



Third Quarter Report  
Nov 14th **2006**

## Third Quarter 2006 highlights

- > **Q3/06 revenue** was 10,1 MNOK, five times higher than Q3/05 revenue as a result of increased harvest and sales.
- > **EBIT was -3,1 MNOK** relative to -3,2 MNOK in Q3/05, as a result of continued cost improvements. Positive margins (before adm. costs) for the latest two generations harvested.
- > **Organization strengthened** with the recruitment of Production Director Tore Laugsand and Market Director Henrik Andersen. Both bring extensive international experience into the organization on the production side as well as the market side.
- > **417 tons** (round weight) harvested. Net biomass growth in Q3 of 467 tons. Reduced mortality and no serious incidents experienced. Good growth and improvements on most biological parameters.
- > **Q3/06 average** FOB sales price of NOK 37,3 per kg., well above both fresh wild and farmed cod prices. 35% share of total Q3 Norwegian farmed cod exports.
- > **A fourth location** was put into operation end September. With 1,1 million juveniles this location is the world's largest cod farming site.



## KEY FINANCIALS FIGURES

## IFRS

NOK (1000`)	Q3 2006	Q3 2005	Q1-Q3 2006	Q1-Q3 2005	Year 2005
Revenue	10 097	1 778	15 413	2 170	7 644
EBITDA	-2 031	-2 714	-9 901	-10 484	-13 605
EBIT before biomass adj	-3 151	-3 282	-12 471	-11 838	-15 590
EBIT after biomass adj	-3 151	-3 282	-12 471	-11 838	-15 590
Total assets	126 433	49 456	126 433	49 456	49 357
Totalt Equity	112 908	43 454	112 908	43 454	39 632
Equity ratio	89,1%	87,9%	89,1 %	87,9 %	80,3 %
Interest bearing debt	3 384	3 920	3 384	3 920	3 884
Cash and cash equivalents	49 343	10 339	49 343	10 339	2 165

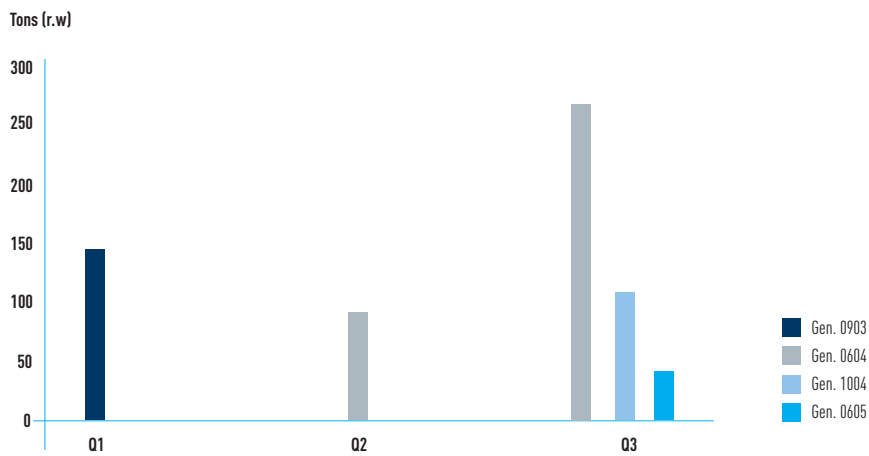
- > Q3/06 revenue was 10,1 MNOK. Harvest and sales revenues up more than five times compared to Q3/05
- > EBIT of -3,1 MNOK relative to -3,2 MNOK in Q3/05, reflecting continued cost improvements. Positive margins (before adm. costs) for the latest two generations harvested
- > Total assets of 126,4 MNOK
- > Equity ratio of 90%, 3,4 MNOK in interest bearing debt
- > 49,3 MNOK in cash and cash equivalents (pre IPO)



# FINANCIALS

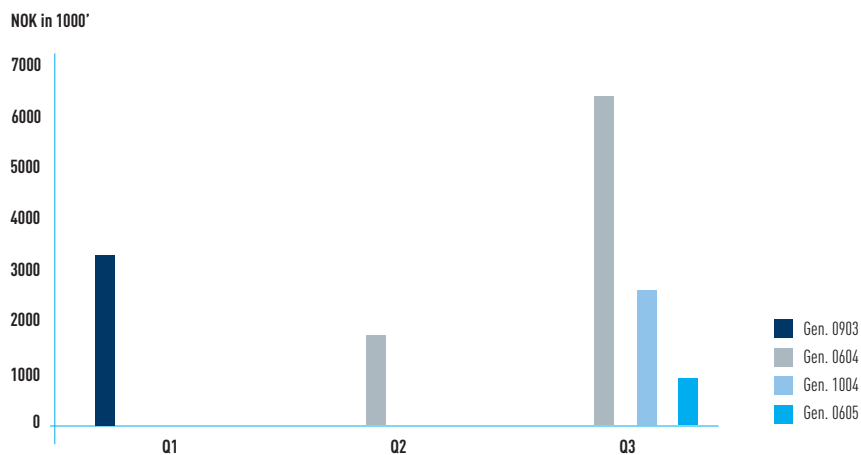
## HARVEST 2006 (TONS)

- > Harvested from four different generations
- > Total harvest of 630 tons (r.w.) per Q3/06
- > Total harvest of 417 tons (r.w.) during Q3/06



