

# Fourth Quarter Report 2007 with preliminary annual results



**MARINE FARMS ASA**

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## HIGHLIGHTS / BOARD OF DIRECTORS COMMENT'S

### Highlights

- Marine Farms continues to do well. In 4<sup>th</sup> quarter 2007, sales increased by 32% compared to the same period last year. EBIT before fair value was NOK 29.5 mill compared to NOK 17.1 mill last year. The result for 2007 includes NOK 1.5 mill in reversed provisions (NOK -4.5 mill in 2006).
- For the whole year 2007 EBIT before fair value was NOK 94.6 mill, compared to NOK 99.1 mill last year. The result for 2007 includes NOK -21.2 mill in provisions (NOK -9.5 mill in 2006).
- Lakeland (UK) obtained an EBIT/kg gwt sold salmon of NOK 9.0 in 2007 (NOK 10.1 in 2006). In 4<sup>th</sup> quarter the figure was NOK 7.6/kg gwt sold fish (NOK 8.3 in 2006). Volumes will increase from 10,200 tonnes gwt salmon in 2007 to approximately 11.500 tonnes gwt in 2008.
- Culmarex (Spain) obtained an EBIT/kg sold seabass/seabream of NOK 9.1 in 2007 (NOK 11.3 in 2006). In 4<sup>th</sup> quarter the figure was NOK 6.8/kg sold fish (NOK 11.8 in 2006). Volumes will increase from 4,900 tonnes seabass/seabream in 2007 to approximately 6,000 tonnes in 2008.
- The cobia operations in Belize and in Vietnam continue to develop according to plan.
- The group's financial position is strong. Per 31.12.2007, equity amounted to NOK 475 mill (44.7% equity ratio) and net interest-bearing debt amounted to NOK 318 mill. As pr 31.12.2007, the group had approximately NOK 275 mill in free cash and available credit facilities.
- The group has substantial room for organic growth going forward, especially in seabass/seabream (Spain) and in cobia (Belize and Vietnam).

### Group key figures

Consolidated <b>Marine Farms ASA</b>	<i>figures in NOK 1.000</i>		4 <sup>th</sup> Q 07	4 <sup>th</sup> Q 06	Yr 2007	Yr 2006
Operating revenue			204 590	154 563	735 420	593 836
EBITDA pre fair value adjustment			41 369	23 982	136 349	132 560
EBIT pre fair value adjustment			29 548	17 063	94 609	99 103
EBIT			12 502	11 562	79 861	129 008
Result before tax			10 661	3 597	60 921	116 422
Result after tax			3 775	6 011	32 506	77 678
<i>EBIT pre fair value adj. margin</i>			<i>14.4 %</i>	<i>11.0 %</i>	<i>12.9 %</i>	<i>16.7 %</i>
<i>Earnings per share</i>			<i>0.01</i>	<i>0.11</i>	<i>0.76</i>	<i>2.68</i>
<i>Earnings per share diluted</i>			<i>0.01</i>	<i>0.11</i>	<i>0.76</i>	<i>2.68</i>
Total assets					1 061 961	855 160
Equity					474 828	405 243
Net interest-bearing debt					318 000	227 000
<i>Equity ratio</i>					<i>44.7 %</i>	<i>47.4 %</i>

The company is reporting in accordance with the international reporting standards known as IFRS. The transition from Norwegian reporting standard and the corresponding effects are described in the company's annual IFRS report for 2005 and 2006 (see [www.marinefarms.com](http://www.marinefarms.com)).

## **Revenues and profits for the group**

Revenue in the 4<sup>th</sup> quarter 2007 increased 32% to NOK 204.6 mill compared to NOK 154.6 mill last year. For the whole year 2007 revenue increased by 24% compared to 2006. The growth is mainly due to the effect of the acquisition of Sea Products of Scotland (UK) together with increased sales of salmon and seabass/seabream. Salmon volumes in 2007 were up approximately 950 tonnes (+10%) compared to 2006. As for seabass/seabream, volumes were up by approximately 810 tonnes (20%) in 2007 compared to 2006.

EBIT before fair value in the 4<sup>th</sup> quarter 2007 ended at NOK 29.5 mill compared to NOK 17.1 mill in 2006. The figures for 2007 include NOK 1.5 mill in reversed provision (NOK -4.5 mill in provision in 2006), see note 6 for more details. For 2007, EBIT before fair value was NOK 94.6 mill compared to NOK 99.1 mill in 2006. The figures for 2007 include NOK -21.2 mill in provisions (NOK -9.5 mill in 2006).

