

# Fourth Quarter Report 2006

with preliminary annual results



**MARINE FARMS ASA**

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## HIGHLIGHTS / DIRECTORS COMMENT'S

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

In the 4<sup>th</sup> quarter Marine Farms achieved total sales in the amount of NOK 155.0 mill, a 34% increase compared to the same period last year. For the year 2006 revenue was up 42% compared to 2005. In the 4<sup>th</sup> quarter EBIT before fair value adjustment biomass ended at NOK 16.3 mill, compared to NOK 16.0 mill last year. EBIT before fair value adjustment biomass for the year 2006 amounted to NOK 94.2 mill, which is the best year ever for the group. The operating profit for 2006 includes NOK -13 mill in provisions and net extraordinary items.

Consolidated <b>Marine Farms ASA</b>	<i>figures in NOK 1.000</i>	4 <sup>th</sup> Q 06	4 <sup>th</sup> Q 05	Yr 2006	Yr 2005
Operating revenue		154.993	115.740	599.015	421.066
EBITDA before fair value adjustment biomass		23.631	24.087	129.022	80.810
EBIT before fair value adjustment biomass		16.347	16.004	94.221	50.629
EBIT		14.560	19.091	124.126	68.904
Result before tax		6.487	15.008	111.156	56.202
Tax		2.122	7.200	-33.478	-5.992
Result after tax		8.609	22.208	77.678	50.210
<i>Net interest-bearing debt</i>				227.000	218.500

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 specie 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 600 mill in 2006 and had 361 employees per 31.12.2006.

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

In 2006, Lakeland harvested and sold 9,264 tonnes gwt salmon. During the same time period, Lakeland produced approximately 6 million smolts. Approximately 40% of the smolt was used internally and the remaining 60% was sold to external customers. Lakeland has increased its smolt capacity during 2006 from approximately 7 mill smolt to approximately 7.5 million smolt. More or less all smolt production for 2007 is sold at higher prices than in 2006.

Lakeland was one of the most profitable salmon producers in the UK in 2006, with an EBIT/kg gwt sold fish of NOK 9.9. In the 4<sup>th</sup> quarter of 2006, Lakeland generated some NOK 7.9/kg gwt sold fish, which was NOK 0.2 less than the year before. Production costs for salmon increased during 2006, mainly due to higher feed prices.

*Historic development*

<i>NOK mill</i>	2003	2004	2005	2006*	4.Q 2005	1.Q 2006*	2.Q 2006*	3.Q 2006*	4.Q 2006*
Sale of own salmon (gwt tonnes)	7 009	7 742	7 674	9 264	1 495	2 353	3 152	1 854	1 905
Sale of 3rd party salmon (gwt tonnes)	-	-	-	872	-	158	33	320	361
Total sale of salmon (gwt tonnes)	7 009	7 742	7 674	10 136	1 495	2 511	3 185	2 174	2 266
Revenue Lakeland Group	174,1	195,6	231,6	388,7	53,9	88,6	119,7	100,5	79,9
EBIT before fair value adjustment (1)	(25,4)	8,5	45,4	91,9	12,2	18,6	36,4	21,8	15,1
<b>EBIT/kg gwt own fish sold (NOK)</b>	<b>-3,6</b>	<b>1,1</b>	<b>5,9</b>	<b>9,9</b>	<b>8,1</b>	<b>7,9</b>	<b>11,5</b>	<b>11,8</b>	<b>7,9</b>

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

\* Pro forma figures include SPoS which was acquired 1st of September 2006

Lakeland is planning to produce and sell about 9,500 tonnes gwt salmon in 2007 (production capacity is approximately 9,500 tonnes). In addition, the company is planning to sell about 1.100 tonnes gwt salmon for 3<sup>rd</sup> parties. Approximately 40%

<i>Estimates for 2007</i>	1.Q 2007	2.Q 2007	3.Q 2007	4.Q 2007
Sale of own salmon (gwt tonnes)	1 800	2 400	2 700	2 600
Sale of 3rd party salmon (gwt tonnes)	200	300	300	300
Total sale of salmon (gwt tonnes)	2 000	2 700	3 000	2 900

of the volumes for 2007 are already sold on fixed prices contracts, which is similar to the situation at the beginning of 2006. The average contract price in 2007 is higher compared to 2006.