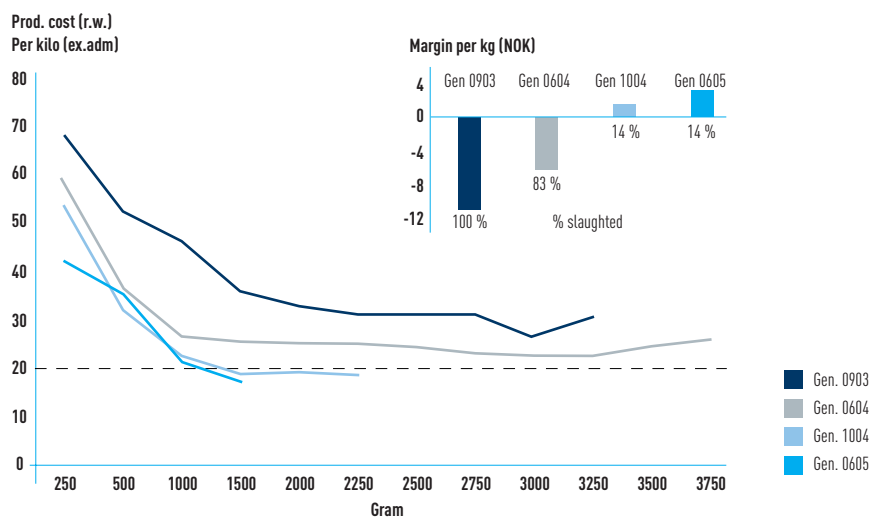
## SALES 2006 (NOK)

- > Total sales of 15,4 MNOK per Q3/06
- > Q3/06 sales revenue of 10,1 MNOK
- > Approx. 35% market share of total farmed cod sales from Norway in Q3/06



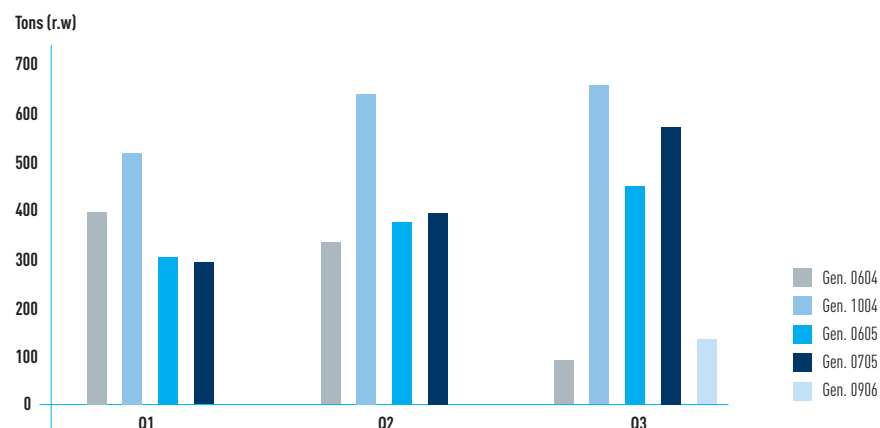
## MARGIN ANALYSIS 2006 (HARVESTED GENERATIONS)

- > Continued cost improvements.
- > Last two generations harvested at positive margins (before adm. costs).
- > Estimated cost price back to farm of NOK 20 (r.w.) (calculated as FOB sales price Oslo less packing and transport costs).
- > Yield estimate of 66%, excluding bi-products in margin calculations.



## STANDING BIOMASS 2006 (TONS)

- > 1.900 tons (r.w.) standing biomass per Q3/06
- > 1,9 mill fish distributed over five generations
- > Estimated biomass value of 43,8 MNOK (IFRS)
- > Net biomass growth of 467 tons in Q3/06



