



NYT

No. 1 - February 2012 • Internal newsletter for TripleNine employees and shareholders

The current limits must be exceeded

When the cooperative society TripleNine Fish Protein is reorganized as a limited liability company in November 2012, each of the current members of the cooperative will get a share in the value of the company, which will increase their awareness of the company's development.

- In addition to the settling price for the landed raw product, we're naturally looking at a considerable amount of capital that will be allotted to the individual members in the form of stock, CEO Christian Bisgaard notes. - But of course, this also means that the future stockholders will not only be interested in the amount of the current settling price of the landed raw products but will also be very interested in the stock value and the added value created in the company.



Christian Bisgaard: - A fish meal factory can only be run in the areas in which resources are available.

- That is why the company must continue to develop, and it will be necessary to exceed the current limits, Christian Bisgaard points out.

Three priority areas

He sees at least three priority areas in which further progress can be made for TripleNine.

Collaboration and consolidation

First of all, Christian Bisgaard points toward increased collaboration and a consolidation within the industry so that the individual company can achieve a strength that will make it possible in the future to maintain a solid position in the area around the North Sea, the Baltic Sea and the Atlantic.

This will also open up the possibility for production outside of Scandinavia, e.g. in South America, South Africa and China.

- The key phrase in this context is "raw product," Christian Bisgaard states. - What I mean to say is that a fish meal factory can only be run in the areas in which resources are available.

- This can then be combined with placement in near proximity to a significant market for fish meal, which is the case for China, where we've got off to a really good start this year with regard to the export of fish meal, he adds.

Product development

Another priority area is the development of new products. In this area, Christian Bisgaard sees particularly strong opportunities in the production of marine phospholipids, which can be used in capsules as a health food product.

TripleNine Pharma A/S is ready for production of phospholipids for human use.

Additionally, TripleNine is focused on developing new products for the pet food industry.

Securing raw product supplies

- We also need to make an effort to match the lower production costs that we're seeing in the Norwegian factories in particular, Christian Bisgaard continues. - Otherwise, we won't be able to compete in the open market for raw products in which we will find ourselves, once TripleNine becomes a limited liability company without the supply contracts that the company has previously had with its cooperative members.

- It will be a challenge for us in these times where the tax squeeze is ever increasing in Denmark. But we're continuously working to bring down costs so that we can maintain a basis of raw product for the factory in Thyborøn of over 300,000 tons a year, says Christian Bisgaard.

Content:

| | |
|---|---------------|
| New financial management system will provide a better overview | Page 2 |
| How do we secure the value and growth of TripleNine? | Page 3 |
| New deputy chairman | Page 3 |
| More water in the Thyborøn Channel | Page 4 |
| The equity capital now exceeds 212 million kroner | Page 4 |
| Ten years in the company | Page 4 |
| News from production | Page 5 |

999 NYT is published by

TripleNine Fish Protein a.m.b.a
Fiskerihavnsgade 35, DK-6700 Esbjerg.
Telephone +45 7912 0999, Fax +45 7912 0888.
www.999.dk, 999@999.dk
Text and production: Total-Kommunikation, Esbjerg.
This edition closed for contributions
on 19 January 2012.



New financial management system will provide a better overview

Many employees at TripleNine have started the task of establishing the company's new financial management system. Moving forward, this will make many reporting and management tasks easier and faster and provide management as well as future investors with an improved and completely current overview of the state of the company.

- It's primarily a question of upgrading our ERP system to tailor it to the current situation of the company as well as the demands of the future, says Finance Manager for TripleNine, Stefan Due.

- It's a matter of standardizing as many of our working processes as possible so that they can be adapted to the new program, he explains. - Previously, we've operated with many sub-systems, which we now need to merge and standardize so that all results and records are accessible across the organization.

- This will enable both employees and management to have a much better overview of specific functions as well as the company as a whole. And employees will also be better able to manage their everyday work, says Stefan Due.

This is true for cash flow management, inventory control and the entire sales area.

Phase 1 ready for the sand eel season

Inventory control in particular will get a huge boost. The new system, which is up-dated daily, will provide a much better overview and better possibilities for product reservation.

Furthermore, it will be easier for the finance department to pull current reports and statistics from the system.

These two areas are included in phase 1 of the plan, which is scheduled to be ready in time for the sand eel season.

Included in phases 2 and 3 are budgeting and production control for instance, after which it will be easier to document traceability in the system, among other things.

Overall, it will be easier to generate reports in the new system without the need to first enter data manually and then extracting it to

other systems in order to continue working with it.

