



Half-year report  
August 22th 2007



# HIGHLIGHTS

- > **Q2/07 revenue was 5,9 MNOK.** Harvest and sales revenues 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
- > **226 tons (r.w) harvested** and slaughtered in Q2/07, all from the Hellevika location.
- > **Approx. 40% of all farmed cod exported** from Norway in Q2/07 was produced by Codfarmers
- > **Average FOB price of 35.2 in Q2/07** down 10% on Q2/06 due to a 50% share of 1-2 kg. fish compared to 30 % in Q2/06.
- > **1,8 mill. juveniles put to sea** at the Hammarvika and Kjølsvika locations YTD.
- > **Preparing new site in Kjerringøy** for the planned release of approx. 1 mill juveniles in total.
- > **New personnel in place**, bringing the number of people in production to a total of 29 by the end of Q2/07.
- > **Harvesting and processing shifted** from Helnessund in Steigen to the newly acquired Halså processing plant in Meløy end of June.
- > **Important strategic moves;**
  - The purchase of Mørkvedbukta juvenile facility 28 March
  - The purchase of Halså processing plant 15 June
  - The signing of the Marine Invest juvenile supply agreement on 19 June
  - The signing of the Grieg Marine juvenile supply agreement on 20 June
  - The signing of strategic partnership agreement with Marine Breed on 3 July
  - The signing of feed agreements with Biomar and Danafeed on 5 July

# FINANCIALS

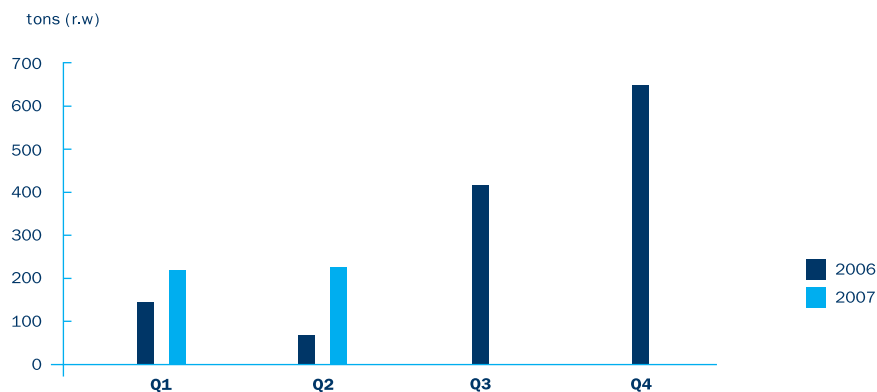
## KEY FINANCIALS FIGURES

<i>NOK (1000`)</i>	<b>Q2 2007</b>	<b>Q2 2006</b>	<b>YTD 2007</b>	<b>YTD 2006</b>	<b>Year 2006</b>
Revenue	5 850	1 739	12 233	5 316	33 430
EBITDA	-4 343	-3 644	-7 720	-7 870	-18 326
EBIT before biomass adj	-5 693	-4 348	-10 047	-9 320	-22 209
EBIT after biomass adj	-5 693	-4 374	-10 047	-9 265	-22 209
Total assets	284 218	128 262	284 218	128 262	231 406
Totalt Equity	250 450	115 406	250 450	115 406	211 503
Equity ratio	88 %	90 %	88 %	90 %	91,4 %
Interest bearing debt	2 847	3 375	2 847	3 375	3 139
Cash and cash equivalents	108 176	68 422	108 176	68 422	136 110

- Q2/07 revenue was 5,9 MNOK. Harvest and sales revenues 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.

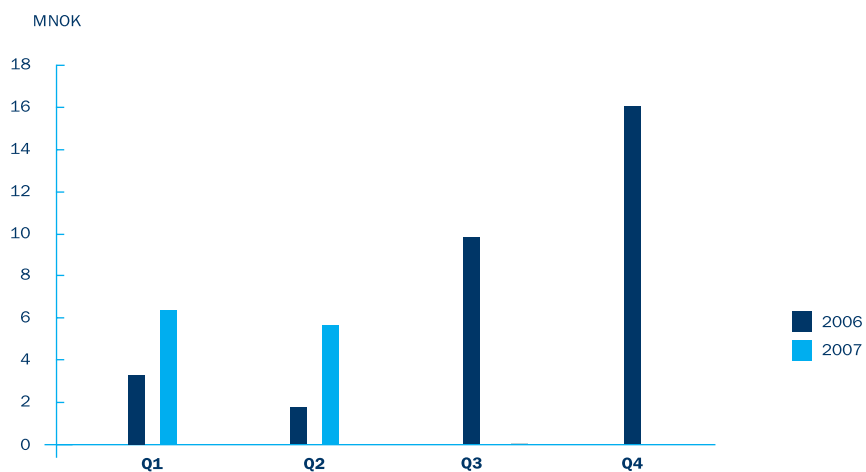
# FINANCIALS

## HARVEST



- Q2/07 harvest of 226 tons. (r.w), up plus three times relative to Q2/06
- Total harvest of 446 tons (r.w) YTD in 2007
- Harvesting from three different generations.

