

# Summary

submitted by



## **THE SCOTTISH SALMON COMPANY LIMITED**

in connection with the admission of the company's shares to listing on Oslo Børs with simultaneous delisting from Oslo Axess (*Transfer of Listing*)

No offering or other sale of SSC shares will be completed in connection with the Transfer of Listing. It is expected that the first day of listing on Oslo Børs will be Friday 29 April 2011. The SSC shares will be listed on Oslo Børs under the current ticker code "SSC".

**THIS SUMMARY SERVES AS A TRANSFER OF LISTING DOCUMENT ONLY AS REQUIRED BY NORWEGIAN LAW AND REGULATIONS. THE SUMMARY DOES NOT IN ANY JURISDICTION CONSTITUTE AN OFFER TO BUY, SUBSCRIBE OR SELL ANY OF THE SECURITIES DESCRIBED HEREIN, AND NO SECURITIES ARE BEING OFFERED OR SOLD PURSUANT TO IT. THE SUMMARY IS NOT INTENDED TO FORM THE BASIS FOR ANY INVESTMENT DECISIONS.**

**28 April 2011**

## **IMPORTANT INFORMATION**

This Summary (the "**Summary**") has been prepared by The Scottish Salmon Company Limited ("**SSC**" or the "**Company**") to comply with the Norwegian Securities Trading Act section 7-5, no. 11, cf. the Regulations to the Securities Trading Act section 7-2, and in order to provide information in connection with the admission of the Company's shares to listing on Oslo Børs with a simultaneous delisting from Oslo Axess ("**Transfer of Listing**"). This Summary has been published in an English version only.

SSC has been granted exemption by The Financial Supervisory Authority of Norway ("**Finanstilsynet**") from the obligation to prepare a listing prospectus in connection with the listing of the Company's shares on Oslo Børs, cf. the Norwegian Securities Trading Regulations section 7-2, based on the matter of fact that SSC is the successor of Lighthouse Caledonia ASA with respect to the undertaken business activity.

The Summary has been submitted to and reviewed by Finanstilsynet in accordance with the Norwegian Securities Trading Regulations section 7-2, cf. section 7-5 no 11 of the Norwegian Securities Trading Act. However, the Summary has not been reviewed or approved by Finanstilsynet in accordance with the rules that apply to a prospectus.

A copy of this Summary has been delivered to the registrar of companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002 (the "**GPO**"), and the registrar has given, and has not withdrawn, consent to its circulation. The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 2 of the Control of Borrowing (Jersey) Order 1958 to the issue of securities in the Company. It must be distinctly understood that, in giving these consents, neither the registrar of companies nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of the Company or for the correctness of any statements made, or opinions expressed, with regard to it. If you are in any doubt about the contents of this Summary you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

All inquiries relating to this Summary should be directed to SSC. No other person has been authorised to give any information about, or make any representation on behalf of, the Company in connection with the Transfer of Listing, and, if given or made, such other information or representation must not be relied upon as having been authorised by the Company.

The information contained herein is as of the date hereof and subject to change, completion or amendment without notice. There may have been changes affecting the Company subsequent to the date of this Summary. Any new material information and any material inaccuracy that might have an effect on the assessment of the Company's shares arising after the publication of this Summary and before the Transfer of Listing will be published and announced promptly as a supplement to this Summary in accordance the Norwegian Securities Trading Act. Neither the delivery of this Summary nor the completion of the Transfer of Listing at any time after the date hereof, will under any circumstances create any implication that there has been no change in the Company's affairs since the date hereof or that the information set forth in this Summary is correct as of any time since its date.

**The distribution of this Summary in certain jurisdictions may be restricted by law.**

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## **1. EXECUTIVE SUMMARY**

This Summary is prepared in connection with the transfer of listing of the Company's shares from Oslo Axess to Oslo Børs and does not constitute an offer to buy or sell shares or other securities in any jurisdiction. SSC applied for transfer of listing of the Company's shares on 25 March 2011 and the application was approved by Oslo Børs on 27 April 2011. The SSC shares will commence trading on Oslo Børs on or about 29 April 2011.

The Summary highlights certain information about the Company. It does not contain all the information that may be important to you, and should be read in conjunction with it, and is qualified in its entirety, by the information otherwise disclosed by the Company to the market in accordance with its continuing obligations. Any decision to invest in the securities described herein should be based on consideration of all such available information and documentation.

The Summary should also be read in conjunction with the Company's combined offer document and listing prospectus dated 8 June 2010 (the "**Prospectus**").

In case a claim relating to the information contained in this Summary is brought before a court, the plaintiff investor might, under the national legislation, have to bear the cost of translating the Summary before legal proceedings are initiated. As a matter of the laws of Norway civil liability attaches to those persons who have tabled the Summary including any translation thereof, and applied for its notification, but only if the Summary is misleading, inaccurate or inconsistent.

The information that SSC has issued in compliance with the provisions concerning obligations and contained herein is available at the Company's web site: [www.scottishsalmon.com](http://www.scottishsalmon.com).

## **2. RESPONSIBILITY FOR THE SUMMARY**

This Summary has been prepared by The Scottish Salmon Company Limited to provide information in connection with the Transfer of Listing.

The Scottish Salmon Company Limited has furnished the information in this Summary. The Scottish Salmon Company Limited declares that the information contained in this Summary is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import, and that they have taken all reasonable care to ensure that such is the case. The Board of Directors of The Scottish Salmon Company Limited have taken all reasonable care to ensure that the facts stated in this Summary are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in the Summary, whether of facts or of opinion. All the directors accept responsibility accordingly.

(signed)  
28 April 2011

The Scottish Salmon Company Limited

### **3. PRESENTATION OF THE SCOTTISH SALMON COMPANY LIMITED**

#### **3.1 BRIEF INTRODUCTION OF THE COMPANY**

The Scottish Salmon Company Limited, registration no. 104328, was incorporated in Jersey, Channel Islands on 6 November 2009, as a private company limited by shares with the name Scottish Salmon Company Limited (as a wholly owned subsidiary of the Group's then listed company Lighthouse Caledonia ASA). The status of SSC was changed to a public company limited by shares on 16 February 2010 and the name of the Company was changed to The Scottish Salmon Company Limited on 16 February 2010. SSC is registered under the Jersey Companies Law as a public company of unlimited duration and with limited liability.

The Company's registered office and principal place of business is at First Island House, Peter Street, St Helier, Jersey JE4 8SG, where the Company's register of members is kept. The Secretary of the Company is First Island Secretaries Ltd.

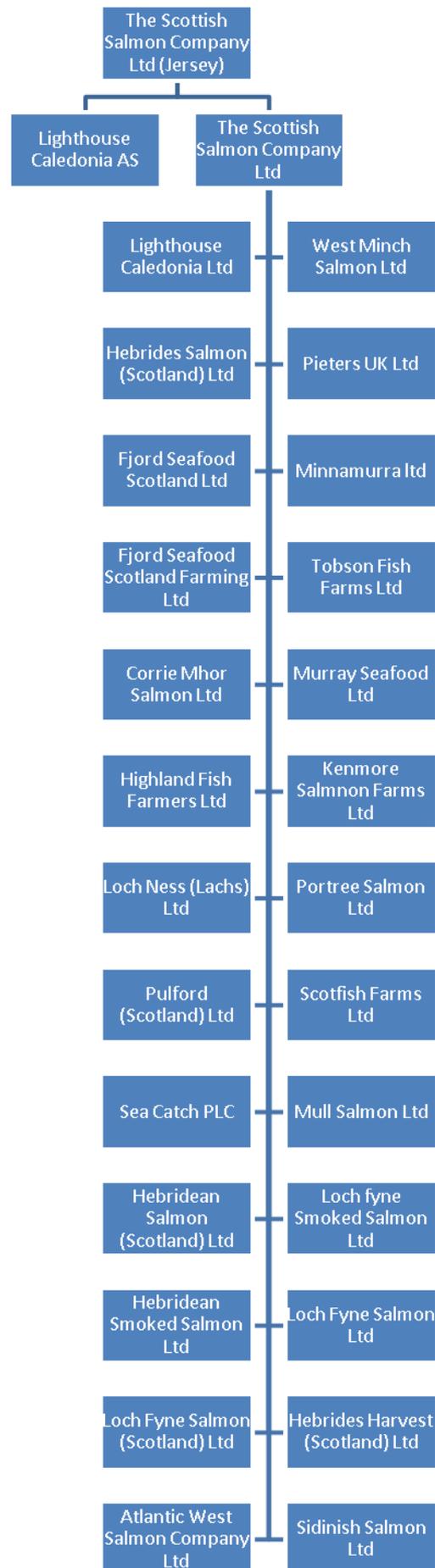
SSC was set up for the purpose of carrying through an internal restructuring by way of acquiring the shares in Lighthouse Caledonia ASA. Following the internal restructuring of the Group, SSC became the new parent company and the listed entity within the Group in July 2010. The listing of SSC on Oslo Axess was merely a technical matter to re-domicile the Group.

Hence, SSC is a continuation of the Group's listed holding company, identical to Lighthouse Caledonia ASA's former position as a listed company at Oslo Axess, with its operational entities specialising in aquaculture business operations in Scotland. The subsidiary The Scottish Salmon Company Ltd, formerly known as Lighthouse Caledonia Ltd ("**SSC Scotland Ltd**") is still the main operating entity within the Group.

#### **3.2 BRIEF INTRODUCTION OF THE GROUP**

The Group is a fully-integrated seafood company/group and a leading supplier of high quality Scottish salmon. The Group is engaged in all stages of the value chain of farming Atlantic salmon, from smolt production through to harvesting, processing, packing and sales and is a principal player in the Scottish aquaculture industry. All of the hatcheries, freshwater and marine farms, processing facilities and head office are located in Scotland. The Group is committed to high standards of animal welfare, sustainable operations and promoting a responsible environmental policy. This has established the Group as the third largest salmon producer in Scotland, producing about 20% of the salmon farmed in Scotland.

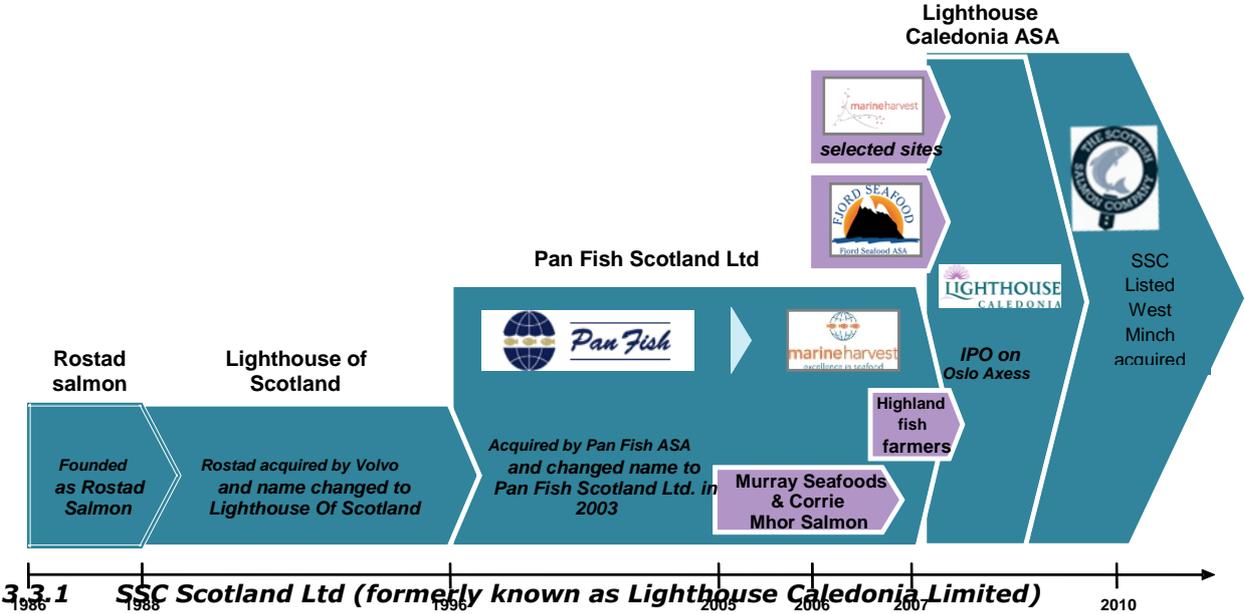
The Group currently has the following legal structure:



For further information about the Group, we refer to the Company's Prospectus.