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 2006, Culmarex harvested and sold 4.112 tonnes of its own seabass/seabream (pro forma figures including Piagua, which was acquired 1<sup>st</sup> of July 2006) and sold an additional 622 tonnes seabass/seabream for third parties. Culmarex produced approximately 13.4 million juveniles 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 2006, with an EBIT/kg sold fish of approximately NOK 11.3. In the 4<sup>th</sup> quarter of 2006, Culmarex obtained an EBIT per kg sold fish of approximately NOK 11.8, which is NOK 4.3 lower compared to the same period in 2005. The main reason for this negative difference is due to write downs of biomass, as an extraordinary number of large sized fish were missing in 4<sup>th</sup> quarter 2006. In 2006, Culmarex has managed

to reduce the average production cost and increase the average growth rate. The market for seabass/seabream at year end 2006 where considered to be at least as good as at year end 2005.

*Historic development*

<i>NOK mill</i>	2003	2004	2005	2006 *	4.Q 2005	1.Q 2006 *	2.Q 2006 *	3.Q 2006 *	4.Q 2006 *
Sale of own seabass/seabream (tonnes)	1 895	1 707	2 239	4 112	789	945	889	1 240	1 038
Sale of 3rd party seabass/seabream (tonnes)	957	1 164	1 051	622	352	94	191	154	183
Total sale of seabass/seabream (tonnes)	2 852	2 871	3 291	4 734	1 141	1 039	1 080	1 394	1 221
Revenue - Culmarex Group	155,3	175,8	179,3	246,8	56,2	45,1	60,3	75,8	65,5
EBIT before fair value adj (1)	12,6	13,7	24,6	46,7	12,7	7,4	9,8	17,2	12,3
<b>EBIT/kg own fish sold (NOK)</b>	<b>6,7</b>	<b>8,0</b>	<b>11,0</b>	<b>11,3</b>	<b>16,1</b>	<b>7,8</b>	<b>11,0</b>	<b>13,9</b>	<b>11,8</b>

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

\* Pro forma figures include PIAGUA which was acquired 1st of July 2006. Note also that quarterly revenue has been restated.

Culmarex is planning to sell about 4,500 tonnes of its own produced seabass/seabream in 2007 (production capacity is approximately 7,200 tonnes). In addition, the company is planning to sell about 1.200 tonnes seabass/seabream for 3<sup>rd</sup> parties.

<i>Estimate for 2007</i>	1.Q 2007	2.Q 2007	3.Q 2007	4.Q 2007
Sale of own seabass/seabream (tonnes)	600	900	1 500	1 500
Sale of 3rd party seabass/seabream (tonnes)	300	200	400	300
Total sale of seabass/seabream (tonnes)	900	1 100	1 900	1 800

**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 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 get Belize up and running. The experience gained in Belize will then be used to develop Vietnam.

Cobia juveniles has been put into sea both in Belize and in Vietnam. In Belize the mortalities have been low and the fish is growing according to plan. In Vietnam, the mortalities have been higher. The company is planning to harvest approximately 300 tonnes cobia on 2007. 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 hatchery generated a negative EBIT of approximately NOK -5.3 mill in 2006. It has an annual production capacity of approximately 3 mill juveniles. All production for 2007 is sold.

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

Total assets per 31.12.06 amounted to NOK 855 mill, which is NOK 262 mill higher than per 31.12.2005. Biomass amounted to NOK 370 mill, an increase of NOK 120 mill compared to the same period last year. Net interest-bearing debt per 31.12.2006 amounted to NOK 227 mill, an increase of NOK 8.5 mill compared to year end 2005. As per 19.02.2007 the group had NOK 170 mill in free cash and available credit facilities.

Equity per 31.12.2006 was NOK 405 mill (47.4% equity ratio), compared to NOK 209 mill (34.9%) at year end 2005.