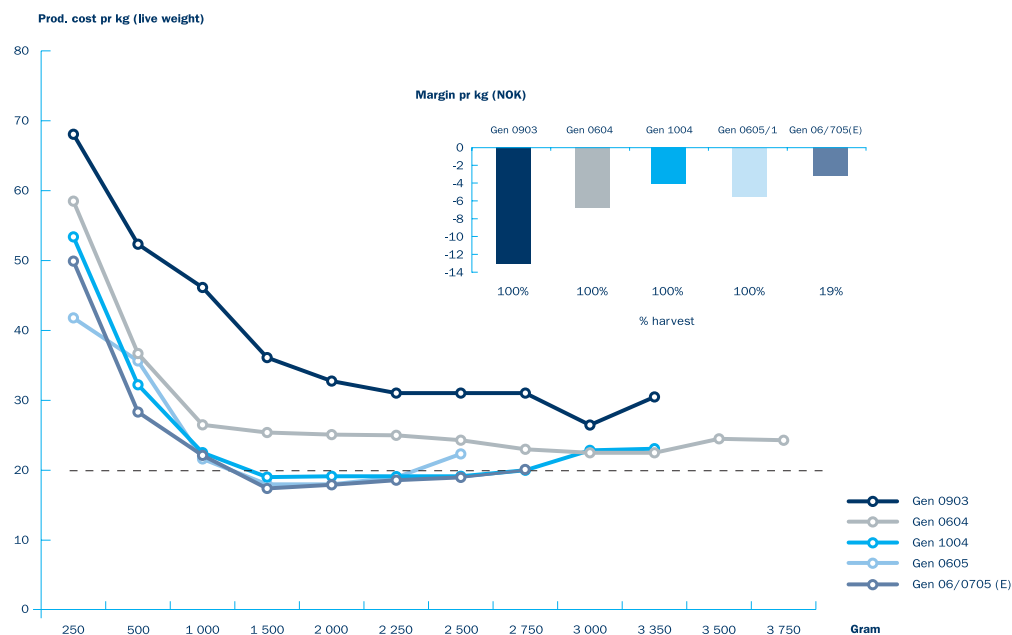
## SALES



- Q2/07 revenue of 5,8 MNOK, up more than three times from Q2/06.
- Total sales of 12,2 MNOK in 2007 YTD, including 1,6 MNOK of external sales.
- Approx. 40 % market share of total farmed cod sales from Norway in Q2/07.

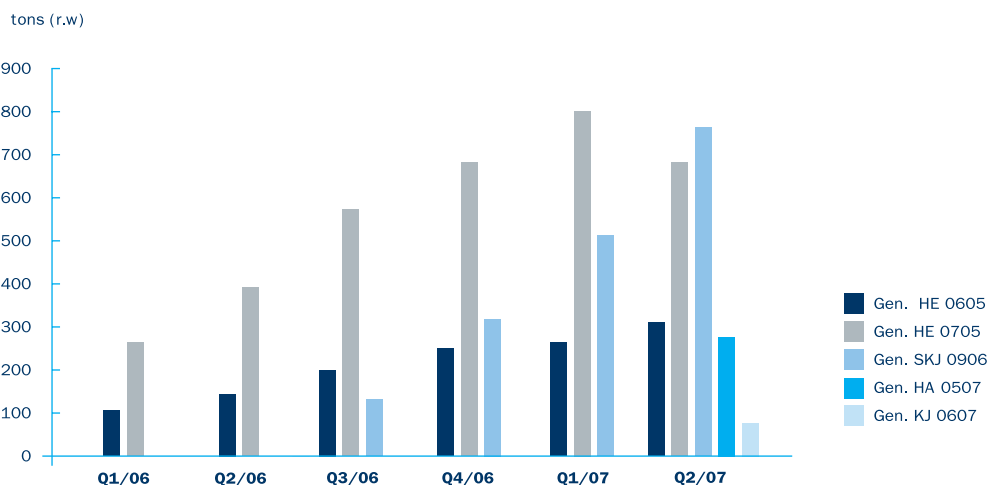
## MARGIN ANALYSIS (HARVESTED GENERATIONS)

- All generations show a downward sloping production cost curve.
- Generation harvested in Q2/07, have a negative margin of 2,9 NOK/kg, mainly explained by high portion of 1-2 kg fish harvested in the period.
- Expect still break-even margins for the Hellevika (HE) generation fully harvested with a productions cost of NOK 20. r.w, higher avg. harvesting weight and stabile prices in Q3 and Q4.



