

NORWAY PELAGIC ASA REPORT 1ST QUARTER 2008



INTRODUCTION

Norway Pelagic has completed a quarter with record high supply of raw material, satisfactory operations and continued upturn in demand in the main markets.

The fishery of NVG-herring is normally good in 1st quarter and then diminishes during winter following the migration and spawning pattern of the herring. A large part of this year's increased quota has been caught during January and February. Sales and margins have also been satisfactory and there has particularly been a noticeable increase in the sales to the African market.

The group's operating revenues in 1st quarter 2008 amounted to MNOK 543,8. Operating result was MNOK 40,1 and result before tax was MNOK 37,7. Operating margin was 7,4% and profit margin before tax 6,9%.

In accordance with natural seasonal fluctuations in the industry, low activity is expected in the 2nd quarter due to limited supply of raw material, but continued positive development for the whole year based on increased supply of raw material and underlying upturn in demand in the main markets.

Norway Pelagic ASA applied 29th April to be listed on the main list of Oslo Stock Exchange.

RAW MATERIAL AND OPERATIONS

The stock of NVG-herring has increased to the highest level since the fifties, and the quotas for Norwegian vessels have increased by 19% from 2007 to 2008. The fisheries have been good and especially the coastal fleet has caught most of the increased quota in the first quarter. The season has as usual been intensive from January until middle of February when the herring spawns at Møre, and thereafter the quality becomes poorer and smaller volumes become available. The activity in all Norway Pelagic's plants has been higher than normal in the period.

Some foreign catches of mackerel and capelin have been delivered in the first quarter. The Norwegian capelin fishery in the Barents Sea is expected to open in winter 2009.

Norway Pelagic has increased their total production in 1st quarter by 80% compared with the volume of the merged companies in the same period in 2007.

Production statistics in 1st quarter (weight in tons)

	Q1 2008	Q1 2007 proforma	Herring	Mackerel	Other
Produced round frozen	104 418	61 655	88 437	6 432	9 549
Produced fillet/value added	23 680	11 803	22 847	833	0
Total produced	128 098	73 458	111 284	7 265	9 549

Norway Pelagic's share of total landings for consumption in 1st quarter was approximately 38%, which is expected to be their normal share of landings with today's plant capacity.

MARKET AND EXPECTATIONS

Since most of the volume of mackerel is produced and sold in 4th quarter, the importance of mackerel is relative low in 1st quarter. Sold volume in the period is mainly to Japan and Eastern Europe, based on stocks.

Supply of small herring with moderate price has once again made us able to sell to the African market, and the largest quantity of herring was shipped to this market during 1st quarter. Moreover the demand from Russia and Eastern Europe is good and the demand for fillet products is increasing.

Sales per market in Q1 2008 (net turnover in MNOK):

	Total	Herring	Mackerel	Other
Europe ex EU	179,4	134,8	41,6	3,0
Russia	139,4	124,8	1,1	13,5
Africa	78,7	78,5	0,2	0
Japan and Far East	64,3	8,5	52,6	3,2
EU	61,5	46,7	11,6	3,2
Others	20,5	15,8	4,3	0,4

As normal the gross margin for mackerel has been somewhat lower than in 2007, as the limited received volume in 2008 is mainly trawler caught mackerel of poorer quality. The gross margin for herring has still been under pressure by the strong Norwegian krone. Considering this the achieved margins are nevertheless acceptable. The gross margin for the quarter is lower than in 2007 because only a small part of the turnover is related to mackerel.

Gross margins (NOK/kg):

	Q1 2008	H2 2007
Herring	1,36	1,34
Mackerel	1,76	2,23
Other	1,55	2,38
TOTAL	1,41	1,58

The company experience an increasing demand for fillet products, especially in Russia and Eastern Europe, as new generations more and more want food that is easier to prepare.

Continuous work is done to establish long-term general agreements with big customers in order to ensure increased stability in the value chain.