**3.3 HISTORICAL EVENTS OF THE GROUP**

Since SSC is a recently incorporated company, the highlights of important events in the development of SSC relates to the history of Lighthouse Caledonia Group. Set forth below is a chart showing the history, main events and milestones of the Group.



SSC Scotland Ltd was established on 23 October 1987, under the name of Lighthouse of Scotland Limited. In connection with Pan Fish ASA's acquisition of the company, it was renamed to Pan Fish Scotland Ltd. Following a business transaction involving Marine Harvest NV, Pan Fish ASA and Fjord Seafood ASA in 2006, SSC Scotland Ltd was to be divested from the Marine Harvest Group in order to satisfy French Competition Authorities. In September 2007, the Scottish operations of Fjord Seafood ASA and certain of Marine Harvest Group's Scottish assets were transferred to SSC Scotland Ltd.

**3.3.2 Lighthouse Caledonia AS (previously Lighthouse Caledonia ASA)**

Lighthouse Caledonia ASA was incorporated by Marine Harvest ASA on 17 of September 2007. In connection with the incorporation of Lighthouse Caledonia ASA, the Scottish operations of Fjord Seafood ASA and certain of Marine Harvest ASA's Scottish assets were transferred to SSC Scotland Ltd due to an agreement with the French Competition Authority. On 30 October 2007, Lighthouse Caledonia ASA acquired all outstanding shares of SSC Scotland Ltd from Marine Harvest ASA.

At an extraordinary general meeting of Marine Harvest ASA held on 29 November 2007, it was resolved to distribute the shares of Lighthouse Caledonia ASA to the shareholders of Marine Harvest ASA. In order to facilitate a trading opportunity and liquidity in these distributed shares, Lighthouse Caledonia ASA was listed on Oslo Axess on 21 December 2007.

The operating year 2008 was a difficult year for Lighthouse Caledonia ASA. On 16 December 2008, Lighthouse Caledonia ASA ceased to make payments and therefore asked Oslo Børs to suspend the shares from trading on Oslo Axess. In February 2009, Lighthouse Caledonia ASA went through a refinancing of its long and short term debt and agreed to sell assets and biomass worth of £4.75 million. In addition, Lighthouse Caledonia ASA completed a private placement and subsequent offer, raising gross proceeds of NOK 170 million. The Lighthouse Caledonia ASA shares resumed trading on Oslo Axess on 17 February 2009.

During the spring in 2010 and subsequent to permission from The Ministry of Trade and Industry, Lighthouse Caledonia ASA completed a process to reduce the company's large number of small shareholders owning shares with a value less than NOK 500.

Subsequent the completion of the exchange offer (see below), Lighthouse Caledonia ASA became a subsidiary of SSC without any business and thus became a dormant company. Lighthouse Caledonia ASA was delisted from Oslo Axess in July 2010.

In September 2010, Lighthouse Caledonia ASA was transformed to a private limited liability company and renamed to Lighthouse Caledonia AS.

### **3.3.3 The Scottish Salmon Company Limited**

In November 2009, Lighthouse Caledonia ASA incorporated SSC as a subsidiary undertaking of Lighthouse Caledonia ASA for the purpose to redomicile the Group.

A comprehensive restructuring of the Group was carried through in first half-year of 2010, resulting in SSC becoming the new ultimate parent company of the Group. As part of the restructuring, the shares of the operating company within the Group – SSC Scotland Ltd – was transferred to SSC and SSC Scotland Ltd became a wholly owned subsidiary of SSC. In conjunction with this share transfer, DnB NOR Bank ASA accepted that all of Lighthouse Caledonia ASA's loan facilities agreements were transferred to SSC. After the listing of SSC, DnB NOR Bank ASA has requested SSC Scotland Ltd (as the operating company) to be the new borrower and that SSC is an obligor under the existing loan facilities between the Group and DnB Nor Bank ASA. Such shift of debtor related to all loan facilities agreements was completed in autumn 2010.

On 1 July 2010, SSC acquired all the share capital of Lighthouse Caledonia ASA. The voluntary exchange offer was concluded with shareholders tendering in excess of 95.1% of shares in Lighthouse Caledonia ASA, for SSC to acquire all issued and outstanding shares in Lighthouse Caledonia ASA. Lighthouse Caledonia ASA shareholder who tendered their shares into the exchange offer received one share in SSC for ten Lighthouse Caledonia ASA shares tendered. A compulsory acquisition for the remaining shares was then initiated with completion on 6 July 2010. There are no outstanding issues in relation to said compulsory acquisition.

SSC was listed on Oslo Axess on 8 July 2010.

### **3.4 BRIEF INTRODUCTION OF THE GROUP'S OBJECTIVES AND STRATEGY**

The Group's objective is resolute on positioning the business as the leading independent supplier of Scottish salmon. Through recognizing the product's uniqueness and the premium price opportunities that exist, the planned developments should contribute to making the Group more profitable and influential going forward. The Group aims to build on its position as a leading player in the Scottish aquaculture industry by focusing on profitability, emphasizing fish health and the practice of sustainable farming.

The Group is committed to operating successfully in the Scottish salmon industry, building a sustainable business within Scotland's rural communities, focussing on meticulous farming methods, processing and product development. Key to the Group's success is the development of a brand strategy and securing long-term market opportunities maximising premium price opportunities for Scottish salmon.

All aspects of the operational and farming process have been thoroughly reviewed, with particular attention being paid to smolt quality, day-to-day farming routines at individual sites and processing. An important factor in these efforts is the development and implementation of efficient systems to identify and correct any quality deviations promptly throughout the farming process and life cycle of the fish. Furthermore, the Group will continue to develop a targeted and effective sales

strategy based on key customers with a requirement for quality Scottish salmon farmed under sustainable conditions.

Throughout the business, the Group will continue to operate in a manner pursuant to Scotland’s stringent industry standards and our customers, the world’s leading purchasers of high quality Scottish salmon.

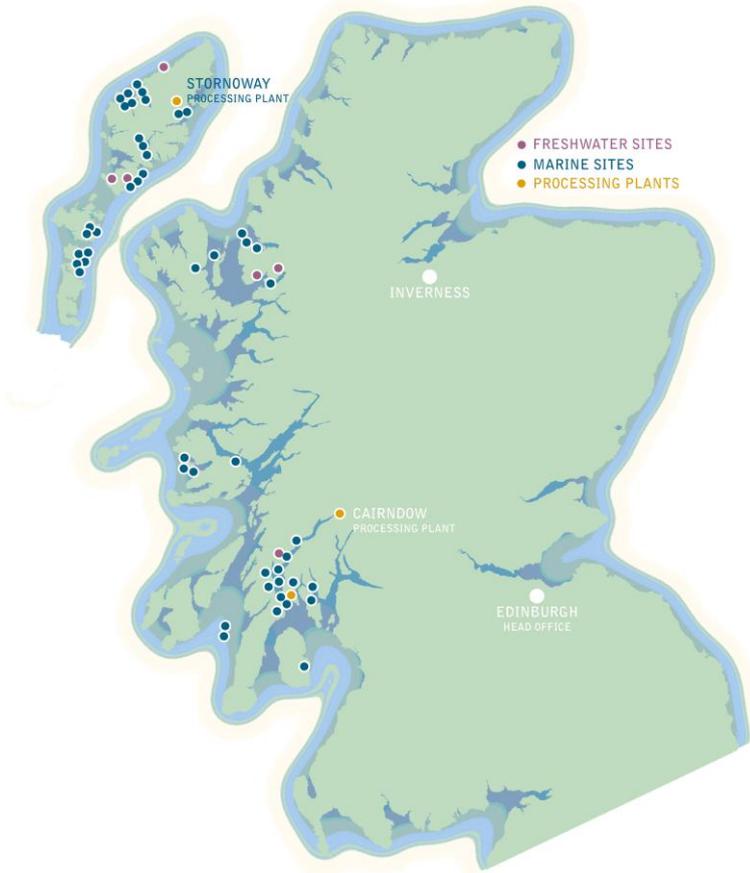
**3.4.1 Production**

The Group is engaged in the salmon industry value chain from smolt production, through farming, processing and to sales as described in diagram below:



The smolt production capacity is approximately 7 million with plans to ensure the Group is self-sustainable in smolt. The smolt is produced in 5 fresh water sites on the west coast of Scotland and the Hebrides. Russell Burn hatchery is the largest tank rearing facility in Scotland.

The farming operation consists of 54 marine sites located in Argyll & Bute, Skye, Wester Ross, Arran and the Hebrides with a total farming capacity of approximately 27,000 tonnes per annum and the Group is an active participant in all relevant area management agreements which were set in place under a government initiative to control sea lice.



There are two processing facilities, one in the Southern region at Cairndow, Argyll with an annual gutting capacity of approximately 18,000 tonnes and one in Stornoway on the Hebrides with an annual capacity of 5,200 tonnes gutted weight equivalent of pre rigor fillets. The plant at Cairndow is located adjacent to the Group's main southern region production sites, offering logistical benefits for that region. The second processing plant has just been opened in Stornoway and is central to the Northern sites and the production of pin bone out pre rigor fillets has been introduced.

There are two harvesting stations; Portavadie in the South and Lochinver in the North of Scotland, providing efficient use of the internal logistics. This is supplemented by on-site harvesting in the Hebrides to supply the Stornoway plant.

### **3.4.2 Fish Health**

The management of the Group believes that the Group has the necessary biological controls to minimise disease. Careful fallowing regimes, in-house production of high quality smolt, appropriate vaccination, good bio-security and constant screening and monitoring have been key to achieving this position.

The strict bio-security measures that have been implemented have helped to ensure good disease control measures are in place throughout operations. The Company's biology department, in conjunction with the largest specialist fish veterinary practice in Scotland, is tasked with maintaining the status quo. Concentrating on smolt quality and good husbandry practices throughout the growing cycle is a fundamental aim of the Group.

The Group's biological control strategy focuses on farming in areas where the company can ensure controlled management of loch systems, enhancing production efficiency and most importantly, effective biological control. Loch Fyne and Loch Roag's farming operations are model lochs for the Group, recognised by the wild fish lobby and the Scottish Government as excellent examples of good biological control and avoidance of sea lice infestation.

### **3.4.3 Restructuring and Synergy Capture**

Throughout 2008 the business process in the Group was assessed to improve operational activities and the restructuring potential in the operations. Synergies were identified and action taken within the areas including lice management, freshwater production planning, site optimisation and standardising husbandry practices and brand recognition.