- But in order for everything to work, it is, of course, necessary that all departments are up to date with the necessary fundamental data, Stefan Due emphasizes.

- And it should also be possible, he continues, - for the new system, a Microsoft product named AX 2012, is known to be straightforward. It is very carefully prepared, and the user interface is very similar to what we're familiar with from the Office package, so our employees will be able to quickly feel at home in the system.

Keeping to the schedule

- We have entered into business relations with the IT company Thy Data regarding the large task of implementing our entire new financial management system, and a work schedule has now been drawn up with different modules - or "sprints" - for each of the areas within the company that are to be included in the new system to begin with,

Stefan Due continues and further points out that the schedule involves the first phase of the project being ready before the sand eel season.

- Thy Data has now allocated the necessary resources for the project, and it is therefore extremely important that we do our part, he emphasizes. - Otherwise, the entire work schedule starts to slip!

- That is also why it's important that all involved employees support the project and actively participate with their knowledge and experience in the workshops that make up each sprint, says Stefan Due.

In each sprint, an exchange of experience takes place as well as setup and adjustment of the system in addition to actual training of those employees who will be working with it.

This means that each sprint is completed and closed individually so that the involved area of operation within the company will basically be functional following the completion of the sprint.



Finance Manager Stefan Due: - The new financial management system will make it possible for all results and records to be accessible across the organization.



How do we secure the value and growth of TripleNine?

TripleNine Fish Protein is now off to a good start to the final fiscal year as a cooperative society with supply of raw products at the same level as last year.

In the course of 2012, it will be necessary for TripleNine Fish Protein to prepare the transition from a cooperative society to a limited liability company.

The reorganization means that the owners - the individual fisherman - will be in a new situation in which "ownership" takes on a whole new meaning. From having previously focused entirely on the settling price, it is now also essential to secure the development of the value and returns of TripleNine Fish Protein. So the question is how to develop TripleNine Fish Protein so that the value of the company is secured and increases over the years to come.



Geographical diversification secures supply of raw product

The reliance on the raw product is crucial to the production of fishmeal and fish oil. That's why it is important to place the production in areas where the security of supply can be maintained.

Therefore, it's important that the future production takes place in geographically diverse areas to reduce fishery fluctuations. In this case, I'm thinking of the establishment of production in areas such as Asia with focus on China, in Africa and in South America as well as retention of production in Scandinavia of course. In a situation in which production is carried out in different parts of the world, the risk of failing fishery is reduced.

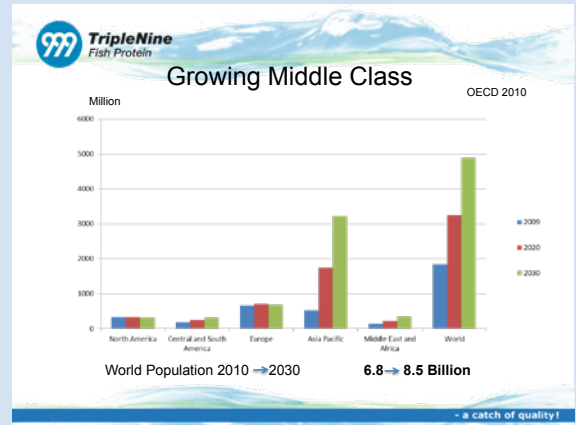
Consolidation is necessary

It should be noted that maintaining an economically responsible production in Scandinavia necessitates a consolidation of the industry - a consolidation that TripleNine Fish Protein wants to be part of.

Moreover, TripleNine Fish Protein must be able to offer fishing rights to the suppliers - either by renting out fishing rights or through investment aid to associated vessels that land their haul for TripleNine Fish Protein.

Increasing demand

As far as the need for fish meal and fish oil goes, there are no problems. However, the



prices will fluctuate depending on the growth of the global economy. But there's no doubt that the demand for proteins is increasing due to the increasing welfare, particularly in Asia.

As is apparent from the figure, the share of the world's population that are part of the middle class will increase from about 25% today to about 40% in 2020 - and about 55% in 2030. This is where the explanation lies to the increased demand for proteins and oils, as the growing middle class wants to eat fish, pork or chicken.

Thus the challenge for the industry is to source raw products for the increasing demand in a responsible and sustainable way that respects the individual species.

Christian Bisgaard

New deputy chairman

At the TripleNine annual meeting in December 2011, Lars Vohnsen and Jean Vad Christensen were re-elected to the board, while Leif Knak was elected to take the place of Preben Schmidt, who passed away.