Marine Farms reports according to IFRS. The salmon price at the end of December 2007 was more or less equal to end of September 2007, i.e. the fair value adjustment for salmon was negative with just NOK -0.2 mill in 4<sup>th</sup> quarter 2007. For seabass/seabream, the price for seabream was lower at end of December compared to end of September 2007. Coupled with a higher average biomass cost, the fair value adjustment for seabass/seabream over 350 gr was negative with NOK -16.8 mill in 4<sup>th</sup> quarter 2007. In total, fair value adjustment for the group amounted to NOK -17.0 mill in 4<sup>th</sup> quarter 2007, compared to NOK 1.1 mill in the same period last year. For the year, fair value adjustment for the group amounted to NOK -10.9 mill compared to NOK 36.6 mill in 2006.

Financial net for 4<sup>th</sup> quarter 2007 included NOK 0.8 mill in reversed agio provisions. For 2007 agio provisions amounted to NOK -15.6 mill. Financial net for 4<sup>th</sup> quarter 2007 also includes NOK 1.4 mill in badwill, which stems from the recent acquisitions in Spain (see note 4 for more details). For 2007, financial net includes NOK 8.7 mill in badwill.

The 51% ownership in Machrihanish Marine Farms Ltd is held as assets for sale in the accounts pr 31.12.2007 (see note 7 for more details) and the results have been adjusted accordingly.

Net profits amounted to NOK 3.8 mill in 4<sup>th</sup> quarter 2007 compared to NOK 6.0 mill in same period last year. For 2007 net profits amounted to NOK 32.5 mill, compared to NOK 77.7 mill in the same period last year.

## **Business areas**

Marine Farms ASA has been involved in the fish farming business since 1976 and has considerable knowledge of all aspects of fish farming, from broodfish to the finished product. Marine Farms' core competence is its technical and biological know-how and innovativeness. The company's operations mainly consist of salmon farming in the U.K. and seabass / seabream in Spain. These activities are run through the 100% owned companies Lakeland (U.K.) and Culmarex (Spain), both being fully integrated companies and among the most profitable in their respective markets. In addition, Marine Farms ASA is engaged in farming of the fast growing marine species cobia in America (Belize) and in Vietnam. The Group had a turnover of NOK 735 mill in 2007 and had 498 employees per 31.12.2007. Read more about the Marine Farms Group on [www.marinefarms.com](http://www.marinefarms.com).

### **Salmon (Lakeland)**

Lakeland has been operating within the salmon farming industry since 1987, and specialises in vertically integrated production of Atlantic salmon, all the way from the broodfish through egg, fry, parr, smolt and fully grown salmon to the sale of gutted salmon and fresh fillets.

Lakeland's hatchery business is considered to be the largest independent supplier of salmon ova and smolt to the UK market. The Company has a production capacity of over 60 mill ova and up to 9.0 mill smolt. Broodfish are tested individually for the virus disease IPN which is a major selling point. The group is experiencing increasing sales of ova to Chile. Read more about Lakeland on [www.lakelandsmolt.co.uk](http://www.lakelandsmolt.co.uk).

Lakeland was one of the most profitable salmon producers in the UK in 2007, with an EBIT/kg gwt sold fish of NOK 9.0. In the 4<sup>th</sup> quarter of 2007, Lakeland generated some NOK 7.6/kg gwt sold fish, which is NOK 0.7 lower than the year before. The drop is mainly due to lower salmon prices and a lower GBP currency. On the positive note, the freshwater business generated better results in 4<sup>th</sup> quarter 2007 compared to same period in 2006 due to higher volumes and higher prices.

*Historic development*

<i>NOK mill</i>	2005	2006*	2007	4.Q 2006*	4.Q 2007	1.Q 2008e	2.Q 2008e	3.Q 2008e	4.Q 2008e
Sale of own salmon (gwt tonnes)	7 674	9 264	10 212	1 905	3 019	2 300	2 800	3 200	3 200
Sale of 3rd party salmon (gwt tonnes)	-	872	1 014	361	265	200	200	200	200
Total sale of salmon (gwt tonnes)	7 674	10 136	11 226	2 266	3 284	2 500	3 000	3 400	3 400
Revenue Lakeland Group	231,6	388,7	456,0	79,9	125,6				
EBIT before fair value adjustment (1)	45,4	93,6	91,7	15,9	22,8				
<b>EBIT/kg gwt own fish sold (NOK)</b>	<b>5,9</b>	<b>10,1</b>	<b>9,0</b>	<b>8,3</b>	<b>7,6</b>				

(1) EBIT = EBIT before fair value adjustments, extraordinary items and provisions.

\* Pro forma figures include SPoS Ltd and MP Ltd, which was aquired 100% and 80% respectively 01.09.06

Lakeland has an annual production capacity averaging approximately 10,200 tonnes. Due to a fallowing regime in Scotland, however, Lakeland's production capacity can vary between 9,800 tonnes gwt and 10,800 tonnes gwt any given year. For 2008, the capacity will be approximately 10,000 tonnes. In addition, Lakeland has rented two neighbouring site on Shetland, which has been stocked with smolts. The plan is to harvest approximately 1,500 tonnes gwt salmon from these two sites in 2008 and in 2009. In total, volumes for 2008 and 2009 will therefore be approximately 11,500 tonnes.