### **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 year end 2006, total number of shares outstanding was 33,318,628. Total number of shareholders was 1,817, of which the top 10 largest shareholders owned 74,12% of the company. At year end the share price was NOK 18,20/share, an increase of NOK 4,20/ share (30%) since the listing on the 12<sup>th</sup> of October 2006.

On the 2<sup>nd</sup> of February Marine Farms ASA completed the Offering of 3,300,000 shares at NOK 18.20 pr share. Total number of shares after this is 36,618,628.

### **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 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, 26<sup>th</sup> of February 2007

The Board of Directors  
Marine Farms ASA

**MARINE FARMS GROUP CONSOLIDATED**

**Income statement**

<b>Figures in NOK 1 000</b>	<b>4 Q 2006 IFRS</b>	<b>4 Q 2005 IFRS</b>	<b>Yr 2006 IFRS</b>	<b>Yr 2005 IFRS</b>
Sales revenues	154 993	115 740	599 015	421 066
<b>Total operating revenues</b>	<b>154 993</b>	<b>115 740</b>	<b>599 015</b>	<b>421 066</b>
Change in inventory (cost of production )	27 330	-19 078	35 738	-5 372
Cost of materials	-108 853	-38 654	-288 308	-174 058
Salaries and personal expenses	-28 886	-19 274	-93 359	-70 177
Other operating expenses	-20 953	-14 647	-124 064	-90 649
<b>EBITDA before fair value adj. on biomass</b>	<b>23 631</b>	<b>24 087</b>	<b>129 022</b>	<b>80 810</b>
Depreciations	-7 284	-8 083	-34 801	-30 181
<b>EBIT before fair value adj. on biomass</b>	<b>16 347</b>	<b>16 004</b>	<b>94 221</b>	<b>50 629</b>
Fair value acquired companies (Note 4)	-6 645	0	-6 645	0
Fair value adjustment on biomass (IAS 41)	4 858	6 872	36 550	18 275
<b>OPERATING PROFIT (EBIT)</b>	<b>14 560</b>	<b>19 091</b>	<b>124 126</b>	<b>68 904</b>
Income from associates	-4 739	-449	-4 646	195
Write down on financial assets	0	0	0	0
Finance revenue	1 348	777	5 324	1 151
Interest costs	-4 412	-4 411	-13 378	-14 048
Other finance costs	-270	0	-270	0
<b>Profit before tax</b>	<b>6 487</b>	<b>15 008</b>	<b>111 156</b>	<b>56 202</b>
Taxes	2 122	7 200	-33 478	-5 992
<b>Net profit from continued operations</b>	<b>8 609</b>	<b>22 208</b>	<b>77 678</b>	<b>50 210</b>
Net profit/(-) loss from discontinued operations	0	6 058	0	-625
<b>Net profit (loss)</b>	<b>8 609</b>	<b>28 266</b>	<b>77 678</b>	<b>49 585</b>
Majority interest	6 124	27 525	77 532	51 986
Minority interest	2 485	741	146	-2 401
<i>Earnings per share</i>	<i>0.21</i>	<i>1.19</i>	<i>2.64</i>	<i>2.25</i>
<i>Diluted earnings per share</i>	<i>0.21</i>	<i>1.19</i>	<i>2.64</i>	<i>2.25</i>