Furthermore, Hans Espersen was elected instead of Ole Nymann Mortensen.

At the subsequent constitution of the board, Anker Mejnertz was re-elected as chairman, while Søren Espersen, hitherto a member

of the board, became deputy chairman instead of Lars Krause-Kjær.



More water in the Thyborøn Channel

It is a great wish of both TripleNine and Thyborøn Harbor Authorities to have the Thyborøn Channel deepened from the current 8 metres to 10 metres of water.

- Our cooperative members and other suppliers get larger and larger vessels that have deeper and deeper drafts. That's why it is hugely important for both them and us to be sure that they can get in to our factory in Thyborøn without any problems with lack of water, says TripleNine CEO Christian Bisgaard.

The director for Thyborøn Harbor, Jørgen Buhl, also wants an increased depth of water in the Channel.

- Granted, at this time we have more than the guaranteed 8 metres of water in the Channel, but when one of the major customers of Thyborøn Harbor, on whom both the harbor and the city depend, find an increased depth

of water to be necessary, this just underlines the necessity of our previously stated wish, he says.

50 million kroner project

- As far back as the so-called Harbor Packet 2, one million Danish kroner was ear-marked for preliminary studies, and the project is now included with an estimate of 50 million kroner in Harbor Packet 3, says Jørgen Buhl.

He makes it clear that he is an absolute optimist with regard to getting the project completed.

- Of course, we're in close contact with the Danish Coastal Authority about the project, which, among other things, involves removing quite a bit of clay down to about 12.5 metres in order to maintain a water depth of 10 metres. So it's difficult to say how long it will take for the Danish Coastal Authority to complete the deepening from the time when we get the green light, says the harbor director.



Harbor Director Jørgen Buhl is optimistic with regard to being granted the necessary funds to a deepening of the Thyborøn Channel.

The equity capital now exceeds 212 million kroner

At the TripleNine annual meeting in December, it was decided to make an additional payment of 8 øre per kilo of landed fish - a total of about 19 million kroner - to the 38 members of the cooperative who have delivered raw product to the factory throughout the year.

Furthermore, the fishermen who have purchased fuel through the company will receive an additional payment of 6 øre per liter.

This is based on annual accounts showing a positive result of 49 million Danish kroner for the group as a whole and about 46 million kroner after taxes.

Consequently, the group's equity capital exceeds 212 million kroner.

Satisfactory

- It's a satisfactory result, especially considering that we've seen dropping prices on

fishmeal throughout the year, says TripleNine CEO Christian Bisgaard.

- On the other hand, we have also had good supplies of raw product in the past year, and we're even ending up at a slightly higher level than the year before, he adds.

Last year as a cooperative society

Moreover, Christian Bisgaard points out that TripleNine has now entered its last fiscal year as a cooperative society as the company will be reorganized as a limited liability company effective November 1st, 2012, which will naturally influence the coming year.

Thus a number of strategic decisions must be made with an eye to preparing the company for the new situation, which, for instance, involves the fact that the members of the cooperative society do not have an immediate obligation to deliver to the company.

Ten years in the company

As of January 1st, CEO Christian Bisgaard was able to celebrate his 10-year anniversary with TripleNine.





News from production

The silo project is moving forward according to plan

Production Manager Lars Skøtt Nielsen states that the schedule with regard to the establishing of six new raw product silos at the factory in Thyborøn is being followed.

As mentioned in the last edition of 999 News, the first two silos have already been put into use, and all six silos have now been erected and covered with exterior plates.

All six silos will be ready in time for the sand eel season.

A pumping system is ready

The new pumping system, which is to transport the raw product from the piers to the silos, is also progressing according to plan.

The pumping system from pier 2 will be ready in time for the sand eel season while the Redler system from pier 1 will not be replaced with a pumping system until after the sand eel season.

Evaporator 3 will also be ready

Evaporator 3 will also be operation ready before the sand eel season.

A condenser is expected back in late February from a warranty repair and will be tested in February and March.

Faster unloading

Another pump to the transportation system has been established from build-up to production.

This will mean that unloading the raw products from the trucks can be done faster than before.

Calm period utilized for maintenance

In December and early January, the high activity level experienced in November has been replaced by a very calm period in the production with moderate supplies of raw products due to the amount of wind in this period.

- Otherwise, the annual maintenance of the entire production machinery is taking place according to plan, Lars Skøtt Nielsen closes.