As part of these efforts a phased restructuring plan was developed for the whole Group. The first phase was completed by June 2008 and the second by the end of 2008. Also the organisational capacities in the different departments were adjusted to start to fit with the new market led orientation, rather than a traditional supply driven organisation. SSC plans to continue the Group's existing site optimisation and development plans.

In April 2008, the Group announced its initiation of a restructuring programme to streamline and re-orientate operations to become customer focused, following the merger of the three different entities at the end of 2007.

From a period of financial and corporate restructuring that has given the Company a robust base, SSC is now moving into a period of market development. The Company is a customer-driven producer of premium quality Scottish salmon and we will continue to build long term, close working customer relationships with an increased emphasis on product development with coordinated marketing strategies. Through this "closer to the customer" platform, the Company will be better able to respond to customer needs quickly and dynamically in the ever-changing retail environment.

### 3.4.4 Property, Plants and Equipment

The table below shows the Group's existing material tangible fixed assets including leased properties as at 31 December 2010.

Location	Capacity	Book value (£'000)
Processing plants	23,200T	4,787
Farming/Marine sites – land & buildings	27,000T	16,151
Smolt production	7m	5,968
Office and other equipment		108
Capital under construction		505

*Processing Plants* – The Group currently utilises two processing plants, one based on the shores of Loch Fyne in Argyll and the other based near Stornoway on the Isle of Lewis. The property in Cairndow is leasehold, has a processing capacity of approximately 18,200T per annum, and is at 100% capacity. The property in Stornoway is freehold and has been designed to provide 5,200T of primary and secondary processing. The Stornoway plant was commissioned in September 2010 and is currently undertaking trial processing with a view to build up to full production in Q1 2011. In the figures above the value of this capital investment is shown under Capital under construction.

*Farming* – The farming operation consists of 54 marine sites located in Argyll & Bute, Skye, Wester Ross, Arran and the Hebrides with a total farming capacity of approximately 27,000 tonnes per annum and the Group is an active participant in all relevant Area Management Agreements, which were set in place under a government initiative to control sea lice. Capacity within seawater is determined by smolt placement and harvest profile strategy as well as fish survival. At present the Group plans to utilise each farming consent at 90-100%. The Group also has a number of smaller licences, which are not economically viable to farm. The majority of asset value is within plant and equipments.

*Freshwater* - The smolt production capacity is approximately 7 million, planned to ensure the Group is self-sustainable in smolt. The smolt is produced in 5 fresh water sites on the west coast of Scotland and the Hebrides. Russell Burn hatchery is the largest tank rearing facility in Scotland. All bar one of the Group's freshwater facilities are land based tank system where capacity is governed by tank capacity, availability of water and smolt size strategy. Within these sites the Group is running at approximately 90% capacity. The remaining site is a freshwater loch with a licence to produce smolt issued by the Scottish Environment Protection Agency. This licence allows a limited amount of production each year and is utilised to about 100%.

### 3.5 RECENT DEVELOPMENT

During 2007 and 2008, the Group experienced health issues at sites inherited from competitor businesses. This necessitated a drastic review of farming and husbandry procedures on these sites and an introduction of new farming methodology. The Group now has good biological control and sound financing arrangements to meet its strategic objectives.

On 8 July 2010, SSC was listed on Oslo Axess. It is expected that the Transfer of Listing will provide increased flexibility for future investments, growth, stability, competitiveness and a strong marketing focus. The Company has recruited additional senior managers to bolster the Group's already strong management team, *inter alia*; in December 2010 James William (Bill) Hazeldean and Dr Stewart McLelland joined the Group as Chief Executive Officer and Chief Operating Officer respectively. The further strengthening of the executive team includes the appointment of Joel Rubenstein as Marketing Director.

The Group has also reopened its Marybank processing facility in Stornoway, Isle of Lewis. This is one of only a few factories in the world that can produce 'pre rigor, pin bone out' fillets and will bring added value to the product in the strong Scottish salmon market.

On 20 July 2010, SSC acquired all of the shares in West Minch Salmon Ltd, an independent salmon farmer in the Hebrides.

### **3.6 RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES**

The Group holds no patents or licences that are business critical or any other significant patents. The Group has not had any material expenses related to research and development from 2007 to 2010.

The Group has 54 relevant licences to adequately continue its operations. Farming licences are issued by the Scottish Environment Protection Agency and are subject to periodic review. The licence dictates the carrying biomass of the site, medicine usage and stocking density allowable and is specific for each site and not transferable between sites. The licence value in the balance sheet arose upon acquisition and was subject to external review by the local auditors. The value of the licences is subject to annual impairment. Whilst the licences are subject to periodic review, the Group does not see any increased risk over its competitors within Scotland.

### **3.7 TREND INFORMATION**

The Company has not experienced any changes or trends outside the ordinary course of business that are significant to the Group after 31 December 2010 and as at the date of this Summary. The Company does not know of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Group's prospects for the current financial year.

## 4. TRANSFER OF LISTING OF THE SSC SHARES TO OSLO BØRS

SSC intended to submit an application to Oslo Børs on 27 October 2010 for admission of the SSC Shares to listing on Oslo Børs with a simultaneous delisting on Oslo Axess. Based on discussions with Oslo Børs, the Company decided to defer its listing process pending the conclusion of the Financial Supervisory Authority of Norway ("**Finanstilsynet**") supervision with respect to the Group's annual accounts of 2008 (then Lighthouse Caledonia ASA being the ultimate parent company within the group)<sup>1</sup>.

Following Finanstilsynet's notification of advanced decision, SSC submitted a new application to Oslo Børs on 25 March 2011 for admission of the SSC Shares to listing on Oslo Børs with a simultaneous delisting on Oslo Axess ("**Transfer of Listing**"). The board of Oslo Børs approved the application at its meeting on 27 April 2011. It is expected that the first quotation and trading day for the SSC shares on Oslo Børs will be on or about 29 April 2011. The ticker code will still be "SSC".

### 4.1 BACKGROUND FOR THE TRANSFER OF LISTING

The background for the Transfer of Listing is that SSC and its business have reached a satisfactory maturity level with a number of external shareholders and a proven investor interest. SSC strongly believes that SSC has a sufficient scale and level of maturity to be a publicly listed company on Oslo Børs. The Company shows a positive and stable cash flow, while at the same time being in the right place for a further expansion of the SSC Group and its business. In this respect, a listing on Oslo Børs is a natural step and an important element of the future development of SSC.

The objective of the Transfer of Listing is also to strengthen the strategic financial position of SSC and to strengthen the Group's Scottish brand by giving a clear competitive edge and offering increased flexibility for the Group's future investment plans. The Company operates in an international and highly competitive aquaculture industry, whereby all major competitors listed in Norway are listed on Oslo Børs and not on Oslo Axess.

A listing on Oslo Børs will hopefully also create a more liquid market for the Company's current and future shareholders and thus attract increased investor interest. Liquid shares are one of several key elements to success in this regard, and SSC may use listed shares as consideration or transaction currency in future acquisition and/or mergers.

### 4.2 TIMETABLE

The timetable for the transfer of listing of the SSC shares on Oslo Børs can be summarised as follows:

Application for transfer of listing submitted.....	25 March 2011
Consideration of the application by Oslo Børs.....	27 April 2011
First day of trading on Oslo Børs of the SSC shares .	On or about 29 April 2011
Day of de-listing of the SSC shares on Oslo Axess ...	On or about 29 April 2011

#### 4.2.1 Transactions costs

SSC will pay all commissions and costs directly related to any VPS transaction required to complete the Transfer of Listing and the company's shareholders will not incur any brokerage fees or other costs directly related to any VPS transactions in connection with Transfer of Listing. Any tax consequences or costs incurred by shareholders in SSC for financial or legal advice or any other costs incurred by them in connection with the Transfer of Listing will not be paid by SSC.

<sup>1</sup> For further information on the supervision by Finanstilsynet, we refer to information provided in the Company's combined offer document and listing prospectus dated 8 June 2010 and the Group's annual accounts of 2009 and 2010 including notes. We also refer to the Company's announcements of 15 March 2011 and 7 April 2011.

The preliminary expenses incurred in respect of the completing of the Transfer of Listing (including all ancillary matters) is expected to amount to approximately £250,000 which will also include costs related to fees to Oslo Børs, printing and distribution of this Summary, costs to legal advisors and the Company's auditor. These preliminary expenses will be payable by the Company and the Group.

## **5. SUMMARY OF RISK FACTORS**

A number of risk factors may adversely affect the Group. The risks outlined in this section are not exhaustive, and other risks not discussed herein may also adversely affect the Group. Prospective investors in SSC should consider carefully, among other things, the risk factors set forth and the information contained in this Summary and make an independent evaluation before making an investment decision.

### **5.1 RISK FACTORS RELATING TO THE SSC SHARES**

#### **5.1.1 Economic, political and legal risk**

The Group is exposed to the economic cycle and macro economical fluctuations, since changes in the general economic situation could affect demand for the Group's *activities and assets*.

Changes in legislation and fiscal framework governing the activities of the Group could have material impact on the Group's operations and financial results. In particular, changes in political regimes will constitute a material risk factor for the Group when operating in foreign countries. All aquaculture companies are also subject to risks of war or other armed conflicts, terrorist activities, political, civil or labour disturbances and embargoes. Moreover, operating in foreign countries may create both legal and practical difficulties in case of a dispute or conflict, especially if the contract is governed by foreign law. The Group may be exposed to legal claims from authorities, customers or other third parties. No assurance can be given regarding the outcome of any such claim.

#### **5.1.2 Volatility of prices**

Any investment in the SSC shares is associated with an element of risk, and the price of the Company's shares may be subject to significant fluctuations caused by a number of factors, many of which may be outside the Company's control and independent of its operational and financial development. Such factors include (the list is not exhaustive):

- General economic outlook, interest rate changes etc.
- General movements in the capital markets and the liquidity of the secondary market
- Investor perceptions of the outlook for the Company to obtain future engagement for its services on profitable terms
- Changes in aquaculture sector, matters announced in respect of commodity prices or competitors or changes to the regulatory environment
- Reactions to quarterly and annual reports and other information published by the Company
- Changes in market and financial prospects and changes in securities analysts' financial estimates
- Rumours and speculations in the market
- The other factors listed under "risk factors" in this Summary

Moreover, market conditions may affect the price of the Shares regardless of the Group's operating performance or the overall performance of the aquaculture sector. Accordingly, the market price of the Shares may not reflect the underlying value of the Company's assets and operations, and the price at which investors may dispose of their Shares at any point in time may be influenced by a number of factors, only some of which may pertain to the Group while others of which may be outside the Group's control. The market price of the Shares could decline due to sales of a large number of Shares of SSC in the market or the perception that such sales could occur. Such sales could also make it more difficult for the Company to offer equity securities in the future at a time and at a price that are deemed appropriate.

#### **5.1.3 Other risks**

For reasons relating to foreign securities laws or other factors, certain foreign investors/shareholders may not be able to participate in a new issuance of shares or other

securities. If such shareholders are unable to participate in future offerings, the shareholders' percentage shareholding may face dilution as a result.

## **5.2 RISK FACTORS RELATING TO THE INDUSTRY**

- Risk related to industry regulations
- Volatility in raw material and products prices
- Risk of disease
- Perceived health concerns and food safety issues
- Risk of negative impact on surrounding environment

### **5.2.1 Risk related to Industry regulations**

The Group's activities are subject to extensive regulation. Changes in laws and regulations or their implementation may result in increased costs for the Group which would impact on the results or the perceived future results of the Company. The Group cannot predict the extent to which its future cash flow and earnings may be affected by mandatory compliance with any such legislation or regulations. In the event that laws and regulations affecting the company may change, the price of the Shares may be materially adversely affected.

