



**January–December 2014**

# **Interim Financial Report**

## TABLE OF CONTENTS

Disclaimer .....	3
Presentation of the group .....	4
Comments by the CEO .....	5
Key financial figures .....	6
Market conditions .....	6
Operating and financial review .....	7
Condensed interim financial statements .....	13
Appendix .....	20

## DISCLAIMER

**EWOS Group AS (earlier Albain Midco Norway AS) is providing the following consolidated financial results for the year ended December 31, 2014 to holders of its NOK 1,040,000,000 Senior Subordinated Floating Rate Notes due 2021, and, on behalf of EWOS Holding AS (earlier Albain Bidco Norway AS), to holders of its EUR 225,000,000 6.75% Senior Secured Notes due 2020 and NOK 1,810,000,000 Senior Secured Floating Rate Notes due 2020.**

This report is for information purposes only and does not constitute an offer to sell or the solicitation of an offer to buy the notes or any other security.

This report includes forward-looking statements which are based on our current expectations and projections about future events. All statements other than statements of historical facts included in this notice, including statements regarding our future financial position, risks and uncertainties related to our business, strategy, capital expenditures, projected costs and our plans and objectives for future operations, including our plans for future costs savings and synergies may be deemed to be forward-looking statements.

Words such as “believe,” “expect,” “anticipate,” “may,” “assume,” “plan,” “intend,” “will,” “should,” “estimate,” “risk” and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance.

You should not place undue reliance on these forward-looking statements. In addition any forward-looking statements are made only as of the date of this notice, and we do not intend and do not assume any obligation to update any statements set forth in this notice.

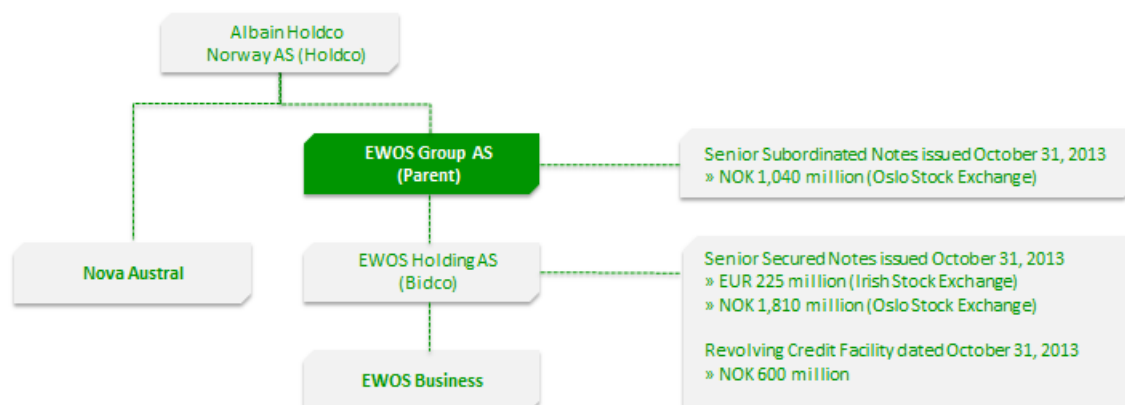
## PRESENTATION OF THE GROUP

EWOS is a leading supplier of feed and nutrition for the international aquaculture industry. EWOS has produced fish feed for decades and today the Group operates in all four of the world's major salmon farming regions: Norway, Chile, Canada and Scotland. In addition, EWOS has entered the feed market for other species through our operation in Vietnam. EWOS continuously invests in research and development in order to maintain the innovation leadership in its field.

On June 24, 2013, Albain Holdco Norway AS, EWOS Group AS (earlier Albain Midco Norway AS) and EWOS Holding AS (earlier Albain Bidco Norway AS), were incorporated as acquisition vehicles by funds advised by Altor Fund III GP Limited ("Altor") and Bain Capital Europe, LLP ("Bain") for purposes of the purchase of the fish feed segment of Cermaq ASA (the EWOS Business), thereof:

- |   |   |
|---|---|
| i) the 100% shareholding in EWOS AS                   | vi) the 100% shareholding in EWOS Ltd (UK)        |
| ii) the 100% shareholding in Statkorn Aqua AS         | vii) the 100% shareholding in EWOS Canada Ltd     |
| iii) the 100% shareholding in EWOS Innovation AS      | viii) the 100% shareholding in EWOS USA Inc.      |
| iv) the 100% shareholding in Norsk Bioakva AS         | ix) the 100% shareholding in Dales Voe Salmon Ltd |
| v) the 100% shareholding in EWOS Chile Alimentos Ltda | x) the 97.7% shareholding in EWOS Vietnam JSC     |

On October 31, 2013 (the "Acquisition date"), EWOS Holding AS (Bidco), which is indirectly owned by Albain Holdco Norway AS (Holdco), closed the purchase of the EWOS Business (the "Acquisition"). The total consideration paid to Cermaq ASA was NOK 6.2 billion. The Acquisition was financed by a contribution from funds advised by Altor and Bain Capital of NOK 2,075 million, an issuance of Senior Subordinated Notes in the amount of NOK 1,040 million, EUR Senior Secured Notes in the amount of EUR 225 million and NOK Senior Secured Notes in the amount of NOK 1,810 million. In addition, Bidco entered into a Revolving Credit Facility of NOK 600 million with Danske bank, Rabobank International and Swedbank. For a further description of debt instruments, please refer to the Annual Reports 2013 as published on [www.reporting.ewos.com](http://www.reporting.ewos.com). The following illustrates the Group structure at Holdco level:



The EWOS Business has been consolidated from the Acquisition date. This interim report for the year ended December 31, 2014 includes unaudited financial information on a consolidated basis at the EWOS Group ("Parent") level for the period January 1 to December 31, 2014 and pro forma statement of income at the Parent level on a consolidated basis for the period January 1 to December 31, 2013, giving effect to the Acquisition and the financing thereof as if they had occurred on January 1, 2013. The pro forma information is provided in order to facilitate a meaningful discussion and analysis of the financial condition and results of operations for the year ended December 31, 2014. For further information on the pro forma statements, please refer to the 2013 Report to Bondholders published on [www.reporting.ewos.com](http://www.reporting.ewos.com).

