

# Consolidated Report

3<sup>rd</sup> Quarter 2006



**MARINE FARMS ASA**

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## HIGHLIGHTS / DIRECTORS COMMENT'S

### Marine Farms ASA Third Quarter 2006 (IFRS)

In the 3<sup>rd</sup> quarter Marine Farms achieved total sales in the amount of NOK 178.0, a 63% increase compared to the same period last year. Per end of September 2006 revenue was up 52% compared to 2005. In the 3<sup>rd</sup> quarter EBIT before fair value adjustment biomass ended at NOK 36.4 mill, compared to NOK 11.1 mill last year. EBIT before fair value adjustment biomass per end of September 2006 amounted to NOK 77.9 mill, which is a new record for the group. The operating profit per end of September includes NOK -5 mill in provisions and net extraordinary items.

Consolidated <b>Marine Farms ASA</b>	<i>figures in NOK 1.000</i>	3 <sup>rd</sup> Q 06	3 <sup>rd</sup> Q 05	YTD 2006	YTD 2005	Yr 2005
Operating revenue		178.029	108.922	465.237	305.326	421.066
EBITDA before fair value adjustment biomass		45.379	18.068	105.392	56.722	80.810
EBIT before fair value adjustment biomass		36.393	11.065	77.875	34.624	50.629
EBIT		56.151	17.457	110.889	46.944	63.099
Result before tax		56.343	13.702	105.991	38.325	50.397
Tax		-15.550	-5.040	-35.998	-12.332	-4.251
Result after tax		40.794	8.662	69.994	25.993	46.146
<i>Net interest-bearing debt</i>				<i>210.000</i>	<i>269.500</i>	<i>218.500</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 (see [www.marinefarms.no](http://www.marinefarms.no)).

### Operations

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 (Florida and Belize) and in Vietnam, as well as a cod hatchery in the U.K. The Group had a turnover of approximately NOK 421 mill in 2005 and had 355 employees per 30.09.2006.

#### 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 egg through fry, parr, smolt and fully grown salmon to the sale of gutted and filleted salmon.

In 2005, Lakeland harvested and sold 7,674 tonnes gwt salmon. During the same time period, Lakeland produced approximately 7 million smolts, which is close to its full capacity. Approximately 35% of the smolt was used internally and the remaining 65% was sold to external customers.

Lakeland was one of the most profitable salmon producers in the UK in 2005, with an EBIT/kg gwt sold fish of NOK 5.9. In the 3<sup>rd</sup> quarter of 2006, Lakeland generated some NOK 11.7/kg gwt sold fish, an

improvement of some NOK 5.2 compared to the same period in 2005. Accumulated so far in 2006, Lakeland has generated some NOK 10/kg gwt sold, an improvement of almost NOK 5 compared to 2005.

*Historic development*

<i>GBP mill</i>	2000	2001	2002	2003	2004	2005	3.Q 2005	3.Q 2006	YTD 2005	YTD 2006
Sale of salmon gwt (tonnes)	2 663	3 331	5 270	7 009	7 742	7 674	1 827	1 854	6 179	7 359
Revenue Lakeland Group	8,3	9,9	12,9	14,6	16,3	19,8	4,8	7,0	15,2	21,4
EBIT before fair value adjustment (1)	0,8	0,6	0,4	(2,1)	0,7	3,9	1,0	1,8	2,8	6,2
<b>EBIT/kg gwt sold fish (GBP)</b>	<b>0,30</b>	<b>0,19</b>	<b>0,08</b>	<b>-0,30</b>	<b>0,09</b>	<b>0,51</b>	<b>0,55</b>	<b>0,99</b>	<b>0,46</b>	<b>0,85</b>

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

Lakeland will sell about 9,200 tonnes gwt salmon in 2006, of which about 1,900 tonnes is planned to be sold in 4<sup>th</sup> quarter. Production capacity is approximately 9,500 tonnes gwt salmon.

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 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 last stage of the production process before the fish is ready for the market.

In 2005, Culmarex harvested and sold approximately 2,800 tonnes and sold (including sales for third parties) approximately 3,200 tonnes of seabass and seabream. At the same time, Culmarex produced approximately 12.3 million juveniles from selected brood stocks at ABSA, a wholly owned hatchery with an estimated annual production capacity of approximately 15 million juveniles.