In the normal course of business, the Group is required to apply for and/or renew licenses and consents relating to its operations. Grant of such consents and licenses is outwith the direct control of the Company and as such is a material risk factor affecting the Group in common with other similar operators.

### **5.2.2 Volatility in raw material and product prices**

The prices of the Group's products have fluctuated significantly over the past years, as have the prices of important raw materials. Such fluctuations are beyond the Group's control and cannot be predicted. The Group believes that in-house harvesting, sourcing strategies, diversified product structure, brand development, and long-term relationships with major customers, will reduce the risk of price fluctuations. There is however no guarantee that the prices of the Group's raw materials and finished products will be stable. In the event that prices fluctuate, the Group's performance and share price may be materially adversely affected.

### **5.2.3 Risk of disease**

There is an inherent risk in all fish farming to loss due to disease or environmental issues. The Group operates 'Best Practice' in all its husbandry methods to reduce or minimise this risk. Whilst a significant loss or outbreak may have a large impact on the Group's performance, the risk with the Group is no greater or less than the Scottish industry as a whole. Shareholders in the Company will however have no assurance that the Group's operations will be disease free in the future, and in the event that fish are infected by disease, the value of the Shares may be materially adversely affected.

### **5.2.4 Perceived health concerns and food safety issues**

On occasion, environmental organisations, campaigning groups, journalists, animal rights groups or others may direct negative publicity towards the salmon farming industry. Perceived health concerns or food safety issues may have a materially negative impact on the reputation of farmed salmon, even if there is no direct risk to human health, and may consequently have a materially negative impact on the demand for farmed salmon. In the past, various perceived health concerns attracted negative attention in the media. Such media attention created consumer anxiety in relation to farmed salmon, which resulted in temporary declines in the demand for the product. Although such anxiety has receded, new perceived health concerns or food safety issues relating to

both farmed salmon and other farmed livestock may arise in the future that could adversely affect our ability to market and distribute our products.

The Group's end product is for human consumption. It is therefore of critical importance that attention and resources are dedicated to food safety. Product quality is subject to internal quality control, food safety and certification monitoring programmes and testing carried out by customers. Increased demands from customers and legislators in the future may adversely affect the Company's financial results. Guidelines and legislation with tougher requirements, which may imply higher costs for the food industry (e.g. enhanced traceability, level of documentation, testing variables, etc.). This may impact on the Company's activities, and have material adverse effect on the price of the Shares.

#### **5.2.5 Risk of negative impact on surrounding environment**

The impact of salmon farming on the environment is linked to discharge of organic material, and the risk of fish escape. The tangible risk associated with discharge of organic material is thoroughly assessed during site development consent applications by local planning authorities and by the Scottish Environment Protection Agency (SEPA). The resultant site capacity must conform to the consented biomass on site. Secondly, benthic sampling is undertaken to ensure compliance. Between each production cycle fallowing of the sites is mandatory. Sea lice numbers and stages are closely monitored, reported, and treated in line with national management plans. In addition, the Group has implemented its own sea lice management policies which are beyond the national requirements. The Group recognises sea lice infestation can have a serious impact on the biological performance of the fish and has implemented a number of procedures to reduce this. The Group has zero tolerance of escapes and has implemented procedures in line with this policy. However, the severe weather conditions which many farm sites experience, in addition to the risk of damage to cage nets by predators, workboats and human error, make escapes unavoidable. Escapes will inevitably damage the reputation of the Group, but are less likely to cause liability as long as regulations in terms of signs, lighting, good work practices and cage maintenance are adhered to. The Company may be held responsible if negligence or nuisance leads to escapes. Any change in industry regulations in relation to environmental protection, may have a material adverse affect on the prices of the Shares.

### **5.3 RISK FACTORS SPECIFIC TO THE GROUP**

#### **5.3.1 Dependency on few large markets / customers**

Relationships with key customers have been established gradually over time and reflect mutual trust and confidence and there are now written contracts in place with key customers. However, the Group competes in a global market, where the growing supply of fresh and frozen fish products from low-cost countries can increasingly challenge the market position. There can be no assurance that current market positions can be upheld in the future. Surplus product supply in the Group's operating markets may also influence the product prices. Any loss of key customers could have a material adverse affect on the prices of the Shares.

#### **5.3.2 Dependency on key employees**

The Group is proud of the contribution and dedication of its entire staff and values highly each and every member of the team. There are a number of key employees who have vast experience and are key to setting the operational plans and strategic objectives of the Group. As within any other industry or company the loss of any one individual should not have an adverse affect on the overall operations of the business.

#### **5.3.3 Risks related to insurance coverage**

The Group intends to maintain a level of insurance coverage for properties, assets, livestock and personnel that corresponds with the perceived risk within the industry sector and in accordance with regulation. The Group utilises professional insurance broker services to place insurance cover

in the best available market appropriate to the type of cover and industry speciality. Insurance policies will primarily cover catastrophe loss.

The largest challenge is the prevention of disease, waterborne parasites and control of the water quality in both marine and freshwater operations. Through the application of best animal husbandry practice and management to ensure bio security, these risks are sought to be minimised but they are not entirely eliminated. There may be times when it will be difficult to obtain insurance cover for certain fish diseases at premiums that are considered commercially viable. In such situations, the Group may elect to self-insure. However, no assurance can be given that the Group will have sufficient insurance cover against such losses.

#### **5.3.4 Risks related to Restrictions on International Trade**

Participants in the fish farming industry operate in highly regulated markets in which price levels and production volumes are closely monitored and at times significantly restricted. Historically, restrictions on international trade and sales of salmon have been imposed on Norwegian salmon farmers to protect Scottish and Irish farmers. In 1996, for example, the European Commission placed a series of provisional anti-dumping measures on farmed salmon originating in Norway.

There is currently no restriction on sales of Scottish salmon to any of the markets where the Group operates, and such measures have, to the Group's knowledge, not been discussed in any of the targeted markets where the Group operates.

However, there is no assurance that restrictions on international trade may not affect the Group or the Company in the future. In the event that the Company or the Group faces such restrictions it may have a material adverse effect on the Company's/Group's performance and the price of the Company's Shares.

## **6. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP**

*The Group's financial reports may be found at the website [www.scottishsalmon.com](http://www.scottishsalmon.com) and at [www.newsweb.no](http://www.newsweb.no) under the ticker SSC. The historical consolidated financial information for SSC as the new group ultimate parent company mirrors exactly the historical consolidated financial information as if Lighthouse Caledonia ASA still was the parent company.*

### **6.1 BASIS FOR ACCOUNTING**

The annual report of 2010 for SSC comprises of the Board of Directors' report and the annual accounts. The annual accounts comprise of the statement of comprehensive income, statement of financial position, statement of cash flows statement of changes in equity and note disclosures of the Group. The financial year is equal to the calendar year. The accounts for the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (EU-IFRS) and the IFRIC interpretations adopted by the International Accounting Standards Board (IASB and the EU).

All financial statements are presented in £ Sterling, the Group's functional currency.

### **6.2 SIGNIFICANT ACCOUNTING POLICIES**

The Group has prepared its financial statements for 2008 to 2010 in accordance with International Financial Reporting Standards (IFRS). The IFRS financial statements for 2008 to 2010 have been subject to full audit review.

The Group's accounting principles are described in detail in its annual report for 2010.

### **6.3 HISTORICAL FINANCIAL INFORMATION**

#### **6.3.1 Overview of historical financial information presented in the Summary**

SSC is the issuer of the shares encompassed by the listing on Oslo Axess, requiring the Company to publish a Summary prior to the first day of listing on Oslo Børs. Due to the nature of the Transfer of Listing, the historical financial figures of the Group with the former parent company Lighthouse Caledonia ASA constitute historical financial information for the Group established through the internal restructuring with SSC as the new parent company.

The company SSC does not have three years historical financial information due to being incorporated on 6 November 2009. Due to the short period of existence in 2009 of SSC, no audited annual accounts were prepared for 2009 for the Company. SSC has however prepared quarterly financial information for the SSC Group from the time of listing in July 2010 including annual report for the period from 6 November to year-end 2010. The historical financial information for the SSC Group comprises of historical financial information of the Group when Lighthouse Caledonia ASA was the parent company.

#### **6.3.2 Supervision by Finanstilsynet**

On 22 March 2010, Lighthouse Caledonia ASA (then being the ultimate parent company within the Group) received a notification of preliminary decision from Finanstilsynet whereby Finanstilsynet considered making certain resolutions with respect to the Lighthouse Caledonia ASA's annual report of 2008. Following Finanstilsynet's notification, the Company has in large extent had a dialogue with Finanstilsynet in order to bring the supervision to a conclusion. For further information on the supervision by Finanstilsynet, we refer to information provided in the Company's Prospectus dated 8 June 2010 and Lighthouse Caledonia ASA's annual accounts of 2009, including notes no 28 and 29. We also refer to Lighthouse Caledonia ASA's announcement of 23 March 2010 and SSC's announcement of 27 October 2010.

On 14 March 2011, the Company received an advance notification of decision from Finanstilsynet regarding the Group's financial statements of 2008. In summary, Finanstilsynet considers to order

the Company to include comparative information in respect of two previous periods for all amounts reported in the 2010 financial statements where errors in previous financial reporting are corrected in accordance with IAS 8 *Accounting policies, changes in accounting estimates and errors*.

The errors relate to:

- (a) **The valuation of biomass:** Finanstilsynet is of the opinion that the model originally used to value biomass was not in accordance with IAS 41. In June 2010 the Company prepared a new model, and recalculated the fair value of biomass as of 31 December 2007 and 2008, with a further update on 1 November 2010. Finanstilsynet has accepted this new model. The assumptions used in the calculation in November 2010 have been changed compared to the assumption used in the original calculation. Finanstilsynet is in the opinion that that this could only be done if there were errors (cf. the definition in IAS 8.5) in the original assumptions. Notwithstanding the foregoing, Finanstilsynet does not challenge the change in assumptions, with the exception of the calculation of future revenue for sites where the live weight of the fish on the balance sheet date was higher than the normal live weight at the time of harvest and the change of quality distribution for four sites in Loch Roag as of 31 December 2007. Finanstilsynet is of the opinion that the Company has not justified that there were errors (cf. IAS 8.5) in the assumption originally used, the effect being that the value of the biomass as of 31 December 2007 is higher than the fair value calculation that the Company sent to Finanstilsynet on 1 November 2010. Moreover, Finanstilsynet has not reviewed the model used for 2009 but asked the Company to have a review.
- (b) **Write back of GBP 2.5m excess value relating to property, plant and equipment acquired from Fjord Seafood:** In the 2007 comparable figures in the 2009 financial statement ("2007 corrected") the Company wrote back the excess value of property, plant and equipment acquired from Fjord Seafood originally with the reasoning that there was no justification for the uplift. In a letter to Finanstilsynet of 1 November 2010, the Company argued that the excess value should not have been allocated to property, plant and equipment, but to goodwill. The Company has prepared an impairment test and based on this test, concluded that the goodwill was impaired and should be written off as of 31 December 2007. In the opinion of Finanstilsynet, the impairment test is not prepared in accordance with IAS 36, and hence the assets cannot be written off as of 31 December 2007 only at the time as when the impairment was identified.