Seabass/seabream (Culmarex)

Culmarex was founded in 1986 and commenced the production of various marine species such as yellowtail and oysters. In 1990 the Company was purchased by Marine Farms ASA and it was then decided to focus its activities on seabass and seabream, two relatively highly priced white meat fish from the Mediterranean. The fish grow relatively slowly and are sold round from 350g and upwards.

Culmarex is today a vertically integrated supplier of seabass and seabream, and conducts all parts of the production, from broodfish through the pre-ongrowing of juveniles up until the fish is ready for the market. Culmarex has approximately 300 employees and the company is renowned for its good service and high quality. This is reflected in the prices the company achieves in the market for its fish. Read more about Culmarex on [www.culmarex.com](http://www.culmarex.com).

The Culmarex group was the largest and most profitable seabass/seabream producers in Spain in 2007, with an EBIT/kg sold fish of approximately NOK 9.1. In the 4<sup>th</sup> quarter of 2007, Culmarex obtained an EBIT/kg sold fish of approximately NOK 6.8, which is NOK 5.0 lower compared to the same period in 2006. The difference is mainly due to (i) negative effects from the three newly acquired companies, which all lost money when Culmarex took over (effect is NOK -3/kg in 4Q 07, NOK -1/kg in year 2007), (ii) higher production costs due to higher feed costs and (iii) lower seabream prices. The results from three

newly acquired companies are expected to have a negative effect on EBIT/kg sold fish also in 2008, especially in 1<sup>st</sup> half of 2008.

*Historic development*

<i>NOK mill</i>	2005	2006 *	2007	4.Q 2006 *	4.Q 2007	1.Q 2008e	2.Q 2008e	3.Q 2008e	4.Q 2008e
Sale of own seabass/seabream (tonnes)	2 239	4 112	4 925	1 038	1 575	900	1 100	2 100	1 900
Sale of 3rd party seabass/seabream (tonnes)	1 051	622	485	183	116	100	150	100	200
Total sale of seabass/seabream (tonnes)	3 291	4 734	5 410	1 221	1 691	1 000	1 250	2 200	2 100
Revenue - Culmarex Group	179,3	246,8	279,6	65,5	79,2				
EBIT before fair value adj (1)	24,6	46,7	44,8	12,3	10,8				
<b>EBIT/kg own fish sold (NOK)</b>	<b>11,0</b>	<b>11,3</b>	<b>9,1</b>	<b>11,8</b>	<b>6,8</b>				

(1) EBIT = EBIT before fair value adjustments, extraordinary items and provisions.

\* Pro forma figures include PIAGUA which was aquired 1st of July 2006.

For 2008, Culmarex is planning to sell approximately 6,000 tonnes of own produced seabass and seabream. In 2009, volumes are estimated to increase to roughly 7,500 tonnes. The group has currently a production capacity of approximately 10,200 tonnes, however, the company is awaiting approval for 1,800 tonnes of new licences.

### Cobia (Belize and Vietnam)

Cobia is a white meat fish that lives in tropical waters (20-30C°). It grows from 1 gram to 5-6 kg in one year and the fillets are popular in sushi and other dishes. Cobia is a relatively unknown species. However, Cobia has all the traits we want for a farmed fish such as good eating qualities, large fillets, do well in cages, fast growth, year round egg supplies and an efficient production.

Marine Farms have operated a cobia hatchery in Florida since 2002 and are in the process of building up fully integrated operations for cobia in Belize in Central America (for export to the American market) and in Vietnam (for export to the Asian market). First priority is to develop operations in Belize. The experience gained in Belize will then be used to fully develop Vietnam.

The cobia operation in Belize continues to grow according to plan. The juveniles put into sea in summer 2006 are now being harvested twice a week for shipments of fresh cobia into the US market. The response in the market continues to be good. The company has also started the construction of a new marine hatchery in Belize, which should be in operation by the summer of 2008. Read more about Marine Farms Belize on [www.marinefarmsbelize.com](http://www.marinefarmsbelize.com).

For 2008 the plan is to harvest approximately 600 tonnes gwt cobia. Current production capacity is estimated to be around 8,000 in Belize and in Vietnam. The company is awaiting approval for new licenses in Belize.

### **Balance sheet and capital structure**

Total assets per 31.12.07 amounted to NOK 1 062 mill, which is NOK 207 mill higher than per 31.12.2006. Biomass amounted to NOK 450 mill, an increase of NOK 80 mill compared year end 2006. Net interest-bearing debt per 31.12.2007 amounted to NOK 318 mill, a NOK 91 mill increase compared to year end 2006. As pr 31.12.2007, the group had approximately NOK 275 mill in free cash and available credit facilities.