## BIOMASS DEVELOPMENT (TONS)

- 2098 tons (r.w.) standing biomass per Q2/07, not including 0,4 mill. juveniles set out at Kjølsvika in August and the contracted release of approx. 1 mill. juveniles at Kjerringøy.
- A total of 2,8 mill. fish distributed over 5 generations.
- Net growth of 471 tons (r.w) biomass in Q2/07.



# PRODUCTION

## PRODUCTION

- 226 tons (r.w) harvested from the Hellevika location during Q2/07.
  - Codfarmers started harvesting at the new processing facility at Halså end of June.
  - Normal sea-temperatures at all locations, in spite of the extraordinary warm summer in Nordland this year.
  - Mortality has slightly increased at the Hellevika location due to some maturation.
  - Counting and sorting at the Sjetnes location showed no significant deviations.
- Good growth on this location in Q2/07. The largest group has reached an average weight of 1,2 kg .
- Production cost developments as expected.

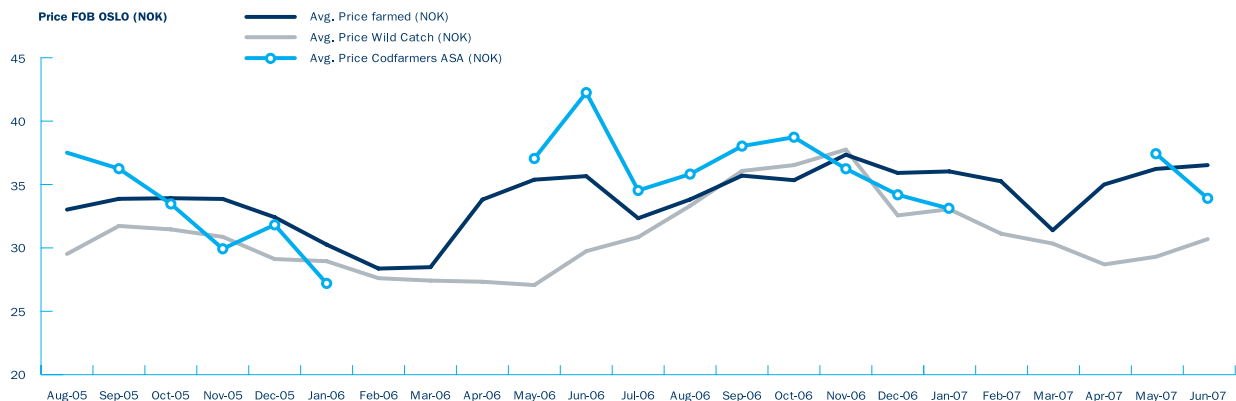
### COD PERFORMANCE INDICATORS PER JUNE 2007

	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 kg
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

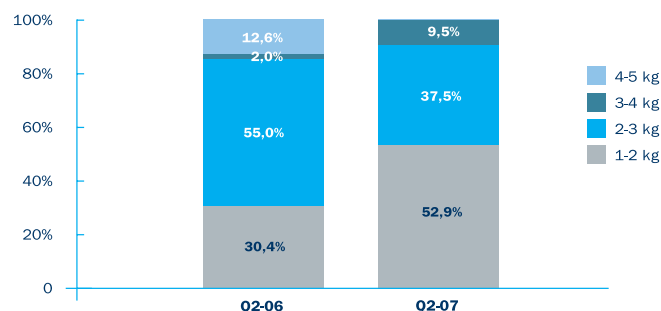
- 1,8 mill juveniles put to sea at the Hammervika and Kjølvika locations YTD.
- Preparing new site in Kjerringøy for the planned release of approx. 1 mill juveniles.
- New personnel in place, with a total of 29 people in production by the end of Q2/07.

