2nd Quarter 2007

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Strong momentum

- **Biomass developments as planned**
  - **no escapes, disease or problems of major significance**
  - **normal temperatures, good growth**

- **Juvenile release on track**
  - **1,8 million new juveniles in the sea as per August**
  - **approx. 1 million to be released in Q3/07**

- **Strong market**
  - **prices up 19,3 % YTD**
  - **reduced quotas and wild catch**

- **High speed**
  - **value chain secured**
  - **8 mill. juveniles secured**
  - **extra capacity being secured**

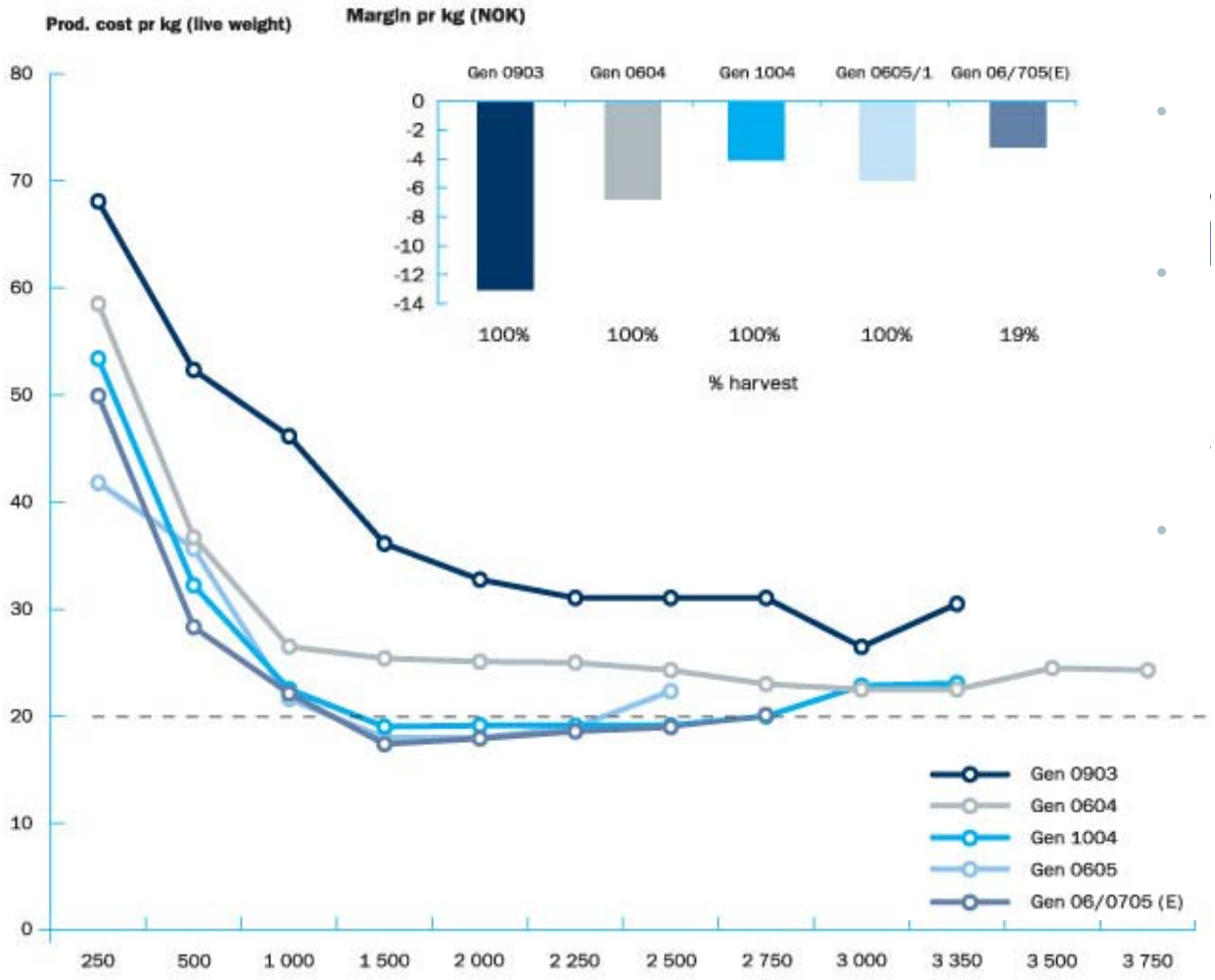
FINANCIALS – as expected

NOK (1000`)	Q2 2007	Q2 2006	YTD 2007
Revenue	5 850	1 739	12 233
EBITDA	-4 343	-3 644	-7 720
EBIT before biomass adj	-5 693	-4 348	-10 047
EBIT after biomass adj	-5 693	-4 374	-10 047
Total assets	284 218	128 262	284 218
Totalt Equity	250 450	115 406	250 450
Equity ratio	88 %	90 %	88 %
Interest bearing debt	2 847	3 375	2 847
Cash and cash equivalents	108 176	68 422	108 176