The Culmarex group was one of the largest and most profitable seabass/seabream producers in Spain in 2005, with an EBIT/kg sold fish of approximately NOK 11.2. In the 3<sup>rd</sup> quarter of 2006, Culmarex obtained an EBIT per kg sold fish of approximately NOK 13.9, an improvement of NOK 4.8 compared to the same period in 2005. Accumulated so far in 2006, Culmarex has generated some NOK 11.2/kg sold fish, an improvement of almost NOK 2.5 compared to 2005.

*Historic development*

<i>EUR mill</i>	2000	2001	2002	2003	2004	2005	3.Q 2005	3.Q 2006 *	YTD 2005	YTD 2006 *
Sale of seabass/seabream (tonnes)	962	1 089	1 400	1 853	1 583	2 172	765	1 240	1 384	3 073
Revenue - Culmarex Group	7,2	7,8	11,2	18,4	21,3	22,5	6,7	10,8	15,4	25,5
EBIT before fair value adj (1)	1,7	2,0	0,7	1,5	1,7	3,1	0,9	2,1	1,5	4,3
<b>EBIT/kg sold fish (EUR)</b>	<b>1,80</b>	<b>1,82</b>	<b>0,50</b>	<b>0,81</b>	<b>1,05</b>	<b>1,42</b>	<b>1,12</b>	<b>1,72</b>	<b>1,08</b>	<b>1,39</b>

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

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

Culmarex will sell about 4,100 tonnes seabass and seabream in 2006, of which about 1.000 tonnes will be sold in the 4th quarter. Production capacity including subsidiaries is approximately 6,000 tonnes.

#### Cobia (Belize and Vietnam)

Cobia is a white meat fish that lives in tropical waters (20C°-30C°). It grows from 1 gram to 5-6 kg in less than one year and the fillets are popular in sushi and other dishes. Cobia is a relatively unknown species in the fish farming industry.

Marine Farms have operated a 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). Cobia juveniles has been put into sea both in Belize and in Vietnam and the fish is growing according to plan. Production capacity is estimated to be about 8,000 tonnes.

#### Cod (Scotland)

Marine Farms owns 51% of Machrihanish Marine Farms Ltd. Sterling University owns the remaining 49%. The cod hatchery in Scotland has an annual production capacity of approximately 3 mill juveniles. All production for 2006 is already sold.

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

Total assets per 30.09.06 amounted to NOK 864 mill, which is NOK 234 mill higher than per 30.09.2005. Biomass amounted to NOK 349 mill, an increase of NOK 95 mill compared to the same period last year. Net interest-bearing debt per 30.09.2006 amounted to NOK 210 mill, a decrease of NOK 8 mill compared to year end 2005. With effect from 4<sup>th</sup> quarter 2006, the group has negotiated substantially better margins for its borrowings in the UK and in Norway.

The liquidity situation is good. As per 20.11.2006 the group had NOK 120 mill in free cash and available credit facilities. Together with a good cash flow, the group should have enough free liquidity to finance its planned organic growth over the next few years.

Equity per 30.09.2006 was NOK 379 mill (43.9% equity ratio), compared to NOK 204 mill (34.5%) at year end 2005. Total number of shares per 30.09.2006 was 32.318.628.

On the 9<sup>th</sup> of October 2006 Marine Farms ASA completed the Offering of 2,000,000 shares as set forth in the prospectus dated 25<sup>th</sup> of September 2006. A total of 1,430 investors were allocated shares in the offering, which increased the number of shareholders in Marine Farms from approximately 200 to approximately 1,630, far exceeding Marine Farms' expectations. Total number of shares after this is 33.318.628.

On the 12<sup>th</sup> of October 2006 Marine Farms ASA was listed on the Oslo Stock Exchange, trading under the "MAFA" ticker.

### **Going forward**

Over the last few years the Company has focused on (i) building more efficient, fully-integrated fish farming clusters in the UK and in Spain and (ii) establish a sensible financial platform with a solid equity base in proportion to the Company's income model, growth and investment plans.

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 and to a lesser extent cod. Marine Farms has a clearly defined strategy to invest in regions/segments where it may become one of the top 25% 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.