# MARKET

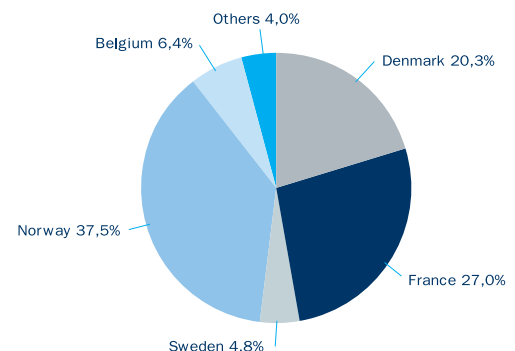
- Average FOB price of 35.2 in Q2/07 down 10% on Q2/06 due to a 50% share of 1-2 kg fish compared to 30 % in Q2/06.
- The increased share of small fish, brought average FOB export price below average Norwegian FOB export price.
- The average price difference between 1-2 kg and 2-3 kg fish was approx. NOK 7 per kg in Q2/07. As opposed to last year, the general market prices remained lower in May and June mainly due to supplies of cheap 0-2 kg cod from the Baltic sea.
- 1-2 kg cod sold in the European spot market is mainly used for processing. Prices in this market still reflect supply and demand rather than value quality differences, a distinct disadvantage for farmed cod demonstrating the necessity to actively market the better quality of farmed cod.
- Approx. 40 % of all farmed cod exported from Norway in Q2/07 was produced by Codfarmers.
- Similar to Q1/07, the high share of sales to Norway reflects sales to Norwegian exporters assisting in spreading the relatively large volume of 1-2 kg fish beyond Codfarmers own European processing customers. Initiation of a few new client relationships in Sweden and Belgium has resulted in further widening of the geographical sales spread as planned.
- The 1-2 kg issue and the price volatility in general is being addressed by Codfarmers' strategy to go deeper into the markets and tie up part of our volume in fixed contracts and long-term partnerships. This provides a better basis for more appropriately recognizing the advantages of farmed cod and responsible farming. More such contracts are currently being negotiated with early trial deliveries undertaken end of Q2/07.



## SIZE DISTRIBUTION



## SALES VALUE BY GEOGRAPHICAL MARKETS



# FUTURE

## STRATEGIC MOVES FOR THE FUTURE

Q2/07, was the period in which many of the strategic bits in the Codfarmers' puzzle fell into their proper places to secure Codfarmers the position as a fully integrated and cost efficient leader within the cod farming industry. While the main focus still is the production and sale of farmed cod, it has also been important to prevent bottlenecks in the value chain and to bring down juvenile and harvesting costs to a normal level. While these processes came to a conclusion over a very short time span during Q2, they were initiated months prior, some as late back as Q3/06.

## MØRKVEDBUKTA HATCHING FACILITY

On the 28th of March, Codfarmers purchased a cod hatching facility in Mørkvedbukta outside Bodø, at a price of MNOK 20. The intention is to expand the facility into an integrated hatching, cod fry and juvenile production facility with an annual capacity of 10 million large juveniles. This move is important to secure the value chain, ensure regular supplies of high quality juveniles at substantially lower costs than today and to develop a farmed cod ideally suited for the favorable conditions for farming cod in the region.

## HALSA PROCESSING PLANT

On the 15th of June, the Halså processing plant was purchased from Marine Harvest at a price of only MNOK 7 including equipment and work force, saving the company a major investment and substantial time delay compared to having to build a new processing plant from scratch. The facility will be up-graded and a filleting line will be built to make this the first specialized

processing plant for farmed cod in the world.

## THE MARINE INVEST JUVENILE SUPPLY AGREEMENT

On the 19th of June, Codfarmers signed an agreement with Marine Invest AS concerning the supply of 12 million large juveniles over a three year period. Together with the 4,5 million juveniles already contracted with Marine Invest, this is the largest juvenile supply contract ever in the industry. This move was important to secure Codfarmers access to sufficient supplies of cod juveniles in the interim period until Codfarmers has it's own production of juveniles up an running.

## THE GRIEG MARINE JUVENILE SUPPLY AGREEMENT

On the 20th of June, Codfarmers signed an agreement with Grieg Cod Juveniles AS concerning the supply of 6 million small juveniles over a three year period. Similar to the Marine Invest agreement, this contract is important to secure sufficient supplies of juveniles in the interim period until Mørkvedbukta is in production. The plan is to grow out the small juveniles from Grieg at Mørkvedbukta as of the spring of 2008.

## THE MARINE BREED STRATEGIC PARTNERSHIP AGREEMENT

On the 3rd of July, Codfarmers signed an agreement with Marine Breed AS concerning the keeping of brood stock, purchase of Marine Breed genetic material as well as a wider strategic co-operation. Since genetic improvement perhaps is the single most important cost improvement parameter in the years to come, it has been important for Codfarmers to secure access to

the most efficient genetic material. Marine Breed commands 50% of the international market when it comes to breeding programs for aqua culture in general and is clearly leading when it comes to cod in particular.

## LONG TERM FEED AGREEMENTS

On the 5th of July, and after a lengthy process of extensive feed assessment trials, Codfarmers closed a major two year contract with Biomar AS (80 %) and Danafeed AS (20 %) for the supply of 40.000 tons of feed, the largest feed contract to date in the cod farming industry. Since feed comprise approx. 50 % of total production costs, it is important to Codfarmers to have feed suppliers willing to allocate resources necessary to develop a more effective feed specially adapted to farmed cod.