The threats of import restrictions from Russian Food Safety Authorities were withdrawn in February. However, continuous measures from Norwegian and Russian authorities to ensure the quality of pelagic fish are expected, and Norway Pelagic will aim to comply with the demands of the authorities.

FINANCES AND SHAREHOLDER AFFAIRS

The group's operating revenues in 1st quarter 2008 amounted to MNOK 543,8. Operating result before depreciations (EBITDA) was MNOK 45,6, operating result was MNOK 40,1 and result before tax was MNOK 37,7. EBITDA, operating and result margin after tax was 8,3%, 7,4% and 6,9%.

The group's equity is MNOK 713,9, which is 66,6% of the total balance of MNOK 1072,7. Net interest bearing debt was MNOK 308,8. The group's liquidity is satisfactory.

The earlier proposed dividend of NOK 1,50 per share will be shared out as a capital reduction by direct depreciation of the share premium account, according to the resolution made by the General Meeting 22nd April. Dividend payment can be counted on primo July.

Norway Pelagic ASA is listed on OTC with ticker NPEL. The market value of the company per 31st March was MNOK 575,1 based on the last share price of NOK 40,00. Number of outstanding shares is 14 377 451. Norway Pelagic ASA applied 29th April to be listed on the main list of Oslo Stock Exchange.

Oslo, 7th May 2008

The Board of Directors of Norway Pelagic ASA

Consolidated profit and loss account Group Nok.mill.	31.03.2008	2007 Juli-des
Operating revenues	543,8	1 118,3
Raw materials and consumables used	-379,3	-843,1
Other operating expenses	-119,0	-191,4
Total operating expenses	-498,2	-1 034,5
EBITDA	45,6	83,9
Ordinary depreciation	-5,5	-7,9
EBIT	40,1	76,0
Net financial expenses	-2,4	-9,7
Result before tax	37,7	66,3
Taxes	-10,6	-18,6
Result after tax	27,1	47,8
Profit margin	5,0 %	4,3 %
Operating margin	7,4 %	6,8 %
Profit per share	1,89	3,32
Book equity ratio	66,6 %	53,6 %
Outstanding shares	14 377 451	14 377 451

Consolidated balance sheet Group Nok.mill.	31.03.08	31.12.07
Intangible fixed assets	341,0	351,6
Tangible fixed assets	282,9	288,2
Financial fixed assets	0,1	0,1
Total fixed assets	624,0	639,9
Inventories	232,8	176,9
Receivables	213,4	453,1
Cash and equivalents	2,5	11,4
Current assets	448,7	641,4
Total assets	1072,7	1281,3
Equity contributions	621,5	621,5
Earned equity	92,4	65,3
Total equity	713,9	686,8
Provisions	6,6	7,0
Interest bearing long term debt	290,7	337,8
Total other long term liabilities	290,7	337,8
Interest bearing current liabilities	20,5	133,0
Non interest bearing current liabilities	41,0	116,7
Current liabilities	61,5	249,7
Total equity and liabilities	1072,7	1281,3
Net interest bearing debt	308,8	459,4
Equity ratio	66,6 %	53,6 %
Working capital	387,2	391,7
Liquidity ratio 1	7,30	2,57

Consolidated cash flow statement Group	Pr. 31.03.08	31.12.2007
Net cash flow from operating acitvities	136,6	-434,5
Net cash flow investment activities	-2,1	250,0
Net cash flow from financial activities	-143,4	195,7
Effect of change in exchange rates	0,0	0,0
Net change in cash and bank deposits	-8,9	11,3
Cash and bank deposits at start of period	11,4	0,1
Cash and bank deposits at end of period	2,5	11,4
Change in equity	31.03.08	31.12.2007
Equity at the start of the period	686 806	652 284
Result for the period	27 135	47 810
dividend	0	0
Other changes in equity	-29	-13 288
Equity at the end of the period	713 912	686 806

This report is produced according til IAS 34 and we utilise the same principles as for the annual report.