The Company's geographical diversification and the diversity of species, plus having most of its production inside the EU, makes Marine Farms less susceptible to political risk and cyclic fluctuations. Over the past few years, the company has acquired new businesses both in the UK and in Spain. The focus on bigger and more efficient business units will continue. The Company is well positioned for further growth.

Bergen, 20<sup>th</sup> of November 2006

The Board of Directors  
Marine Farms ASA

**MARINE FARMS GROUP CONSOLIDATED**

**Income statement**

<b>Figures in NOK 1 000</b>	<b>3 Q 2006 IFRS</b>	<b>3 Q 2005 IFRS</b>	<b>YTD 2006 IFRS</b>	<b>YTD 2005 IFRS</b>	<b>2005 IFRS</b>
Sales revenues	178 029	108 922	465 237	305 326	421 066
<b>Total operating revenues</b>	<b>178 029</b>	<b>108 922</b>	<b>465 237</b>	<b>305 326</b>	<b>421 066</b>
Change in inventory (cost of production )	18 709	14 801	8 408	13 706	-5 372
Cost of materials	-86 841	-57 323	-200 670	-135 404	-174 058
Salaries and personal expenses	-23 550	-18 326	-64 473	-50 903	-70 177
Other operating expenses	-40 969	-30 005	-103 111	-76 002	-90 649
<b>EBITDA before fair value adj. on biomass</b>	<b>45 379</b>	<b>18 068</b>	<b>105 392</b>	<b>56 722</b>	<b>80 810</b>
Depreciations	-8 986	-7 003	-27 517	-22 098	-30 181
<b>EBIT before fair value adj. on biomass</b>	<b>36 393</b>	<b>11 065</b>	<b>77 875</b>	<b>34 624</b>	<b>50 629</b>
Fair value adjustment on biomass (IAS 41)	<b>19 758</b>	<b>6 392</b>	<b>33 014</b>	<b>12 320</b>	<b>12 470</b>
<b>OPERATING PROFIT (EBIT)</b>	<b>56 151</b>	<b>17 457</b>	<b>110 889</b>	<b>46 944</b>	<b>63 099</b>
Income from associates	- 1 698	105	93	644	195
Write down on financial assets	0	0	0	0	0
Finance revenue	551	542	1 162	1 054	1 151
Interest costs	-3 580	-4 710	-8 966	-10 625	-14 048
Other finance costs	4 920	308	2 814	308	0
<b>Profit before tax</b>	<b>56 343</b>	<b>13 702</b>	<b>105 991</b>	<b>38 325</b>	<b>50 397</b>
Taxes	-15 550	-5 040	-35 998	-12 332	-4 251
<b>Net profit from continued operations</b>	<b>40 794</b>	<b>8 662</b>	<b>69 994</b>	<b>25 993</b>	<b>46 146</b>
Net profit/(-) loss from discontinued operations	0	-1 071	0	-6 683	-625
<b>Net profit (loss)</b>	<b>40 794</b>	<b>7 591</b>	<b>69 994</b>	<b>19 310</b>	<b>45 521</b>
Majority interest	42 118	7 697	72 333	22 452	47 922
Minority interest	- 1 324	-106	-2 340	-3 142	-2 401
<i>Earnings per share</i>	<i>1,46</i>	<i>0,36</i>	<i>2,51</i>	<i>1,08</i>	<i>2,08</i>
<i>Diluted earnings per share</i>	<i>1,46</i>	<i>0,36</i>	<i>2,51</i>	<i>1,08</i>	<i>2,08</i>

