lessee | Asset | Annual rent | Duration of agreement |
|------------|-------|-------------|-----------------------|
| Cermaq ASA | Rent | 2 907 | 30.09.2014 |

NOTE 20

→ Mortgages and guarantees

The group's syndicated loan is based on a negative pledge, which allows only limited potential to mortgage assets as security on other loans. Cermaq ASA is liable for withdrawals by the subsidiaries from the group's corporate account system with Danske Bank/Fokus Bank. The parent company's guarantee liabilities also include guarantees for the debt of other group companies.

Amounts in NOK 1 000

| | 2010 | 2009 |
|------------------------------------|----------------|----------------|
| Guarantees | 603 081 | 653 735 |
| Total guarantee liabilities | 603 081 | 653 735 |

REPORT TO SHAREHOLDERS ON SENIOR MANAGEMENT'S REMUNERATION

1. MAIN PRINCIPLES FOR THE COMPANY'S SENIOR MANAGEMENT POLICY

Remuneration for the senior management in Cermaq is determined based on the following main principles:

- *Senior management remuneration should be **competitive**. Cermaq shall attract and keep good managers.*

The total remuneration received should, as a general rule, be at a level around the average of the remuneration for similar managers in comparable enterprises in the country where the manager is living.

- *Senior management remuneration should be **motivating**. Remuneration should be structured in such a way that it motivates to make an extra effort for continuous improvement of the activities and the company's performance.*

The principal element in the remuneration is the basic salary, but variable additional elements of remuneration should be provided in order to motivate on the managers' performance for the company. The variable elements of remuneration should appear reasonable in comparison with the company's result in the year in question. To ensure that variable elements of remuneration are incentives for extra effort, the criteria set are related to factors on which the individual manager can exert influence. Cermaq wants its remuneration policy to contribute to create a team spirit internally in the Group and to stimulate to efforts that provide results beyond an individual manager's area of responsibility.

- *Remuneration should be conceived as **understandable and acceptable** both internally in the Cermaq Group as well as externally.*

Remuneration should not be disproportionately difficult to explain to the public and neither should it entail disproportionate complicated administration.

- *The remuneration system is to be **flexible**. It should be modified when necessary.*

To be able to offer competitive salaries, we must have a flexible remuneration system with room for special adaptations. The hire of managers located outside Norway raises particular issues related to remuneration. Cermaq should have a remuneration system that is competitive and enables the Group to

attract and retain foreign managers. Further, the remuneration system must be flexible and accommodate particular needs of individual managers.

2. PRINCIPLES FOR REMUNERATION THAT MAY BE OFFERED IN ADDITION TO BASIC SALARY

2.1 Starting point: The basic salary

The basic salary is the principal element in the managers' salaries. There are no determined limits on the size of the basic salary, but the basic salary should reflect market conditions. The company carries out annual surveys on remuneration of similar positions, exercised by external consultants.

In addition to the basic salary the managers may receive other remuneration elements. The individual elements of remuneration are commented on in detail below. Unless mentioned, no special conditions, limits or award criteria shall apply to the remuneration elements listed.

2.2 Additional remuneration elements

Bonus scheme

The Group has established a bonus scheme for the Group's senior management, determined by the board of directors. The board conducts a yearly assessment of bonus criteria suitable for the relevant year. In the current bonus scheme, the variable supplementary payment can be a maximum of 30 per cent of fixed salary. For 2011, the board has divided the bonus criteria in two. One half of the bonus is related to return on employed capital (ROCE) of the Group. The bonus calculation starts when ROCE for the Group reaches 7 per cent, with maximum bonus when ROCE reaches 13 per cent. The other half of the bonus is based on individual terms determined for each individual member of the Group's senior management.

Options

The annual general meeting of Cermaq ASA adopted the following resolution on 3 May 2006:

"An option scheme for the senior management in the Cermaq Group is to be established. This plan may include up to 65 individuals in managerial positions or key personnel in the company. The maximum number of options in the programme may not exceed 1 100 000. The upper limit of the maximum profit that may be obtained for the individual participant in

this programme is NOK 50 per awarded option. The total accounting cost of the programme is calculated to be maximum NOK 15 million.

The Board is granted authority to prepare guidelines for the schemes within the frames that have been provided."

Option agreements that have been entered into will be fulfilled, but no new option agreements have been signed, nor has any new options been awarded under the adopted option programme.

A total of 606 666 options have been granted, which give the right to subscribe to a total of 606 666 shares in Cermaq ASA. The options are distributed on 42 individual persons in the Cermaq Group.

In accordance with the signed option agreements, the options were transferred in three equal instalments with one third on 26 October 2006, 1 June 2007 and 1 June 2008 respectively. The exercise price is to be the average price on the Oslo Stock Exchange on the date of transfer as well as the day before and the day after, with an addition of 10 per cent, however so that the exercise price for the options that were awarded on 26 October 2006 was determined to be NOK 92.93 per share. The exercise price for the options that were awarded on 1 June 2007 and 1 June 2008 were NOK 113.76 per share and NOK 71.82 pr share respectively. The awarded options may be exercised between 36 and 72 months after vesting.

On exercise of the options, the board may choose whether the option is to be redeemed in giving the option holder shares, or by paying the option holder the value of the option (the profit) in cash. The maximum profit is limited in accordance with the decision of the general meeting on 3 May 2006.