In addition, Finanstilsynet requires that the Company prepares a new assessment of the measurement of provision relating to withholding tax. Finanstilsynet has accepted that a provision is made as of 31 December 2007, but questions the measurement. The provision of GBP 1.6 m represents the maximum amount the Company may have to pay due to the enquiry from the tax authorities. The provision should be measured at "best estimate" in accordance with IAS 37.

In addition to including two years of comparative information, Finanstilsynet considers to order the Company to disclose an income statement for 2007, corrected for the above listed errors. This should be done with an explanation of the changes from previously reported income statements from 2007, in the notes to the financial statements for 2010.

Further, Finanstilsynet has requested the Company effects the following changes to the Group's 2007 and 2008 financial statements which, along with other, non-material, adjustments, will be disclosed in the notes to the Company's 2010 financial statements in line with the requirements of Finanstilsynet. These changes include:

- (i) the transfer of a GBP 2.5 million loss resulting from a write down of fixed assets from 2007 to 2008. No correction is required within the 2008 balance sheet as a result of this adjustment; and

- (ii) the adjustment of the biological fair value calculation for 2007 and 2008. As a result of this adjustment, the value of biological assets for 2007 will increase but there is no adjustment required for the value of biological assets at year end 2008. The EBIT effect is a transfer of loss from 2007 to 2008.

The Company will emphasise that there is no change to the opening balance sheet of 2009.

Following the supervision of Finanstilsynet and the Company's own review of its methodology of the biological fair value calculation for 2007 and 2008, the Company has, as requested, reviewed its fair value assessment at year end 2009. The Company has found that the biological assets are recorded at less than their fair value and therefore will correct these balances in its 2010 annual report. The correction will uplift the profits in 2009 and the closing value of biological assets as stated in the Consolidated Statement of Financial Position of 2009, of £8,078k. The methodology used for calculating fair value of biological assets in the interim reporting at Q4 2010 is correct and therefore there will be no significant change to this value in the next published figures.

In relation to a new assessment of the measurement of provision relating to withholding tax, the Company has concluded that at the balance sheet date it would have been assumed that the likelihood of paying this debt was 85% and as such in the 2010 restated figures for 2007 only £1,349k has been provided, as "best estimate" in accordance with IAS 37.

On the 15 March 2011 the Company announced that it intended to comply with Finanstilsynet's decision. On 7 April 2011 Finanstilsynet published its final letter in respect of the review of the financial reporting of SSC which concluded the review. On 8 April 2011 the Company published its Annual report for 2010.

### 6.3.3 Consolidated statements of comprehensive income

The table below sets forth the Group's historical statements of comprehensive income for the years ended 31 December 2008 to 2010, and as of and for each of the Q4 of 2010 and 2009.

£'000s	2008	2009	2010
Revenue	43,505	63,525	92,394
Other Revenue	954	1,056	1
Purchase of goods	(25,535)	(41,115)	(50,318)
Change in inventory and biomass	0	7,593	(1,797)
Salaries and related costs	(6,600)	(7,157)	(8,713)
Restructuring costs	(112)	0	405
Other operating expenses	(7,608)	(8,730)	(4,670)
<b>Earnings before interest, taxes and depreciation (EBITDA)</b>	<b>4,604</b>	<b>15,172</b>	<b>27,302</b>
Depreciation	(3,108)	(3,747)	(4,848)
Gain on sale of assets	752	(298)	10
Impairment of goodwill	(2,587)	0	871
Change in fair value adjustment on biomass un the year	(1,919)	9,808	3,000
<b>Earnings before interest and taxes (EBIT)</b>	<b>(2,258)</b>	<b>20,935</b>	<b>26,335</b>
Financial income	146	40	0
Interest expenses	(3,315)	(2,106)	(1,066)
Other financial expenses	645	-263	-31
<b>Earnings before taxes</b>	<b>(4,782)</b>	<b>18,606</b>	<b>25,238</b>
Taxes	1,210	696	(6,648)
<b>Net earnings from continuing operations</b>	<b>(3,572)</b>	<b>19,302</b>	<b>18,590</b>
Discontinued operations	(541)	0	0
Net earnings after tax from discontinued operations	(541)	0	0
<b>Net earnings for the year</b>	<b>(4,113)</b>	<b>19,302</b>	<b>18,590</b>
<b>Total Comprehensive income for the year</b>	<b>(4,113)</b>	<b>19,302</b>	<b>18,590</b>
Profit margin %	(11%)	29.2%	27.3%

### 6.3.4 Consolidated statements of financial position

The table below summarises the consolidated statements of financial position for the years ended 2008 to 2010 and the Q4 of 2010 and 2009.

£'000	2008	2009	2010
<i>Non-current assets</i>			
Licences	15,366	14,751	20,294
Goodwill	2,164	2,164	2,164
<b>Total intangible assets</b>	<b>17,530</b>	<b>16,915</b>	<b>22,458</b>
Property, plant and equipment	19,015	19,956	27,519
<b>Total tangible assets</b>	<b>19,015</b>	<b>19,956</b>	<b>27,519</b>
<b>Total non-current assets</b>	<b>36,545</b>	<b>36,871</b>	<b>49,977</b>
<i>Current assets</i>			
Inventory	683	1,063	1,382
Biological assets	28,314	45,335	50,176
Accounts receivables	3,197	5,437	7,204
Other receivables	1,257	856	1,217
Cash and cash equivalents	2,165	11,930	12,784
<b>Total current assets</b>	<b>35,616</b>	<b>64,620</b>	<b>72,763</b>
<b>Total assets</b>	<b>72,161</b>	<b>101,491</b>	<b>122,740</b>
<i>Equity</i>			
Share capital	4,165	15,641	15,425
Other equity	13,006	37,033	48,576
<b>Total equity</b>	<b>17,171</b>	<b>52,674</b>	<b>64,001</b>
<i>Non-current liabilities</i>			
Deferred taxes	2,430	2,577	2,559
Long-term interest bearing debt	0	36,167	33,445
Other long-term liabilities	3,556	0	8,468
<b>Total non-current liabilities</b>	<b>5,986</b>	<b>38,744</b>	<b>44,471</b>
<i>Current liabilities</i>			
Short-term interest bearing debt	37,600	2,488	4,205
Accounts payable	5,948	5,149	6,651
Other short-term liabilities	3,405	1,244	2,415
Provisions	2,051	1,192	996
<b>Total current liabilities</b>	<b>49,004</b>	<b>10,073</b>	<b>14,268</b>
<b>Total Equity and Liabilities</b>	<b>72,161</b>	<b>101,491</b>	<b>122,740</b>
<i>Equity ratio</i>	23.8%	51.9%	52.1%

### 6.3.5 Consolidated cash flow statements

Set forth below is the consolidated cash flow statement for the periods ending 31 December for the years 2008 to 2010 and the Q4 of 2010 and 2009.

£'000	2008	2009	2010
Earnings before interest and tax	(2,798)	20,935	26,335
Fair value adjustment to biomass	1,919	(9,808)	(3,000)
Goodwill upon acquisition	0	0	0
Depreciation of property plant and equipment	5,833	3,747	4,848
Gain/loss asset disposals	(752)	298	(10)
Goodwill on acquisition			(871)
Net interest cost including foreign exchange difference	645	(263)	(31)
Reverse of tangible asset impairment losses			(463)
Change in inventory, acc. payables and acc. Receivables	115	(12,051)	(757)
<b>Cash flow from operations</b>	<b>4,962</b>	<b>2,858</b>	<b>26,051</b>
Payment in relation to squeeze out of LHC ASA shareholders	0	0	(3,125)
Paid in capital	0	15,843	(40)
Proceeds from sale of fixed assets	1,212	294	10
Purchase of fixed assets	(3,616)	(4,964)	(10,738)

Sale (purchase) of intangible assets	296	300	0
Costs in relation to issue of equity	0	0	(633)
Acquisition of West Minch Salmon Ltd	0	0	(3,463)
Interest Received	146	40	0
<b>Cash flow from investing activities</b>	<b>(1,962)</b>	<b>11,513</b>	<b>(17,989)</b>
Payment to shareholders	0	0	(3,465)
Proceeds from borrowings	3,555	2,338	0
Repayments on borrowings	(4,400)	(4,838)	(2,677)
Interest Paid	(3,315)	(2,106)	(1,066)
<b>Cash flow from financing</b>	<b>(4,160)</b>	<b>(4,606)</b>	<b>(7,208)</b>
<b>Net change in cash &amp; cash equivalents in period</b>	<b>(1,160)</b>	<b>9,765</b>	<b>854</b>
Cash & cash equivalents – opening balance	3,325	2,165	11,930
Net change in cash & cash equivalents in period	(1,160)	9,765	854
<b>Cash &amp; cash equivalents - closing balance total</b>	<b>2,165</b>	<b>11,930</b>	<b>12,784</b>
<b>Summary</b>			
Cash flow from operations	4,962	2,858	26,170
Cash flow from investments	(1,962)	11,513	(18,108)
Cash flow from financing	(4,160)	(4,606)	(7,208)
<b>Net cash flow in the period</b>	<b>(1,160)</b>	<b>9,765</b>	<b>854</b>

### 6.3.6 Consolidated Statement of Changes in Equity

Set forth below is the consolidated statement of changes in equity for the period ending 31 December 2010.

£'000	Issued Capital	Share Premium Reserve	Other Capital Reserves	Retained Earnings	Discontinued operations	Total Equity
<b>At 1 January 2010</b>	<b>15,641</b>	<b>8,531</b>	<b>13,619</b>	<b>15,799</b>	<b>(916)</b>	<b>52,674</b>
Dividend paid	-	-	-	(3,465)	-	(3,465)
Purchase of treasury shares	-	-	-	(40)	-	(40)
Lighthouse Caledonia ASA shares exchanged	(15,641)	(8,531)	-	-	-	(24,172)
Scottish Salmon Company shares issued in exchange	15,425	56,377	(50,755)	-	-	21,047
Issue Costs	-	(633)	-	-	-	(633)
<b>Owner changes for the year recognised directly in equity</b>	<b>15,425</b>	<b>55,744</b>	<b>(37,136)</b>	<b>12,294</b>	<b>(916)</b>	<b>45,411</b>
Comprehensive income:	-	-	-	18,590	-	18,590
Net earnings for the year	-	-	-	-	-	-
<b>At 31 December 2010</b>	<b>15,425</b>	<b>55,744</b>	<b>(37,136)</b>	<b>30,884</b>	<b>(916)</b>	<b>64,001</b>
<b>At 1 January 2009</b>	<b>4,165</b>	<b>35,072</b>	<b>12,912</b>	<b>(34,062)</b>	<b>(916)</b>	<b>17,171</b>
Change in par value	(3,876)	-	-	3,876	-	-
Reduction in capital	-	(26,342)	-	26,342	-	-
Share offer	13,349	1,483	767	-	-	15,599
Share offer expenses	-	(1,151)	-	341	-	(810)
Subsequent offering	2,003	223	(60)	-	-	2,166
Subsequent offering expenses	-	(150)	-	-	-	(150)
Other listing expenses	-	(604)	-	-	-	(604)
<b>Owner changes for the year recognised directly in equity</b>	<b>11,476</b>	<b>(26,541)</b>	<b>707</b>	<b>(3,503)</b>	<b>(916)</b>	<b>33,372</b>
Comprehensive income:	-	-	-	19,302	-	19,302
Net earnings for the year	-	-	-	-	-	-
<b>At 31 December 2009</b>	<b>15,641</b>	<b>8,531</b>	<b>13,619</b>	<b>15,799</b>	<b>(916)</b>	<b>52,674</b>
<b>At 1 January 2008</b>	<b>4,165</b>	<b>35,072</b>	<b>13,047</b>	<b>(30,490)</b>	<b>(375)</b>	<b>21,419</b>
Comprehensive income:	-	-	-	-	-	-
Net earnings for the year	-	-	-	(3,572)	(541)	(4,113)
Foreign currency translation	-	-	(135)	-	-	(135)
<b>At 31 December 2008</b>	<b>4,165</b>	<b>35,072</b>	<b>12,912</b>	<b>(34,062)</b>	<b>(916)</b>	<b>17,171</b>

## 6.4 INTEREST-BEARING DEBT AND COVENANTS

As at 31 December 2010, the Company had net interest-bearing debt of £24.9m, compared with £26.7m at 31 December 2009.