## Balance sheet

Figures in NOK 1 000	30.09.06	30.09.05	2005
<b>ASSETS</b>			
Licences	42 494	33 105	30 878
Goodwill	31 778	17 042	18 188
<b>Total intangible assets</b>	<b>74 272</b>	<b>50 147</b>	<b>49 066</b>
<b>Total tangible assets</b>	<b>211 524</b>	<b>165 994</b>	<b>172 841</b>
<b>Total financial assets</b>	<b>1 700</b>	<b>10 272</b>	<b>11 832</b>
<b>Total non-current assets</b>	<b>287 495</b>	<b>226 413</b>	<b>233 739</b>
<b>Non-current assets discontinued operations</b>	<b>0</b>	<b>27 477</b>	<b>0</b>
Biomass	348 580	253 129	243 873
Other inventories	10 318	9 530	10 112
<b>Total inventories</b>	<b>358 898</b>	<b>262 659</b>	<b>253 985</b>
Total receivables	146 017	107 991	81 729
Cash and cash equivalents	71 425	5 116	23 114
<b>Total current assets</b>	<b>576 339</b>	<b>375 766</b>	<b>358 828</b>
<b>TOTAL ASSETS</b>	<b>863 835</b>	<b>629 656</b>	<b>592 567</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Total equity</b>	<b>379 290</b>	<b>128 309</b>	<b>204 359</b>
Liabilities to financial institutions	191 586	193 125	153 568
Other non-current liabilities	82 943	49 503	35 937
<b>Total non-current liabilities</b>	<b>274 530</b>	<b>242 628</b>	<b>189 505</b>
<b>Non-current liabilities discontinued operations</b>	<b>0</b>	<b>10 847</b>	<b>0</b>
Liabilities to financial institutions	89 676	81 531	88 128
Other current liabilities	120 339	166 341	110 575
<b>Total current liabilities</b>	<b>210 015</b>	<b>247 872</b>	<b>198 703</b>
<b>Total liabilities</b>	<b>484 544</b>	<b>501 347</b>	<b>388 208</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>863 835</b>	<b>629 656</b>	<b>592 567</b>

## Key figures

<b>Figures in NOK 1 000</b>	<b>3 Q 2006</b>	<b>3 Q 2005</b>	<b>YTD 2006</b>	<b>YTD 2005</b>	<b>2005</b>
	<b>IFRS</b>	<b>IFRS</b>	<b>IFRS</b>	<b>IFRS</b>	<b>IFRS</b>
EBITDA before fair value adjustment	45 379	18 068	105 392	56 722	80 810
EBITDA after fair value adjustment	65 137	24 460	138 406	69 042	93 280
EBIT	56 151	17 457	110 889	46 944	63 099
EBITDA margin before fair value adjustment	25 %	16 %	23 %	19 %	19 %
EBITDA margin after fair value adjustment	37 %	22 %	30 %	23 %	22 %
Operating margin (EBIT)	32 %	16 %	24 %	15 %	15 %
Earnings per share	1,57	0,36	2,69	1,08	2,08
Diluted earnings per share	1,57	0,36	2,69	1,08	2,08
Equity ratio	44 %	20 %	44 %	20 %	34 %
Net interest bearing debt	209 838	269 540	209 838	269 540	218 582

## Consolidated statements of cash flow

<b>Figures in NOK 1 000</b>	<b>3 Q</b>	<b>3 Q</b>	<b>YTD</b>	<b>YTD</b>	<b>2005</b>
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	
Net profit before income taxes	56 344	20 086	105 991	38 326	50 395
Fair value adjustment on biomass	-19 758	-6 392	-33 014	-12 320	-13 627
Tax paid	11 805		11 805	0	-1 244
Deprec. and amortisation, including gain and loss on disposal	8 986	4 422	27 517	22 098	30 180
Interest paid	3 215	2 502	7 990	9 263	13 265
Income from associates and other investments	1 698	-2 332	-93	-644	-550
Change in inventories, trade receivables and trade acc. payable	-69 680	-38 957	-90 205	-30 168	-47 545
Change in other accruals	-56 843	10 300	-45 541	-14 375	-2 626
<b>Net cash flow from operating activities</b>	<b>-64 232</b>	<b>-10 369</b>	<b>-15 550</b>	<b>12 179</b>	<b>28 249</b>
Sales of fixed assets					21 902
Investments in fixed assets	-44 512	-4210	-66 199	-8 963	-33 818
Net purchase and proceeds from other investments		-1 807	0	-3 018	-289
<b>Net cash flow from investing activities</b>	<b>-44 512</b>	<b>-6 017</b>	<b>-66 199</b>	<b>-11 955</b>	<b>-12 205</b>
Net down payment/proceeds of interest-bearing debt	39 565	3 952	39 565	4 503	-39 304
Interest paid	-3 215	-2 502	-7 990	-9 263	-13 265
Issuance of share capital (share issue and sale of own shares)	95 337		95 337	0	48 048
<b>Net cash flow from financing activities</b>	<b>131 687</b>	<b>1 449</b>	<b>126 912</b>	<b>-4 760</b>	<b>-4 522</b>
Net foreign exchange difference	4 843	1 001	3 148	-862	1 078
<b>Net change in cash and cash equivalents</b>	<b>27 786</b>	<b>13 935</b>	<b>48 311</b>	<b>-5 398</b>	<b>12 600</b>
Cash and cash equivalents at beginning of period	43 639	-19 051	23 114	10 514	10 514
Net change in cash and cash equivalents	27 786	-13 935	48 311	-5 398	12 600
<b>Cash and cash equivalents at end of period</b>	<b>71 425</b>	<b>5 116</b>	<b>71 425</b>	<b>5 116</b>	<b>23 115</b>

