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**Investors should also look at the listed company's financial statements, annual report and other relevant information, as well as risks related to its business and operations, in order to form a more analytical view about the company's fundamentals and prospects.**

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The following report is based on the publicly traded company's official financial statements, annual report, and presentation that has been compiled or performed in order to inform the communities of institutional investors and equity analysts. Valuation & Research Specialists (VRS) do not intend to express any views or judgments about the listed company / stock via this report.

## SELONDA AQUACULTURE SA

**Listing Year:** 1994

**Category:** Medium & Small  
Capitalization

**Activity Sector:** Fisheries

**Foundation Year:** 1981

**Share Price:** €0.62  
(18 October 2010)

**Outstanding No of Shares:**  
29,281,594

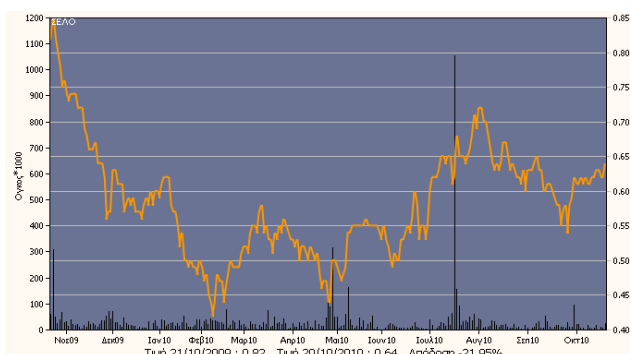
**Market Cap:** € 18.1million

**Dividend 2009:** € 0.03

**Free float:** 48.95% (28.08.10)

**Web-site:** [www.selonda.gr](http://www.selonda.gr)

**Share Price Graph** (October 2009 – October 2010) (Price in euro)



### Company Profile – Sector

SELONDA (or the Company) is a leading global producer and supplier of high-quality farmed Sea Bream and Sea Bass, Europe's and North America's most popular Mediterranean fish. The Company was the first Greek company to submit an investment plan for financial aid to the European Agricultural Guidance and Guarantee Fund (EAGGF/FEOGA).

SELONDA supplies 500 tons of fresh Sea Bream and Sea Bass every week to customers in more than 20 countries worldwide. In order to introduce fish to a region where it is currently not available, SELONDA carry out deliveries to any airport in the world within two days from harvesting.

SELONDA Group has a total annual production capacity of over 30,000 tons of Sea Bream and Sea Bass with operations in three countries employing 1,000 people: ♦ 46 sea-cage fish farms in Greece with an annual production of over 25,000 tons of Sea Bream and Sea Bass. ♦ 8 sea-cage fish farms in Turkey operated by the subsidiary company Fjord Marin Turkey with a yearly production of 8,000 tons of Sea Bass and Sea Bream ♦ 1 recirculation farm in the UK (Wales) producing 1,000 tons of Sea Bass on an annual basis • 5 hatcheries in Greece with an annual production capacity of over 120 million fry.

After two successful long-term collaborations for the provision of management and know-how in Kuwait (1995-2000) and in Singapore (1997-1998), as well as in other ad hoc projects in Southeastern Asia, the SELONDA Group continues its international activities with Wales, Turkey and Saudi Arabia as the focal points.

Group's mission is the reproduction, on-growing and distribution of Sea Bream and Sea Bass of the highest quality, to satisfy consumer needs for proteins of high nutritional value and poly-unsaturated fatty acids (PUFA). SELONDA Sea Bream and Sea Bass have an average omega-3 content of 28% of the total fatty acids.

#### The Greek Aquaculture Sector

Total production of farmed Sea Bream and Sea Bass from less than 1,000 tons in 1985 reached 300,000 tons in 2009. Greece was a pioneer, playing a leading role from the beginning in the success and rapid growth of the Mediterranean Aquaculture sector. Today Greece is the indisputable leading producer of farmed Sea Bream and Sea Bass, with a total production volume of 140,000 tons in 2009 or approximately half of global production. The Sea Bream and Sea Bass farming sector a significant, leading export industry in Greece: ♦ Over 80% of Greece's total production of farmed Sea Bream and Sea Bass is exported. ♦ Farmed Sea Bream and Sea Bass is Greece's leading food export in terms of value and volume ♦ The Mediterranean Aquaculture sector in Greece provides employment to over 10,000 people.