The loan and financing agreements that the Group has entered into do not contain any extraordinary conditions or covenants, and the Group is currently, and expects to continue to be, in compliance with all such conditions and covenants. The Group is not currently aware of the existence of any material covenants or similar conditions, in financing agreements or otherwise, that may be of significance in the listing process or for SSC as a listed company.

On 9 March 2009, Lighthouse Caledonia ASA agreed a £37.1 million multicurrency term and revolving loan facility with DnB NOR Bank ASA. The facility is made up of a £15.1 million multicurrency term loan, a £20 million multicurrency revolving credit facility and a £2 million multicurrency overdraft facility. The £15.1 million multicurrency loan is to be repaid in 15 bi-annual instalments of £1.07 million with the final instalment to be repaid on 3 March 2017. As part of the internal restructuring, SSC acquired all issued and outstanding shares of SSC Scotland Ltd from Lighthouse Caledonia ASA, where after DnB NOR Bank ASA accepted that the loan facilities agreements being granted by them and drawn down by Lighthouse Caledonia ASA in the amount of £35,100,000 were transferred from Lighthouse Caledonia ASA to SSC by way of a shift of debtor. Upon completion of the share transfer agreement, SSC became the new borrower and Lighthouse Caledonia ASA was relieved from its obligations towards DnB NOR Bank ASA.

After the listing of SSC in July 2010, SSC Scotland Ltd (as the operating company within the group) has become the new borrower towards DnB NOR Bank ASA instead of SSC, whereby SSC has taken a role as guarantor. The shift of debtor in respect to these loan facilities agreements was concluded late in 2010.

The following financial covenants applies to the loan facilities, and are calculated on consolidated numbers and verified in a quarterly compliance certificate to be delivered together with annual and interim financial statements:

- (a) Gearing ratio, defined as the ratio of Net Interest Bearing Debt (NIBD) to EBITDA shall not exceed period ratio:
- |                             |      |
|-----------------------------|------|
| From Q4 2010 to end Q4 2011 | 4.0x |
| From Q4 2011                | 3.5x |
- (b) Equity ratio, defined as the ratio of Total Equity to Total Assets shall at any time not be less than 35%.
- (c) Borrowing base on drawing under the Revolving and Overdraft Facility shall at any time be based on defined percentages of the biological inventory levels and receivables.

The shift of debtor from Lighthouse Caledonia ASA to SSC and further to SSC Scotland Ltd has not result in any changes of any covenants or any other commercial obligations.

### 6.4.1 Capitalisation and indebtedness

The Group's capitalisation as of 31 December 2010 was £122.7 million. Financial debt was £64.0 million and net interest bearing debt was £26.3 million. There have been no material changes to the Group's capitalisation and indebtedness since 31 December 2010 apart from the planned loan repayments.

The table below illustrates the audited consolidated cash and cash equivalents and capitalisation and indebtedness at 31 December 2010 of the Group. SSC confirms that no material changes have

occurred since 31 December 2010. The Company has no indirect indebtedness or contingent indebtedness.

<b>TOTAL CAPITALISATION AND INDEBTEDNESS</b>		<b>£'000</b>
<b>CAPITALISATION</b>		
Secured		3,962
Unguaranteed/unsecured		18,482
Total current debt		22,444
Secured		33,688
Unguaranteed/unsecured		2,607
Total non-current debt		36,295
Total debt		58,739
a Share Capital		15,425
b Legal reserve		
c Other reserves		17,692
Total shareholder`s equity		33,117
<b>Total Capitalisation</b>		<b>91,856</b>
<b>INDEBTEDNESS</b>		
A Cash		(12,784)
B Cash equivalent		-
C Trading Securities		-
<b>D Total liquidity(A+B+C)</b>		<b>(12,784)</b>
<b>E Current financial receivable</b>		
F Current portion of non-current debt		3,962
G Other current financial debt		-
H Other current financial debt		-
<b>I Current financial debt (F+G+H)</b>		<b>3,962</b>
<b>J Net current financial indebtedness (I-E-D)</b>		<b>(8,882)</b>
		-
K Non- current bank loans		33,688
L Bond Issued		
M Other non-current loans		1,469
<b>N Non-current financial indebtedness (K+L+M)</b>		<b>35,157</b>
<b>Net financial indebtedness (J+N)</b>		<b>26,335</b>

## 6.5 WORKING CAPITAL STATEMENT

In the opinion of the Company, the Group's working capital is sufficient to cover the Group's present requirements, that is, for a period of at least 12 months from the date of this Summary.

## 6.6 SIGNIFICANT CHANGES TO THE FINANCIAL TRADING POSITION SINCE 31 DECEMBER 2010

The Company is not aware of any significant changes in the financial or trading position of the Group which has occurred since the end of 31 December 2010.

## 7. BOARD, MANAGEMENT AND ADMINISTRATION

### 7.1 DESCRIPTION OF THE BOARD OF DIRECTORS

The Board of Directors is responsible for managing the Company's affairs and for ensuring that the Company's operations are organised in a satisfactory manner. The composition of the Board of Directors is in accordance with the recommendation in the Norwegian Code of Practice for Corporate Governance dated 21 October 2010.

The Company's Board of Directors consists of the following members:

Name	Position	Member Since	Shares owned
Robert Brown III	Chairman	11 October 2010 <sup>2</sup>	350,000
Berit Normann	Non-executive Director	24 March 2010	0
Campbell Shirlaw	Non-executive Director	31 August 2010	0
Merete Myhrstad	Non-executive Director	11 October 2010	0
Viacheslav Lavrentyev	Non-executive Director	11 October 2010	0

The business address of the Board of Directors is, for the purposes for their directorship in SSC, First Island House, Peter Street, St Helier, Jersey JE4 8SG. None of the Directors mentioned above has any options in SSC, nor a service contract with the Group which provide for benefits upon termination of the directorship.

#### **Robert M Brown III (chairman)**

Robert M Brown III has over 35 years experience in corporate business and finance. He is currently Chairman and CEO of B-III Capital LLC, a merchant banking firm engaged in private equity fundraising, corporate finance advisory and merger and acquisition transactions. He is also director of Tau Capital PLC, an AIM-listed general partner of the Kazakhstan Investment Fund and chairman of Quorum Fund, a private fund investing in listed Russian shares.

Mr Brown has held previous positions as managing director of Creditanstalt International Advisors, a New York-based subsidiary of Creditanstalt Investment Bank (CAIB) and as a managing director at Lehman Brothers in New York.

#### **Berit Normann (director)**

Berit Normann is currently a project manager with Capgemini, having previously been a project manager with Lindorff Accounting from 2002 to 2008. From 1986 - 2002 she worked for the Norwegian bank Kreditkassen, her last role being IT-project manager for the investment bank Christiania Securites. From 1982 - 1986 she worked for Arthur Andersen & Co. Prior to these two positions, she had several roles in IT, reporting and accountancy.

Ms Normann was a member of the Board of Directors of Selmer Sande during its liquidation from 1990 - 1993 and has had other board experience with Kreditkassen. Ms Normann has a Master in Business and Economics from The Norwegian School of Management (1981) and State Authorised Public Accountant (HRS/MBA) from Norwegian School of Economics and Business Administration (1985).

#### **Campbell Shirlaw (director)**

Campbell Shirlaw has extensive experience providing advice to the food and drink sectors in the UK and internationally, advising on financial controls and business development, restructuring and marketing. He has worked as a consultant for the past 12 years and was previously group financial director of an advertising agency, developing the company from a small operation into Scotland's largest advertising and marketing businesses. Campbell Shirlaw is a member of the Institute of Chartered Accountants in Scotland.

<sup>2</sup> Served as Chairman since 10 December 2010

**Merete Myhrstad (director)**

Merete Myhrstad has extensive experience from the Norwegian stock market and financial reporting, from previous positions as head of section of the financial reporting supervision of the Financial Supervisory Authority of Norway and various positions within Oslo Børs, including head of listings and corporate transactions. She is currently a partner of UNIConsult AS.

Ms Myhrstad holds a MSc degree in Business Administration and is a State Authorised Public Accountant (HRS/MBA). Myhrstad is since 2006 a member of the board of Northern Logistic Property ASA (listed on Oslo Børs) and since 2010 a member of the board of Bærum Sportsklubb and previously a board member of i.a. Wavefield Inseis ASA and Vertical Group ASA.

**Viacheslav Lavrentyev (director)**

Viacheslav Lavrentyev has more than 15 years of experience in finance and investment banking. He is currently head of corporate finance advisory with FMC Advisors Ltd, Russia and played an integral role in the successful placement of Rambler Media on the London Stock Exchange.

Mr Lavrentyev has significant experience in the salmon farming industry and played a key role in establishing Russia's largest salmon aquaculture company, Russian Salmon, sitting on the board from 2007 to 2009.

**7.2 MANAGEMENT**

The executive management of the Company currently consists of the following members:

Name	Position	Served since	Shares owned
James W. Hazeldean	CEO	December 2010	127,500
Robert Wilson	CFO	June 2009	102
Dr Stewart McLlelland	COO	December 2010	None
Su Cox	Sales Director	January 2008	100
Joel Rubenstein	Marketing Director	June 2010	100

The business address of the executive management is, for the purposes for their employment in SSC, First Island House, Peter Street, St Helier, Jersey JE4 8SG. None of the management mentioned above has any options in SSC. In December 2010, the Company awarded and distributed 37,102 SSC shares to its staff. The award is the first stage in an ongoing plan to encourage employee participation through share ownership. The aim is to create a more open structure within the organisation and bring together the mutual interests of all stakeholders.

**James William Hazeldean (CEO)**

Mr Hazeldean has more than 36 years experience in the food industry, 26 years of which have been spent in seafood. In 1985, he was appointed managing director of Macfisheries Limited, the largest fish processing company in Scotland. From 1994 he developed his own company, Macrae Foods, which became the market leader in all ready to eat seafood, including Scottish smoked salmon. Macrae was acquired by Youngs Seafoods in 2004. In 2006, he founded Adelie Foods, which is now the largest Food to Go specialist processor in the UK. Mr. Hazeldean is a member of the Chartered Institute of Management Accountants.

**Robert Wilson (CFO)**

Mr Wilson is Chief Financial Officer of the Company. Rob is a Chartered Management Accountant. He was previously Group Finance Director of Cumbrian Seafoods Ltd. Prior to this appointment he carried out various roles within the UK based feed manufacturing divisions of Nutreco BV before transferring to Marine Harvest (Scotland) Ltd where he was Finance Director for 5 years.