On October 22, 2014 Holdco, through a directly owned subsidiary other than the Parent, completed the acquisition of the Chilean fish farming company Nova Austral. As the acquisition is made outside of the listed bond group, Nova Austral's operations will not be consolidated into the reporting of either the Parent or EWOS Holding, the two companies with listed bonds on either the Oslo Stock Exchange or the Irish Stock Exchange. For further information about this acquisition see update on material risk factors on page 11.

If not explicitly mentioned otherwise, the financial information contained herein relates to the unaudited financial information on a consolidated basis at the Parent level for the year ended December 31, 2014 and the unaudited pro forma financial information on a consolidated basis at the Parent level for the year ended December 31, 2013.

## COMMENTS BY THE CEO



### Highlights in 2014

- 5.8% increase in sales volumes
- 1.5% increase in Adjusted EBITDA
- Good progress on Chile debt challenges
- Strong Q4 performance in all markets

This year marks our first full year as an independent company under new ownership. It has been a busy year for everyone at EWOS as we have worked hard to refresh our strategy and implement a smooth separation from Cermaq while maintaining a sharp focus on serving our customers and supporting their growth and success. We will continue on our strategy definition process through the beginning of 2015, and we are pleased to say that we have completed the separation with Cermaq at the end of 2014.

It has also been a year of significant events in our two largest markets – Norway and Chile. In Norway, we experienced a difficult high season this year in due to physical pellet quality challenges and adverse biological conditions. Furthermore, the completion of Marine Harvest's new feed factory has increased capacity in the market, leading to a more challenging competitive environment in the near term as their current suppliers adjust to Marine Harvest's decision to insource production. In Chile, we saw the successful conclusion of a long and challenging bankruptcy process for two of our important customers – Acuinova and Nova Austral. With support from EWOS, Nova Austral is now under new ownership and executing a turnaround supported by a strong team, great assets and sites in pristine areas. EWOS is also working closely with Nova Austral to use our feed expertise to support their success.

Overall, we are pleased to see that our efforts resulted in sales volumes increased by 65.5 thousand tonnes year over year, to 1,202.7 thousand tonnes in 2014. There has been strong growth throughout the year in Scotland, Canada and Vietnam, and in the second half of 2014 in Chile. In Norway, we recovered from the challenges in Q3 to deliver growth and stable operations in Q4. Adjusted EBITDA in 2014 was NOK 724.5 million, up from NOK 713.9 million pro forma results in 2013. Excellent performance in most countries was to a large extent offset by lower margins in Norway mainly resulting from the Q3 pellet quality challenges and the continued competitive environment.

In 2014, we continued to see strong results from our long-term approach to research and development efforts, with 43% of our volumes sold as health and performance feeds. The successful launch of our RAPID feed and the COMPASS concept in Norway will be followed by similar launches in Chile, Canada and Scotland in 2015.

A newly independent EWOS will continue to invest in research and development for the benefit of our customers – expanding our efforts to support fish health and nutrition and manage an increasingly complex raw material environment. We recently announced our largest investment in research ever, our new EWOS Fish Health Centre in Chile. This state of the art research facility will allow us to greatly expand our ability to develop feed-related solutions to critical industry challenges as such as sea lice, SRS and AGD, adding significant capacity for fish health research globally.

Finally, I would like to thank our employees for all of their hard work in 2014 and wish all our employees and customers a successful 2015.

Einar Wathne  
CEO EWOS Group

## KEY FINANCIAL FIGURES

	January - December		Variance
	2014 Consolidated (unaudited)	2013 Pro forma (unaudited)	
<i>(NOK in millions)</i>			
Operating revenues	11,598.5	10,840.2	758.3
EBITDA <sup>1)</sup>	689.1	630.7	58.4
EBITDA margin	5.9 %	5.8 %	0.1 %
Adjusted EBITDA <sup>2)</sup>	724.5	713.9	10.6
Adjusted EBITDA margin	6.2 %	6.6 %	1.4 %
Net cash flow from operating activities	347.6	n.a.	-
Capital expenditures <sup>3)</sup>	153.6	209.6	(56.0)
Net interest bearing debt	4,227.4	n.a.	-

1) EBITDA represents operating results before fair value adjustments of biological assets, depreciation and amortisation, less advisory fees charged by Bain and Altor. This measure is not a defined financial indicator under IFRS.

2) Adjusted EBITDA represents EBITDA as adjusted for certain non-recurring and/or non-cash costs. Adjusted EBITDA is presented because it may be a relevant measure for assessing underlying performance for a given period. This measure is not a defined financial indicator under IFRS.

3) Capital expenditures reported represent the cash effects of purchases of property, plant and equipment.

## MARKET CONDITIONS

### Feed markets

The global salmonid feed markets experienced 7.6% volume growth in 2014 compared to 2013. According to Kontali the global market was 3,889 thousand tonnes in 2014, compared to 3,613 thousand tonnes last year.

The Norwegian and UK salmonid feed markets had strong growth during the first half of 2014 mainly due to higher sea temperatures compared to the unusually low sea temperatures in the first half of 2013. In the UK there has been a small drop in the feed market in the second half of the year compared to last year due to biological conditions. In Norway, the third quarter showed negative growth due to higher summer sea temperatures and challenging biology. The market was then stable in the fourth quarter compared to 2013.