Other allocation of shares, subscription rights or other forms of remuneration that are related to shares or the development of the share price.

The annual general meeting in 2006 adopted a share purchase programme for all employees in the Cermaq Group, which thus also includes the managers of the group. The scheme entails that all employees each year receives an offer to buy 200 shares with a discount of 20 per cent. The company also offers financing assistance in connection with the purchase of shares.

Moreover, no other remuneration related to shares or share prices is employed.

Pension schemes

Agreements relating to early retirement have been signed and may be entered into. However, the company wants to limit the use of such agreements.

Senior management should in general have pension schemes that secure pension payment in accordance with level of the salaries prior to retirement. This is normally achieved by including senior management in the company's pension scheme. The company's pension scheme that is applied for new recruitments is based on the assumption that the retirement age in the company is 67 years, that the accumulated rate of total compensation is not to exceed 66 per cent of the salary and retirement prior to 65 years will result in reduced pension.

Moreover, there are no specific provisions for early retirement.

Remuneration after termination of employment

The Chief Executive Officer (CEO) has an agreement relating to pay after termination of employment, which provides payment for 12 months in excess of salary and remuneration in the terms of notice, if he is dismissed by the company. The compensation is reduced if the CEO receives income from other sources in the period.

The CEO should normally have a contract that considers the potential need for termination of employment if this is considered to be in the company's best interest. The remuneration after termination of employment must therefore be sufficiently favourable to secure CEO acceptance of an agreement with limited dismissal protection.

Agreements related to remuneration after termination of employment have been signed and may be entered into also for other senior group management. This is in order to secure the company's ability to maintain the necessary mix of management personnel following the company's requirements. Such agreements will, in accordance with the Employment Protection Act, not be binding for other managers than the CEO.

Schemes relating to remuneration after termination of employment should be prepared so they are conceived as acceptable internally and externally.

When entering new agreements related to remuneration after termination of employment with managers, the agreements will be

limited to 12 months salary compensation in addition to salary and remuneration during term of notice.

Payment in kind

Managers will receive payment in kind considered normal for comparable positions. This includes free telephone, home computer, free broadband connection, participation in the company's insurance schemes, news papers, car arrangement and parking. There are no particular limitations on type of payment in kind which may be agreed.

Other supplementary payment

Other variable elements of remuneration may be used or other special supplementary payment may be awarded than those mentioned above if this is considered appropriate in order to attract and/or retain a manager. There are no particular limitations as to what kind of supplementary payment may be agreed.

3. STATEMENT REGARDING SENIOR MANAGEMENT REMUNERATION POLICY IN 2010

3.1 Senior management remuneration policy and the execution of the board's statement regarding senior management remuneration for 2010

The senior management remuneration policy for 2010 was implemented in accordance with the board's executive statement for 2010 that was included in the annual report for 2009. The board has not made any decisions that have deviated from the senior management remuneration statement.

The earning of bonus for the Group's senior management team followed the criteria described in the board's statement relating to executive remuneration for 2010.

As indicated in the senior management remuneration statement of 2010, all employees in the Cermaq Group, including senior management, received an offer in June 2010 to purchase 200 shares with a 20 per cent discount.

3.2 The effect of the senior management salary agreements that were modified or signed in 2010

One new member of the Group's senior management, the Chief Operational Officer Farming (COO Farming), took up his new position in June 2010. The contract of employment has been set up in accordance with the principles in the senior management salary agreement for 2010. The COO Farming participates in the company's senior management bonus scheme and senior management pension scheme. All payment in kind is within what is considered normal in the company, see presentation of payment in kind under item 2.2. The COO Far-

ming has not been awarded options as a consequence of the appointment, as the option programme, as stated in item 2, has been closed for allocation of new options. He was previously awarded options under the scheme described in item 2.2, in power of his previous position in the Group.

In the beginning of 2011 an agreement was entered into with the COO Feed. This agreement coordinates and continues rights and obligations from several previous agreements.

Moreover, adjustments of the fixed salary for the other members of the senior management of Cermaq have been made.

As stated, the effect for the company and the shareholders with respect to the senior management agreements or any modifications of such in 2010 is limited.

4. PROCEDURE FOR THE DETERMINATION OF SENIOR MANAGEMENT SALARIES

4.1 Determination of salary of the CEO

The compensation awarded to CEO is determined by the board in a board meeting.

4.2 Determination of the salary of the Group senior management

Remuneration for the individual member of the Group senior management is determined by the CEO. Prior to settlement, CEO shall discuss his proposal for remuneration with the chair of the board. The board will be informed about the salaries after decision.

4.3 Determination of incentive schemes

The general schemes for award of variable supplementary payment, including bonus schemes, are determined by the board. The CEO awards variable supplementary payment to senior management within the frames of the schemes the board has determined.

Schemes that include awarding of shares, subscription rights, options or other forms of remuneration that is related to shares or the development of the share price are to be determined by the company's general meeting. Within the frame of the decisions made by the general meeting, the board will make more detailed decisions with reference to implementation, execution, and any detailing of the schemes. Alternatively, the board may decide to delegate such authority to the CEO. No-one may be awarded supplementary payment as outlined in this section beyond the limits of the resolution made by the general meeting.