## Equity statement

	30.09.2006	30.09.2005	31.12.2005
<b>Equity 01.01.</b>	<b>204 359</b>	<b>112 699</b>	<b>112 699</b>
Profit/Loss for the period	69 994	19 310	45 521
Share issue, net after expenses	95 337	0	48 048
Purchase of own shares	-3 329		-24
Dividend	-243		
Effect of business combinations achieved in stages	8 371		
Foreign currency translation differences	4 801	-3 701	-1 885
<b>Total equity at the end of period</b>	<b>379 290</b>	<b>128 309</b>	<b>204 359</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 3<sup>rd</sup> quarter 2006 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.

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 based on IFRS.

### NOTE 3: 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 subsidiaries Sjølaks AS and Laksefjord Marine Farms AS and the associated company Grieg Marine Farms AS (50%) was sold in 2005. No discontinued operations in 2006.

The following tables present revenue and profit and certain asset and liability information regarding the Group's business segments.

**3Q 2006**

Figures in NOK mill	Revenue	Operating profit	Net financial items	Income taxes	Net profit (loss)	Investments	Non-current assets	Investories	Total assets	Total liabilities
Salmon UK	84,2	23,1	-6,2	-3,9	13,1	8,6				
Seabass/bream Spain	87,2	33,5	-1,9	-12,4	19,2	24,1				
Other i.e. Cobia, Cod + MFt Ltd	7,0	3,3	-0,1	0,6	3,8	8,4				
Mother Company Norway	1,2	-3,6	7,0	0,0	3,4	0,1				
Eliminations/group adjustments	-0,6	0,0	1,4	0,0	1,4	0,0				
<b>Total continued operations</b>	<b>178,0</b>	<b>56,2</b>	<b>0,2</b>	<b>-15,6</b>	<b>40,8</b>	<b>41,1</b>				
<b>Discontinued operations</b>	<b>0,0</b>				<b>0,0</b>					
<b>Total</b>	<b>178,0</b>	<b>56,2</b>	<b>0,2</b>	<b>-15,6</b>	<b>40,8</b>	<b>41,1</b>				

**Acc. 30.09. 2006**

Figures in NOK mill	Revenue	Operating profit	Net financial items	Income taxes	Net profit (loss)	Investments	Non-current assets	Investories	Total assets	Total liabilities
Salmon UK	253,3	69,4	-10,8	-16,1	42,6	22,8	131,8	150,0	377,8	288,3
Seabass/bream Spain	203,5	51,8	-1,5	-20,6	29,7	31,6	127,6	202,2	401,2	228,3
Other i.e. Cobia, Cod + MFt Ltd	9,6	-0,3	-0,3	0,6	0,0	10,4	29,5	6,4	42,0	41,0
Mother Company Norway	3,1	-9,9	6,3	0,0	-3,6	0,1	164,9	0,3	222,9	41,1
Eliminations/group adjustments	-3,3		1,4		1,4	0,0	-166,3	0,0	-180,3	-324,1
<b>Total continued operations</b>	<b>465,2</b>	<b>111,0</b>	<b>-4,9</b>	<b>-36,0</b>	<b>70,0</b>	<b>64,8</b>	<b>287,5</b>	<b>358,9</b>	<b>863,6</b>	<b>274,6</b>
<b>Discontinued operations</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>				
<b>Total</b>	<b>465,2</b>	<b>111,0</b>	<b>-4,9</b>	<b>-36,0</b>	<b>70,0</b>	<b>64,8</b>	<b>287,5</b>	<b>358,9</b>	<b>863,6</b>	<b>274,6</b>