The market for salmonid feed was up 6.6% in Chile in 2014 compared to 2013 mainly due to better biological conditions. Growth in North America ended on 15.5% in 2014 compared to last year after a particular strong fourth quarter with 28 % growth over the same period last year.

For 2015, Kontali forecasts the global salmonid feed market to grow by 2% compared to 2014 as conditions normalise in Norway and growth flattens in Chile and North America.

### Raw material markets

Marine raw materials set new price records in the fourth quarter when Peruvian authorities did not allow fishing of anchoveta this fishing season. Periods with warmer water caused by a moderate El Niño during 2014 has influenced the spawning and dispersed the fish, and the marine institute (IMARPE) did not find large enough biomass to recommend fishing quotas. The oceanographic conditions are now returning to normal and the biomass is growing, with high percentage small fish probably ready to be harvested in the next fishing season in the second quarter of 2015. Marine raw material prices will continue at high levels until news from Peru and new supplies come to the market. Prices for vegetable raw materials decreased through the fourth quarter of 2014 and continue this trend into the first quarter of 2015.

### Competitive situation

Continued competition is expected for feed contracts in all the markets in which EWOS operates. In Norway, the completion of Marine Harvest's new feed factory has increased capacity in the market, leading to a more challenging competitive environment in the near term as their current suppliers adjust to Marine Harvest's decision to insource production. In this environment, EWOS is focused on defending its historical share of the open market while delivering the most innovative feed solutions to customers. In Chile, the salmon farming market remains dynamic with continued consolidation among salmon farmers, and we continue to assess the implications of this consolidation for our feed business.



## OPERATING AND FINANCIAL REVIEW

### Results of operations

The table below sets forth certain line items from the unaudited consolidated income statement of the EWOS Group for the year ended December 31, 2014 and the unaudited pro forma consolidated income statement for the EWOS Group for the year ended December 31, 2013.

(NOK in millions)	January - December			
	2014 Consolidated (unaudited)	2013 Pro forma (unaudited)	Variance NOK	Variance %
<b>Operating revenues</b>	<b>11,598.5</b>	<b>10,840.2</b>	<b>758.3</b>	<b>7.0</b>
Cost of raw materials	(9,333.7)	(8,733.4)	(600.2)	6.9
Personnel expenses	(443.9)	(410.4)	(33.5)	8.2
Other operating expenses	(1,152.1)	(1,081.3)	(70.8)	6.6
Depreciations and amortisations	(337.0)	(399.2)	62.2	(15.6)
<b>Operating results before fair value adjustments of biological assets</b>	<b>331.9</b>	<b>216.0</b>	<b>115.9</b>	<b>53.7</b>
Fair value adjustments of biological assets	6.7	(7.0)	13.7	(195.1)
<b>Operating result</b>	<b>338.6</b>	<b>208.9</b>	<b>129.7</b>	<b>62.1</b>

### Sales volume and operating revenues

Operating revenue increased by NOK 758.3 million, or 7.0%, from NOK 10,840.2 million in 2013 to NOK 11,598.5 million in 2014. This increase was primarily due to higher sales volume which was up 5.8% from 1,137.2 thousand tonnes in 2013 to 1,202.7 thousand tonnes in 2014 and currency translation effects from a decline in the Norwegian Kroner versus the US Dollar and British Pound that positively impacted revenue growth. The main reason for the increase in sales volume was higher sea temperatures and increased demand in Norway during the first half of 2014 compared to the same period in 2013 and increased market share in Vietnam.

	Sales volume (in thousands of tonnes)			Operating Revenues (NOK in millions)		
	January - December			January - December		
	2014	2013	Variance %	2014 (unaudited)	2013 (unaudited)	Variance %
Norway	596.6	571.2	4.4	5,820.7	5,513.3	5.6
Chile	370.0	372.5	(0.7)	3,534.7	3,464.7	2.0
Canada	64.8	47.5	36.5	652.1	484.5	34.6
Scotland	119.3	108.2	10.3	1,358.0	1,169.8	16.1
Vietnam	61.4	41.3	48.5	255.3	164.3	55.5
(Eliminations)	(9.4)	(3.6)		(22.3)	43.7	
<b>Total</b>	<b>1,202.7</b>	<b>1,137.2</b>	<b>5.8</b>	<b>11,598.5</b>	<b>10,840.2</b>	<b>7.0</b>

Operating revenue in Norway increased by NOK 307.4 million, or 5.6%, from NOK 5,513.3 million in 2013 to NOK 5,820.7 million in 2014. This increase was primarily due to an increase in sales volume of 4.4%. The volume increase strongest during the first half of 2014 due to the higher sea temperatures compared to the same period in the prior year. This increase was partially offset during the third quarter due to market share loss, physical pellet quality issues and reduced demand caused by high sea temperatures during the summer leading to reduced feeding as well as early harvesting because of sea lice in parts of the country.

Operating revenue in Chile increased slightly by NOK 70.0 million, or 2.0%, from NOK 3,464.7 million in 2013 to NOK 3,534.7 million in 2014. Underlying revenues in local currency in this period were down due to reduction in sales volume by 0.7% from 372.5 thousand tonnes in 2013 to 370.0 thousand tonnes in 2014. The reduction was mainly due to market share changes partly driven by the financial distress of two key customers. In addition, severe weather in June that limited feed shipments had a negative impact on revenues. However, the position as market leader was maintained at the end of the year and the revenue reduction was more than offset by a favourable currency translation of the US Dollar to the reporting currency Norwegian Kroner.