Oslo, 15 March 2011

The Board of Directors of Cermaq ASA

STATEMENT FROM THE BOARD OF DIRECTORS AND THE CEO

We confirm that, to the best of our knowledge, the financial statements for the period for 2010 for the group and the parent company have been prepared in accordance with applicable accounting standards, and that the accounts give a true and fair view of the group and the company's consolidated assets, liabilities, financial position and results of the operations per 31 December 2010.

We also confirm to the best of our knowledge, that the Director's report provides a true and fair view of the development and performance of the business and the position of the group and the company including description of key risks and uncertainty factors pertaining to the group going forward.

Oslo, 15 March 2011


Bård Mikkelsen
Chairman


Astrid Sørgaard
Deputy Chairman


Rebekka Glasser Herlofsen
Director


Helge Midttun
Director


Jan Erik Korssjøen
Director


Reidun Karlsen
Director (employee elected)


Ted Andreas Mollan
Director (employee elected)


Terje Rekdal
Director (employee elected)


Geir Isaksen
Chief Executive Officer



KPMG AS
P.O. Box 7000 Majorstuen
Sørkedalsveien 6
N-0306 Oslo

Telephone +47 04063
Fax +47 22 60 96 01
Internet www.kpmg.no
Enterprise 935 174 627 MVA

To the Annual Shareholders' Meeting of Cermaq ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Cermaq ASA, which comprise the financial statements of the parent company Cermaq ASA and the consolidated financial statements of Cermaq ASA and its subsidiaries. The parent company's financial statements comprise the balance sheet as at 31 December 2010, the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The consolidated financial statements comprise the statement of financial position and the income statement and the statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the parent company financial statements in accordance with the Norwegian Accounting Act and generally accepted accounting standards and practices in Norway and for the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Offices in:

| | | |
|----------|--------------|--------------|
| Oslo | Hamar | Sandefjord |
| Alta | Haugesund | Sandnessjøen |
| Arendal | Kristiansand | Stavanger |
| Bergen | Larvik | Stord |
| Bodo | Mo i Rana | Tromsø |
| Elverum | Molde | Trondheim |
| Finnsnes | Narvik | Tønsberg |
| Grimstad | Roros | Ålesund |

KPMG AS, a Norwegian member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening



Independent auditor's report
Cermaq ASA

Opinion on the separate financial statement

In our opinion, the parent company's financial statements give a true and fair view of the financial position of Cermaq ASA as at 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Cermaq ASA and its subsidiaries as at 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and coverage of the loss is consistent with the financial statements and complies with the law and regulations.

Opinion on Accounting Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 15 March 2011
KPMG AS

Vegard Tangerud
State Authorised Public Accountant

[Translation has been made for information purposes only]

ANALYTIC INFORMATION

GLOBAL HARVEST OF FARMED SALMON / LARGE TROUT AND CATCH OF WILD SALMON

(Thousand tonnes wfe)

| Farmed salmon/trout | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---------------------|------------|------------|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Norway | 263 | 315 | 349 | 389 | 461 | 471 | 477 | 521 | 579 | 601 | 633 | 656 | 799 | 827 | 937 | 1 000 |
| Chile | 141 | 199 | 248 | 259 | 229 | 342 | 487 | 485 | 494 | 575 | 617 | 620 | 642 | 697 | 492 | 428 |
| Canada | 41 | 44 | 55 | 70 | 78 | 89 | 112 | 126 | 109 | 107 | 126 | 125 | 116 | 125 | 120 | 122 |
| UK | 68 | 79 | 95 | 105 | 119 | 122 | 134 | 143 | 162 | 152 | 123 | 129 | 137 | 139 | 147 | 143 |
| Others | 110 | 122 | 126 | 129 | 155 | 155 | 174 | 172 | 174 | 154 | 138 | 137 | 152 | 174 | 201 | 196 |
| Total farmed | 623 | 758 | 873 | 952 | 1 041 | 1 180 | 1 384 | 1 447 | 1 518 | 1 588 | 1 636 | 1 667 | 1 847 | 1 962 | 1 897 | 1 888 |

| Wild caught salmon | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|--------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|------------|--------------|------------|
| USA | 462 | 398 | 296 | 327 | 411 | 329 | 363 | 283 | 362 | 363 | 407 | 331 | 430 | 322 | 338 | 344 |
| Canada | 47 | 33 | 43 | 30 | 17 | 19 | 25 | 33 | 38 | 19 | 27 | 24 | 20 | 3 | 19 | 36 |
| Japan | 302 | 319 | 305 | 237 | 204 | 195 | 225 | 238 | 279 | 261 | 239 | 227 | 220 | 173 | 213 | 220 |
| Russia | 187 | 162 | 223 | 233 | 233 | 216 | 222 | 156 | 232 | 254 | 259 | 276 | 349 | 260 | 540 | 289 |
| Others | | | | | | | | | | | | | | | | |
| Total wild caught | 998 | 912 | 867 | 827 | 865 | 758 | 834 | 710 | 911 | 896 | 933 | 858 | 1 018 | 758 | 1 109 | 889 |

| | | | | | | | | | | | | | | | | |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total salmon and trout | 1 621 | 1 670 | 1 739 | 1 780 | 1 906 | 1 938 | 2 218 | 2 156 | 2 428 | 2 484 | 2 569 | 2 525 | 2 865 | 2 720 | 3 006 | 2 777 |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