# FINANCIAL INFO

## 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 to enable comparison. The transition to IFRS is described in the notes and the annual accounts for 2006. See our website: [www.codfarmers.com](http://www.codfarmers.com).

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 less sales costs. When limited biological transformation has taken place or when the estimated fair value is clearly unreliable, §24 of IAS 41 allows the fish to be recorded at its production cost.

### SECOND QUARTER 2007 RESULTS

The Group achieved a total revenue during second quarter 2007 of MNOK 5.9, compared with MNOK 1.7 for the same period in 2006, as a result of increasing harvesting volumes and sales.

The operating result before biomass adjustments came to MNOK -5.7, compared to MNOK -4.3 for the same period in 2006. The operating result after biomass adjustments equaled MNOK -5.7 with no biomass adjustments in the period reporting on the basis of IAS 41 (IFRS).

The second quarter result after tax came to MNOK -5.0, compared to MNOK -3.6 in 2006.

The net cash flow from operations for the first 6 months of 2007 was MNOK -20.9, compared to MNOK 14.5 for the same period last year.

The net cash flow from investment activities per second quarter 2007 came to MNOK -54.3, of which MNOK -25.7 reflects investments in new production equipment and boats at the locations Kjølsvika and Hammarvika and upgrade of current production equipment at the existing locations at Skjetneset. MNOK 20.5 has been invested in hatching facility at Mørkvedbukta outside Bodø. The remaining MNOK 8.0 relates to the purchase of 12.5 % of Marin Invest AS.

The cash flow from financing activities shows that the Group reduced its net interest bearing debt by MNOK 0.3 in the first 6 months of 2007 and increased its equity by the net amount of MNOK 46.9 through an share issue in May 2007.

At the end of second quarter 2007, the Group had MNOK 108.2 in available cash and cash equivalents.

## FINANCING, CAPITAL STRUCTURE AND SHAREHOLDERS

End of second quarter, the Group had total assets with a book value of MNOK 284.2 and interest bearing debt of MNOK 2.8. The Group's book equity equaled MNOK 250.5, giving an equity ratio of approx. 88%.

As per 30 June 2007, Codfarmers ASA had 441 shareholders. 40 % of the shares were owned by foreign investors (UK 18 %, USA 15 %, and Luxemburg 4,0 %). At the end of June the 25 largest shareholders owned a total of 83 % of the Company's shares. The largest shareholder from UK have a stake of 9,4 % while In Cod We Trust, Verdipapirfond Odin Norge and Orkla ASA have stakes of 9,1 %, 8.8 % and 8.5 %.

In the second quarter Codfarmers ASA have been trading at between NOK 30 and NOK 38.

# INCOME STATEMENT

Unaudited (NOK 1000)	Note	Q2	Q2	IFRS	YTD	Year
		2007	2006	YTD	2006	2006
Revenue		5 850	1 739	12 333	5 316	33 430
Consumables used		36 609	4 357	42 468	7 216	35 026
Inventory change		-33 478	-4 522	-37 030	-5 627	-8 247
Salaries		4 496	1 952	7 994	5 203	13 554
Depreciation, amortisation and impairment charges		1 350	704	2 327	1 450	3 883
Other expenses		2 566	3 596	6 521	6 394	11 423
<b>Operating profit before biomass adj.</b>		<b>-5 693</b>	<b>-4 348</b>	<b>-10 047</b>	<b>-9 320</b>	<b>-22 209</b>
Biomass adjustment		0	-26	0	55	0
<b>Operating profit</b>		<b>-5 693</b>	<b>-4 374</b>	<b>-10 047</b>	<b>-9 265</b>	<b>-22 209</b>
Financial income		771	904	1 708	920	1 541
Financial cost		-88	-109	-225	-259	-282
<b>Net finance</b>		<b>683</b>	<b>795</b>	<b>1 483</b>	<b>661</b>	<b>1 259</b>
Profit before income tax		-5 010	-3 579	-8 564	-8 604	-20 950
Income tax (expense) / income		0	0	0	0	0
<b>Profit for the period</b>		<b>-5 010</b>	<b>-3 579</b>	<b>-8 564</b>	<b>-8 604</b>	<b>-20 950</b>
<b>Attributable to:</b>						
Equity holders of the company		-5 010	-3 579	-8 564	-8 604	-20 950
<b>Earnings per share</b>						
basic	11	-0,31	-0,36	-0,54	-1,02	-1,72
diluted	11	-0,31	-0,36	-0,54	-1,02	-1,72