Operating revenue in Canada increased by NOK 167.6 million, or 34.6%, from NOK 484.5 million in 2013 to NOK 652.1 million in 2014. This was mainly due to an increase in sales volume of 36.5% resulting from improved biological conditions in Western Canada and increased exports.

Operating revenue in Scotland increased by NOK 188.2 million, or 16.1%, from NOK 1,169.8 million in 2013 to NOK 1,358.0 million in 2014. This increase was due to currency translation effect from the increase of the British Pound versus the Norwegian Kroner, and to an increase in sales volumes of 10.3%.

Operating revenue in Vietnam increased significantly by NOK 91.1 million, or 55.5%, from NOK 164.3 million in 2013 to NOK 255.3 million in 2014. This increase was primarily due to a strengthening of EWOS's market share compared to last year, which led to an increase in sales volumes of 48.5%.

### **Cost of raw materials**

Cost of raw materials increased by NOK 600.2 million, or 6.9%, from NOK 8,733.4 million in 2013 to NOK 9,333.7 million in 2014. This increase was primarily due to higher sales volume and the impact of currency translation effects from the stronger US Dollar and British Pound versus the Norwegian Kroner. In addition, raw material costs were higher than anticipated in the third quarter in Norway due to challenges in physical pellet quality.

### **Personnel expenses**

Personnel expenses increased by NOK 33.5 million, or 8.2%, from NOK 410.4 million in 2013 to NOK 443.9 million in 2014. This change was primarily due to ordinary salary increases and currency translation effects from the stronger US Dollar and British Pound versus the Norwegian Kroner. Furthermore, costs related to the new corporate functions are higher in 2014 than in the previous year.

### **Other operating expenses**

Other operating expenses increased by NOK 70.8 million, or 6.6%, from NOK 1,081.3 million in 2013 to NOK 1,152.1 million in 2014. This increase in cost was mainly related to the impact of currency translation effects from the stronger US Dollar and British Pound versus the Norwegian Kroner and higher third party costs in 2014 due to the transition to new ownership.

### **Operating results**

Operating results increased by NOK 129.7 million from a profit of NOK 208.9 million in 2013 to a profit of NOK 338.6 million in 2014. The main reason for this increase is higher sales volume in 2014 compared to the previous year. In addition, there was a positive impact from currency translation effects from the stronger US Dollar and British Pound versus the Norwegian Kroner and lower depreciation in 2014 compared to 2013 pro forma results due to finalisation of purchase price allocation adjustments.



## Adjusted EBITDA

Adjusted EBITDA increased by NOK 10.6 million, or 1.5%, from NOK 713.9 million in 2013 to NOK 724.5 million in 2014. Operating improvements in Chile, Canada, Scotland and Vietnam were offset by challenges in Norway in the third quarter. Adjusted EBITDA is also positively affected by currency translation effects from the stronger US Dollar and British Pound versus the Norwegian Kroner. On a constant currency basis, the Adjusted EBITDA was down by NOK 27.3 million to NOK 686.7 million in 2014.

The following table reconciles EBITDA to Adjusted EBITDA for the periods indicated:

(NOK in millions)	January - December	
	2014 Consolidated (unaudited)	2013 Pro forma (unaudited)
<b>EBITDA</b>	<b>689.1</b>	<b>630.7</b>
PPA adjustments (a)	-	29.6
Vessel improvement cost (b)	-	3.0
Expected savings from fleet improvement (c)	2.6	5.2
Unused boat charges (d)	-	5.0
Non-cash effects relating to currency derivatives (e)	(13.0)	3.0
Provision for tax claim (f)	-	18.5
Transition related costs (g)	71.1	17.9
Change in deferred consideration to Cermaq net of Acuinova losses (h)	(43.8)	-
Exit cost (i)	12.0	-
Other non-recurring items (j)	6.6	1.0
<b>Adjusted EBITDA</b>	<b>724.5</b>	<b>713.9</b>

- (a) A NOK 29.6 million fair value adjustment related to certain items that impacted cost of raw materials, personnel expenses and other operating expenses have been included in the first quarter 2013 pro forma numbers. These relate to a one-off fair value purchase price allocation exercise required under IFRS in conjunction with the Acquisition.
- (b) Represents one-off vessel improvement costs incurred in first quarter 2013 which have not been capitalised. The costs relate to equipment installed on and tested on vessels currently in service.
- (c) Gives pro forma effect to quarterly cost savings associated with replacing on-and-off loading of salmonid feed using big bags by direct delivery of salmonid feed in bulk to salmonid farms ("silos-to-silos delivery").
- (d) Represents a minimum commitment level on short-term freight capacity in Norway which was not utilised due to volume shortfall in the last quarter of 2013.
- (e) Represents non-cash effects on derivatives used to hedge currency risk related to the acquisition of raw materials. In 2014 an unrealised fair value gain on derivatives used to hedge currency risk related to acquisition of raw materials of NOK 13 million was recognised in cost of raw materials compared to a loss of NOK 3 million in 2013.
- (f) A provision was recognised in the second quarter 2013 in connection with a claim by the Norwegian tax authorities that the Norwegian operations have benefitted from certain tax refunds in connection with fuel deliveries in violation of Norwegian tax laws. The claim has not yet been settled.
- (g) Costs incurred in connection with the establishment of permanent corporate functions and initial corporate strategy review.
- (h) In October 2014 EWOS Group and Cermaq have agreed on a settlement of the contingent consideration arising from the purchase of the EWOS Business from Cermaq in 2013 and a net gain has been recognised which represents the net effect of the reduction in the liability towards Cermaq and the expected losses related to the debt collection case in Chile against Acuinova.
- (i) Termination fee paid in relation to certain time charter agreements for old vessels in order to secure fleet efficiency.
- (j) Other non-recurring items include net loss for exceptional inventory obsolescence after compensation received from suppliers and loss from sale and scrapping of fixed assets.