Harvesting tons r.w	226t	68t	446t
Net growth tons r.w	471t	378t	665t

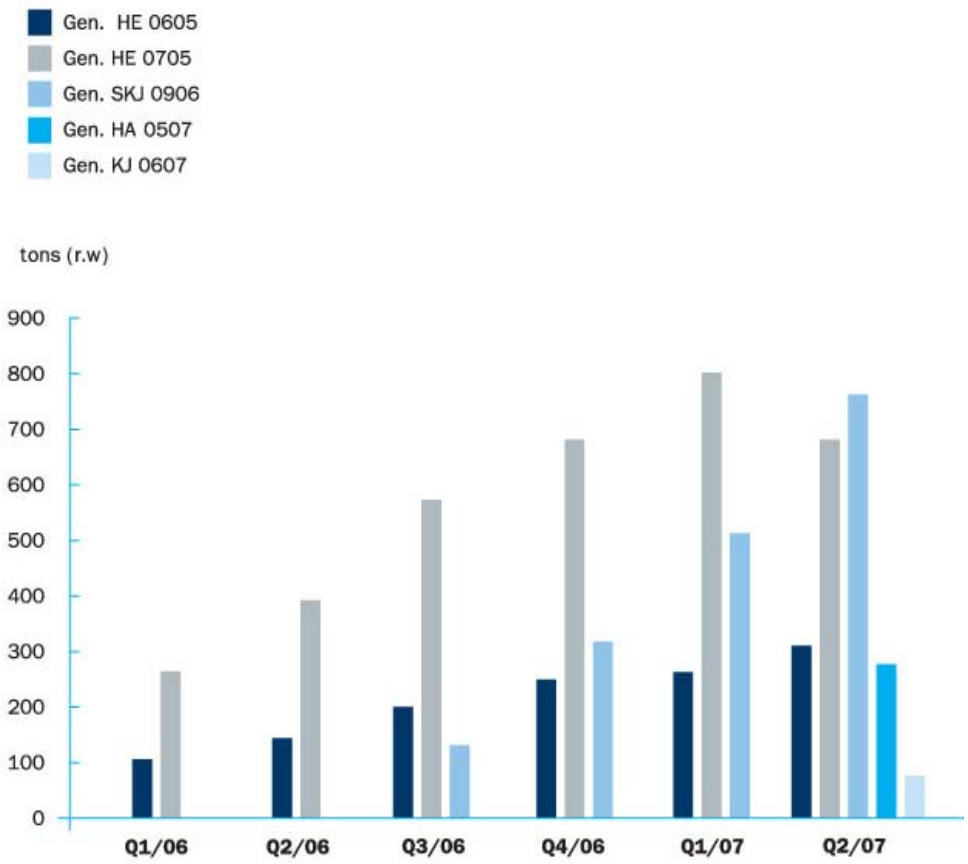
- **Q2/07 revenue was 5,9 MNOK up more than three times compared to Q2/06.**
- **Total revenue of 12,2 MNOK, reflecting the sales of 446 tons r.w. own produced cod and 70 tons r.w. of sourced external cod.**
- **EBIT of -5,7 MNOK in Q2/07 relative to -4,4 MNOK in Q2/06, reflecting 0,5 MNOK in negative margins for the generations sold and 5,2 MNOK in admin and other costs.**
- **YTD 2007 EBIT of -10,0 MNOK**
- **Total assets of 284 MNOK, reflecting 74 MNOK in non current assets and 208 MNOK in current assets**
- **Total equity of 250 MNOK with an equity ratio of 88 % and 2,8 MNOK of interest bearing debt.**
- **108 MNOK in cash and cash equivalents.**

MARGINS – as expected



- All generations show a downward sloping production cost curve.
- Generation harvested in Q2/07, have a negative margin of 2,9 NOK/kg, due to increased portion of 1-2 kg fish harvested in the period.
- Expect still break even margins for the Hellevika (HE) generation fully harvested with a production cost of NOK 20. r.w, higher avg. harvesting weight and further improved selling price in Q3 and Q4.