## Balance sheet

Figures in NOK 1 000	31.12.06	31.12.05
<b>ASSETS</b>		
Licences	42 808	30 878
Goodwill	32 455	18 188
<b>Total intangible assets</b>	<b>75 263</b>	<b>49 066</b>
<b>Total tangible assets</b>	<b>219 739</b>	<b>172 841</b>
<b>Total financial assets</b>	<b>2 056</b>	<b>11 832</b>
<b>Total non-current assets</b>	<b>297 058</b>	<b>233 739</b>
<b>Non-current assets discontinued operations</b>	<b>0</b>	<b>0</b>
Biomass	370 377	250 694
Other inventories	15 103	10 112
<b>Total inventories</b>	<b>385 480</b>	<b>260 806</b>
Total receivables	131 633	81 729
Cash and cash equivalents	40 989	23 114
<b>Total current assets</b>	<b>558 102</b>	<b>365 649</b>
<b>TOTAL ASSETS</b>	<b>855 160</b>	<b>599 388</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Total equity</b>	<b>405 243</b>	<b>209 134</b>
Liabilities to financial institutions	118 821	153 568
Other non-current liabilities	54 028	37 983
<b>Total non-current liabilities</b>	<b>172 849</b>	<b>191 551</b>
<b>Non-current liabilities discontinued operations</b>	<b>0</b>	<b>0</b>
Liabilities to financial institutions	149 203	88 128
Other current liabilities	127 865	110 575
<b>Total current liabilities</b>	<b>277 068</b>	<b>198 703</b>
<b>Total liabilities</b>	<b>449 917</b>	<b>390 254</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>855 160</b>	<b>599 388</b>

## Key figures

<b>Figures in NOK 1 000</b>	<b>4 Q 2006</b>	<b>4 Q 2005</b>	<b>Yr 2006</b>	<b>YR 2005</b>
	<b>IFRS</b>	<b>IFRS</b>	<b>IFRS</b>	<b>IFRS</b>
EBITDA before fair value adjustment	23 631	24 087	129 022	80 810
EBITDA after fair value adjustment	28 489	27 174	165 572	100 002
EBIT	14 560	19 091	124 126	68 904
EBITDA margin before fair value adjustment	15 %	21 %	22 %	19 %
EBITDA margin after fair value adjustment	18 %	23 %	28 %	24 %
Operating margin (EBIT)	9 %	16 %	21 %	17 %
Earnings per share	0.21	1.19	2.64	2.25
Diluted earnings per share	0.21	1.19	2.64	2.25
Equity ratio	47 %	35 %	47 %	35 %
Net interest bearing debt	227 036	218 582	227 036	218 582

## Consolidated statements of cash flow

<b>Figures in NOK 1 000</b>	<b>4 Q 2006</b>	<b>4 Q 2005</b>	<b>Yr 2006</b>	<b>Yr 2005</b>
Net profit before income taxes	6 487	15 008	111 156	56 202
Fair value adjustment on biomass	1 787	-3 087	-29 905	-18 275
Tax paid	-15 238	-1 244	-15 238	-1 244
Deprec. and amortisation, including gain and loss on disposal	7 284	8 083	34 801	30 181
Interest paid	5 388	4 002	13 378	13 265
Income from associates and other investments	4 739	94	4 646	-550
Change in inventories, trade receivables and trade acc. p.	-66 239	-17 377	-156 444	-47 545
Change in other accruals	42 027	10 590	24 291	-3 785
<b>Net cash flow from operating activities</b>	<b>2 235</b>	<b>16 069</b>	<b>-13 315</b>	<b>28 249</b>
Sales of fixed assets	11 700	21 902	11 700	21 902
Investments in fixed assets	-23 781	-24 855	-105 980	-33 818
Net purchase and proceeds from other investments	0	2 729	0	-289
<b>Net cash flow from investing activities</b>	<b>-28 081</b>	<b>-224</b>	<b>-94 280</b>	<b>-12 205</b>
Net down payment/proceeds of interest-bearing debt	-13 237	-43 807	26 328	-39 304
Interest paid	-5 388	-4 002	-13 378	-13 265
Issuance of share capital (share issue and sale of own shares)	18 533	48 048	113 870	48 048
<b>Net cash flow from financing activities</b>	<b>-92</b>	<b>239</b>	<b>126 820</b>	<b>-4 521</b>
Net foreign exchange difference	-4 498	1 914	-1 350	1 077
<b>Net change in cash and cash equivalents</b>	<b>-30 436</b>	<b>17 998</b>	<b>17 875</b>	<b>12 600</b>
Cash and cash equivalents at beginning of period	71 425	5 116	23 114	10 514
Net change in cash and cash equivalents	-30 436	17 998	17 875	12 600
<b>Cash and cash equivalents at end of period</b>	<b>40 989</b>	<b>23 114</b>	<b>40 989</b>	<b>23 114</b>