## EBITDA

EBITDA increased by NOK 58.4 million, or 9.3%, from NOK 630.7 million in 2013 to NOK 689.1 million in 2014 mainly caused by special items in 2013 such as PPA adjustments and provision for tax claim (see table above).

## Capital expenditures

Capital expenditures decreased by NOK 56.0 million, or 26.7%, from NOK 209.6 million in 2013 to NOK 153.6 million in 2014. The expenditures in 2014 mainly relate to odour abatement investments in Norway, which have a positive effect on local environment, and to efficiency investments in oil tanks and silo batteries in Norway and Chile.

## Cash flow

	January - December 2014 Consolidated (unaudited)
<i>(NOK in millions)</i>	
Net cash flow from operating activities	347.6
Net cash flow from investing activities	(141.1)
Net cash flow from financing activities	(609.4)
Foreign exchange effect	43.6
<b>Net change in cash and cash equivalents for the period</b>	<b>(359.3)</b>
Cash and cash equivalents at the beginning of the period	777.0
<b>Cash and cash equivalents at the end of the period</b>	<b>417.7</b>

Cash from operating activities in 2014 showed an inflow of NOK 347.6 million. This amount was negatively impacted by lower profitability in Norway in the third quarter and limited cash flow related to Nova Austral and Acuinova feed receivables. The exposure towards these companies have been reduced in early 2015 with cash settlement of USD 19.5 million from the Acuinova bankruptcy estate and credit insurers and payment of USD 14 million from Nova Austral.

Cash outflow from investing activities in 2014 was NOK 141.1 million primarily due to capital expenditures of NOK 153.6 million, as further described above, offset by proceeds from sales of fixed assets and shares. In addition, a short term bridge loan of USD 5.5 million was granted to Nova Austral in December which has been paid back in February 2015 after the closing of Nova Austral debt financing.

Cash outflow from financing activities in 2014 was NOK 609.4 million, primarily due to payment of interest and also by repayment of equity of NOK 169.1 million to Albain Holdco Norway AS in October.

Cash and cash equivalents decreased by NOK 359.3 million during 2014 from NOK 777.0 million per December 31, 2013 to NOK 417.7 million as of December 31, 2014.

## Financial position

### Net interest bearing liabilities

Net interest bearing debt of the EWOS Group and its subsidiaries, including EWOS Holding, on a consolidated basis was NOK 4,227.4 million as of December 31, 2014, compared to NOK 4,073.8 as of December 31, 2013. Interest bearing debt has been reduced during the first quarter due to the conversion of a NOK 385.6 million credit facility from Albain Holdco Norway AS to equity. Currency translation effect from the decline in the Norwegian Kroner versus Euro from the beginning to the end of the period had an offsetting effect as it led to an increase in the value of the Euro senior secured notes. In addition, cash and cash equivalents decreased during the period, ref cash flow comments above.

## Capitalisation

The following table sets forth, in each case as of December 31, 2014, the cash and cash equivalents and capitalisation of the EWOS Group and its subsidiaries, including EWOS Holding, on a consolidated basis. The change in equity from December 31, 2013 to December 31, 2014 is primarily due to the conversion of a debt facility to equity and the positive total comprehensive income offset by repayment of equity to Holdco, ref interim financial statements at the end of this report.

	As of December 31, 2014		As of December 31, 2013	
	(NOK in millions)	(Euro in millions) <sup>(1)</sup>	(NOK in millions)	(Euro in millions) <sup>(1)</sup>
<b>Cash and cash equivalents</b>	417.7	46.2	777.0	92.7
<b>Indebtedness:</b>				
Revolving Credit Facility <sup>(2)</sup>	-	-	-	-
EUR Senior Secured Notes	2,035.4	225.0	1,886.0	225.0
NOK Senior Secured Notes	1,810.0	200.1	1,810.0	215.9
Senior Subordinated Notes	1,040.0	115.0	1,040.0	124.1
Finance leases	1.7	0.2	1.0	0.1
<b>Total third-party indebtedness</b>	4,887.1	540.2	4,737.0	565.1
<b>Total equity</b>	2,104.9	232.7	1,456.2	173.7
<b>Total capitalization</b>	6,992.0	772.9	6,193.2	738.8

(1) Amounts denominated in Norwegian kroner have been converted from Norwegian kroner to Euro using an exchange rate of EUR 1 = NOK 9.0462 as of December 31, 2014 and EUR 1 = NOK 8.3825 as of December 31, 2013.

(2) The Issuer has entered into the Revolving Credit Facility Agreement on October 10, 2013 to provide for a Revolving Credit Facility in the amount of NOK 600.0 million to finance or refinance the general corporate and ongoing working capital needs of the Group. As of December 31, 2014, the Revolving Credit Facility is undrawn but has been used as guarantee for payroll taxes.

## Update of material risk factors

With the exception of the update below, no significant changes in risk factors have been identified which will affect the Group through the coming quarter. For additional explanations regarding risks and uncertainties, please refer to the Board of Directors Report section Risk and Risk Management and Note 21 Financial Risk Management in the 2013 Annual Report.

### Acquisition of Nova Austral

As announced on October 23, 2014 an EWOS affiliate has completed the acquisition of Nova Austral S.A. from Acuino Chile S.A. and Pesca Chile S.A. EWOS have supported the transaction with NOK 169.2 million of excess cash on its balance sheet and the rollover of USD 35.9 million of the outstanding receivables. These feed payables are due in full with accumulated interest on October 22, 2019. By supporting the acquisition of Nova Austral, EWOS will be able to help one of its important customers return to operating at its full potential. Nova Austral will continue to operate as an independent company, with EWOS supplying feed on commercial terms. EWOS' total exposure to Nova Austral per 31 December 2014 was USD 63.5 million in a combination of the long term receivable, short term bridge loan and new feed receivables. The exposure is reduced in early 2015 as USD 14 million has been paid from Nova Austral to fully settle the bridge loan and pay down feed receivables.