# PRODUCTION

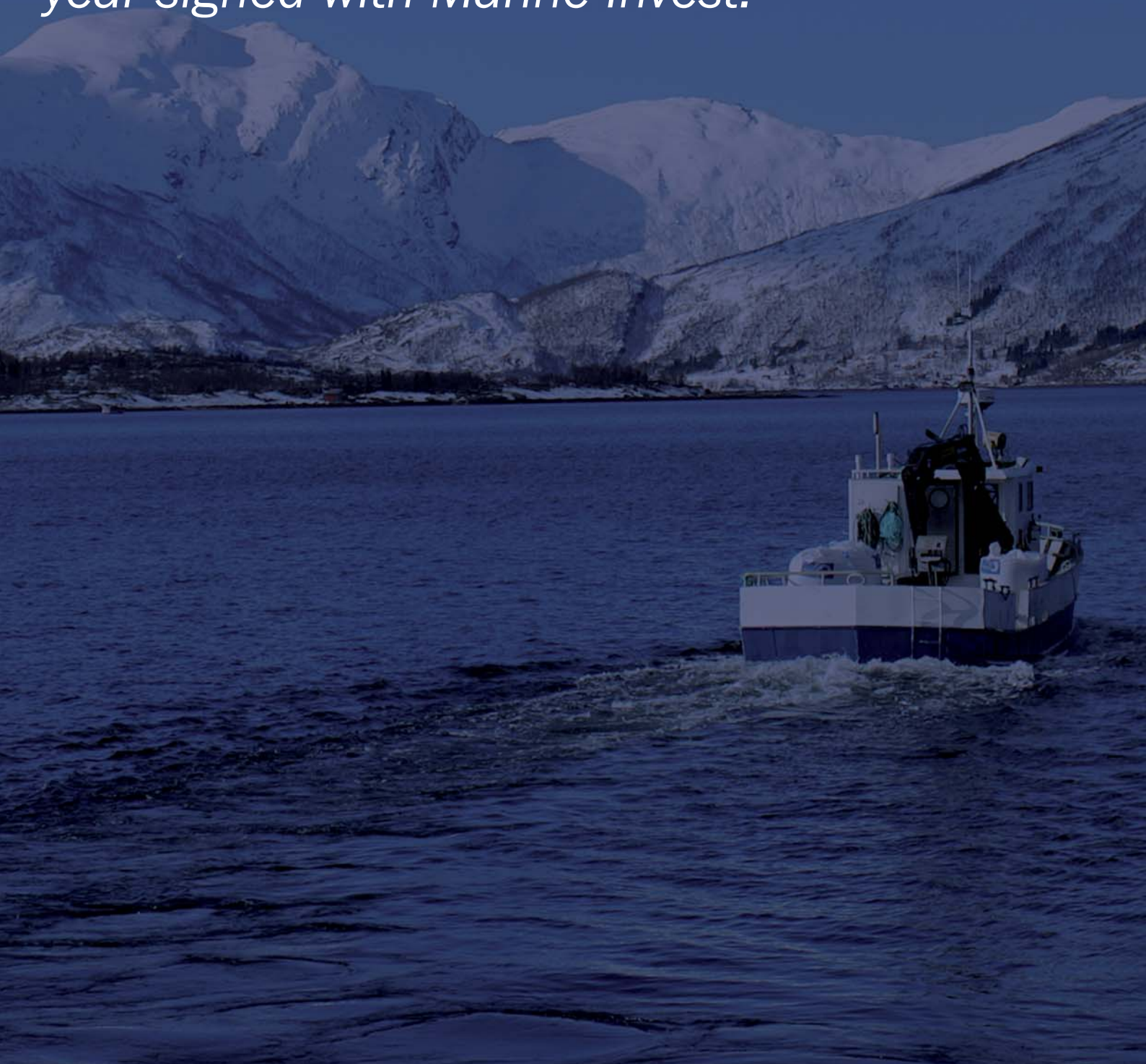
- > Highly experienced Production Director, Tore Laugsand hired, bringing on board more than 20 years experience in fish farming
- > A fourth location was put into operation end September. With 1,1 million juveniles this location forms the world's largest cod farming site
- > 417 tons (r.w.) harvested and slaughtered at the Hellnessund packing station
- > Long-term juveniles contract for approx. 1,5-2,0 million juveniles per year signed with Marine Invest
- > Normal mortality. No serious incidents. Improvements on most biological parameters
- > Three new R&D projects approved for partial funding by Innovation Norway ("Skattefunn")

## COD PERFORMANCE INDICATORS PER SEPT 2006

	Hammarvika Gen. Sept. 2003	Hammarvika Gen. June 2004	Telnes Gen. Okt. 2004	Telnes Gen. June 2005	Hellvika Gen. June 2005	Hellvika Gen. July 2005
Growth from 100g to 1,5kg	16 months	13 months	14 months	12 months	14 months	13 months
Growth from 100g to harvested weight	24 months	22 months	23 months	20 months	Not harvested	Not harvested
Avg. harvested weight	3,0 kg	3,8 kg	3,1 kg	3,0 kg		
Current avg. weight		3,5 kg	2,7 kg	1,8 kg	1,7 kg	1,6 kg
Biological feed factor (FCR)	1,12	1,16	1,04	1,09	1,02	0,95
Economic feed factor (EFCR)	1,22	1,26	1,13	1,14	1,05	0,99
Mortality (%)	10,59%	8,65%	8,24%	4,16%	2,75%	4,65%
Production cost live fish per Sept	NOK 30,49	NOK 25,86	NOK 18,55	NOK 17,57	NOK 15,68	NOK 17,36

- > Generations at the Hammervika location almost fully harvested. Some of the largest fish at the Telnes location also harvested. The bulk of the fish at the Telnes and Hellevika still in on-growing
- > Average growth time from juvenile to market size fish of approx. 22 months. Growth improvements for the two latest generations
- > Average harvest weight lower than for salmon as a result of maximizing margins relative to growth time and seasonal variations in market prices
- > Feed factor lower than expected on all locations
- > Normal mortality
- > Falling production costs

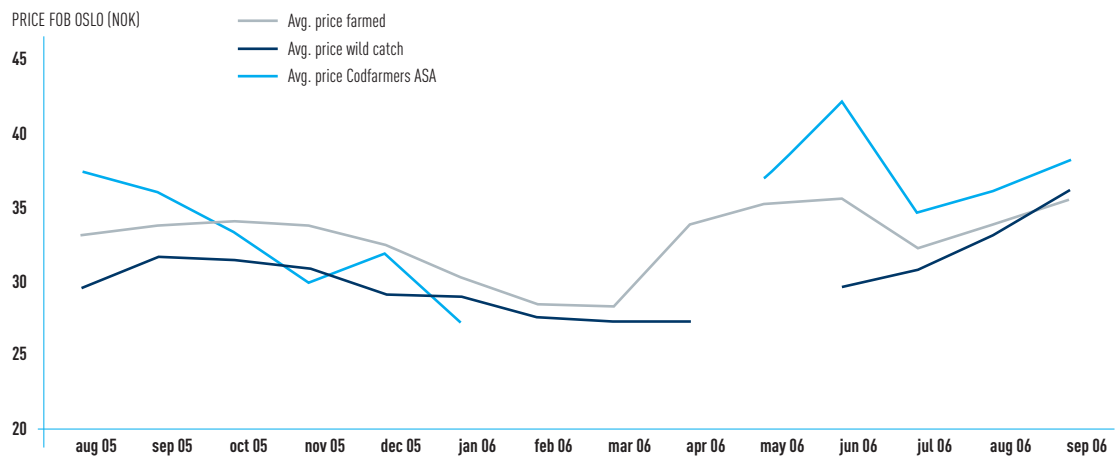
*Long-term juveniles contract for approx. 1,5-2,0 million juveniles per year signed with Marine Invest.*