Source: Kontali Analyse

HARVEST OF FARMED SALMON AND LARGE TROUT BY SPECIES

(Thousand tonnes wfe)

| Farmed salmon/trout | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---------------------|------------|------------|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Atlantic salmon | 447 | 541 | 621 | 682 | 788 | 875 | 989 | 1 059 | 1 145 | 1 207 | 1 252 | 1 272 | 1 398 | 1 494 | 1 469 | 1 444 |
| Large trout | 101 | 122 | 153 | 166 | 148 | 180 | 229 | 245 | 232 | 242 | 236 | 254 | 306 | 329 | 298 | 296 |
| Coho | 61 | 81 | 85 | 88 | 90 | 108 | 142 | 119 | 118 | 113 | 121 | 123 | 127 | 125 | 116 | 132 |
| Chinook | 14 | 15 | 14 | 17 | 15 | 18 | 24 | 24 | 23 | 27 | 27 | 19 | 16 | 14 | 15 | 16 |
| Total farmed | 622 | 759 | 873 | 953 | 1 041 | 1 181 | 1 384 | 1 446 | 1 519 | 1 588 | 1 636 | 1 667 | 1 847 | 1 961 | 1 897 | 1 888 |

Source: Kontali Analyse

SUPPLY DEVELOPMENT SPLIT BY MAIN MARKET – ATLANTIC SALMON (ADJUSTED FOR CHANGES IN FROZEN INVENTORY)

(Thousand tonnes wfe)

| Market | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---------------|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| EU | 464 | 496 | 522 | 579 | 603 | 630 | 650 | 704 | 737 | 766 | 738 |
| USA | 200 | 250 | 295 | 311 | 301 | 302 | 295 | 307 | 294 | 281 | 257 |
| Japan | 56 | 66 | 65 | 50 | 66 | 62 | 52 | 45 | 47 | 40 | 34 |
| Russia | | | | | | 64 | 50 | 73 | 75 | 78 | 99 |
| Other markets | 139 | 172 | 186 | 197 | 234 | 203 | 225 | 264 | 314 | 340 | 316 |
| Total | 860 | 985 | 1 069 | 1 137 | 1 204 | 1 261 | 1 272 | 1 393 | 1 467 | 1 505 | 1 444 |

Source: Kontali Analyse

WORLD WIDE FEED CONSUMPTION

Per selected countries – Regions

| | 2005 | 2006 | % change | 2007 | % change | 2008 | % change | 2009 | % change | 2010 | % change |
|---------------|------------------|------------------|------------|------------------|------------|------------------|------------|------------------|-------------|------------------|-----------|
| Norway | 857 100 | 933 800 | 9% | 1 083 000 | 16% | 1 136 700 | 5% | 1 302 500 | 15% | 1 307 900 | 9% |
| Chile | 862 700 | 1 006 300 | 17% | 1 082 400 | 8% | 1 018 200 | -6% | 593 700 | -42% | 676 800 | 14% |
| UK | 181 800 | 194 800 | 7% | 211 300 | 8% | 201 300 | -5% | 207 400 | 3% | 207 000 | 0% |
| North America | 194 500 | 194 200 | 0% | 201 400 | 4% | 193 800 | -4% | 191 400 | -1% | 204 900 | 7% |
| Faroe Island | 16 800 | 28 900 | 72% | 45 600 | 58% | 59 700 | 31% | 62 200 | 4% | 61 700 | -1% |
| Total | 2 112 900 | 2 358 000 | 12% | 2 623 700 | 11% | 2 609 700 | -1% | 2 357 200 | -10% | 2 458 300 | 5% |

Source: Kontali Analyse

OUR RESULTS

BOARD OF DIRECTORS REPORT

ANNUAL ACCOUNTS 2010

ANALYTIC INFORMATION

SHAREHOLDERS INFORMATION

GRI NAVIGATOR

PRICE DEVELOPMENT BY SPECIES AND MARKETS

ATLANTIC SALMON, FILLET, 3–4 lbs – CHILE

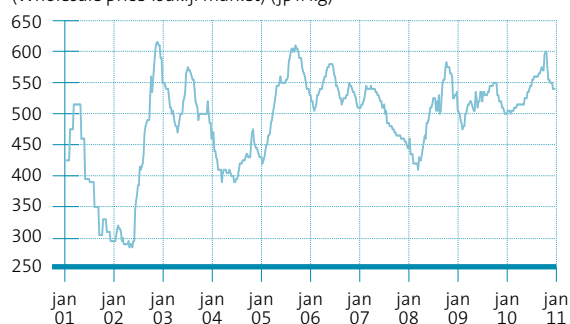
FOB Miami, USD/Lb



Source: UrnerBarry

COHO, FROZEN, 4–6 lbs – CHILE

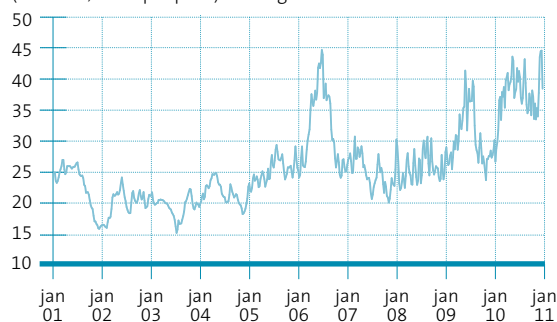
(Wholesale price Tsukiji market) (JPY/kg)