**Dr Stewart McLlelland (COO)**

Dr McLelland has worked closely with Mr Hazeldean for the last 14 years, as managing director of Food Partners Group, part of the Adelle Food Group, and as managing director of the Macrae Food Group. Previously, he was technical manager, Food Technology at Waitrose.

#### **Joel Rubenstein (Marketing Director)**

Mr Rubenstein joined the Company in June 2010. He has extensive experience leading marketing, sustainability and branding in the United States for household-name, global companies such as Pfizer and the Georgia-Pacific Corporation. SSC will capitalise on his expertise as it looks to grow its international business, as well as building upon strong local sales. Joel has a Bachelors in Economics from Columbia University; a Masters in Public Administration, Finance from New York University; and an MBA from the London Business School.

#### **Su Cox (Sales Director)**

Mrs Cox has recently been appointed Sales and Communications Director. She holds a BA in Food and Nutrition and is a member of the Institute of Public Relations. She started her career in the food journalism with leading national magazines. She has over 20 years experience in the Scottish Salmon Industry, mostly with Marine Harvest Scotland as Marketing and Communication Manager involved in the development of UK and international brands of fresh and smoked salmon, co-ordination of international sales offices with supply from Scotland and Chile and responsibility for public relations and internal communications. Following this she established and managed a sales company for small independent Scottish Salmon farmers, developing the domestic and export market for premium quality Scottish Salmon.

### **7.3 NOMINATION COMMITTEE**

The nomination committee of SSC comprises of Robert Brown III, Viacheslav Lavrentyev and Campbell Shirlaw.

### **7.4 AUDIT COMMITTEE**

The audit committee of SSC comprises of Campbell Shirlaw, Merete Myhrstad and Berit Normann.

### **7.5 REMUNERATION COMMITTEE**

The Company's remuneration committee comprises of Robert Brown III, Viacheslav Lavrentyev and Merete Myhrstad. The duties of the remuneration committee includes among others preparing guidelines for the remuneration of the executive personnel and other specific remuneration matters, as well as preparing matters relating to other material employment issues in respect of the executive personnel.

### **7.6 EMPLOYEES**

As of the date of this Summary, the Group's operations involve about 380 people, where 170 employees work on farm locations in Scotland, 160 in processing and a further 50 in sales and marketing, management and administration.

### **7.7 AUDITOR**

The Company's auditor is Campbell Dallas, Sherwood House, 7 Glasgow Road, Paisley, PA1 3QS, and has been the auditor since the incorporation of the Company.

### **7.8 LEGAL COUNSEL**

The Company and the Group's legal advisers as to Norwegian law are Kvale Advokatfirma DA, Fridtjof Nansensplass 4, 0122 Oslo, Norway. The Company's legal advisers as to Jersey law is Bedell Cristin of 26 New Street, St Helier, Jersey Je4 8PP, Channel Islands.

Bedell Cristin has only been engaged to advise on matters of Jersey law and regulation in connection with the issuance of this Summary with a view to obtaining the consent of the registrar of companies in Jersey under the GPO. Bedell Cristin has not been involved in or assumed any responsibility for any of the commercial matters set out in this Summary or for collation, formatting, content or accuracy of the factual information (including expressions of opinion) set out in this Summary.

It should be noted that Bedell Cristin are not experts in or qualified to advise in relation to compliance with the rules of the Oslo Stock Exchange and has not provided any advise to the Company or the Group in that regard. It is specifically noted that this Summary does not attempt or purport to give guidance on matters of Jersey law which may affect the Company now or in the future and that the Directors of the Company are advised to seek specific advice on all matters involving compliance with Jersey law.

## 8. SHARE CAPITAL AND SHAREHOLDERS MATTERS

### 8.1 SHARE CAPITAL AND SHAREHOLDERS MATTERS

SSC is a Jersey public limited liability company with registration number 104328.

SSC has one class of shares, and all issued shares are vested with equal shareholders' rights in all respects, and each share carries one vote at the Company's general meeting. The SSC shares are freely transferable (but subject to article 8 of the Articles and the provisions of the Jersey Companies Law).

The SSC shares are registered with VPS under the International Securities Identification Number (ISIN) JE00B61ZHN74, such number to be maintained following the Transfer of Listing. The VPS Registrar for the SSC Shares is DnB NOR Bank ASA.

The Company's ticker code on Oslo Børs will be "SSC".

#### 8.1.1 Share Capital

Following a capital increase in February 2009, the Company's share capital was £10,000 divided into two 10,000 shares of £1.00 each. In April 2010 the Company redenominated, converted and increased its share capital and therefore the current authorised share capital of the Company is as the date of this Summary NOK 270,000,000 comprising of 300,000,000 shares of NOK 0.90 each.

The issued share capital of the Company is NOK 150,161,250.60 comprising 166,845,834 shares of NOK 0.90 each.

The table below shows the historical development of share capital and the number of outstanding shares in Company:

Date	Type of change	Change in issued share capital	Par value per Share	Total issued share capital	Number of outstanding shares
06.11.2009	Incorporation	£ 2	£ 1.00	£ 2.00	2
25.02.2010	Capital increase	£ 9,998	£ 1.00	£ 10,000	10,000
16.04.2010	Redenomination, conversion and increase	NOK 90,214	NOK 0.90	NOK 90,214 (currency equivalent of £10,000)	100,237.7
08.07.2010	Contribution in kind	NOK 150,161,251	NOK 0.90	NOK 150,161,251	166,845,834

There are no other outstanding securities, loans or subscriptions, allotments or options in respect of the Company.

#### 8.1.2 Registration of the SSC Shares in VPS

SSC's register of members is maintained in Jersey at SSC's registered office at First Island House, Peter Street, St Helier, Jersey JE4 8SG.

All SSC shares admitted to trading on Oslo Børs will be registered in Verdipapirsentralen (the "VPS"), which is Norway's paperless centralised securities registry. To achieve compatibility of the requirements of the Jersey Companies Law as to the registration and transfer of shares with Norwegian requirements, the SSC shares will for the purpose of the Jersey Companies Law, be entered in the SSC's register of members in the name of the registrar, DnB NOR Bank ASA (the "Registrar"), which will hold such shares as nominee on behalf of the beneficial owners. For the purpose of enabling trading in the SSC shares on Oslo Børs, SSC will maintain a register in VPS operated by the Registrar as the Company's account operator, where the beneficial ownership interests in and transfer of the beneficial ownership interests in the SSC shares will be recorded. SSC entered into a Registrar Agreement with DnB Nor Bank ASA on 26 May 2010. Persons or legal entities registered in the VPS as the beneficial owners of SSC shares will not be shareholders or

members of the Company for the purposes of Jersey law and will have no direct rights in respect of the shares in SSC registered in the name of the Registrar.

In accordance with market practice in Norway and system requirements of VPS and Oslo Børs, the investors will be registered in VPS as beneficial owners of the SSC shares and the instruments listed and traded on Oslo Børs will be referred to as shares in SSC. For the purpose of the Jersey Companies Law, the Registrar will, however, be regarded as the owner of the SSC shares and investors registered as owners of the SSC shares in VPS will have to exercise, indirectly through the Registrar as their nominee, all rights of ownership relating to the SSC shares. For the purposes of Jersey law the Registrar will be regarded as a shareholder in respect of the SSC shares registered in its name and only the Registrar (and not persons for whom it holds shares under the VPS system) will be able to exercise rights as shareholders of the Company. The investors registered as owners in VPS must look solely to the Registrar for the payment of dividends, for the exercise of voting rights attached to the SSC shares, and for all other rights arising in respect of the SSC shares. The Registrar Agreement provides that whenever the Registrar receives any notice, report, accounts, financial statements, circular or other similar document relating to SSC's affairs, including notice of a shareholders meeting, the Registrar shall ensure that a copy of such document is sent to the investors registered as owners in VPS, along with any proxy card form or other relevant materials.

All transactions related to securities registered with the VPS must be recorded in the VPS and the transactions are recorded through computerised book-entries. No physical share certificates are or will be issued for securities registered with VPS. VPS confirms each entry by sending a notification of the transaction to the relevant investor, regardless of beneficial ownership. The evidence of ownership through the VPS is the only formality required in order to acquire and sell beneficial ownership of the SSC shares on Oslo Børs. To effect these entries, the investor must establish a securities account with a Norwegian account operator unless the investor's securities are registered in the name of a nominee. Norwegian banks, authorised investment firms in Norway and Norwegian branches of credit institutions established within the European Economic Area (EU/EEA) are allowed to act as account operators. The entry of a transaction in VPS is under Norwegian law prima facie evidence in determining the legal rights of parties as towards the issuing company and against a third party claiming an interest in the security.

The Registrar for the SSC shares is DnB NOR Bank ASA, Stranden 21, N-0250 Oslo, Norway.

## 8.2 MAJOR SHAREHOLDERS

The largest shareholders of SSC and their holdings of shares as of 4 April 2011 are listed in the table below:

	Shareholder	Number of shares	%
1	SIX SIS AG 25PCT	97 540 596	58.47
2	TEIGEN FRODE	7 833 000	4.70
3	REAL SALMON AS	6 111 700	3.66
4	DNB NOR SMB VPF	4 450 613	2.67
5	VPF NORDEA KAPITAL	4 292 111	2.57
6	SKAGEN VEKST	3 750 000	2.25
7	VPF NORDEA AVKASTNING	2 917 000	1.75
8	WEST COAST INVEST AS	2 111 535	1.27
9	DUKAT AS	1 595 846	0.96
10	MP PENSJON PK	1 500 000	0.90
11	UBS AG, LONDON BRANCH	1 500 000	0.90
12	MELAND BIRGER	1 398 900	0.84
13	VPF NORDEA VEKST	1 396 000	0.84
14	STOREBRAND VEKST	1 208 341	0.72

15	SILVERCOIN INDUSTRIES AS	1 000 000	0.60
16	JPMBLSA	970 000	0.58
17	TERRA TOTAL VPF	937 430	0.56
18	SKANDINAVISKA ENSKILDA BANKEN	808 964	0.48
19	HOLMEFJORD IVAR	800 000	0.48
20	SPIELER SVEIN OSCAR	800 000	0.48
<b>Total 20 largest shareholders</b>		<b>142,922,036</b>	<b>85.66</b>
<b>Other shareholders</b>		<b>23,923,798</b>	<b>14.34</b>
<b>Total shareholding</b>		<b>166,845,834</b>	<b>100.00</b>

The current free float of shares is approximately 42%. SSC has 1,182 shareholders, of which 544 hold shares for NOK 10,000 or more.

No direct or indirect control is, to the knowledge of SSC, exercised other than what is reflected above. None of the controlling shareholders has been granted any rights or exclusive positions that may create any control superseding their respective shareholding.

### **8.3 ARTICLES OF ASSOCIATION**

The Company's Articles of Association were adopted pursuant to a written resolution passed on 16 April 2010 and are available for inspection at the registered office of the Company.

Any change in the Articles of Association is subject to approval by a general meeting of shareholders. There have not been any changes in the Articles of Associations since the Company's shares were admitted to listing on Oslo Axess in July 2010.

In accordance with the provisions of the Jersey Companies Law, the Company's Memorandum of Association does not contain an objects clause.