Equity per 31.12.2007 was NOK 475 mill (44.7% equity ratio), compared to NOK 405 mill (47.4%) at year end 2006.

### **Share information**

On the 12<sup>th</sup> of October 2006 Marine Farms ASA was listed on the Oslo Stock Exchange, trading under the “MAFA” ticker. At 31.12.2007, total number of shares outstanding was 36,618,628 and the share price was NOK 29.00/share.

### **Events after the balance sheet date**

On the 11<sup>th</sup> of February 2008, Culmarex S.A announced that its wholly-owned subsidiary Granja Marina Bahia de Santa Pola S.A.U. (Gramabasa) had obtained final approval to acquire the title of the concession of the neighbouring company C.I.M. Delta del Vinalopo. The new concession has an annual production capacity of 1,200 tonnes seabass/seabream. This follows the announcement on the 5<sup>th</sup> of August 2007, when Gramabasa had agreed to purchase the assets and fish stocks of the neighbouring company C.I.M. Delta del Vinalopo for a total of EUR 2.2 mill. Gramabasa will pay an additional EUR 0.6 million to the owners of Delta de Vinalopo following the completion of the change of title and increase in licensed production capacity, as foreseen in the original agreement. The new concession is located next to the two existing sites owned by Gramabasa in the Santa Pola Bay, near Alicante. There should be significant synergies in operating the 3 sites together, with an annual production capacity of 3,500 tonnes seabass/seabream.

### **Going forward**

Marine Farms ASA combines farming of salmon with profitable farming of marine species. In addition the Company is exploiting opportunities within new marine species such as cobia. Marine Farms has a clearly defined strategy to invest in regions/segments where it may become one of the top producer’s earnings wise. Focus is on large and efficient clusters, controlling the entire value chain from broodfish to customer. Its activity shall be diversified in terms of species and markets, leveraging on established species and investing in new ones. The company will seek market leadership in selected niches by being an innovative and trustworthy supplier of high quality seafood products.

Over the past few years, the company has acquired new businesses both in the UK and in Spain and the company will continue to look for attractive acquisition opportunities going forward. In addition, the company has significant room for organic growth. The focus on bigger and more efficient business units continues and the group is well positioned for further growth.

Bergen, 26<sup>th</sup> of February 2008

The Board of Directors  
Marine Farms ASA

**MARINE FARMS GROUP CONSOLIDATED**

**Income statement**

<b>Figures in NOK 1 000</b>	<b>4 Q 2007</b>	<b>4 Q 2006</b>	<b>Yr 2007</b>	<b>Yr 2006</b>
	<b>IFRS</b>	<b>IFRS</b>	<b>IFRS</b>	<b>IFRS</b>
<b>Total operating revenues</b>	<b>204 590</b>	<b>154 563</b>	<b>735 420</b>	<b>593 836</b>
Change in inventory (cost of production )	14 231	26 217	92 477	35 015
Cost of materials	-98 725	-108 426	-388 291	-284 341
Salaries and personal expenses (Note 6)	-38 346	-28 590	-138 146	-91 558
Other operating expenses	-40 381	-19 782	-165 111	-120 392
<b>EBITDA before fair value adj. on biomass</b>	<b>41 369</b>	<b>23 982</b>	<b>136 349</b>	<b>132 560</b>
Depreciations	-11 821	-6 919	-41 740	-33 457
<b>EBIT before fair value adj. on biomass</b>	<b>29 548</b>	<b>17 063</b>	<b>94 609</b>	<b>99 103</b>
Fair value acquired companies	0	-6 645	-3 822	-6 645
Fair value adjustment on biomass (Note 3)	-17 046	1 144	-10 926	36 550
<b>OPERATING PROFIT (EBIT)</b>	<b>12 502</b>	<b>11 562</b>	<b>79 861</b>	<b>129 008</b>
Income from associates	0	-4 739	0	-4 646
Write down on financial assets	0	0	0	0
Finance revenue	1 223	4 162	2 875	5 324
Interest costs	-5 480	-4 304	-14 937	-12 994
Other finance costs (Note 4)	2 416	-3 084	-6 878	-270
<b>Profit before tax</b>	<b>10 661</b>	<b>3 597</b>	<b>60 921</b>	<b>116 422</b>
Taxes	-6 886	3 238	-30 328	-33 478
<b>Net profit from continued operations</b>	<b>3 775</b>	<b>6 835</b>	<b>30 593</b>	<b>82 944</b>
Net profit/(-) loss from assets held for sale	0	-824	1 913	-5 266
<b>Net profit (loss)</b>	<b>3 775</b>	<b>6 011</b>	<b>32 506</b>	<b>77 678</b>
Majority interest	541	3 525	27 766	77 532
Minority interest	3 234	2 486	4 740	146
<i>Earnings per share</i>	<i>0.01</i>	<i>0.11</i>	<i>0.76</i>	<i>2.68</i>
<i>Diluted earnings per share</i>	<i>0.01</i>	<i>0.11</i>	<i>0.76</i>	<i>2.68</i>