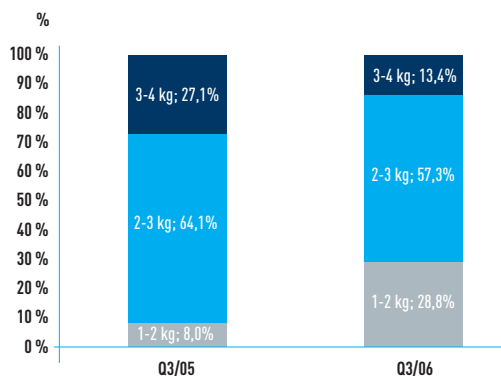
# MARKET

## SALES PRICE BENCHMARK 2005-2006

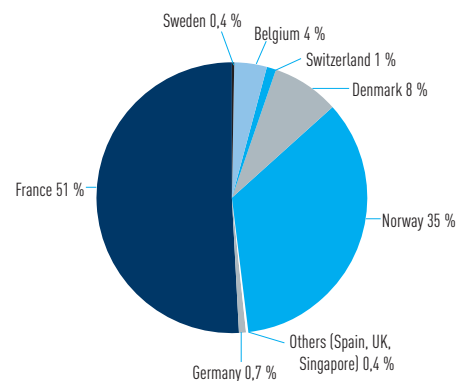
- > Highly experienced Market Director, Henrik Andersen hired, with more than 20 years of experience in international sales and marketing
- > Average FOB price of NOK 37,3 in Q3/06, 9% above average Norwegian farmed cod prices
- > Average FOB price 16% above average market price of fresh wild cod sold from Norway
- > Increased proportion of 1-2kg fish compensated by a 35% price increase achieved for this size in Q3
- > 35% share of total farmed cod sold from Norway in Q3
- > Dependency on the French market reduced from 84% in Q3/05 to 51% as a result of increased focus on new customers and new markets (Norway, Denmark, Belgium)
- > Customer base increased to 43 clients across 10 countries in Q3/06, a doubling of both clients and geographical markets compared to Q3/05
- > A shift in the market takes place from whole headless gutted fish to fillets with fillet estimated to make up 54% of the total fresh cod supply in 2006



## SIZE DISTRIBUTION PER 2006



## SALES VALUE BY GEOGRAPHICAL MARKETS Q3 2006





## POST Q3 EVENTS

- > IPO successfully completed. Offering of 4,5 mill. shares at NOK 26 secured gross proceeds of 117 MNOK. Market capitalization post issue of 400 MNOK. First day of trading on the Oslo Stock Exchange 19 October
- > The Norwegian/Russian fisheries commission decided 4 November to cut 2007 catches of North-artic cod with another 10%

## FUTURE

- > With a more experienced organization on board, the company is set for further growth. The IPO offering has secured funding necessary for the planned expansion. The main focus now is on expanding the core business and at the same time prevent future bottle necks in the value chain. The IPO requirements also provided the company with adequate reporting routines, appropriate principles of corporate governance and necessary administrative routines.
- > All main biological parameters appear promising. When dealing with nature and biomass in particular, we know from experience that undesired events might occur. Routines are, however, being implemented to minimize farming risk, improve farming practices and to optimize the performance of the current biomass. At the same time, the farming crew is preparing locations and capex for the release of new juveniles this coming spring and summer. Given the uncertainty of biomass production, neither supply, price nor the quality of juveniles are known factors. Right now, juvenile prices are high. They are however, expected to drop in the new year with the higher volumes expected from the winter production of juveniles.
- > The European market for fresh cod was strong all through Q3 and is expected to remain strong throughout the year. Due to the warm summer and the resulting production problems on the southern coast of Norway total production of farmed cod seems to be less than forecasted. Combined with reduced quotas for wild catch and a continued long-term surge in the demand for fresh high quality sea food in all developed markets, the market prospects for farmed cod appears to be strong in the short as in the long term.

*We've invested heavily in biomass  
and equipment. We make large  
investments in the market.*



## ACCOUNTING PRINCIPLES

### – TRANSITION TO IFRS

As of 1 January 2005, Codfarmers has reported in accordance with the International Financial Reporting Standards (IFRS). The annual reports for previous years were presented in accordance with Norwegian accounting rules (N-GAAP). On the conversion to IFRS, historical accounting figures for 2004 were adapted so that they are comparable.

The Group will comply with the guidelines stated in IAS 41 for the valuation of live fish, in accordance with our interpretation of IFRS. The main principle is that the fish is to be valued at its estimated fair value minus sales costs. In those cases where little biological transformation has taken place or where the estimated fair value is clearly unreliable, §24 of IAS 41 allows the fish to be recorded at its production cost.

### THIRD QUARTER 2006 RESULTS

The Group achieved a total revenue during third quarter 2006 of MNOK 10.1, compared with MNOK 1.8 for same period in 2005, as a result of increasing harvesting volumes and sales.

The operating result before biomass adjustments came to MNOK -3.1, compared to MNOK -3.3 for the same period in 2005. The operating result after biomass adjust-

ments equalled MNOK -3.1 with no biomass adjustments in the period reporting on the basis of IAS 41 (IFRS). The transition to IFRS is described in the notes and the annual accounts for 2005. See our website: [www.codfarmers.com](http://www.codfarmers.com)

The third quarter result after tax came to MNOK -2.7, compared to MNOK -3.2 in 2005. The accumulated result after tax was MNOK -11.4 in 2006 compared to MNOK -11.9 in 2005.