### **8.4 SHAREHOLDER AND INFORMATION POLICY**

The Board of Directors and management of SSC will seek to maintain an open and ongoing dialogue with the Company's shareholders. Furthermore, SSC attaches considerable importance to ensuring that the market receives relevant and timely information on which to undertake a fair evaluation of the Group. SSC aims to provide open and frequent information to the financial and capital markets in respect of relevant financial matters and to provide continuing information on significant events in SSC. Such information will immediately be sent to Oslo Børs and distributed through its information systems, as well as immediate distribution through an international, independent distributor of corporate news ([www.reuters.no](http://www.reuters.no)) and on the Company's website.

In addition to routine reporting, which keep the form of the annual report and interim reports, SSC considers it important to maintain good communication with the Company's shareholders. The Company will also make its quarterly interim reports and other information about SSC available on its website at the address: [www.scottishsalmon.com](http://www.scottishsalmon.com).

#### **8.4.1 Dividend policy**

SSC intends to manage shareholders' funds in order to provide the greatest possible return, measured in terms of the total of dividends and increases in share price, on the capital invested in the Company over time. This is intended to make the Company an attractive investment, and will provide the basis for the Company to raise additional equity when this is desirable. SSC will strive to follow a dividend policy favourable to shareholders. The scale of any dividends will be dependent, in part, on the Company's investment requirements and rate of growth.

On 3 November 2010, the Company distributed its first dividend to its shareholders of the total aggregate amount of approximately £3.3 million (equal to £0.02 per share).

## 8.5 SHAREHOLDER AGREEMENTS

To the Board of Directors' knowledge, no shareholders' agreement has been entered into between shareholders of SSC relating to the shares in SSC.

## 8.6 CORPORATE GOVERNANCE

SSC and the Group will be dedicated to observing high standards of corporate governance. It is of great importance to SSC that its shareholders and the society in general feel comfortable and have trust in that its businesses are being run properly and that governing bodies are sufficiently independent to perform all its functions. SSC aims at developing sound corporate governance routines that provide the basis for long-term value creation, to the benefit of shareholders, employees, other interested parties and society at large.

SSC and the Board of Directors have adopted corporate governance principles based on and in compliance with the Norwegian Code of Practice for Corporate Governance (the "**Norwegian Corporate Governance**") issued by the Norwegian Corporate Governance Board, as last amended on 21 October 2010. SSC complies with Norwegian Corporate Governance, with the following exceptions:

- The chairman of the Board of Directors will seek to be available at all general meetings. Whether all members of the Board of Directors will be present at general meetings will be assessed on a case by case basis, as the Board of Directors believes it depends on the matters being considered whether there is a need for such participation. SSC's auditor aiming to be present at annual general meetings, but not necessarily at extraordinary general meetings.
- The Board of Directors does not as a general rule intend to propose an independent chairman of meetings.
- The members of the nomination committee are appointed by the Board of Directors from amongst the non-executive directors. This is in accordance with regulations governing Jersey domiciled companies and differs from the Norwegian Corporate Governance where members of the nomination committee are elected at general meeting.

The governance principles are posted in full on SSC's website.

SSC will seek to ensure that as many shareholders as possible may exercise their rights by participating in general meetings of the Company, and that general meetings will be an effective forum for the views of shareholders and the Board of Directors. Shareholders who are not able to participate in general meetings will be given the opportunity to vote by proxy.

Notices of general meetings will provide information on the procedures shareholders must observe in order to participate in and vote at the general meeting. This will include information on matters to be dealt with by the general meeting and on the internet pages where the notice calling the meeting and other supporting documents will be made available. A proxy form will be included in notices of general meetings.

One of the key responsibilities of the Board of Directors is to ensure that SSC has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Group's activities. The Group's internal control and the systems will also encompass the Group's corporate values.

The Board of Directors annually carry out an annual review of the Group's most important areas of exposure to risk and its internal control arrangements. The Board of Directors will provide an account in the annual report of the main features of the company's internal control and risk management systems as they relate to financial reporting.

The Board of Directors and management have continues focus on the effectiveness of internal control systems.

SSC has not adopted guidelines for how it will act in the event of a takeover bid. However, if a takeover bid occurred, the Board of Directors would follow the overriding principle of equal treatment for all shareholders, and would seek to ensure that SSC's business activities were not disrupted unnecessarily. The Board of Directors will strive to ensure that shareholders are given sufficient information and time to form a view of the offer.

SSC will not seek to prevent takeover bids unless it believes that the interests of the Group and the shareholders justify such actions. SSC will not exercise mandates or pass any resolutions with the intention of obstructing any take-over bid unless this is approved by the general meeting following the announcement of the bid.

## **8.7 NORWEGIAN AND JERSEY TAX MATTERS**

A summary of certain Norwegian and Jersey tax matters in respect of the Company are described in the Prospectus. Please see the Prospectus chapter 14 and 15 for details.

## **9. LEGAL MATTERS**

### **9.1 LEGAL AND ARBITRATION PROCEEDINGS**

The Group will from time to time be involved in disputes in the ordinary course of its business activities. Below is a description of the claims which are of a certain extent. A vast majority of the claims are covered by insurance. In the event the final outcome of the disputes should be that the Group must pay all claims, the Group's financial position or profitability would thus be scarcely affected.

SSC is currently not involved in any legal disputes, governmental or administrative proceedings.

The Group and the Board of Directors are not aware of any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened), which may have, or have had during the last twelve months, significant effects on the Group's overall financial position or profitability.

For sake of good order, we mention that the former directors of Lighthouse Caledonia ASA have been sued personally by Carnegie ASA. Carnegie ASA claims to have suffered a loss of NOK 7.5 million to be compensated by the directors for failing to allocate shares to Carnegie ASA in Lighthouse Caledonia ASA's subsequent offering in May 2009. The former board of directors is of the opinion that Carnegie ASA was not the beneficial owner of the shares, which Carnegie ASA had acquired from a former shareholder of Lighthouse Caledonia ASA, pursuant to a total return swap agreement, and therefore was not eligible to participate in the subsequent offering. On 29 September 2010, the Oslo District Court ruled that Carnegie ASA did not have the "actual ownership interest" to the hedge shares and therefore was not eligible to participate in the subsequent offering. The judgment has been appealed by Carnegie ASA and the case will be heard on the appellate court in January 2012.

## **10. SIGNIFICANT RELATED PARTY TRANSACTIONS**

### **10.1 RELATIONS WITH BOARD MEMBERS**

SSC is not currently party to any significant related party transactions or agreements, except for:

- The Company has entered into a consultancy agreement with UNIConsult AS, in which the Director Merete Myhrstad is a partner. Myhrstad has assisted the Company in respect of the process with Finanstilsynet and in the preparation of the Prospectus (when SSC was listed on Oslo Axess). On behalf of UNIConsult AS, she is assisting SSC with this listing application including the draft of summary to be issued in connection with the transfer of listing. Post her appointment as a director she has invoiced £7,500. The agreement is still running and the agreed fees are to be charged on hourly basis.
- SSC has entered into a consultancy agreement with the Director Campbell Shirlaw, under which Shirlaw has received approximately £32,500 in consultancy fees. Shirlaw is assisting SSC in respect of general management consultancy. The agreement is still running and the agreed fees are to be charged on hourly basis.

There have been no agreements or transactions between SSC and its officers and key employees, except for ordinary employment agreements, all entered into on arm's-length terms.

### **10.2 INTERCOMPANY RELATED TRANSACTIONS WITH LIGHTHOUSE CALEDONIA ASA**

Lighthouse Caledonia ASA has undertaken some transactions with related parties in the period from 2010 and up until the company was delisted from Oslo Axess and replaced by SSC. The transactions are entered into in the ordinary course of business of Lighthouse Caledonia ASA and the agreements pertaining to the transactions are all entered into on market terms. The following list below provides an overview of agreements, which Lighthouse Caledonia ASA historically has entered into with related parties:

- On 25 February 2010, the directors of Lighthouse Caledonia ASA and SSC resolved to execute a share purchase agreement between Lighthouse Caledonia ASA and SSC whereby the operating company SSC Scotland Ltd would become a wholly owned subsidiary of SSC. The value of SSC Scotland Ltd was considered to be equal to the approximate market value of Lighthouse Caledonia ASA as per of 31 December 2009. Consideration for the purchase price was in the form of 9,998 new shares issued from SSC for the equity value of SSC Scotland Ltd and SSC Scotland Ltd's intercompany balance to Lighthouse Caledonia ASA, in the amount of £52,757,304, and the assumption of the external bank loan from Lighthouse Caledonia ASA to SSC in the amount of £35.1 million. The total value of the transaction is £87,857,304 and the sale and purchase had no effect on the Group balance or any effect on shareholder value as the transaction was entirely an internal reorganisation. The Board of Directors of both SSC and Lighthouse Caledonia ASA considered that the terms and conditions of the share purchase agreement were in accordance with the arms length principle, including the valuation of the shares in SSC Scotland Ltd.

## **11. DOCUMENTS ON DISPLAY**

Copies of the following documents may be inspected at the Company's registered office during normal business hours from Monday to Friday each week (excluding public holidays) for a period of 12 months from the date of this Summary:

- The incorporation documents of the Company;
- The Company's last Prospectus dated 8 June 2010
- The Articles of Association (may also be inspected in Appendix 1 to the Prospectus);
- The financial statements of the Group for the three years ended 31 December 2010, 2009 and 2008;
- The interim financial statements of the Group for Q4 2010; and
- This Summary.

### **11.1.1 *Third party statements***

The Company confirms that when information in this Summary has been sourced from a third party it has been accurately reproduced and as far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

SSC has furnished the information in this Summary. The advisors make no representation or warranty, express or implied, as to the accuracy or completeness of such information, and nothing contained in this Summary is, or shall be relied upon as, a promise or representation by the Company's advisors.

## 12. DEFINITIONS

Articles of Association or Articles .....	The articles of association of the Company
Board of Directors .....	The Board of Directors of The Scottish Salmon Company Limited
Company.....	The Scottish Salmon Company Limited, or when the context so requires, including its subsidiaries
Corporate Governance Code .	The Norwegian Code of Practice for Corporate Governance of 21 October 2009
Director .....	A non-executive director of the Board of Directors
Group .....	SSC Group companies. References to the current and historic business and operations of the Group shall be taken to include, where appropriate, the business and operations of the group companies whilst under the ownership of Lighthouse Caledonia ASA
IFRS: .....	International Financial Reporting Standards, issued by the International Financial Reporting Interpretations Committee (IFRIC) (formerly, the "Standing Interpretations Committee" (SIC))
ISIN: .....	International Securities Identification Number
Jersey Companies Law .....	Companies (Jersey) Law 1991
NOK: .....	Norwegian Kroner, the lawful currency of the Kingdom of Norway
Norwegian Public Limited Liability Companies Act: .....	The Norwegian Public Limited Liability Companies Act of 13 June 1997 no. 45 ("Allmennaksjeloven")
Norwegian Securities Trading Act: .....	The Securities Trading Act of 29 June 2007 no. 75 ("Verdipapirhandelloven")
Oslo Axess	A market place for organised trade of securities arranged by the Oslo Stock Exchange
Oslo Børs: .....	Oslo Børs ASA (translated "the Oslo Stock Exchange")
Prospectus: .....	The combined voluntary exchange offer and listing prospectus of the Company dated 8 June 2010
SSC.....	The Scottish Salmon Company Limited
SSC Scotland Ltd.....	The Scottish Salmon Company Ltd (formerly known as Lighthouse Caledonia Ltd – the operating company within the Group)
VPS account: .....	An account with VPS for the registration of holdings of securities.
VPS: .....	Verdipapirsentralen (Norwegian Central Securities Depository), which organizes a paperless securities registration system