Source: Nmfs

ATLANTIC SALMON, WHOLE FISH – NORWAY

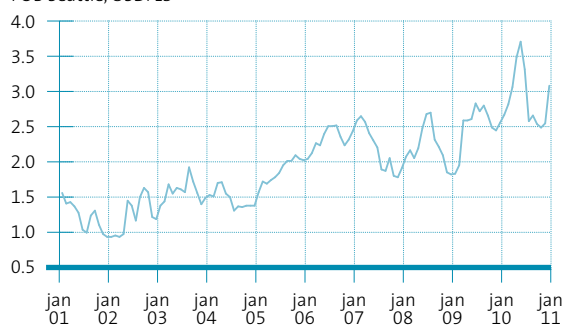
(FCA Oslo, NOS spot price) NOK/kg



Source: FHL

ATLANTIC SALMON, WHOLE FISH, 8–10 lbs – CANADA

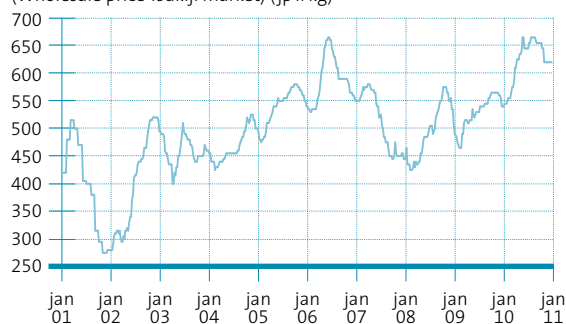
FOB Seattle, USD/Lb



Source: UrnerBarry

TROUT, FROZEN, 4–6 lbs – CHILE

(Wholesale price Tsukiji market) (JPY/kg)

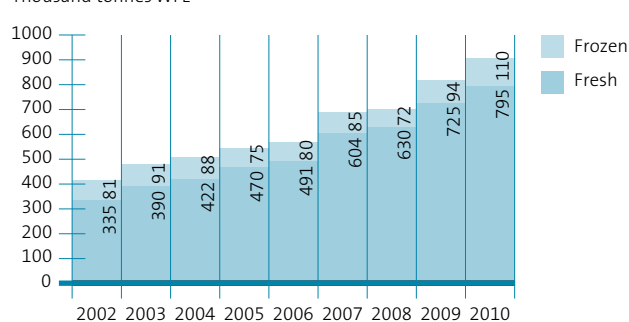


Source: Nmfs

EXPORT QUANTITIES

NORWAY ATLANTIC

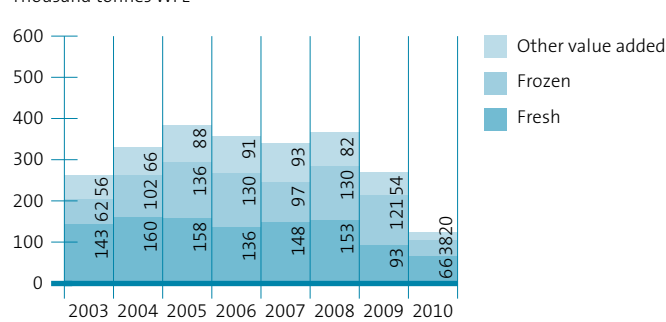
Thousand tonnes WFE



Source: Kontali Analyse

CHILE ATLANTIC SALMON

Thousand tonnes WFE



Source: Kontali Analyse

SHAREHOLDER INFORMATION

Cermaq gives weight to maintaining a good dialogue with its shareholders and the financial markets in general. One goal is that the share price reflects the underlying asset value of the group by providing all price-relevant information to the market.

Cermaq ASA had 2 724 shareholders at 31 December 2010 (3 476). 30.20 percent of the shares were held outside Norway (30.63 percent). The 20 largest shareholders owned 70.92 percent of the shares at 31 December (72.77 percent), with foreigners accounting for 30.20 percent (25.59 percent).

SHARE CAPITAL

Cermaq ASA had 92 500 000 ordinary shares with a nominal value of NOK 10 per share at 31 December 2010. The company has only one share class, and each share has one vote. The company's articles of association specify that the board may not approve any transfer of shares, which would reduce the Norwegian government's shareholding below 34 percent. The company's shares are otherwise freely transferable.

PREVAILING BOARD AUTHORITIES

At the company's ordinary general meeting 20 May 2010, the board was authorised to purchase treasury shares up to a total nominal value of NOK 46 250 000. The company

can not acquire more than five percent of its outstanding shares at any given time. The lowest and highest price which can be paid for the shares is NOK 10 and NOK 300 respectively. When purchasing shares, the board must ensure that general principles for the equal treatment of shareholders are observed. The authority remains valid until 30 June 2011.

OPTION SCHEMES

The board has concluded option agreements with employees in management positions. Information about these can be found in note 7 to the group's annual accounts.

LISTING

Cermaq secured a listing on 24 October 2005 on Oslo Stock Exchange. The shares are included in the Oslo Stock Exchange's main list under the ticker code CEQ. They are registered in the Norwegian Central Security Depository, and DnB NOR is registrar and issuer. The shares carry the securities number ISIN NO 0010003882.