**3Q 2005**

Figures in NOK mill	Revenue	Operating profit	Net financial items	Income taxes	Net profit (loss)	Investments	Non-current assets	Investories	Total assets	Total liabilities
Salmon UK	55,1	10,7	-2,8	-2,0	5,9	0,5				
Seabass/bream Spain	52,4	9,4	-0,7	-3,1	5,6	3,8				
Other i.e. Cobia, Cod + MFt Ltd	0,5	-0,7	0,0	0,0	-0,8	1,0				
Mother Company Norway	0,5	-2,9	-0,2	0,0	-3,2	0,0				
Eliminations/group adjustments	0,4	1,1	0,0	0,0	1,1	0,0				
<b>Total continued operations</b>	<b>108,9</b>	<b>17,5</b>	<b>-3,7</b>	<b>-5,0</b>	<b>8,7</b>	<b>5,3</b>				
<b>Discontinued operations</b>	<b>10</b>	<b>1,9</b>	<b>-2,5</b>	<b>-0,5</b>	<b>-1,1</b>	<b>0,0</b>				
<b>Total</b>	<b>118,9</b>	<b>19,4</b>	<b>-6,2</b>	<b>-5,5</b>	<b>7,6</b>	<b>5,3</b>				

**Acc. 30.09.2005**

Figures in NOK mill	Revenue	Operating profit	Net financial items	Income taxes	Net profit (loss)	Investments	Non-current assets	Inventories	Total assets	Total liabilities
Salmon UK	179,0	39,1	-6,7	-8,5	23,9	1,1	109,9	127,1	275,6	248,5
Seabass/bream Spain	121,8	17,4	-2,0	-3,9	11,5	8,9	92,3	113,1	270,3	175,8
Other i.e. Cobia, Cod + MFt Ltd	6,0	-4,1	-0,1	0,0	-4,3	6,0	22,9	1,2	28,8	32,8
Mother Company Norway	1,7	-6,4	0,2	0,0	-6,3	0,0	115,2	0,0	116,6	55,6
Eliminations/group adjustments	-3,2	1,1	0,0		1,1	0,0	-131,9		-119,2	-40,9
<b>Total continued operations</b>	<b>305,3</b>	<b>47,0</b>	<b>-8,6</b>	<b>-12,3</b>	<b>26,0</b>	<b>16,0</b>	<b>208,4</b>	<b>241,4</b>	<b>572,0</b>	<b>471,8</b>
<b>Discontinued operations</b>	<b>29,9</b>	<b>-0,9</b>	<b>-6,1</b>	<b>0,3</b>	<b>-6,7</b>	<b>0,0</b>	<b>27,5</b>	<b>21,3</b>	<b>57,5</b>	<b>29,5</b>
<b>Total</b>	<b>335,2</b>	<b>46,1</b>	<b>-14,7</b>	<b>-12,0</b>	<b>19,3</b>	<b>16,0</b>	<b>235,9</b>	<b>262,7</b>	<b>629,7</b>	<b>501,4</b>

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

**Geographical segments - revenue based on location of the customers**

	30.09.2006		30.09.2005		30.06.2006		30.06.2005		3Q 2006		3 Q 2005	
Operating revenue	NOKm	Share	NOKm	Share	NOKm	Share	NOKm	Share	NOKm	Share	NOKm	Share
UK	258,9	56 %	180,6	59 %	171,7	60 %	129,4	66 %	87,2	49 %	51,2	47 %
Spain	203,5	44 %	121,8	40 %	116,3	40 %	69,4	35 %	87,2	49 %	52,4	48 %
Norway	3,1	1 %	1,7	1 %	1,7	1 %	1,2	1 %	1,4	1 %	0,5	0 %
Other/Elimination	0,7	0 %	1,2	0 %	-2,5	-1 %	-3,6	-2 %	3,2	2 %	4,8	4 %
<b>Total rev. cont. oper.</b>	<b>465,2</b>	<b>100 %</b>	<b>305,3</b>	<b>100 %</b>	<b>287,2</b>	<b>100 %</b>	<b>196,4</b>	<b>100 %</b>	<b>179,0</b>	<b>100 %</b>	<b>108,9</b>	<b>100 %</b>
Discontinued	0,0		29,9				19,9		0,0		10,0	
<b>Total operating revenue</b>	<b>465,2</b>		<b>335,2</b>		<b>287,2</b>		<b>216,3</b>		<b>179,0</b>		<b>118,9</b>	