The Nova Austral acquisition is made outside of the listed bond group. As described in page 4 of this report, Nova Austral is majority owned by a Norwegian subsidiary of EWOS's ultimate Norwegian parent company, Albain Holdco Norway AS (Holdco). As such, Nova Austral operations will not be consolidated into the reporting of either EWOS Group AS or EWOS Holding AS, the two companies with listed bonds on either the Oslo Stock Exchange or the Irish Stock Exchange. Statkorn Aqua AS, an indirect subsidiary of the above companies with listed bonds, purchased less than 1% stake in Nova Austral S.A. in order to comply with Chilean legal requirements that a limited liability company must have at least two shareholders.

### Dividend of NOK 169.2 million distributed

EWOS has supported the financing of the acquisition of Nova Austral with an extraordinary dividend of NOK 169.2 million (in the form of distribution of paid-in capital) paid by EWOS Holding AS to EWOS Group AS and from EWOS Group AS to Albain Holdco Norway AS. The dividend was approved on October 22, 2014.

### Nova Austral receivable roll-over

The USD 35.9 million of overdue receivables has been converted to a subordinated loan to Nova Austral payable on October 22, 2019. The terms of the loan are assessed to be similar to those that could be obtained in a comparable transaction on an arm's length basis.

### Purchase of Acuinova assets secured

On September 15, 2014 Marine Harvest announced the purchase of the Acuinova assets from the bankruptcy trustee and EWOS will in the short term continue to provide feed to this operation. EWOS's exposure has been significantly reduced after receiving cash settlement for secured claims of USD 19.5 million from the Acuinova bankruptcy estate and credit insurers in February 2015, while some unsecured claims have still not been settled. An estimated loss of approximately USD 8 million has been recognised in 2014.

### EWOS and Cermaq have agreed to a settlement of the contingent consideration

EWOS and Cermaq agreed on October 15, 2014 to a settlement of the contingent consideration of up to NOK 180 million arising from the purchase of EWOS from Cermaq in 2013. This liability will be settled with a NOK 100 million payment to Cermaq in two equal instalments due on December 31, 2016 and December 31, 2017. A gain has been recognised in the fourth quarter to reflect the net present value of the liability.

### Material changes in liquidity and capital resources

The Group continually analyzes its liquidity and capital resources position. The Group has assessed its currently available capital resources and its current liquidity position as satisfactory and not noted any material changes in the current period.

### Differences between EWOS Group (Parent) and EWOS Holding (Bidco)

The table below sets out material differences between consolidated financial statements for EWOS Group (Parent) and EWOS Holding (Bidco). The main differences are related to the Senior Subordinated Notes in Parent and related interest expenses.

	January - December / December 31, 2014			November - December / December 31, 2013		
	EWOS Group	EWOS Holding	Difference	EWOS Group	EWOS Holding	Difference
<b>Net income (loss)</b>	<b>(229.1)</b>	<b>(138.4)</b>	<b>(90.7)</b>	<b>(235.3)</b>	<b>(221.0)</b>	<b>(14.4)</b>
<b>Total assets</b>	<b>9,494.2</b>	<b>9,587.1</b>	<b>(92.9)</b>	<b>8,769.1</b>	<b>8,769.6</b>	<b>(0.5)</b>
Total equity	2,104.9	3,188.4	(1,083.4)	1,456.2	2,482.0	(1,025.9)
Total non-current liabilities	5,068.8	4,097.7	971.1	5,273.7	4,271.3	1,002.5
Total current liabilities	2,320.5	2,301.1	19.4	2,039.2	2,016.3	22.9
<b>Total equity and liabilities</b>	<b>9,494.2</b>	<b>9,587.1</b>	<b>(92.9)</b>	<b>8,769.1</b>	<b>8,769.6</b>	<b>(0.5)</b>

# CONDENSED INTERIM FINANCIAL STATEMENTS

## Consolidated income statement

EWOS Group

<i>(NOK in millions)</i>	January - December 2014	November- December 2013
<b>Operating revenues</b>	<b>11,598.5</b>	<b>1,862.8</b>
Cost of raw materials	(9,333.7)	(1,532.3)
Personnel expenses	(443.9)	(77.9)
Other operating expenses	(1,152.1)	(205.4)
Depreciations and amortisations	(337.0)	(68.1)
<b>Operating result before fair value adjustments of biological assets</b>	<b>331.9</b>	<b>(20.9)</b>
Fair value adjustments of biological assets	6.7	1.8
<b>Operating result</b>	<b>338.6</b>	<b>(19.0)</b>
Share of net income from associates	0.2	0.3
Financial items, net	(650.4)	(318.8)
<b>Income (loss) before taxes</b>	<b>(311.6)</b>	<b>(337.5)</b>
Income taxes	82.5	102.2
<b>Net income (loss)</b>	<b>(229.1)</b>	<b>(235.3)</b>

The 2014 interim financial information has not been subject to audit.

## Consolidated statement of comprehensive income

EWOS Group

<i>(NOK in millions)</i>	January - December 2014	November- December 2013
<b>Net income (loss)</b>	<b>(229.1)</b>	<b>(235.3)</b>
<b>Other comprehensive income, net of tax:</b>		
<i>Items to be reclassified to profit or loss in subsequent periods:</i>		
Currency translation differences	676.0	51.9
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>		
Actuarial gains/(losses) on defined benefit plans	(14.6)	(1.8)
<b>Other comprehensive income</b>	<b>661.4</b>	<b>50.1</b>
<b>Total comprehensive income</b>	<b>432.3</b>	<b>(185.3)</b>

The 2014 interim financial information has not been subject to audit.