Sources: Company Annual Report 2009 & Web-site, Company press releases, Presentations and Reports.

## Review of H1 2010 Results - Outlook

SELONDA released H1 2010 results:

The Consolidated Turnover posted a decrease of 19.6% - settling at € 58.33 m versus € 72.59 m last year.

Group Gross Result from activities decreased to € 19.39 m compared to € 21.47 million in 1H 2009 (- 9.69 %).

Earnings After Tax reached € 1.028 m compared to € 1.394 m in the same period of 2009 (- 26.3%).

SELONDA, through a strategy of accelerating the industry's consolidation and managing the total production volume of Sea Bream and Sea Bass, is building the foundations for a recovery from the price crisis, which will lead to an increase in profitability during the next years.

The combination of increased sales volumes and low prices significantly affected the developments in the Sea Bass and Sea Bream industry, which by 2010 had resulted in a reduction of the number of producers and a decrease in the total production volume, while the demand for farmed fish continued to increase. For the second quarter of 2010 there are clear indications that there will be an increase in the market prices of Sea Bream and Sea Bass, which, in combination with the policy of cost reductions that the Group is implementing, will lead to a significant increase in the profitability of the Group. The increase in market prices as well as the increase in sales volume and value in developed and developing markets during the first quarter of 2010, is a clear indication of a return to increasing profitability during the next years.

After three very difficult years (2007 – 2009) the Mediterranean aquaculture sector is returning to normal supply and demand conditions.

## S.W.O.T. Analysis

### Strengths

- Leader in the Greek aquaculture sector
- Continuous investments through the years
- Pioneer in the introduction of marine diving parks in Greece
- Emphasis on high quality products

### Weaknesses

- Combination of high supply and low prices
- Cyclicality of demand

### Opportunities

- Continuous research and development in the production of new Mediterranean species
- Development of aquaculture activities and technology worldwide

### Risks – Threats

- Macroeconomic and socio-political risks could still lie ahead in the Company's geographic region

## Specific Parameters

### SPECIAL TECH FEATURES

© Selonda is a pioneer in the practical application of new technologies. The Company has designed and operated, in collaboration with its subsidiary International Aqua-Tech Ltd. (I.A.T.), a turbot production unit in Wales that constitutes the most modern facility in aquaculture worldwide which represents a total investment of € 16 million. This unit operates under a pioneer system called "Bluewater Recirculation System" that proposes a different approach to aquaculture because: I. The whole process of fish on-growing is performed on land-based facilities and therefore the byproducts of aquaculture do not come into contact with the marine environment, II. These byproducts are specially processed in order to be concentrated and are then reprocessed before they are released; III. As a result the "waste" (albeit organic in nature) of the unit has extremely low concentrations of substances that would burden the environment, water recirculation allows for the complete sterilization of the in-coming sea water and as a result there are no diseases and thereby no need to use medicine and chemicals. The Sea Bass produced in Wales is distributed exclusively in the UK and is sold at a premium price due to its superior freshness to all other Sea Bass available in the British market.

### FINANCIAL HIGHLIGHTS

© The total turnover of the Group in 2009 reached € 136 million, compared to € 120 m in 2008, an increase of 13.5%. The significant increase in the Selonda Group's sales volume of Sea Bream and Sea Bass led to an increase in the total turnover, despite the low market prices of Sea Bream during the first quarter of 2009, which was a continuation of the 2008 price crisis. Approximately 90% of the SELONDA Group's sales volume is exported. The consolidated Earnings before Interest, Tax and Depreciation in 2009 was € 21.4 m or 15.74% of the total turnover, while the EBITDA in 2008 was € 21.9 m or 18.18% of total turnover. Net EATMI in 2009 amounted to € 0.2 m or 0.12% of total turnover, compared to € 1.2 m or 1.05% in 2008. Net earnings were negatively affected by the decrease in the profit margin of fish sales, due to low market prices and increased production costs, as well as a charge of € 0.77 m resulting from the consolidation of Fjord Marin Turkey in the SELONDA Group's financial statements.

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