The net cash flow from operations for the first 9 months of 2006 was MNOK -29.0, compared to MNOK -14.6 for the same period last year. The net cash flow from investment activities per third quarter 2006 came to MNOK -7.6, of which MNOK -8.6 reflects investments to upgrade the current production equipment and with main investments at the new site at Skjetneset. Payments of MNOK 1.0 received due to the sale of fixed assets refer to the sale of shares in Eurofisk AS. The cash flow from financing activities shows that the Group reduced its net interest-bearing debt by MNOK 0.5 per third quarter and increased its equity by the net amount of MNOK 84.2 through a convertible loan and two share issues in the spring of 2006.

At the end of third quarter 2006, the Group had MNOK 49.3 in avail-

able cash and cash equivalents. At the end of third quarter 2006, the Group had MNOK 49.3 in available cash and cash equivalents.

## FINANCING, CAPITAL STRUCTURE AND SHAREHOLDERS

End of third quarter the Group had total assets with a book value of MNOK 126.4 and interest-bearing debt of MNOK 3.4. The Group's book equity equalled MNOK 112.6, giving an equity ratio of approx. 90%.

Major changes in ownership took place in the first half-year and per third quarter 2006, the American investor group – 'In Cod We Trust' is still the largest shareholder. Odin Norge increased its shareholding through the share issues this spring and is now the second-largest shareholder. The chairman of the board, Harald Dahl, is the Group's third largest shareholder through his ownership in Futurum Capital AS.

The shareholder structure has been further changed after the offering and IPO listing in the fourth quarter. New shareholder-list is described under heading Shareholder and Share Capital Development in this report.

## INCOME STATEMENT

Unaudited (NOK 1000)	Note	IFRS				
		Q3 2006	Q3 2005	Q1-Q3 2006	Q1-Q3 2005	Year 2005
Revenue		10 097	1 778	15 413	2 170	7 644
Consumables used		18 011	6 288	25 227	12 345	16 910
Inventory change		-10 742	-5 217	-16 369	-7 942	-9 644
Salaries		3 209	1 293	8 412	3 137	4 300
Depreciation, amortisation and impairment charges		851	568	2 301	1 354	1 985
Other expenses		1 920	2 129	8 314	5 115	9 683
<b>Operating profit before biomass adj.</b>		<b>-3 151</b>	<b>-3 282</b>	<b>-12 471</b>	<b>-11 838</b>	<b>-15 590</b>
Biomass adjustment		0	0	0	0	0
<b>Operating profit</b>		<b>-3 151</b>	<b>-3 282</b>	<b>-12 471</b>	<b>-11 838</b>	<b>-15 590</b>
Financial income		440	-13	1 360	9	69
Financial cost		-58	39	-317	-136	-286
<b>Net finance</b>		<b>382</b>	<b>26</b>	<b>1 043</b>	<b>-127</b>	<b>-217</b>
Profit before income tax		-2 770	-3 256	-11 429	-11 965	-15 807
Income tax (expense) / income		0	0	0	0	0
<b>Profit for the period</b>		<b>-2 770</b>	<b>-3 256</b>	<b>-11 429</b>	<b>-11 965</b>	<b>-15 807</b>
<b>Attributable to:</b>						
Equity holders of the company		-2 770	-3 256	-11 429	-11 965	-15 807
<b>Earnings per share:</b>						
basic	12	-1,06		-1,06		-2,72
diluted	12	-1,06		-1,06		-2,72



# BALANCE SHEET

		IFRS		
Unaudited (NOK 1000)		Q3 2006	Q3 2005	Year 2005
	Note			
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	5	18 698	13 114	12 370
Intangible assets	5	1 541	1 478	1 478
Financial assets for sale		3	302	302
<b>Total non-current assets</b>		<b>20 241</b>	<b>14 894</b>	<b>14 150</b>
<b>Current assets</b>				
Inventories		745	767	440
Biomass		43 613	20 978	27 244
Trade receivables		7 823	914	3 168
Other receivables		4 668	1 564	2 190
Cash and cash equivalents		49 343	10 339	2 165
<b>Total current assets</b>		<b>106 192</b>	<b>34 562</b>	<b>35 207</b>
<b>Total assets</b>		<b>126 433</b>	<b>49 456</b>	<b>49 357</b>
<b>EQUITY</b>				
<b>Capital and reserves</b>				
Share capital	6	139 251	54 998	54 998
Other equity	6	183	421	20
Retained earnings	6	-26 796	-11 965	-15 386
<b>Total equity</b>		<b>112 638</b>	<b>43 454</b>	<b>39 632</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	7	3 384	3 920	3 884
<b>Total non-current liabilities</b>		<b>3 384</b>	<b>3 920</b>	<b>3 884</b>
<b>Current liabilities</b>				
Trade payables		7 449	657	4 209
Indirect taxes and excises		380	132	210
Borrowings	7	596	650	643
Provisions				50
Other current liabilities		1 986	643	729
<b>Total current liabilities</b>		<b>10 411</b>	<b>2 082</b>	<b>5 841</b>
<b>Total liabilities</b>		<b>13 795</b>	<b>6 002</b>	<b>9 725</b>
<b>Total equity and liabilities</b>		<b>126 433</b>	<b>49 456</b>	<b>49 357</b>