## Balance sheet

Figures in NOK 1 000	31.12.07	31.12.06
<b>ASSETS</b>		
Licences	75 018	42 808
Goodwill	28 853	32 455
<b>Total intangible assets</b>	<b>103 871</b>	<b>75 263</b>
<b>Total tangible assets</b>	<b>280 340</b>	<b>219 739</b>
<b>Total financial assets</b>	<b>2 348</b>	<b>2 056</b>
<b>Total non-current assets</b>	<b>386 559</b>	<b>297 058</b>
<b>Non-current assets discontinued operations</b>	<b>0</b>	<b>0</b>
Biomass (note 3)	449 769	370 377
Other inventories	17 829	15 103
<b>Total inventories</b>	<b>467 598</b>	<b>385 480</b>
Total receivables	159 871	131 633
Cash and cash equivalents	47 933	40 989
<b>Total current assets</b>	<b>675 402</b>	<b>558 102</b>
<b>TOTAL ASSETS</b>	<b>1 061 961</b>	<b>855 160</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Total equity</b>	<b>474 828</b>	<b>405 243</b>
Liabilities to financial institutions	259 307	118 821
Other non-current liabilities	59 405	54 028
<b>Total non-current liabilities</b>	<b>318 712</b>	<b>172 849</b>
<b>Non-current liabilities discontinued operations</b>	<b>0</b>	<b>0</b>
Liabilities to financial institutions	106 318	149 203
Other current liabilities	162 103	127 865
<b>Total current liabilities</b>	<b>268 421</b>	<b>277 068</b>
<b>Total liabilities</b>	<b>587 133</b>	<b>449 917</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 061 961</b>	<b>855 160</b>

## Key figures

<b>Figures in NOK 1 000</b>	<b>4Q 2007</b>	<b>4Q 2006</b>	<b>Yr 2007</b>	<b>Yr 2006</b>
	<b>IFRS</b>	<b>IFRS</b>	<b>IFRS</b>	<b>IFRS</b>
EBITDA before fair value adjustment	41 369	23 982	136 349	132 560
EBITDA after fair value adjustment	24 323	18 481	121 601	162 465
EBIT	12 502	11 562	79 861	129 008
EBITDA margin before fair value adjustment	20 %	16 %	19 %	22 %
EBITDA margin after fair value adjustment	12 %	12 %	17 %	27 %
Operating margin (EBIT)	6 %	7 %	11 %	22 %
Earnings per share	0.01	0.11	0.76	2,68
Diluted earnings per share	0.01	0.11	0.76	2,68
Equity ratio			45 %	47 %
Net interest bearing debt			317 692	227 036

## Consolidated statements of cash flow

<b>Figures in NOK 1 000</b>	<b>4Q 2007</b>	<b>4Q 2006</b>	<b>Yr 2007</b>	<b>Yr 2006</b>
Net profit before income taxes	10 661	-1 669	60 921	111 156
Fair value adjustment on biomass	4 806	5 501	7 104	-29 905
Tax paid	-14 318	-3 433	-37 260	-15 238
Deprec. and amortisation, including gain/loss on disposal	11 821	8 263	41 740	34 801
Interest paid	5 480	5 718	14 937	13 378
Income from associates and other investments	0	4 739	0	4 646
Change in inventories, trade receivables and trade acc. p.	-48 541	-66 239	-55 438	-156 444
Change in other accruals	4 939	61 578	0	24 291
<b>Net cash flow from operating activities</b>	<b>-25 152</b>	<b>14 458</b>	<b>32 004</b>	<b>-13 315</b>
Sales of fixed assets	0	11 700	0	11 700
Investments in fixed assets	-40 358	-39 781	-130 947	-105 980
Net purchase and proceeds from other investments	0	0	0	0
<b>Net cash flow from investing activities</b>	<b>-40 358</b>	<b>-28 081</b>	<b>-130 947</b>	<b>-94 280</b>
Net down payment/proceeds of interest-bearing debt	115 367	-13 237	97 601	26 328
Interest paid	-5 480	-5 718	-14 937	-13 378
Issuance of share capital (share issue and sale of own shares)	0	4 856	57 658	113 870
<b>Net cash flow from financing activities</b>	<b>109 887</b>	<b>-14 099</b>	<b>140 322</b>	<b>126 820</b>
Net foreign exchange difference	-3 435	-2 714	-34 435	-1 350
<b>Net change in cash and cash equivalents</b>	<b>40 942</b>	<b>-30 436</b>	<b>6 944</b>	<b>17 875</b>
Cash and cash equivalents at beginning of period	6 991	71 425	40 989	23 114
Net change in cash and cash equivalents	40 942	-30 436	6 944	17 875
<b>Cash and cash equivalents at end of period</b>	<b>47 933</b>	<b>40 989</b>	<b>47 933</b>	<b>40 989</b>