# Consolidated statement of financial position

EWOS Group

<i>(NOK in millions)</i>	December 31, 2014	December 31, 2013
<b>ASSETS</b>		
Deferred tax assets	6.6	2.6
Goodwill	2,408.2	2,129.6
Intangible assets	729.9	814.6
Property, plant and equipment	2,184.9	2,146.1
Investments in associated companies	9.1	10.1
Other non-current financial assets	284.1	19.3
<b>Total non-current assets</b>	<b>5,622.9</b>	<b>5,122.3</b>
Inventories	1,379.3	1,020.0
Accounts receivables	1,852.3	1,752.2
Other current financial assets	128.1	97.6
Assets held for sale	94.0	-
Cash and cash equivalents	417.7	777.0
<b>Total current assets</b>	<b>3,871.3</b>	<b>3,646.8</b>
<b>Total Assets</b>	<b>9,494.2</b>	<b>8,769.1</b>
<b>EQUITY AND LIABILITIES</b>		
Equity atributable to shareholders of EWOS Group AS	2,104.2	1,455.7
Non-controlling interests	0.7	0.4
<b>Total equity</b>	<b>2,104.9</b>	<b>1,456.2</b>
Pension liabilities	47.7	27.0
Deferred tax liabilities	258.9	383.6
Interest bearing non-current liabilities	4,644.2	4,849.8
Other non interest bearing non-current liabilities	118.0	13.3
<b>Total non-current liabilities</b>	<b>5,068.8</b>	<b>5,273.7</b>
Trade and other payables	2,320.5	2,039.2
<b>Total current liabilities</b>	<b>2,320.5</b>	<b>2,039.2</b>
<b>Total equity and liabilities</b>	<b>9,494.2</b>	<b>8,769.1</b>

The 2014 interim financial information has not been subject to audit.

## Consolidated statement of cash flow

EWOS Group

	January - December 2014	November- December 2013
<i>(NOK in millions)</i>		
<b>Net income(loss) before taxes</b>	<b>(311.6)</b>	<b>(337.5)</b>
Depreciations and amortisations	337.0	68.1
Net interest expense and other financial income	438.3	78.4
Change in fair value of biological assets	(6.7)	(1.8)
Income taxes paid	(59.8)	(18.0)
Change in inventory, accounts receivable and accounts payable	(90.0)	521.0
Change in other financial assets and liabilities	169.1	(0.8)
Change in other current operating assets and liabilities	(128.7)	246.5
<b>Net cash flow from operating activities</b>	<b>347.6</b>	<b>555.8</b>
Proceeds from sale of property, plant, equipment	7.4	(0.0)
Purchases of property, plant, equipment	(153.6)	(29.0)
Acquisition of business, net of cash acquired	-	(5,073.5)
Purchases of shares and other investments	5.0	-
<b>Net cash flow from investing activities</b>	<b>(141.1)</b>	<b>(5,102.5)</b>
Proceeds from borrowings	-	5,048.3
Payment of borrowings	-	(892.1)
New loans to customers	(40.8)	-
Net interest paid and other financial items	(399.4)	(480.7)
Proceeds from issue of equity	-	1,640.7
Repayment of equity to owner of EWOS Group AS	(169.2)	-
<b>Net cash flow from financing activities</b>	<b>(609.4)</b>	<b>5,316.2</b>
Foreign exchange effect	43.6	7.4
<b>Net change in cash and cash equivalents for the period</b>	<b>(359.3)</b>	<b>777.0</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>777.0</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>417.7</b>	<b>777.0</b>

The 2014 interim financial information has not been subject to audit.

## Consolidated statement of changes in equity

EWOS Group

	Attributable to equity holders of the parent				Non-controlling interests	Total equity
	Paid in Capital	Actuarial gains and losses Reserve	Retained Earnings	Foreign Currency Translation Reserve		
<i>(NOK in millions)</i>						
<b>Equity as of June 24, 2013 <sup>(1)</sup></b>	<b>0.1</b>	-	-	-	-	<b>0.1</b>
Net income (loss) for the period	-	-	(235.1)	-	(0.2)	(235.3)
Other comprehensive income	-	(1.8)	-	51.9	-	50.1
Total comprehensive income	-	(1.8)	(235.1)	51.9	(0.2)	(185.3)
Capital increase	1,640.6	-	-	-	-	1,640.6
Aquisition of non-controlling interest	-	-	-	-	0.6	0.6
<b>Equity as of December 31, 2013</b>	<b>1,640.7</b>	<b>(1.8)</b>	<b>(235.1)</b>	<b>51.9</b>	<b>0.4</b>	<b>1,456.2</b>
Net income (loss) for the period	-	-	(229.3)	-	0.2	(229.1)
Other comprehensive income	-	(14.6)	-	676.0	0.1	661.5
Total comprehensive income	-	(14.6)	(229.3)	676.0	0.3	432.4
Conversion of debt	385.6	-	-	-	-	385.6
Distribution to shareholders	(169.2)	-	-	-	-	(169.2)
<b>Equity as of December 31, 2014</b>	<b>1,857.1</b>	<b>(16.5)</b>	<b>(464.4)</b>	<b>727.9</b>	<b>0.7</b>	<b>2,104.9</b>

(1) Date of incorporation of the parent.

The 2014 interim financial information has not been subject to audit.