BIOMASS – good growth and control



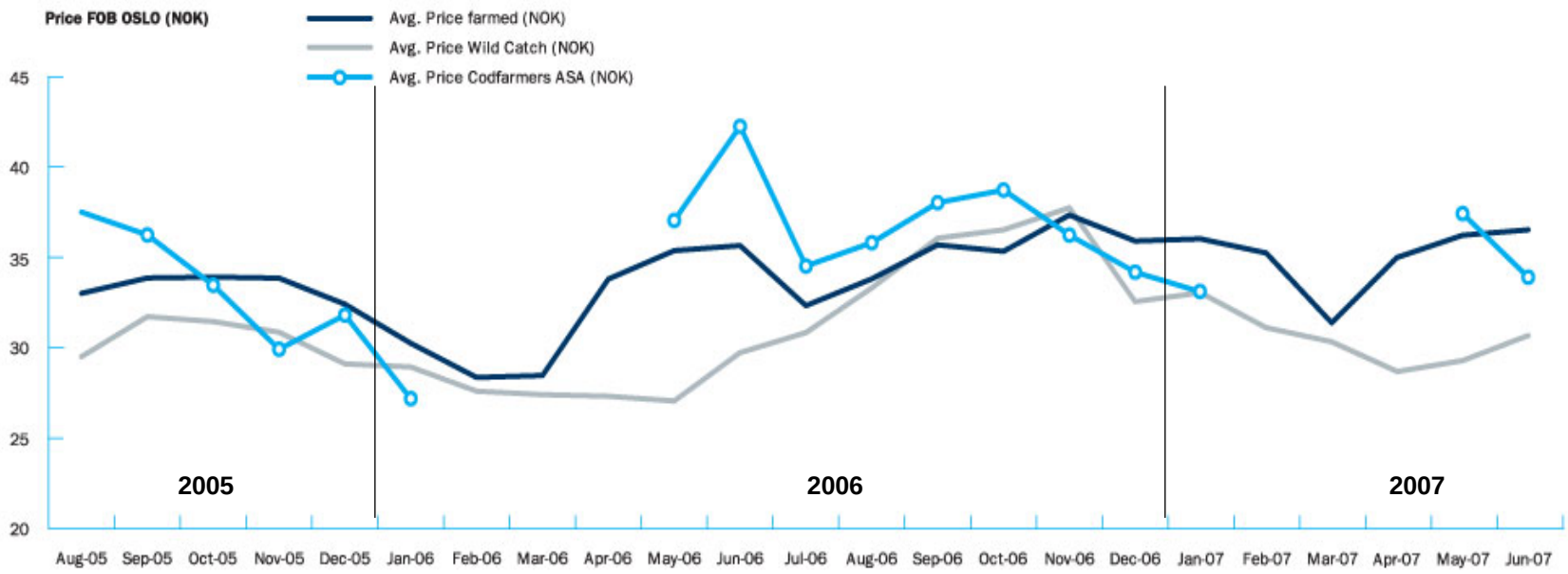
- 2098 tons (r.w.) standing biomass per Q2/07, not including 0,4 mill.juveniles set out at Kjølvika in August and the contracted release of approx. 1 mill. juveniles at Kjerringøy.
- 2,8 mill. fish distributed over 5 generations, including 1,4 mill juveniles released at the Hammarvika and Kjølvika sites.
- Net growth of 471 tons (r.w) biomass in Q2/07
- Now harvesting on the Hellevika 0605 and 0705 generations

Cod Performance Indicators – as expected

PER JUNE 2007	Hellvika Gen. June 2005	Hellvika Gen. July 2005	Sjetnes Gen. Sept 2006	Hammervika Gen. May 2007	Kjølvika Gen. June 2007
Harvest %	0%	25%	0%	0%	0%
Growth from 100g to 1,5kg	14 months	13 months			
Growth from 100g to harvested weight		23 months			
Avg. harvested weight		3,0 kg			
Current avg. weight	3,1 kg	3,0 kg	0,7 kg	0,4 kg	0,1
No. of fish (1000)	101	224	1 033	709	724
Biological feed factor (FCR)	1,17	1,13	0,95	0,90	0,90
Economic feed factor (EFCR)	1,26	1,20	0,98	0,92	0,94
Mortality (%)	7,5%	5,7%	2,8%	0,6%	0,9%
Production cost live fish per Dec	NOK 20,1	NOK 20,6	NOK 31,2	NOK 65,4	NOK 144,0

- Normal sea-temperatures (+10 C)
- Normal mortality
- No confirmed escapes or sign of disease
- Good growth on all locations
- Production cost developments as expected
- Biomass estimates on target
- Some increased maturation at Hellevika