SHARE PRICE DEVELOPMENT AND LIQUIDITY

The share had a closing price at 31 December 2010 of NOK 90 per share. A total of 55 274 755 shares (60 930 434) were traded during the year. This corresponded to 59.8 percent (65.9 percent) of the company's total outstanding shares. Shares traded in 2010 represent 105.8 percent of outstanding shares net of the Ministry of Trade and Industry's holding. In 2009 this figure was 116.7 percent.

The Cermaq share price increased 61 percent during 2010. The main index at the Oslo Stock Exchange gained 18.3 percent in the same period. The Cermaq share is along with the other listed aquaculture companies included in industry index OSE30 Consumer staples. This industry index gained 54.5 percent in 2010.

The company's total market value at 31 December 2010 was NOK 8.33 billion. The share was traded 252 days of 252 possible trading days, compared to 251 days of 251 trading days in 2009. The average number of shares traded per trading day in 2010 were 219 344 shares, compared to 242 751 shares per trading day in 2009. The Cermaq share is included in the liquidity segment OB Match (shares with, on average, minimum

SHARE PRICE DEVELOPMENT (PERCENT)

24.10.2005-16.03.2011



ten trades per day or less provided approved liquidity guarantor agreement).

DIVIDEND POLICY

The company has an overall objective to reflect a long term return on the shareholders' investments in the form of dividend and higher share price, which is at least on a par with other companies offering a comparable level of risk. Over time, the increase in value is expected to find expression to a greater extent through a rising share price rather than dividend payments. Future dividend will depend on Cermaq's earnings, financial position, and cash flow. The board takes the view that the dividend paid should show a steady development in line with the growth in Cermaq's results, while taking account of opportunities for value creation through profitable new investments. In 2010, the board decided to revise the dividend policy such that in the long term, dividend for 2010 and going forward should be in the range of 30-50% percent of the consolidated profit after tax, adjusted for changes in fair value on certain assets.

YEAR DIVIDEND PER SHARE (NOK)

2010 5.40 (proposed)

| Year | Dividend per share (NOK) |
|------|--------------------------|
| 2010 | 5.40 (proposed) |
| 2009 | 1.50 |
| 2008 | - |
| 2007 | 2.25 |
| 2006 | 4.24 |
| 2005 | 1.85 |
| 2004 | 1.20 |
| 2003 | - |

INFORMATION POLICY

Cermaq aims to provide the market with accurate, consistent and relevant information about the company on a timely basis. It is an objective to treat all investors and other market players equally. Relevant and accurate information should be made available as quickly as possible in order to ensure that the market can assess the company's value on the best possible basis.

The company's financial results are published on a quarterly basis, followed by a presentation, which is open to all interested parties. The presentations are also published

THE SHARE IN 2010

| | | |
|--|-------------|---------------|
| Highest traded price | NOK | 90.5 |
| Lowest traded price | NOK | 48.0 |
| Share price at 31 December | NOK | 90.0 |
| Number of shares issued at 31 December | Number | 92 500 000 |
| Treasury shares (own shares) held at 31 December | Number | 4 556 |
| Outstanding shares at 31 December | Number | 92 495 444 |
| Market value at 31 December | NOK million | 8 325 000 000 |
| Turnover rate | Percent | 59.8 percent |
| Proposed dividend per share | NOK/share | 5.40 |

ANALYST COVERAGE

| Stockbroker | Phone |
|-------------------------------|--------------------|
| ABG Sundal Collier | +47 22016000 |
| Arctic Securities | +47 21013235 |
| Argo Securities | +47 24147475 |
| Carnegie | +47 22009300 |
| DnB NOR Markets | +47 22948965 |
| First Securities | +47 23238035 |
| Fondsfinans | +47 23113027 |
| Goldman, Sachs & Co | +44 (0) 2075529353 |
| Handelsbanken Capital Markets | +47 92616478 |
| Investment Bank with UBS | +44 7717816277 |
| Nordea Markets | +47 22487983 |
| Pareto Securities | +47 22878739 |
| RS Platou Markets | +47 22016347 |
| SEB Enskilda | +47 21008520 |
| Terra Markets | +37 052461968 |

directly via a webcast. All relevant information about Cermaq is published on the company's web site www.cermaq.com

NOMINATION COMMITTEE

The company's nomination committee consists of the following members:

- Gunnar Bjørkavåg, Chair, NHST Media Group
- Mette I. Wikborg, The Norwegian Ministry of Trade and Industry
- Kari Olrud Moen, DnB NOR ASA
- Ottar Haugerud, Orkla ASA

Shareholders can contact the nomination committee via the following e-mail address: cermaq@cermaq.com

GENERAL MEETING

The annual general meeting will take place on 11 May 2011 at Grev Wedels plass 5, 0102 Oslo. Possible changes will be announced on Cermaq's web sites. Written notice and additional relevant material is sent to all the

shareholders individually or to their custodian bank at the latest 21 days before the annual general meeting. The notice will also be made available at the company's website three weeks before the meeting. In order to vote at the general meeting shareholders must be physically present, either in person or by authorised representative.