## CASH FLOW

		IFRS	
Unaudited (NOK 1000)	Note	Q3 2006	Q3 2005
<b>Cash generated from operating activities</b>			
Profit for the period		-11 429	-11 965
Depreciation and amortisation		2 301	1 354
Gain on sale of asset		-700	0
Change in inventories		-16 674	-2 864
Change in trade receivables		-4 655	1 047
Change in trade payables		3 240	-2 271
Change in other		-1 103	36
Net cash generated from operating activities		-29 020	-14 663
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment (PPE)		-8 692	-9 546
Proceeds from sale of PPE		1 000	0
Net cash used in investing activities		-7 692	-9 546
<b>Cash flow from financing activities</b>			
Repayments of borrowings		-547	
Proceeds from new borrowings			481
Proceeds from share issue		84 273	32 625
Share option costs		113	0
Interest of convertible bond		50	0
Net cash used in financing activities		83 889	33 106
<b>Net (decrease)/increase in cash/equivalents</b>		<b>47 177</b>	<b>8 897</b>
Cash/equivalents at beginning of the period		2 166	1 442
<b>Cash and cash equivalents at end of the period</b>		<b>49 343</b>	<b>10 339</b>
Restricted cash as of 30 Sept		305	155
<b>Cash and cash equivalents at end of the period</b>		<b>49 038</b>	<b>10 184</b>
<b>From the balance sheet</b>		<b>49 343</b>	<b>10 339</b>

## CHANGE IN EQUITY

Unaudited (NOK 1000)	Note	Share capital	Share premium	Reserves	Retained earnings	Total
<b>Balance at 1 January 2006</b>		<b>634</b>	<b>54 364</b>	<b>20</b>	<b>-15 387</b>	<b>39 631</b>
Issue of shares 04.04.06		247	41 026			41 273
Issue of shares 04.05.06		104	24 896			25 000
Issue of shares 23.05.06		104	17 896			18 000
Market value of awarded options				113		113
Equity part of convertible bond				50		50
Profit for the half-year					-11 159	-11 159
<b>Balance at 30 Sept 2006</b>		<b>1 089</b>	<b>138 182</b>	<b>183</b>	<b>-26 546</b>	<b>112 908</b>

## 1 GENERAL INFORMATION

Codfarmers ASA ("the Company") and its subsidiaries ("the Group") is a group incorporated and domiciled in Norway.

The address of the registered office of Codfarmers ASA is;

Prinsensgate 113 A  
Teamgården 2. etasje  
8005 BODØ

The group produces and sells farmed cod. It has its main base in Gildeskål in Nordland county. At present the group has 4 active licenses in Gildeskål. In addition, Codfarmers ASA has licenses for further 1 fish farm in Gildeskål and 2 in Bodø.

The condensed consolidated interim financial statements for the period from Jan-Sept 2006, consists of Codfarmers ASA and its subsidiaries.

## 2 BASIS OF PREPARATION

This condensed interim financial information has been prepared in accordance with IAS 34, "Interim financial reporting". The interim condensed financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2005.

## 3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the IFRS annual financial statements for the year ended 31 December 2005, as described in the IFRS annual financial statements for the year ended 31 December 2005.

The following new standards, amendments to standards and interpretations are mandatory for financial year ending 31 December 2006.

- > Amendment to IAS 19, 'Actuarial gains and losses, group plans and disclosures', effective for annual periods beginning on or after 1 January 2006. Since the Group has not had any pension plans earlier, management will decide on the accounting principles when a decision is taken on what kind of plan that is going to be implemented.
- > Amendment to IAS 39, Amendment to 'The fair value option', effective for annual periods beginning on or after 1 January 2006. This amendment does not have any impact on the classification and valuation of the Group's financial instruments classified as at fair value through profit or loss prior to 1 January 2006 as the Group is able to comply with the amended criteria for the designation of financial instruments at fair value through profit and loss;
- > Amendment to IAS 21, Amendment 'Net investment in a foreign operation', effective for annual periods beginning on or after 1 January 2006. This amendment is not relevant for the Group;

> Amendment to IAS 39, Amendment 'Cash flow hedge accounting of forecast intragroup transactions', effective for annual periods beginning on or after 1 January 2006. This amendment is not relevant for the group;

> Amendment to IAS 39 and IFRS 4, Amendment 'Financial guarantee contracts', effective for annual periods beginning on or after 1 January 2006. This amendment is not relevant for the Group;

> IFRS 6, 'Exploration for and evaluation of mineral resources', effective for annual periods beginning on or after 1 January 2006. This standard is not relevant for the Group;

> IFRIC 4, 'Determining whether an arrangement contains a lease', effective for annual periods beginning on or after 1 January 2006. The Group is currently reviewing its contracts.

> IFRIC 5, 'Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds', effective for annual periods beginning on or after 1 January 2006. This interpretation is not relevant for the Group; and

> IFRIC 6, 'Liabilities arising from participating in a specific market – waste electrical and electronic equipment', effective for annual periods beginning on or after 1 December 2005. This interpretation is not relevant for the group.

> The following new standards, amendments to standards and interpretations have been issued but are not effective for 2006 and have not been early adopted:

> IFRIC 7, 'Applying the Restatement Approach under IAS 29', effective for annual periods beginning on or after 1 March 2006. Management do not expect the interpretation to be relevant for the Group;

> IFRIC 8, 'Scope of IFRS 2', effective for annual periods beginning on or after 1 May 2006. Management is currently assessing the impact of IFRIC 8 on the Group's operations;

> IFRIC 9, 'Reassessment of Embedded Derivatives', effective for annual periods beginning on or after 1 June 2006. Management do not expect the interpretation to be relevant for the Group; and

> IFRS 7, 'Financial instruments: Disclosures', effective for annual periods beginning on or after 1 January 2007. IAS 1, 'Amendments to capital disclosures', effective for annual periods beginning on or after 1 January 2007. Management is currently assessing the impact of IFRS 7 and IAS 1. on the Group's operations.