# BALANCE SHEET

		IFRS		
Unaudited (NOK 1000)	Note	30 June 2007	30 June 2006	Year 2006
ASSETS				
Non-current assets				
Property, plant and equipment	5	65 082	15 018	21 545
Intangible assets	5	1 787	1 477	1 571
Financial assets for sale		8 003	3	3
Total non-current assets		74 872	16 497	23 119
Current assets				
Inventories		2 349	905	1 798
Biomass		72 522	32 926	35 491
Trade receivables		4 024	1 371	10 113
Other receivables		22 275	8 141	24 775
Cash and cash equivalents		108 176	68 422	136 110
Total current assets		209 346	111 765	208 287
Total assets		284 218	128 262	231 406
EQUITY				
Capital and reserves attributable to equity holders of the company				
Share capital	6	292 579	139 271	245 370
Other equity	6	0	126	0
Retained earnings	6	-42 129	-23 991	-33 867
Total equity		250 450	115 406	211 503
LIABILITIES				
Non-current liabilities				
Borrowings	7	2 847	3 375	3 139
Total non-current liabilities		2 847	3 375	3 139
Current liabilities				
Trade payables		17 852	6 771	11 689
Indirect taxes and excises		1 498	341	898
Borrowings	7	585	643	585
Convertible loan		0	1 561	0
Other current liabilities		10 986	165	3 592
Total current liabilities		30 921	9 481	16 764
Total liabilities		33 768	12 856	19 903
Total equity and liabilities		284 218	128 262	231 406

# CASH FLOW

Unaudited (NOK 1000)	IFRS	
	30 June 2007	30 June 2006
<b>Cash generated from operating activities</b>		
Profit for the period	-8 564	-8 604
Depreciation and amortisation	2 327	1 450
Gain on sale of asset	0	-700
Change in inventories	-37 582	-6 092
Change in trade receivables	6 089	1 797
Change in trade payables	6 163	2 562
Change in other	10 671	-4 928
<b>Net cash generated from operating activities</b>	<b>-20 896</b>	<b>-14 515</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment (PPE)	-46 437	-4 098
Proceeds from sale of PPE	180	1 000
Purchase of financial assets	-8 000	0
<b>Net cash used in investing activities</b>	<b>-54 257</b>	<b>-3 098</b>
<b>Cash flow from financing activities</b>		
Repayments of borrowings	-292	-510
Proceeds from shar issue	46 909	84 273
Share option costs	602	56
Interest of convertible bond	0	50
<b>Net cash used in financing activities</b>	<b>47 219</b>	<b>83 869</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>-27 934</b>	<b>66 256</b>
Cash and cash equivalents at beginning of the period	136 110	2 166
<b>Cash and cash equivalents at end of the period</b>	<b>108 176</b>	<b>68 422</b>
Restricted cash as of 31 March	735	251
<b>Cash and cash equivalents at end of the period adjusted for restricted cash</b>	<b>107 441</b>	<b>68 171</b>
<b>From the balance sheet</b>	<b>108 176</b>	<b>68 422</b>

## CHANGE IN EQUITY

Unaudited (NOK 1000)	Share capital	Share premium	Reserves	Retained earnings	Total
<b>Balance at 1 January 2007</b>	<b>1 539</b>	<b>243 832</b>	<b>0</b>	<b>-33 867</b>	<b>211 503</b>
Issue of shares 21.05.07	154	46 755			46 909
Market value of awarded options				602	602
Profit for the period				-8 564	-8 564
<b>Balance at 31 March 2007</b>	<b>1 639</b>	<b>290 587</b>	<b>0</b>	<b>-41 829</b>	<b>250 450</b>

# NOTES

## 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;

8120 Nygårdsjøen  
Gildeskål

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-June 2007, 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".

## 3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the IFRS annual financial statements for the year ended 31 December 2006, as described in the IFRS annual financial statements for the year ended 31 December 2006.

The following new standards, amendments to standards and interpretations are mandatory for financial year ending 31 December 2006, but are not considered to be relevant for the group:

- Amendment to IAS 19, 'Employee Benefits'
- Amendment to IAS 21, 'Net Investment in Foreign Operations'
- Amendment to IAS 39, 'Cash Flow Hedge Account of Forecast Intragroup Transactions'
- Amendment to IAS 39, 'Fair Value Options'
- Amendment to IAS 39 and IFRS 4, 'Financial guarantee contracts',
- IFRS 6, 'Exploration for and evaluation of mineral resources'
- IFRIC 4, 'Determining whether an arrangement contains a lease'
- IFRIC 5, 'Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds',

- IFRIC 6, 'Liabilities arising from participating in a specific market – waste electrical and electronic equipment',

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 do not expect the interpretation to be relevant for the Group.
- 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
- IFRIC 10, 'Interim Financial Reporting and Impairment', effective for annual periods beginning on or after 1 November 2006. Management do not expect the interpretation to be relevant for the Group.