## Equity statement

	31.12.2007	31.12.2006
<b>Equity 01.01.</b>	<b>405 243</b>	<b>208 499</b>
Profit for the period	32 506	77 678
Share issue, net after expenses	57 658	113 870
Purchase of own shares	0	-3 329
Dividend	0	-243
Effect of business combinations achieved in stages	1 081	8 371
Foreign currency translation differences	-21 660	238
<b>Total equity at the end of period</b>	<b>474 828</b>	<b>405 243</b>

### NOTE 1: CORPORATE INFORMATION

Marine Farms ASA is a company incorporated and domiciled in Norway. The principle activities of the company and its subsidiaries are fishfarming activities of species as Salmon, Seabass/seabream etc.

### NOTE 2: BASIS FOR PREPARATION AND ACCOUNTING PRINCIPLES

The report for the 4<sup>th</sup> quarter 2007 has been prepared in accordance with IFRS – hereunder IAS 34 Interim Financial Reporting. The Interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2005 and at 31 December 2006.

Norwegian accounting standards have for the most part been in accordance with IFRS, but for Marine Farms the transition to IFRS has particular significance with respect to the value of the biomass (stocks of live fish), since the new standards state that the biomass must, as a rule, be recorded at fair value in the balance sheet. Further information about the transition from NGAAP to IFRS can be read in the Group's annual financial statements as at 31 December 2005 and at 31 December 2006 based on IFRS. Changes in the standards and interpretations may lead to changes in the accounts.

### NOTE 3: INVENTORY

The following fish is measured at fair value:

- Salmon above 1 kilo
- Seabass and seabream above 350 g

<i>Figures in NOK 1 000</i>	<b>31.12.2007</b>	<b>31.12.2006</b>	<b>30.09.2007</b>
Biomass at cost	385 808	291 591	370 321
Excess fair value year end	63 961	78 786	79 636
<i>Spain:</i>	<i>46 980</i>	<i>57 084</i>	<i>61 991</i>
<i>UK:</i>	<i>16 981</i>	<i>21 702</i>	<i>17 645</i>
<b>Biomass at fair value</b>	<b>449 769</b>	<b>370 377</b>	<b>449 957</b>

### NOTE 4: ACQUISITION OF DELTA DEL VINALOPO, SPAIN

On the 11<sup>th</sup> of February 2008, Culmarex S.A announced that its wholly-owned subsidiary Granja Marina Bahia de Santa Pola S.A.U. (Gramabasa) had obtained final approval to acquire the title of the concession of the neighbouring company C.I.M. Delta del Vinalopo. The new concession has an annual production capacity of 1,200 tonnes seabass/seabream. This follows the announcement on the 5<sup>th</sup> of August 2007, when Gramabasa had agreed to purchase the assets and fish stocks of the neighbouring company C.I.M. Delta del Vinalopo for a total of EUR 2.2 mill. Gramabasa will pay an additional EUR 0.6 million to the owners of Delta de Vinalopo following the completion of the change of title and increase in licensed production capacity, as foreseen in the original agreement. The new concession is located next to the two existing sites owned by Gramabasa in the Santa Pola Bay, near Alicante. There should be significant synergies in operating the 3 sites together, with an annual production capacity of 3,500 tonnes seabass/seabream.

#### C.I.M. Delta del Vinalopo – Purchase Price Analysis

	EUR
<b>Asset purchase price for Delta del Vinalopo</b>	<b>2 804 195</b>
Equipment	703 805
Inventory	1 167 858
Deferred tax	85 412
Value of licence (net after tax) *	1 030 200
Negative goodwill (Badwill)	183 080

\* The value put on the 1,200 ton licence belonging to Delta is € 1,000 per tonnes i.e. a total value of EUR 1,200,000 before tax.

According to IFRS negative goodwill shall be recognised in the P&L immediately. Negative goodwill of EUR 183.080 / NOK 1.444.000 is included in net other financial income in the P&L in 4<sup>th</sup> quarter 2007.

## NOTE 5: SEGMENT INFORMATION

Marine Farms has activities within farming, processing and sale of different fish species. The activities take place in majority owned subsidiaries mainly in UK and Spain. Business segments constitute the primary reporting format and are based on Group's management and internal reporting structure. The Group's primary segment is determined to be fishfarming of salmon, fishfarming of seabass/seabrem and fishfarming of other species. The Groups secondary segment is geographical.