## Equity statement

	31.12.2006	31.12.2005
<b>Equity 01.01.</b>	<b>208 499</b>	<b>112 803</b>
Profit/Loss for the period	77 678	49 585
Share issue, net after expenses	113 870	48 048
Purchase of own shares	-3 329	-21
Dividend	-243	0
Effect of business combinations achieved in stages	8 371	0
Foreign currency translation differences	397	-1 916
<b>Total equity at the end of period</b>	<b>405 243</b>	<b>209 134</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 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 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: RESTATEMENT OF PRIOR PERIOD COMPARATIVES – IAS41 RESTATEMENT

According to IAS 41, the main principle is for living fish to be measured at fair value. Marine Farms had, 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 was that fish which was harvestable should be measured at fair value, whereas fish which was not harvestable was to be measured following the lower of cost valuation rule.

The Financial Supervisory Authority (Kredittilsynet) disagreed with the industry on the interpretation of the IAS 41. 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.

In December 2006 The Norwegian Ministry of Finance concluded in favour of Kredittilsynet on the matter. As a consequence, Marine Farms has adjusted its fair value calculations to Kredittilsynets standards. The following fish is now measured at fair value:

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

Marine Farms ASA has used the new standard in the fourth quarter 2006 report. All comparative periods have had to be restated accordingly. There is no cash impact from the change and EBIT before fair value adjustments are not affected. Further information on the restatement will be included in the Annual Report 2006.

#### NOTE 4: INVENTORY

<i>Figures in NOK 1 000</i>	<b>31.12.2006</b>	<b>31.12.2005</b>
Biomass at cost	291 591	212 288
Excess fair value year end	78 786	38 406
	<i>Spain:</i> 57 084	21 371
	<i>UK:</i> 21 702	17 035
<b>Biomass at fair value</b>	<b>370 377</b>	<b>250 694</b>

When Culmarex acquired Piagua (Spain) on 1<sup>st</sup> of July 2006, the biomass was valued at fair value, which was EUR 1.065 mill higher than cost on the same date. When selling this fish, the fair value at acquisition date is released to the P&L. This has no cash flow effect. At the end of December 2006, NOK 6.645 mill of this excess fair value was accounted for in the P&L.

#### NOTE 5: RESTATEMENT OF REVENUE IN CULMAREX GROUP pr 30.09.2006

Culmarex group were reported to have a higher revenue pr 30.09.2006 than was actually the case. The difference amounts to NOK 21.2 mill. As a consequence Marine Farms group were reported to have a similar higher revenue pr 30.09.2006 than was actually the case. This has been adjusted for in the 4Q 2006 report. The error occurred in connection with eliminating internal sales of juveniles from ABSA to other group companies. The error had no effect on profits nor on cash flow reported pr 30.09.2006, only on revenue.

#### NOTE 6: 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.

**4Q 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	91.7	17.7	-7.5	-2.9	7.3	15.5				
Seabass/bream Spain	65.6	5.9	-3.9	5.1	7.1	5.0				
Other i.e. Cobia, Cod + MFt Ltd	3.8	-5.4	-0.1	-0.1	-5.5	4.5				
Mother Company Norway	0.8	-3.9	2.0	0.0	-1.9	0.1				
Eliminations/group adjustments	-7.0	0.2	1.3	0.0	1.5	0.0				
<b>Total continued operations</b>	<b>155.0</b>	<b>14.5</b>	<b>-8.1</b>	<b>2.1</b>	<b>8.6</b>	<b>25.0</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>Total</b>	<b>155.0</b>	<b>14.5</b>	<b>-8.1</b>	<b>2.1</b>	<b>8.6</b>					