**NOTE 4: EQUITY BASED REMUNERATION (OPTIONS)**

The company started a new bonus scheme for key employees based on the development of the share price in the parent company. The scheme started July 2005 and expire 31.12.07, with a total period of 30 month. Key employees still employed by the company will receive a cash bonus if the market price for the share is higher than NOK 4 per share. Bonus calculation is based on "synthetic" shares given to each key employee. Total number of synthetic shares amount to 1.225 million shares. Per 30.09.2006 estimated accumulated value of the bonus scheme is NOK 14.2 mill for the Group including social security tax. This calculation is based on a market price of NOK 14 per share, which is the same price that the company obtained in the share issue in October 2006. The total value of NOK 14.2 mill has, in accordance with IFRS, to be taken to the income statement over the period until 31.12.07. As of 30.09.06, there has been taken total provision in the amount of NOK 7.1 mill in the consolidated accounts including social security tax, of which NOK 5.1 mill has been taken in 2006.

**NOTE 5: BIOLOGICAL ASSETS**

According to IAS 41, the main principle is for living fish to be measured at fair value. Marine Farms has, together with several of the largest companies in the industry, taken an initiative to reach a common understanding of the standard. The agreed-on principle is that fish which is harvestable shall be measured at fair value, whereas fish which is not harvestable is to be measured following the lower of cost valuation rule. The Industry explains this practice by

stating that it is not possible to provide reliable estimates of fair value for fish which is not harvestable within the setting of the standard due to biological uncertainties, large price fluctuations for harvestable fish, regulatory uncertainties in many countries and long production time. Marine Farms has, based on the industry principle, defined the following fish to be measured at fair value:

- Salmon above 4 kilo
- Seabass and seabream above 350 g

### Total biomass in sea

Tonnes	30.09.2006	31.12.2005	30.09.2005	31.12.2004
<b>Biological assets at cost, of which *</b>	<b>5 160</b>	<b>6 318</b>	<b>5 403</b>	<b>7 777</b>
- Salmon; Fish under 4 kg	3 799	4 833	4 735	5 968
- Seabass/Seabream; Fish under 350 g	1 348	955	668	1 309
<b>Biological assets at fair value, of which</b>	<b>5 292</b>	<b>3 854</b>	<b>3 922</b>	<b>1 902</b>
- Salmon; Fish above 4 kg	2 106	1 835	1 504	1 065
- Seabass/Seabream; Fish above 350 g	3 186	2 019	2 418	837
<b>Total</b>	<b>10 451</b>	<b>10 172</b>	<b>9 325</b>	<b>9 679</b>

\* Other species are included in total

### Value fish in sea

Amount in NOK 1000	30.09.2006	31.12.2005	30.09.2005	31.12.2004
<b>Biological assets at cost, of which *</b>	<b>148 687</b>	<b>133 287</b>	<b>139 393</b>	<b>156 477</b>
- Salmon; Fish under 4 kg	79 248	98 052	84 602	127 291
- Seabass/Seabream; Fish under 350 g	41 971	34 060	21 185	28 440
<b>Biological assets at fair value, of which</b>	<b>199 893</b>	<b>110 586</b>	<b>113 736</b>	<b>73 387</b>
- Salmon; Fish above 4 kg	46 602	34 665	30 102	12 428
- Seabass/Seabream; Fish above 350 g	153 291	75 921	83 634	60 960
<b>Total</b>	<b>348 580</b>	<b>243 873</b>	<b>253 129</b>	<b>229 865</b>