The following tables present revenue and profit and certain asset and liability information regarding the Group's business segments. Note that the figures have been prepared in accordance with IFRS.

### 4Q 2007

Figures in NOK mill	Revenue	Operating profit	Net financial items	Income taxes	Net profit (loss)	Investments	Non-current assets	Intangibles	Total assets	Total liabilities
Salmon UK	124,0	22,7	-2,7	-8,7	11,3	5,2				
Seabass/bream Spain	79,2	-5,2	-3,8	2,2	-6,8	20,1				
Other i.e. Cobia + MFt Ltd	1,9	-4,2	0,0	0,0	-4,2	14,7				
Mother Company Norway	0,8	-0,9	-1,9	-0,4	-3,2	0,0				
Eliminations/group adjustments	-1,3	0,1	6,6	0,0	6,7	0,0				
<b>Total continued operations</b>	<b>204,6</b>	<b>12,5</b>	<b>-1,8</b>	<b>-6,9</b>	<b>3,8</b>	<b>40,0</b>				
Discontinued operations / assets held for sale	0,0	0,0	0,0	0,0	0,0	0,0				
<b>Total</b>	<b>204,6</b>	<b>12,5</b>	<b>-1,8</b>	<b>-6,9</b>	<b>3,8</b>	<b>40,0</b>				

### 4Q 2006

Figures in NOK mill	Revenue	Operating profit	Net financial items	Income taxes	Net profit (loss)	Investments	Non-current assets	Intangibles	Total assets	Total liabilities
Salmon UK	91,7	15,3	-7,5	-3,6	4,2	15,5				
Seabass/bream Spain	65,6	5,9	-3,9	5,1	7,1	5,0				
Other i.e. Cobia + MFt Ltd	3,4	-4,7	0,0	-0,1	-4,0	4,5				
Mother Company Norway	0,8	-3,9	2,0	0,0	-1,9	0,1				
Eliminations/group adjustments	-6,9	0,0	1,3	0,0	1,5	0,0				
<b>Total continued operations</b>	<b>154,6</b>	<b>12,6</b>	<b>-8,1</b>	<b>1,4</b>	<b>-6,9</b>	<b>25,1</b>				
Discontinued operations / assets held for sale	0,0	0,0	0,0	0,0	0,0	0,0				
<b>Total</b>	<b>154,6</b>	<b>12,6</b>	<b>-8,1</b>	<b>1,4</b>	<b>6,9</b>	<b>25,1</b>				

**Acc. 31.12. 2007**

Figures in NOK mill	Revenue	Operating profit	Net financial items	Income taxes	Net profit (loss)	Investments	Non-current assets	Intangibles	Total assets	Total liabilities
Salmon UK	453,9	84,7	-10,7	-24,1	49,9	20,1	136,7	188,0	416,8	275,6
Seabass/bream Spain	279,5	25,3	0,3	-5,8	19,8	81,0	191,2	259,5	556,2	361,4
Other i.e. Cobia + MFt Ltd	3,9	-10,5	-0,1	0,0	-10,6	31,1	57,0	20,0	87,0	106,8
Mother Company Norway	3,9	-19,5	-15,1	-0,4	-35,0	0,1	257,2	0,1	261,1	49,4
Eliminations/group adjustments	5,8	-0,1	6,6	0,0	6,5	-1,3	-255,6	0,0	-259,2	-206,1
<b>Total continued operations</b>	<b>735,4</b>	<b>79,9</b>	<b>-19,0</b>	<b>-30,3</b>	<b>30,6</b>	<b>131,0</b>	<b>386,5</b>	<b>467,6</b>	<b>1 061,9</b>	<b>587,1</b>
Discontinued operations / assets held for sale	0,0	0,0	0,0	0,0	1,9	0,0	0,0	0,0	0,0	0,0
<b>Total</b>	<b>735,4</b>	<b>79,9</b>	<b>-19,0</b>	<b>-30,3</b>	<b>32,5</b>	<b>131,0</b>	<b>386,5</b>	<b>467,6</b>	<b>1 061,9</b>	<b>587,1</b>