# NOTES

## 4 SEGMENT INFORMATION

The group operates in one segment, being the production and sale of farmed cod within Europe.

## 5 CAPITAL EXPENDITURE

Nine months ended 30 Sept 2005		Tangible and intangible assets
<b>Opening net book amount 1 January 2005</b>		9 634
Additions		6 312
Disposals		
Depreciation, amortisation, impairment and other movements		1 354
<b>Closing net book amount 30 Sept 2005</b>		<b>14 592</b>
<b>Nine months ended 30 Sept 2006</b>		
<b>Opening net book amount at 1 January 2006</b>		13 847
Additions		8 692
Disposals		0
Depreciation/amortisation, impairment and other movements		2 301
<b>Closing net book amount at 30 Sept 2006</b>		<b>20 238</b>

## 6 CAPITAL

Capital	Number of shares ('000)	Ordinary shares	Share premium	Other equity	Total
<b>Opening balance 1 January 2005</b>	4 456	446	21 506	421	22 373
Proceeds from shares issued	10 778	188	32 858		33 046
Share split registered	48 154				0
Result					
-11 965					
<b>At 30 Sept 2005</b>	<b>63 388</b>	<b>634</b>	<b>54 364</b>	<b>421</b>	<b>43 454</b>
<b>Opening balance 1 January 2006</b>	63 388	634	54 364	-15 367	39 631
Proceeds from shares issued	26 814	455	83 818		84 273
Reverse share split	-79 312				
Market value on awarded options				113	113
Interest on convertible bond				50	50
Result				-11 429	-11 429
<b>At 30 Sept 2006</b>	<b>10 890</b>	<b>0</b>	<b>1 089</b>	<b>-26 633</b>	<b>112 638</b>

The group has in 2006 issued a convertible loan which can be converted into shares in the period 08.02.06 – 07.02.07.

The maximum increase in share capital is set to NOK 33,333.33.

During the same period Codfarmers ASA has carried out 4 share issues, and the AGM has given the board of Directors proxy to issue the following:

Date given	Expiry date	Max increase In share capital (NOK)	Remaining amount (NOK)
1 March 2005	1 March 2007	68 325	68
8 Feb. 2006	2 Feb. 2008	248 615	124 648
25 April 2006	25 April 2008	6 223	62
25 April 2006	25 April 2008	130	130
<b>Total remaining amount:</b>			<b>124 909</b>

### Employee share option scheme:

The Group has a share option program for some of its leading employees. During the years 2007, 2008 and 2009 these employees can subscribe 450,000 shares in Codfarmers ASA.



## 7 BORROWINGS

	30-Sep-06	30-Sep-05
Non-current	3 384	3 920
Current	596	650
	3 980	4 570

Movements in borrowings is analysed as follows:

### Six months ended 30 Sept 2005

Opening amount as at 1 January 2005	3 439
New borrowings	1 400
Repayments of borrowings	269
<b>Closing amount as at 30 June 2005</b>	<b>4 570</b>

### Six months ended 30 Sept 2006

Opening amount 1 January 2006	4 527
Repayments of borrowings	547
<b>Closing amount as at 30 Sept 2006</b>	<b>3 980</b>

The Group had as on 30 Sept 2006 no outstanding convertible bonds. During the period Jan-Sept 2006, Codfarmers ASA issued one convertible bond which was converted during that half year. The interest rate was set to 8%. The equity part has been calculated to TNOK 50.

## 8 PENSIONPLANS

Due to new legislation in Norway which came into force 1 January 2006, the Group will implement a pension arrangement for its employees during 2006. Management is currently assessing what type of arrangement that is preferable.

## 9 SHARE OPTIONS

During the first half year the following options has been granted to employees;

Name	Grant date	No. of options	Vested date	Expiry date	Share price (NOK)	Strike NOK
Øystein Sterio	01-04-06	75 000	01-01-07	31-12-09	20	19
Øystein Sterio	01-04-06	75 000	01-01-08	31-12-09	20	19
Øystein Sterio	01-04-06	75 000	01-01-09	31-12-09	20	19
Michael Malling	01-04-06	25 000	01-01-07	31-12-09	20	19
Michael Malling	01-04-06	25 000	01-01-08	31-12-09	20	19
Michael Malling	01-04-06	25 000	01-01-09	31-12-09	20	19
Henrik Andersen	01-07-06	25 000	01-01-07	31-12-09	20	24
Henrik Andersen	01-07-06	25 000	01-01-08	31-12-09	20	24
Henrik Andersen	01-07-06	25 000	01-01-09	31-12-09	20	24
Tore Laugsand	01-08-06	25 000	01-01-07	31-12-09	20	24
Tore Laugsand	01-08-06	25 000	01-01-08	31-12-09	20	24
Tore Laugsand	01-08-06	25 000	01-01-09	31-12-09	20	24

Cost has been recorded in the profit and loss. The cost has been determined using the Black-Schols option pricing model.

## 10 INCOME TAXES

The current income tax rate is 28%. None of the Group companies are currently in a taxable position.

## 11 DIVIDENDS

No dividends have been paid in the period.