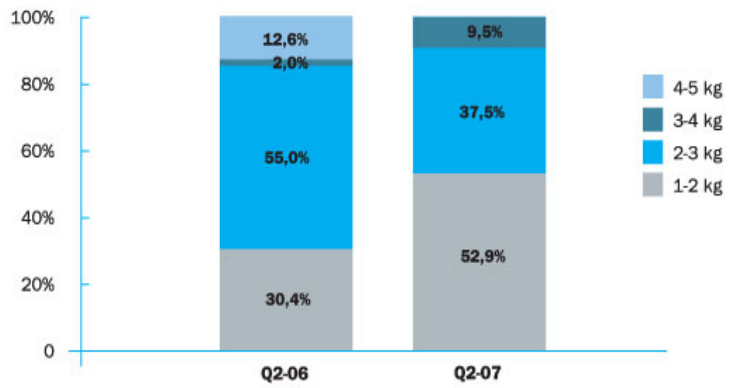
Sales benchmark – price up



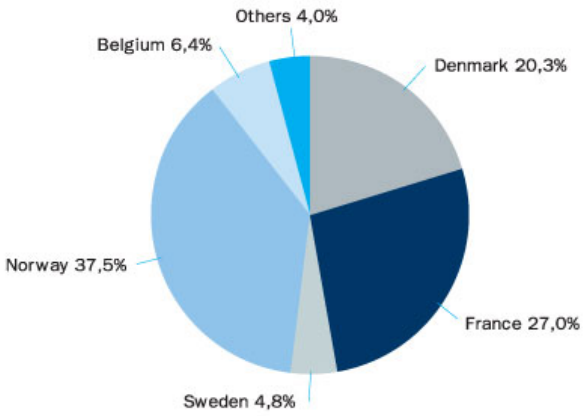
- Average industry price up 10 % in Q2/07 relative to Q2/06.
- Average achieved price of 35.2 however down 10% on Q2/07 due to an increased share (50 %) of small fish due to maturation at Hellevika.
- Approx. 40 % of total market share relative to approx. 30% in Q2/07.

Average size down in Q2

SIZE DISTRIBUTION Q2



SALES VALUE BY GEOGRAPHICAL MARKETS (Q2/07)



- **53 % 1-2 kg fish in Q2/07 vs. 30 % in Q2/06**
- **Target size distribution is a 20-60-20 % split**
- **57 % sold in Norway and Denmark primarily for re-export**
- **Swinging over volumes into direct and long term contracts with European retail and HORECA market and a higher proportion of fillets**

Securing the value chain

COD FARMERS

PLAN

Juveniles	On-growing	Farming	Packing	Processing	Sales
• Secure juveniles • Evaluating options for internal juvenile production in Nordland	• Exploring options for establishing own on-growing facility in Nordland	• Building infrastructure & developing existing capacity • Building biomass • Developing new clusters • Applying for new locations	• Exploring options for new harvest, packing & filleting station		• Developing relations with retail & wholesale • Broaden product range • Establishing long-term contracts • Utilize bi-products • Brand building

ACTION

PURCHASE OF MØRKEVEDBUKTA

integrated hatching, cod fry & juvenile production

PURCHASE OF HALSA

integrated packing and filleting station

Mørkvedbukta – integrated juvenile facility

- ✓ Purchased 28 March for 20 MNOK
- ✓ Facility built new in 2004 with:
  - 1860 m2 of building
  - 6700 m2 of land
- ✓ Licensed for annual production of 4,5 mill juveniles and the keeping of brood stock
- ✓ Marine Breed strategic partnership agreement of 3 July, to secure vital know-how and the best genetic material in the market
- ✓ Objective to develop an integrated brood stock, hatchery and juvenile facility with a total capacity of 10 million large juveniles

Halsa – integrated packing and filleting plant

- ✓ Operating harvest and packing plant purchased from Marine Harvest 15 July, at a price of 7 MNOK including equipment and work force
- ✓ Saving money, saving time
- ✓ Located in the center of our future production area
- ✓ Objective to up-grade, develop filet line and processing of bi-products

Plan

	MØRKVEDBUKTA Juveniles → On-growing	HALSA Packing → Processing
2007	✓ Recruit key personnel ✓ Integrate partners with know-how • Establish brood stock line	✓ Organizational issues • Take-over 1 September • 2-3 harvests/week
2008	• Q2, first spawning of brood stock • Q2, first placement of external small juveniles for on-growing • Q3, first hatching of own juveniles	• Q1: up-grading of packing plant • Q2: installing new filet line • Q2: new plant fully operational
2009	• Q2, commercial up-scaling of juvenile production • Q2, first placement of internal small juveniles for on-growing	

Juveniles secured

- Est. juvenile requirements 2008 of 5-7 million juveniles
- Untill Mørkvedbukta is in full production, a large number of high quality juveniles is secured externally
- 7,5 million juveniles per year for three years contracted YTD
  - 19 June, Marine Invest juvenile supply agreement signed regarding the supply of 4 million juveniles per year over a three year period in addition to existing contract of 1,5 million juveniles
  - 20 June, Grieg Marine Juveniles supply agreement entered securing 2 million small juveniles per year over a three year period

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