## 4 SEGMENT INFORMATION

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

# NOTES

## 5 CAPITAL EXPENDITURE

30 June 2006	Tangible and intangible assets
<b>Opening net book amount 1 January 2006</b>	<b>13 846</b>
Additions	4 098
Disposals	0
Depreciation, amortisation, impairment and other movements	1 450
<b>Closing net book amount 30 June 2006</b>	<b>16 494</b>

30 June 2007	
<b>Opening net book amount at 1 January 2007</b>	<b>23 116</b>
Additions	46 437
Disposals	357
Depreciation/amortisation, impairment and other movements	2 327
<b>Closing net book amount at 30 June 2007</b>	<b>66 869</b>

## 6 CAPITAL

Capital	Number of shares ('000)	Ordinary shares	Share premium	Other equity	Total
<b>Opening balance 1 January 2006</b>	6 339	634	54 364	-14 667	40 331
Proceeds from issue of new shares	4 551	455	83 818		84 273
Market value on awarded options				56	56
Convertible bonds – equity share				50	50
Sale of financial asset				-700	-700
Result					-8 604
<b>At 30 June 2006</b>	<b>10 890</b>	<b>1 089</b>	<b>138 182</b>	<b>-15 261</b>	<b>115 406</b>

<b>Opening balance 1 January 2007</b>	15 389	1 539	243 831	-33 867	211 503
Proceeds from issue of new shares	1 539	154	46 755		46 909
Market value on awarded options				602	602
Result				-8 564	-8 564
<b>At 30 June 2007</b>	<b>16 928</b>	<b>0</b>	<b>1 693</b>	<b>-41 829</b>	<b>250 450</b>

The AGM has given the board of Directors the following proxy to issue new shares:

Date given	Expiry date	Maximum increase in share capital (NOK)	Remaining amount (NOK)
8 Sept 2006	8 Sept 2009	554 462	94 462
<b>Total remaining amount:</b>			<b>94 462</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 June 2007	30 June 2006
Non-current	2 847	3 375
Current	585	643
	<b>3 432</b>	<b>4 018</b>

Movements in borrowings is analysed as follows:

2006

Opening amount as at 1 January 2006	4 528
Repayments of borrowings	-510
<b>Closing amount as at 30 June 2006</b>	<b>4 018</b>

2007

Opening amount 1 January 2007	3 724
Repayments of borrowings	-292
<b>Closing amount as at 30 June 2007</b>	<b>3 432</b>

## 8 PENSION PLANS

Due to new legislation in Norway which came into force 1 January 2006, the Group has implemented a pension arrangement for its employees.

## 9 SHARE OPTIONS

Per 30 June 2007 the following options have been granted to employees;

Name	Grant date	No.of options	Vested date	Expire date	Share price	Strike
					NOK	NOK
Øystein Sterio	01-04-06	75 000	01-01-07	31-12-09	26	19
Øystein Sterio	01-04-06	75 000	01-01-08	31-12-09	26	19
Øystein Sterio	01-04-06	75 000	01-01-09	31-12-09	26	19
Michael Malling	01-04-06	25 000	01-01-07	31-12-09	26	19
Michael Malling	01-04-06	25 000	01-01-08	31-12-09	26	19
Michael Malling	01-04-06	25 000	01-01-09	31-12-09	26	19
Henrik Andersen	01-07-06	25 000	01-07-07	31-12-09	26	24
Henrik Andersen	01-07-06	25 000	01-07-08	31-12-09	26	24
Henrik Andersen	01-07-06	25 000	01-07-09	31-12-09	26	24
Tore Laugsand	01-08-06	25 000	01-08-07	31-12-09	26	24
Tore Laugsand	01-08-06	25 000	01-08-08	31-12-09	26	24
Tore Laugsand	01-08-06	25 000	01-08-09	31-12-09	26	24

A cost of TNOK 2 372 has been taken through 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.

# NOTES

## 11 EARNINGS PER SHARE

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

Earnings per share for loss from continuing operations attributable to the equity holders of the company (expressed in NOK per share)	2007	2006
– basic	-0,54	-1,02
– diluted	-0,54	-1,02

## 12 DIVIDENDS

No dividends have been paid in the period.

## 13 RELATED-PARTY TRANSACTIONS

The following transactions have occurred with related parties during 2007:

Type of transaction	Related party	Purchase in TNOK
Consultancy services	Ole Jacob Myre (member of the Board of Directors)	622

## 14 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

### 03.07.2007 Strategic partnership agreement with Marine Breed

Codfarmers ASA and Marine Breed AS signed an agreement concerning the keeping of brood stock, purchase of Marine Breed genetic material as well as a wider strategic cooperation.