**Acc. 31.12. 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	345.0	85.8	-18.3	-18.6	48.9	38.3	134.3	174.7	383.3	276.2
Seabass/bream Spain	246.9	57.7	-5.3	-15.5	36.8	52.6	129.7	202.5	402.5	223.0
Other i.e. Cobia, Cod + MFt Ltd	13.4	-5.7	-0.4	0.6	-5.6	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	-10.3	0.2	2.7	0.0	2.9	0.0	-166.6	0.0	-178.2	-115.2
<b>Total continued operations</b>	<b>599.0</b>	<b>124.1</b>	<b>-13.0</b>	<b>-33.5</b>	<b>77.6</b>	<b>105.9</b>	<b>297.1</b>	<b>385.5</b>	<b>855.1</b>	<b>450.0</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>	0.0				
<b>Total</b>	<b>599.0</b>	<b>124.1</b>	<b>-13.0</b>	<b>-33.5</b>	<b>77.6</b>	<b>105.9</b>	<b>297.1</b>	<b>385.5</b>	<b>855.1</b>	<b>450.0</b>

**4Q 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	50.3	17.6	-2.8	4.1	18.9					
Seabass/bream Spain	58.0	4.8	-1.1	4.7	8.4	10.2				
Other i.e. Cobia, Cod + MFt Ltd	5.3	-3.4	-0.1	0.0	-3.6	2.5				
Mother Company Norway	2.1	-1.1	-13.6	0.0	-14.7					
Eliminations/group adjustments	-0.2	1.3	13.5	-1.5	13.3					
<b>Total continued operations</b>	<b>115.5</b>	<b>18.7</b>	<b>-4.1</b>	<b>7.2</b>	<b>22.4</b>	<b>12.7</b>				
<b>Discontinued operations</b>	<b>-1.5</b>	<b>-0.3</b>	<b>6.7</b>	<b>-0.2</b>	<b>6.1</b>					
<b>Total</b>	<b>114.0</b>	<b>18.7</b>	<b>2.6</b>	<b>7.0</b>	<b>28.4</b>	<b>12.7</b>				

**Acc. 31.12.2005**

Figures in NOK mill	Revenue	Operating profit	Net financial		Net profit (loss)	Investments	Non-current			Total liabilities
			Income taxes	Items			assets	Inventories	Total assets	
Salmon UK	229.3	59.5	-9.4	-5.3	44.7	1.1	116.5	146.7	292.9	250.3
Seabass/bream Spain	179.8	22.2	-3.1	0.8	19.9	19.1	92.3	112.5	256.3	154.1
Other i.e. Cobia, Cod + MFt Ltd	11.3	-7.6	-0.3	0.0	-7.8	8.5	23.6	1.2	29.9	34.0
Mother Company Norway	3.8	-7.5	-13.4	0.0	-20.9	0.0	111.18	0.6	132.6	37.4
Eliminations/group adjustments	3.2	2.4	13.5	-1.5	14.1	0.0	-109.2	0.0	-117.8	-86.3
<b>Total continued operations</b>	<b>421.0</b>	<b>68.9</b>	<b>-12.7</b>	<b>-6.0</b>	<b>50.3</b>	<b>28.7</b>	<b>234.38</b>	<b>261.0</b>	<b>593.9</b>	<b>389.5</b>
<b>Discontinued operations</b>	<b>28.4</b>	<b>-1.3</b>	<b>0.6</b>	<b>0.1</b>	<b>-0.6</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>449.4</b>	<b>67.6</b>	<b>-12.1</b>	<b>-5.9</b>	<b>49.7</b>	<b>16.0</b>	<b>234.4</b>	<b>261.0</b>	<b>293.9</b>	<b>389.5</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**