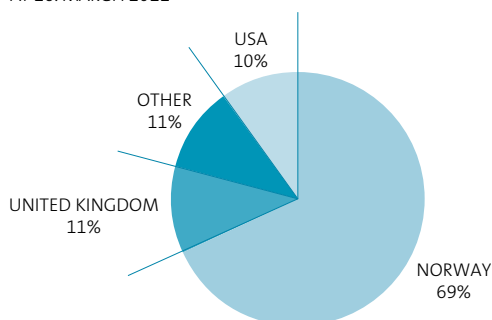
SHAREHOLDER BY NATIONALITY

AT 16. MARCH 2011

| Nationality | Holding | Percent |
|----------------|------------|---------|
| Norway | 63 921 953 | 69.10 |
| United kingdom | 9 890 350 | 10.69 |
| U.S.A. | 8 823 602 | 9.54 |
| Luxembourg | 3 068 969 | 3.32 |
| Germany | 1 084 811 | 1.17 |
| Switzerland | 979 468 | 1.06 |
| Finland | 944 324 | 1.02 |
| Guam | 699 815 | 0.76 |
| Belgium | 673 021 | 0.73 |
| Sweden | 652 757 | 0.71 |
| France | 341 997 | 0.37 |
| Ireland | 259 370 | 0.28 |
| Austria | 258 654 | 0.28 |
| Japan | 251 473 | 0.27 |
| Denmark | 145 017 | 0.16 |
| Netherlands | 138 921 | 0.15 |
| Hong kong | 133 787 | 0.14 |
| Australia | 115 042 | 0.12 |
| South africa | 48 833 | 0.05 |
| Chile | 35 450 | 0.04 |
| Canada | 18 334 | 0.02 |
| Other | 14 052 | 0.02 |

SHAREHOLDER BY NATIONALITY

AT 16. MARCH 2011



20 LARGEST SHAREHOLDERS

AT 16. MARCH 2011

| Name | Holding | Percent |
|--|------------|---------|
| NORWEGIAN MINISTRY OF TRADE AND INDUSTRY | 40 271 600 | 43.54% |
| MORGAN STANLEY & CO | 5 024 866 | 5.43% |
| FOLKETRYGDFONDET | 4 517 966 | 4.88% |
| SKAGEN VEKST | 1 792 956 | 1.94% |
| JPMORGAN CHASE BANK | 1 573 507 | 1.70% |
| VITAL FORSIKRING ASA | 1 534 062 | 1.66% |
| STATE STREET BANK | 1 209 200 | 1.31% |
| ORKLA ASA | 1 158 298 | 1.25% |
| DNB NOR NORGE (IV) VPF | 821 076 | 0.89% |
| DNB NOR NORGE SELEKT VPF | 807 655 | 0.87% |
| STATE STREET BANK AN A/C WEST NON-TREATY | 746 202 | 0.81% |
| STATOIL PENSJON | 725 822 | 0.78% |
| DZ PRIVATBANK S.A. INVESTMENT FUNDS | 714 710 | 0.77% |
| BANK OF NEW YORK MEL | 696 600 | 0.75% |
| STATE STREET BANK | 696 481 | 0.75% |
| STATE STREET BANK | 677 228 | 0.73% |
| BANK OF NEW YORK MEL | 594 060 | 0.64% |
| TAPIOLA MUTUAL PENSION COMPANY | 555 400 | 0.60% |
| JPMBSA NORDEA LUX LENDING | 536 789 | 0.58% |
| STATE STREET BANK | 533 275 | 0.58% |

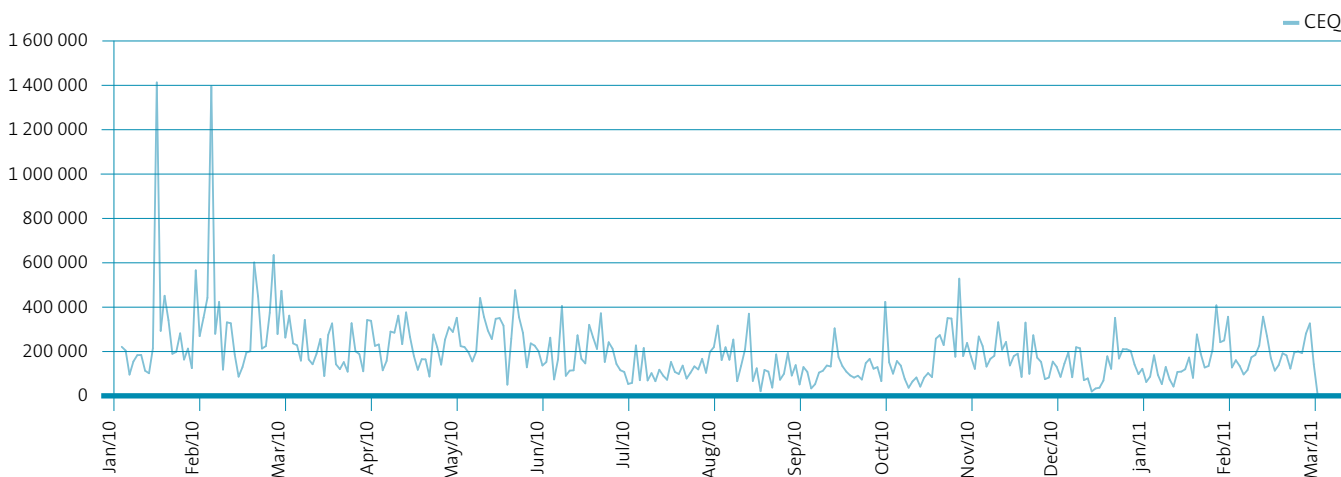
SHAREHOLDER DISTRIBUTION

AT 16. MARCH 2011

| No. of shares | No. of owners | Percent |
|------------------|---------------|------------|
| 1 - 50 | 146 | 0.00 |
| 51 - 100 | 285 | 0.03 |
| 101 - 1 000 | 1 485 | 0.73 |
| 1 001 - 10 000 | 639 | 2.12 |
| 10 001 - 100 000 | 188 | 6.97 |
| over 100 000 | 98 | 90.16 |
| Total | 2 841 | 100 |