## Notes to the consolidated financial statements

### EWOS Group

#### Note 1 – General accounting principles

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the Annual Reports 2013. The condensed consolidated interim financial statements have not been audited or subject to a review by the auditors.

Accounting principles applied in the preparation of these condensed consolidated interim financial statements for the year ended December 31, 2014, are consistent with those applied in the annual consolidated financial statements for 2013. For information about the standards and interpretations effective from January 1, 2014, please refer to Note 1 in the annual consolidated financial statements for 2013. The standards and interpretations effective from January 1, 2014 did not have an impact on the Group's consolidated interim financial statements.

#### Note 2 – Financial items

	January - December 2014	November- December 2013
<i>(NOK in millions)</i>		
Interest expenses	(396.1)	(66.4)
Net foreign exchange gains (losses)	(197.7)	(240.9)
Net change in fair value on financial instruments	(14.2)	0.5
Other net financial income (expenses)	(42.4)	(11.9)
<b>Net financial income (expenses)</b>	<b>(650.4)</b>	<b>(318.8)</b>

Net foreign exchange losses is due to the weakening of the Norwegian Kroner in the fourth quarter 2014, mostly affected by the translation of the Senior Secured Notes of EUR 225 million to the reporting currency.

#### Note 3 – Interest bearing liabilities

On October 31, 2013, EWOS Group AS entered into a long term credit facility of NOK 370 million with Albain Holdco Norway AS, the owner of EWOS Group AS, for financing of the Acquisition. On March 4, 2014 this liability plus interest of NOK 15.1 million was converted to equity. The share capital was increased by NOK 113.4 million from NOK 164.3 million to NOK 277.7 million. In addition share premium was increased by NOK 272.1 million from NOK 1,476.4 million to NOK 1,748.6 million.

The EUR Senior Secured Notes was listed on the Irish Stock Exchange January 9, 2014 while the NOK Senior Secured Notes and NOK Senior Subordinated Notes were listed on the Oslo Stock Exchange March 26, 2014. Fair value of interest bearing liabilities that is recognised at amortised cost:

	As of December 31, 2014		As of December 31, 2013	
<i>(NOK in millions)</i>	Carrying amount	Fair value	Carrying amount	Fair value
Interest bearing non-current liabilities	4,643.4	4,379.2	4,469.9	5,117.0

The fair value of the interest bearing liabilities was NOK 4,595.8 million as of February 13, 2015.

#### Note 4 – Asset held for sale

EWOS owns two commercial fish farming licences in Norway which is operated in cooperation with an external party. These licences are now offered to be sold and a process is ongoing with potential buyers.

## Note 5 – Segment table

Specification of segment information for the period January to December 2014:

<i>(NOK in millions)</i>	Operating revenue	Gross profit	Capital expenditures	Total assets
Salmon feed	11,294.7	2,193.2	134.6	9,344.9
Other	339.6	72.5	19.0	149.2
Eliminations	(35.8)	(0.9)		
<b>Total January - December 2014</b>	<b>11,598.5</b>	<b>2,264.9</b>	<b>153.6</b>	<b>9,494.2</b>

Included in revenues arising from the direct sales of Salmon feed of NOK 11,280.1 million in 2014 are revenues from sales to the Group's two largest customers of NOK 2,370 million and NOK 1,450 million respectively.

Specification of segment information for the period November to December 2013:

<i>(NOK in millions)</i>	Operating revenue	Gross profit	Capital expenditures	Total assets
Salmon feed	1,820.9	319.3	32.0	8,667.8
Other	43.5	11.7	0.8	101.3
Eliminations	(1.7)	(0.5)	-	-
<b>Total November - December 2013</b>	<b>1,862.8</b>	<b>330.5</b>	<b>32.8</b>	<b>8,769.1</b>

## Note 7 – Events after the reporting period

There are no events after the reporting period in relation to these financial statements.

## APPENDIX

### Combined statement of cash flow

#### EWOS Business

Unaudited interim combined cash flow statement of the EWOS Business (as defined in page 4) for the period January 1, 2013 to December 31, 2013 is provided in order to facilitate a meaningful discussion and analysis of the financial condition and results.

	January - December 2013
<i>(NOK in millions)</i>	
<b>Net income(loss) before taxes</b>	<b>406.1</b>
Net (gains)/losses on sale of tangible assets	(1.0)
Depreciations and amortisations	163.1
Net interest expense	68.5
Change in fair value of biological assets	7.0
Income taxes paid	(103.1)
Change in inventory, accounts receivable and accounts payable	341.1
Change in other financial assets and liabilities	1.3
Change in other current operating assets and liabilities	10.1
<b>Net cash flow from operating activities</b>	<b>893.2</b>
Proceeds from sale of property, plant, equipment	5.8
Purchases of property, plant, equipment	(209.6)
Purchases of shares and other investments	(20.0)
<b>Net cash flow from investing activities</b>	<b>(223.8)</b>
Net change in drawing facilities	(188.0)
Net interest paid and other financial items	(57.3)
<b>Net cash flow from financing activities</b>	<b>(245.3)</b>
Foreign exchange effect	28.9
<b>Net change in cash and cash equivalents for the period</b>	<b>452.9</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>271.4</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>724.3</b>

The interim financial information has not been subject to audit.





Published by EWOS Group AS  
N- 5803 Bergen, Norway  
Phone: +47 55 69 70 00

**Contacts:**

Christina Hæraas  
Communication Advisor  
Email: [Christina.haraas@ewos.com](mailto:Christina.haraas@ewos.com)

Brent Baumbusch  
CFO EWOS Group  
Tel: +47 55 69 70 00

[www.ewos.com](http://www.ewos.com)  
[www.reporting.ewos.com](http://www.reporting.ewos.com)