**Acc. 31.12. 2006**

Figures in NOK mill	Revenue	Operating profit	Net financial items	Income taxes	Net profit (loss)	Investments	Non-current assets	Intangibles	Total assets	Total liabilities
Salmon UK	345,0	85,8	-18,3	-18,6	48,9	38,3	134,3	174,8	383,4	276,2
Seabass/bream Spain	246,9	57,7	-5,3	-15,5	36,9	52,6	129,7	202,5	402,5	223,0
Other i.e. Cobia + MFt Ltd	8,2	-0,8	0,0	0,6	-0,2	14,9	35,6	7,9	47,7	55,2
Mother Company Norway	3,9	-13,8	8,3	0,0	-5,5	0,1	164,2	0,3	199,8	10,7
Eliminations/group adjustments	-10,2	0,1	2,7	0,0	2,8	0,0	-166,7	0,0	-178,2	-115,2
<b>Total continued operations</b>	<b>593,8</b>	<b>129,0</b>	<b>-12,6</b>	<b>-33,5</b>	<b>82,9</b>	<b>105,9</b>	<b>297,1</b>	<b>385,5</b>	<b>855,2</b>	<b>449,9</b>
Discontinued operations / assets held for sale	0,0	0,0	0,0	0,0	-5,3	0,0	0,0	0,0	0,0	0,0
<b>Total</b>	<b>593,8</b>	<b>129,0</b>	<b>-12,6</b>	<b>-33,5</b>	<b>77,6</b>	<b>105,9</b>	<b>297,1</b>	<b>385,5</b>	<b>855,2</b>	<b>449,9</b>

The table below presents the Marine Farms Group's revenue distributed between the Group's main geographical markets

**Geographical segments – by location of revenue generating legal entities**

Operating revenue	4Q 2007		4Q 2006		YTD 2007		31.12.2006	
	NOKm	Share	NOKm	NOKm	Share	Share	NOKm	Share
UK	124,0	61 %	91,7	59 %	453,9	62 %	347,2	58 %
Spain	79,2	39 %	65,6	42 %	279,5	38 %	246,8	42 %
Norway	0,8	0 %	0,8	1 %	3,9	1 %	2,5	0 %
Other/Elimination	0,6	0 %	-3,5	-2 %	-1,9	0 %	-2,7	0 %
<b>Total rev. cont. oper.</b>	<b>204,6</b>	<b>100 %</b>	<b>154,6</b>	<b>100 %</b>	<b>735,4</b>	<b>100 %</b>	<b>593,8</b>	<b>100 %</b>

## NOTE 6: EQUITY BASED REMUNERATION (SYNTHETIC OPTIONS)

In 2005, the company started a bonus scheme for key employees based on the development of the share price in the parent company. The scheme started July 2005 and expired 31.12.07, with a total period of 30 month. Key employees would receive a cash bonus if the weighted average market price of share was higher than NOK 4 per share in 4<sup>th</sup> quarter of 2007. Bonus calculation was based on "synthetic" shares given to each key employee. Total number of synthetic shares initially amounted to 1.225 million shares. However, as per 31.12.2007 the number had been reduced to 1.075.000, as one key employee has left the company.

The value of the bonus scheme ended at NOK 29.5 mill for the Group including social security tax. This calculation is based on a market price of NOK 28.79 per share, which was the weighted average share price during the period 30.09.2007-31.12.2007. As of 30.09.07, provision in the amount of NOK 31.0 mill had been taken in the consolidated accounts including social security tax. For 4<sup>th</sup> quarter 2007, NOK -1.5 mill of this provision was therefore reversed. All in all, the bonus scheme has costed NOK 32.5 mill (NOK 21.2 mill in 2007).

## NOTE 7: ASSETS HELD FOR SALE

In May 2007, the Board of Directors made a decision to put its 51% ownership in Machrihanish Marine Farms Ltd (the cod hatchery in Scotland) up for sale. As a consequence, Machrihanish Marine Farms Ltd is now held as assets for sale in the accounts pr 31.12.2007. Historic results in this report have been adjusted accordingly. Based on conservative estimates, the market value of the shares in Machrihanish Marine Farms Ltd was set to be NOK 3.3 mill higher than the accumulated losses related to the investment pr 30.06.2007, i.e. this was reported as profit from assets held for sale in the 2<sup>nd</sup> quarter 2007 accounts.

## NOTE 8: EARNING PR SHARE

Earnings per share are calculated by dividing the majority's share of net profit after tax for the period by the average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by dividing the majority's share of net profit after tax for the period by the average number of ordinary shares outstanding during the period, adjusted for outstanding options and other convertible instruments that have potential dilution effects.

In a General meeting in Marine Farms ASA, held on 6<sup>th</sup> September 2006 it was decided to merge two shares into one share in Marine Farms ASA, i.e. the face value per share is increased from NOK 1 to NOK 2 (two old shares is equal to one new share).

<i>Figures in NOK 1 000</i>	<b>4Q 2007</b>	<b>4Q 2006</b>	<b>Yr 2007</b>	<b>Yr 2006</b>
Majority's share of net profit	541	3 525	27 766	77 532
Number of outstanding ordinary shares end of period ('000)	36 619	33 319	36 619	33 319
Average number of outstanding shares ('000)	36 619	33 263	36 344	28 918
Earnings per share	0.01	0.11	0.76	2.68
Earnings per share (diluted)	0.01	0.11	0.76	2.68