TRADED SHARES

04.01.2010–16.03.2010



OUR RESULTS

BOARD OF DIRECTORS REPORT
ANNUAL ACCOUNTS 2010
ANALYTIC INFORMATION
SHAREHOLDERS INFORMATION
GRI NAVIGATOR

Our integrated annual and sustainability report 2010 – online

Visit our online report for our complete sustainability results and GRI-report at report2010.cermaq.com/sustainability
For an online version of our annual report with downloadable content, visit report2010.cermaq.com

The screenshot shows the Cermaq website's integrated annual and sustainability report for 2010. The navigation bar at the top includes links for 'Our company', 'Our value chain', 'Our approach', 'Our performance', 'Our results', and 'GRI Navigator'. The main content area features a large header 'INTEGRATED ANNUAL AND SUSTAINABILITY REPORT 2010' and several key sections: 'KEY FIGURES 2010' (Operating revenues), 'OUR COMPANY' (CEO message), and 'SUSTAINABILITY REPORT 2010'. A 'GRI Navigator' sidebar on the right provides a structured overview of the report's content, including sections for 'Strategy and Analysis', 'Organizational Profile', and 'Sustainability'. Red arrows point from specific elements on the website to three summary boxes at the bottom.

Annual accounts
For a full PDF download of our 2010 accounts, go to short cut on the opening page.

Sustainability report
For our complete sustainability report with updated information, go to section marked "Our Approach".

GRI Navigator
The report on our website offers an easily accessible GRI navigator, allowing users quick access to relevant content with regard to our GRI results.

GRI Navigator
Use this index to navigate through the Cermaq Sustainability Report 2010.
Expand all
Cermaq indicators (+)
GRI indicators (+)
STRATEGY AND ANALYSIS (+)
1.1. Statement from the most senior decision maker about the relevance of sustainability to the organization and its strategy
Link 1 Link 2
This is the first year of GRI-reporting
ORGANIZATIONAL PROFILE (+)
2.1. Name of organisation
This is the first year of GRI-reporting
2.2. Primary brands, products and/or service
2.3. Operational structure of the organisation, including main divisions, operating companies, subsidiaries and joint ventures
2.4. Location of organisation's headquarters
2.5. Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in this report
2.6. Nature of ownership and legal form

CONTACT POINT FOR THIS REPORT

Contact person for this report is Lise Bergan, Director Corporate Affairs,
email: cermaq@cermaq.com



Trykk: GRØSET™
Design, counselling and production: Itera Gazette
Photos: All photos by Cermaq except Yvonne Holth (pages 2–3, 50–51, 52–53),
Chilean earthquake blog (page 23) and iStockphoto (page 30).
Illustrations, including pages 8–9: Mats Sivertsen/Aktuba Ink
Print: Grøset Trykk

Cermaq ASA

Grev Wedels plass 5
P.O. Box 144 Sentrum
N-0102 Oslo
Norway
Phone: +47 23 68 50 00
Fax: +47 23 68 50 99
www.cermaq.com
cermaq@cermaq.com
NO 971 647 949

EWOS AS

Tollbodallmenningen 1B
P.O. Box 4 Sentrum
N-5803 Bergen
Norway
Phone: +47 55 69 70 00
Fax: +47 55 69 70 01
www.ewos.com
post@ewos.com

EWOS Canada Limited

7721-132nd Street
Surrey BC
Canada V3W 4M8
Phone: +1 604 591 6368
Fax: +1 604 591 7232
www.ewos.com

Mainstream Canada

#203 – 919 Island Highway
Campbell River
British Columbia
Canada V9W 2C2
Phone: +1 250 286 0022
Fax: +1 250 286 0042
www.mainstreamcanada.com

EWOS Innovation AS

N-4335 Dirdal
Norway
Phone: +47 55 69 78 00
Fax: +47 55 69 78 10
www.ewos.com
innovation@ewos.com

EWOS Chile Alimentos Ltda.

Parque Industrial Escuadron
Camino Concepción
Coronel Km20
Chile
Phone: +56 41 22 05 700
Fax: +56 41 27 51 033
www.ewos.com

EWOS Limited

Westfield, Bathgate
West Lothian EH48 3BP
Scotland
Phone: +44 15066 33966
Fax: +44 15066 32730
www.ewos.com

Mainstream Chile S.A.

Auda. Diego Portales 2000
10th Floor
Puerto Montt
Chile
Phone: +56 65 563 250
Fax: +56 65 563 201
www.mainstreamchile.com

Mainstream Norway AS

N-8286 Nordfold
Norway
Phone: +47 23 68 55 00
Fax: +47 23 68 55 99
www.mainstream.no
post@mainstream.no

cermaq