	31.12.2006		31.12.2005		30.09.2006		30.09.2005		4Q 2006		4 Q 2005	
	NOKm	Share	NOKm	Share	NOKm	Share	NOKm	Share	NOKm	Share	NOKm	Share
UK	351.7	59 %	240.9	57 %	258.9	58 %	180.6	59 %	91.7	59 %	50.3	44 %
Spain	246.8	41 %	179.8	43 %	181.2	41 %	121.8	40 %	65.6	42 %	58.0	50 %
Norway	2.5	0 %	3.8	1 %	3.1	1 %	1.7	1 %	0.8	1 %	2.1	2 %
Other/Elimination	-2.0	0 %	-3.4	-1 %	0.7	0 %	1.2	0 %	-3.1	0 %	5.1	4 %
<b>Total rev. cont. oper.</b>	<b>599.0</b>	<b>100 %</b>	<b>421.1</b>	<b>100 %</b>	<b>443.9</b>	<b>100 %</b>	<b>305.3</b>	<b>100 %</b>	<b>155.0</b>	<b>100 %</b>	<b>115.5</b>	<b>100 %</b>
Discontinued	0.0		28.4		0.0		29.9		0.0		-1.5	
<b>Total operating revenue</b>	<b>599.0</b>		<b>449.5</b>		<b>443.9</b>		<b>335.2</b>		<b>156.5</b>		<b>114.0</b>	

**NOTE 7: EQUITY BASED REMUNERATION (SYNTHETIC 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 expires 31.12.07, with a total period of 30 months. 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 31.12.2006 estimated accumulated value of the bonus scheme is NOK 20.1 mill for the Group including social security tax. This calculation is based on a market price of NOK 18.2 per share, which is the share price at 31.12.2006. The total value of NOK 20.1 mill has, in accordance with IFRS, to be taken to the income statement over the period until 31.12.07. As of 31.12.06, there has been taken total provision in the amount of NOK 12.1 mill in the consolidated accounts including social security tax, of which NOK 10.1 mill has been taken in 2006.

**NOTE 8: EVENTS AFTER THE BALANCE SHEET DATE**

On the 2<sup>nd</sup> of February 2007, The Board of Directors of Marine Farms ASA completed a private placement of 3,300,000 new shares, equal to 9.90% of the existing share capital, at a subscription price of NOK 18.20 per share. The gross proceeds from the private placement amounted to NOK 60,060,000. The private placement was significantly over-subscribed and the Board of Directors of Marine Farms is pleased with the response. The private

placement proceeds shall be used to finance the expansion of Marine Farms' Spanish seabass and seabream operations, hereunder the planned acquisition of Cultivos del Ponto.

On Monday the 26th of February 2007, Culmarex signed the final agreement to acquire Cultivos del Ponto for approximately EUR 3 mill (EV basis). Cultivos Del Ponto has cage farming activities located on the Andalusian coast in the area around Malaga, Spain. The company currently holds about 600 tonnes of seabass. However, it owns one concession of 1,200 tonnes seabass/seabream. In addition, it has applied for a second concession of 1,800 tonnes, which is still awaiting approval from the Spanish authorities. A third concession of 1,200 tonnes has expired, as the company did not start up production within 6 months from approval was granted. There is a possibility to re-apply for this third concession.

#### NOTE 9: 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>4 Q 2006</b>	<b>4 Q 2005</b>	<b>2006</b>	<b>2005</b>
Majority's share of net profit	6 124	27 525	77 532	51 986
Number of outstanding ordinary shares as of 31.12	33 310 628	25 408 003	33 310 628	25 408 003
Average number of outstanding shares	29 359 000	23 133 000	29 359 000	23 133 000
Earnings per share	0.21	1.19	2.64	2.25
Earnings per share (diluted)	0.21	1.19	2.64	2.25

#### NOTE 10: TOP 10 SHAREHOLDER PR 31.12.2006

	<b>No of shares</b>	<b>Ownership</b>
Marine Vekst ASA	5 296 247	15.90 %
Independent Oil Tools AS	4 570 840	13.72 %
EWOS AS	3 729 862	11.19 %
Vitamar AS	2 540 310	7.62 %
Skagen Vekst	2 400 000	7.20 %
Grieg Seafood AS	2 226 611	6,68 %
Skandinaviska Enskilda Banken	1 430 000	4.29 %
MP Pensjon	993 000	2.98 %
Sparebanken Rogaland	975 000	2.93 %
Borea AS	534 000	1.60 %
Others	8 622 258	25.88 %
<b>Total</b>	<b>33 318 628</b>	<b>100.00 %</b>