\* Other species are included in total

### Specification of fair value

Amount in NOK 1000	30.09.2006	31.12.2005	30.09.2005	31.12.2004
<b>Specification of fair value</b>				
- Salmon; Fish above 4 kg				
Cost Price	32 585	24 458	21 123	11 855
<b>Fair value adj.</b>	<b>14 017</b>	<b>10 207</b>	<b>8 979</b>	<b>573</b>
Fair value	46 602	34 665	30 102	12 428
	<b>46 602</b>	<b>34 665</b>	<b>30 102</b>	<b>12 428</b>
- Seabass/Seabream; Fish above 350 g				
Cost Price	88 965	54 550	64 453	43 804
<b>Fair value adj.</b>	<b>64 326</b>	<b>21 372</b>	<b>19 181</b>	<b>17 155</b>
Fair value	153 291	75 921	83 634	60 960
	<b>153 291</b>	<b>75 921</b>	<b>83 634</b>	<b>60 960</b>
<b>Total</b>	<b>199 893</b>	<b>110 586</b>	<b>113 736</b>	<b>73 387</b>

### Change in fair value adjustment

Amount in NOK 1000	3q 2006	3q 2005	Pr 30.06.06	Pr 30.06.05	YTD 2006	YTD 2005
Change in fair value adjustment						
- Salmon; Fish above 4 kg	3 005	12 390	- 1154	-4 518	1 851	8 125
- Seabass/Seabream; Fish above 350 g	16 753	-5 998	14 410	10 193	31 163	4 195
<b>Total</b>	<b>19 758</b>	<b>6 392</b>	<b>13 256</b>	<b>5 675</b>	<b>33 014</b>	<b>12 320</b>

### Instructions from Kredittilsynet (the Banking, Financial and Insurance Registry)

Kredittilsynet has informed the Industry that they have to change its accounting principles for measuring biomass. The industry has appealed against Kredittilsynet's resolution which has been given postponed effect until the Ministry of Finance has concluded on the matter.

Kredittilsynet is of the opinion that also smaller fish (i.e. fish weighing less than 4 kg for salmon) should be measured based on reported sales prices for harvested fish of the equivalent size. Harvested small fish is primarily fish from harvestable stocks that has not grown as expected, and the sales price for this fish does not reflect the value of living fish of the same size that continues to grow until harvestable. More information regarding this matter is included in the Annual report 2005 including IFRS financial statements.

### NOTE 6: EVENTS AFTER THE BALANCE SHEET DATE

On the 9<sup>th</sup> of October 2006 Marine Farms ASA completed the Offering of 2,000,000 shares as set forth in the prospectus dated 25<sup>th</sup> of September 2006. A total of 1,430 investors were allocated shares in the offering, which increased the number of shareholders in Marine Farms from approximately 200 to approximately 1,630, far exceeding Marine Farms' expectations. Total number of shares after this is 33.318.628.

On the 12<sup>th</sup> of October 2006 Marine Farms ASA was listed on the Oslo Stock Exchange, trading under the "MAFA" ticker.

## NOTE 7: 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>2 Q 2006</b>	<b>2 Q 2005</b>	<b>YTD2006</b>	<b>YTD2005</b>	<b>2005</b>
Majority's share of net profit	42 118	7 697	72 333	22 245	47 922
Number of outstanding ordinary shares as of 30.6	32 319	20 858	32 319	20 858	25 408
Average number of outstanding shares	28 863	20 858	28 863	20 858	23 133
Earnings per share	1,46	0,37	2,51	1,08	2,08
Earnings per share (diluted)	1,46	0,37	2,51	1,08	2,08

<i>Figures in NOK 1 000</i>	<b>2 Q 2006</b>	<b>2 Q 2005</b>	<b>YTD2006</b>	<b>YTD2005</b>	<b>2005</b>
Earnings from continued operations	40 794	8 662	69 994	25 993	48 547
Earnings from continued operations per share	1,41	0,42	2,43	1,25	0,42
Earnings from cont. operat. per share (diluted)	1,41	0,42	2,43	1,25	0,42

<i>Figures in NOK 1 000</i>	<b>2 Q 2006</b>	<b>2 Q 2005</b>	<b>YTD2006</b>	<b>YTD2005</b>	<b>2005</b>
Earnings from discontinued operations	0	-1 071	0	-6 683	-625
Earnings from discontinued operations per share		-0,05		-0,32	-0,02
Earnings from discont. operat. per share (diluted)		-0,05		-0,32	-0,02