According to the agreement, Codfarmers will establish their own brood stock line with fish from the Marine Breed genetic program. The aim is to develop a cod especially adapted to the favourable natural conditions for the effective farming of Atlantic cod in Northern Norway. Codfarmers' integrated juvenile facility in Mørkvedbukta outside Bodø, will thus become one of Marine Breed's three locations for producing codeggs and the only one in Northern Norway.

### 05.07.2007 Longterm feed agreement with BioMar and Danafeed

Codfarmers ASA signed feed agreements with BioMar and Danafeed covering Codfarmers' feed requirements until end 2009.

The agreements comprise an estimated total volume of approx. 40 000 tons of feed and represent as such the largest contracted volumes to date within the codfarming industry. BioMar will supply approx. 80 % and Danafeed approx. 20 % of the volume in question.

# SHARE CAPITAL DEVELOPMENT

## SHARE CAPITAL DEVELOPMENT

Date	Event	Share Issued (NOK 1000)	Share Price (NOK)	Proceeds (MNOK)
Jan 2002	Incorporation	1 000	0,11	110
April 2002	Share issue	696	1,00	696
Oct 2002	Share issue	625	4,48	2 800
Des 2002	Share issue	107	5,61	600
Sep 2003	Share issue	643	7,00	4 501
Nov 2003	Share issue	440	9,00	3 960
Aug 2004	Share issue	945	12,00	11 344
Feb 2005	Employee shares	25	10,00	250
April 2004	Share issue	869	18,00	15 648
May 2005	Loan conversion	119	12,60	1 500
June 2005	Share issue	869	18,00	15 648
Feb 2006	Convertible Loan	351	14,25	5 000
April 2006	Adjustment issue	0,015		0,0015
April 2006	Share issue	3 158	19,00	60 000
May 2006	Share issue	1 042	24,00	25 000
Oct 2006	Offering/IPO	4 500	26,00	117 000
May 2007	Share issue	1 538	32,00	49 228
<b>Total</b>	<b>Shares issued</b>	<b>16 927</b>		<b>313 285</b>

# SHAREHOLDERS

## SHAREHOLDERLIST PER 02.08.2007

Shareholders	Shares	Ownership (%)	Citizen
CREDIT SUISSE SECURITIES	1 583 406	9,4 %	GBR
IN COD WE TRUST LLC	1 532 243	9,1 %	USA
VERDIPAPIRFOND ODIN NORGE	1 493 711	8,8 %	NOR
ORKLA ASA	1 440 000	8,5 %	NOR
JPMORGAN BANK LUXEMBOURG	1 001 200	5,9 %	GBR
FUTURUM CAPITAL AS	858 995	5,1 %	NOR
MORTEN WERRINGS REDERI AS	639 722	3,8 %	NOR
VERDIPAPIRFONDET KLP AKSJENORGE	500 595	3,0 %	NOR
SEB PRIVATE BANK S.A. LUXEMBOURG	500 000	3,0 %	LUX
SKAGEN VEKST	500 000	3,0 %	NOR
VITAL FORSIKRING ASA	453 100	2,7 %	NOR
MORGAN STANLEY AND CO. INTL. PLC	424 200	2,5 %	GBR
BURCH JOHN CHRISTOPHER	376 101	2,2 %	USA
STIFTELSEN STATOILS PENSJONSKASSE	331 768	2,0 %	NOR
WAHLSTRØM ERIK	327 436	1,9 %	NOR
BRØDR. HETLAND AS	324 125	1,9 %	NOR
BURCH ROBERT LOUIS	270 684	1,6 %	USA
DNB NOR NORGE (IV)	243 800	1,4 %	NOR
DNB NOR MARKETS, AKSJEHAND/ANALYSE	200 000	1,2 %	NOR
SIS SEGAINTERSETTLE AG 25PCT	199 300	1,2 %	CHE
STATOIL FORSIKRING AS	197 855	1,2 %	NOR
SKANDINAVISKA ENSKILDA BANKEN	179 214	1,1 %	SWE
AKSJEFONDET ODIN NORGE II	171 400	1,0 %	NOR
VERDIPAPIRFONDET NORDEA AVKASTNING	151 300	0,9 %	NOR
HETLANDS GECCO MANAGEMENT AS	150 300	0,9 %	NOR
OTHERS	2 877 695	17,0 %	NOR
<b>SUM</b>	<b>16 928 150</b>	<b>100 %</b>	

Number of shareholders: 441

Ownership Norway: 60 %

Ownership foreign: 40 %



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