# NOTES

## 12 EARNINGS PER SHARE

Earnings per share attributable to equity holders of the company are as follows:

Earnings per share for profit from continuing operations attributable to the equity holders	per 30.09 2006	per 30.09 2005
	-1.06	-0.17

## 13 RELATED-PARTY TRANSACTIONS

The following transactions have occurred with related parties during the six months ended 30 Sept 2006;

Type of transaction	Related party	Purchase in TNOK
Consultancy services	Ole Jacob Myre through his company Aquachange	261
Consultancy services	Harald Dahl through Futurum Capital AS	300
Legal services	Erik Wahlstrøm through Wahlstrøm & Thune	33

## 14 INVENTORY

		30.09 2006	30.09 2005
Biological assets in sea		43 613	20 978
Feed		745	767
Biological assets data as at 30.09.06	> 3kg live weight	> 3kg live weight	Total
Biological assets (t)	744	1 149	1 893
Productioncost (1.000)	13 119	30 764	43 883
Estimated market value (1.000)	12 849	30 764	43 613
Write down (1.000)	-270	0	-270
<b>Book value</b>	<b>12 849</b>	<b>30 764</b>	<b>43 613</b>

The Group has chosen to apply the same accounting principle that is used in the farmed salmon business when assessing their biological assets. The difference is that live cod in excess of 3 kilos is deemed to be ready for harvesting (4 kilos for salmon). The Security Commission has directed the farming industry to alter their accounting practice for measuring fair value. The direction has been appealed to the Department of Treasury. If the Security Commission's view is sustained, the Group will have to alter their accounting practice. The Security Commission is of the opinion that salmon under 4 kilos also should be valued at fair value (reported sales prices).

## 15 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The Board of Directors of Codfarmers ASA have 13.10.06 resolved to complete the Offering of 4.500.00 new shares as set forth in the prospectus dated 27th of September 2006. The Offer Price per share has been set to NOK 26. The share capital increase is based on an authorization given to the Board of Directors by the general meeting on 8th of September 2006.

As a result of the Share Issue, the share capital of Codfarmers ASA will increase with NOK 450.000 from NOK 1.088.925 to NOK 1.538.925 and the number of shares outstanding will increase with 4.500.000 from 10.889.250 to 15.389.250

Codfarmers was listed at Oslo Stock Exchange 19.10.2006 with ticker COD

For other announcement after third quarter please visit [www.newsweb.no](http://www.newsweb.no) (ticker: COD)

# SHAREHOLDERS AND SHARE CAPITAL DEVELOPMENT

## SHARE CAPITAL DEVELOPMENT

Date	Event	Share Issued	Share Price (NOK)	Proceeds (NOK)
Jan 2002	Incorporation	1000 000	0,11	110 000
April 2002	Share issue	696000	1,00	696 000
Oct 2002	Share Issue	624 730	4,48	2 800 040
Des 2002	Share issue	106 950	5,61	599 990
Sep 2003	Share issue	643 058	7,00	4 501 406
Nov 2003	Share issue	440 000	9,00	3 960 000
Aug 2004	Share issue	945 346	12,00	11 344 152
Feb 2005	Employee shares	25 000	10,00	250 000
April 2004	Share issue	869 333	18,00	15 647 994
May 2005	Loan conversion	119 048	12,60	1 500 000
June 2005	Share issue	869 333	18,00	15 647 994
Feb 2006	Convertible Loan	350 877	14,25	4 999 997
April 2006	Adjustment issue	15		1,5
April 2006	Share issue	3 157 893	19,00	59 999 971
May 2006	Share issue	1 041 667	24,00	25 000 008
Oct 2006	Offering/IPO	4 500 000	26,00	117 000000
<b>Total</b>	<b>Shares issued</b>	<b>15 389 250</b>		<b>264 057 554</b>

## SHAREHOLDERLIST PER 08.11.2006 (POST IPO OFFERING)

Shareholders		Shares	Ownership (%)
IN COD WE TRUST LLC		1 532 243	10,0 %
VERDIPAPIRFOND ODIN NORGE		1 303 411	8,5 %
FUTURUM CAPITAL AS		858 995	5,6 %
CREDIT SUISSE SECURITIES		858 706	5,6 %
ORKLA ASA		735 000	4,8 %
MORTEN WERRINGS REDERI AS		639 722	4,2 %
INSTITUSJONEN FRITT ORD		572 790	3,7 %
SKAGEN VEKST		537 000	3,5 %
SEB LONDON		501 500	3,3 %
HØIE	LARS HENRIK	500 000	3,2 %
VITAL FORSIKRING ASA(OMLØP)		451 400	2,9 %
BURCH	JOHN CHRISTOPHER	376 101	2,4 %
KLP LIV-NORG1		335 000	2,2 %
BRØDR. HETLAND AS		302 125	2,0 %
STIFTELSEN STATOILS PENSJONSKASSE		295 550	1,9 %
WAHLSTRØM	ERIK	287 436	1,9 %
BURCH	ROBERT LOUIS	270 684	1,8 %
DNB NOR NORGE (IV)	VPF	249 200	1,6 %
FURULUND AS		195 698	1,3 %
SKANDINAVISKA ENSKILDA BANKEN		193 264	1,3 %
STATOIL FORSIKRING AS		184 686	1,2 %
HEARST	AUSTIN	139 478	0,9 %
GAHR	ANNE-LISE	131 038	0,9 %
VERDIPAPIRFONDET KLP AKSJENORGE		117 895	0,8 %
OTHERS		3 820 328	24,8 %
<b>SUM</b>		<b>15 389 250</b>	<b>100,0 %</b>
<b>Number of shareholders: 379</b>			



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