

NORWAY PELAGIC HOLDING AS REPORT 4TH QUARTER



INTRODUCTION

Norway Pelagic has completed a quarter with good supply of raw material, satisfactory operations and positive development in the main markets.

The production of pelagic fish was as usual most intensive in the 4th quarter. As the quotas for NVG-herring have increased, the activity has been higher than recent years in most of Norway Pelagic's plants. Operations have been satisfactory and acceptable margins on sales have been achieved.

The group's operating revenues in 4th quarter 2007 amounted to MNOK 996,8. Operating result was MNOK 74,3 and result before tax was MNOK 66,0. In 2007 operating revenues amounted to MNOK 1 118,3. Operating result was MNOK 76,0 and result before tax was MNOK 66,3.

Outlook for 2008 is positive based in increasing raw material supply and growing demand in main markets.

RAW MATERIAL AND OPERATIONS

The last years the mackerel season has been shifted until the end of the year, and the main season is an intensive period in October/November. At the same time the top season of the herring fisheries has been in the same period and until middle of December. As a consequence, the capacity utilization has been almost optimal in the whole 4th quarter.

The activity was however somewhat lower than expected as the horse mackerel fisheries were marginal this year. These fisheries normally varies every year with the migration pattern, and small quantities were caught in Norwegian waters.

In addition the premises of Norway Pelagic in Bodø took fire 4th of November, resulting in a production standstill until January.

Nevertheless Norway Pelagic has increased the production in 4th quarter by about 12%, compared to the volume of the merged companies in the same period in 2006.

Production statistics 4th quarter (round weight in tons)

	Total Q4 2007	Q4 2006	Herring	Mackerel	Horse mackerel
Produced round frozen	108 403	94 341	66 184	40 225	1 994
Produced fillet/value added	51 376	47 709	48 956	2 420	0
Total produced	159 779	142 050	115 140	42 645	1 994

Production statistics 2007 - from 1st July (round weight in tons)

	Total 2007	Q3+Q4 2006	Herring	Mackerel	Horse mackerel
Produced round frozen	144 647	103 663	95 817	46 824	2 006
Produced fillet/value added	64 171	59 089	61 049	3 122	0
Total produced	208 818	162 752	156 866	49 946	2 006

Norway Pelagic's share of total landings for consumption in the second half-year was about 33,5%. The production standstill at the plant in Bodø at a time with active fisheries in the area, influenced the size of the share. When operations are normal, Norway Pelagic is expected to have a share of total landings of almost 40%.

MARKET AND EXPECTATIONS

Traditionally Japan has been the main market for mackerel, either directly or via processing in China. A considerable fall in the Japanese import of mackerel in 2006 created uncertainty this year, but after a hesitating start, Japanese customers have purchased increasing volumes. In addition the demand from Russia and Eastern Europe has increased, and this gives Norway Pelagic the opportunity to distribute products to the markets which at all times pay the highest prices.

Herring is mainly sold to Russia and Eastern Europe, areas with long consumer traditions. The moderate price of herring has resulted in an underlying upturn in the demand for herring in our main markets. We also experience an increasing demand for fillet products.

Sales per market in 2007 (net turnover in NOK 1000) :

	Totalt	Mackerel	Herring	Horse mackerel
Japan and Far East	333 471	313 647	6 690	12 704
Russia	313 784	19 794	290 567	
Europe ex EU	227 878	76 574	151 210	77
EU	136 608	14 375	108 921	510
Others	33 929	13 011	22 208	

The gross margin for mackerel has been falling as normal during the season as the quality has become poorer. For herring the gross margin has been under pressure by the strong Norwegian krone. Considering this the achieved margins are nevertheless acceptable.

Gross margins (NOK/kg):

	4 th quarter	2007
Herring	1,33	1,34
Mackerel	2,16	2,23
Horse mackerel	2,39	2,38
TOTAL	1,56	1,58

The activity in January 2008 has been higher than ever with a production volume of 94.000 tons. As regards raw material the position of Norway Pelagic is propitious because of a strong increase in the quotas of NVG-herring, and high activity is expected when the season starts after the summer. Commercial, the moderate price of raw material has lead to an increased demand in established markets, but also in 2008 an increased activity in new markets is expected, especially in Africa. During the year, Norway Pelagic will increase filleting capacity to the upturn in demand and will make investments of about MNOK 50.

The implementation of import restrictions by the Russian Food Safety Authorities has been postponed to 25th March. Norway Pelagic's plants in Sommarøy and Bodø have already been approved for export to Russia.

FINANCES AND SHAREHOLDER AFFAIRS

The group's operating revenues in 4th quarter 2007 amounted to MNOK 996,8. EBITDA was MNOK 78,3, operating result MNOK 74,3 and result before tax was MNOK 66,0.

The group's operating revenues for the whole accounting year (1st July 2007 to 31st December 2007) was MNOK 1 118,3. EBITDA was MNOK 83,9 mill, operating result MNOK 76,0 and result before tax was MNOK 66,3.

Book equity is MNOK 681,8, corresponding to 53,5% of the total balance of MNOK 1 270,0. Net interest bearing debt was MNOK 445,3. The group's liquidity is satisfactory.

The Board of Directors proposes a dividend from the company of NOK 1,50 per share. This implies a total dividend payment of MNOK 21,6.

Norway Pelagic Holding AS is listed on OTC with ticker NPEL. The market value of the company per 31st December 2007 was MNOK 431,3 based on the last shareprice of NOK 30,00. Number of outstanding shares is 14 377 451.

Måløy, 25th February 2008

The Board of Directors of Norway Pelagic Holding AS

Consolidated profit and loss account Group NOK mill	Q4 2007	2007
<i>Operating revenues</i>	996,8	1 118,3
<i>Raw materials and consumables used</i>	790,1	843,1
<i>Other operating expenses</i>	127,6	191,3
<i>Total operating expences</i>	917,7	1 034,4
EBITDA	79,1	83,9
<i>Depreciation</i>	4,0	7,9
EBIT	75,1	76,0
<i>Net financial expenses</i>	8,3	9,7
Result before tax	66,8	66,3
<i>Taxes</i>	18,7	18,6
Result after tax	48,1	47,7
<i>Profit margin</i>	4,83 %	4,27 %
<i>Operating margin</i>	7,53 %	6,80 %
<i>Profit pr share</i>	3,35	3,32

Consolidated balance sheet Group NOK mill	31.12.2007	01.07.2007
<i>Intangible fixed assets</i>	346,5	372,4
<i>Tangible fixed assets</i>	310,3	278,9
<i>Financial fixed assets</i>	0,1	0,0
<i>Total fixed assets</i>	656,9	651,3
<i>Inventories</i>	176,9	2,8
<i>Recievables</i>	424,9	0
<i>Cash and equivalents</i>	11,2	203,8
<i>Current assets</i>	613,0	206,6
<i>Total assets</i>	1270,0	857,9
<i>Equity contributions</i>	636,2	632,3
<i>Earned equity</i>	45,6	0
<i>Total equity</i>	681,8	632,3
<i>Provisions</i>	7,0	3,5
<i>Interest bearing long term debt</i>	346,8	93,9
<i>Other long term liabilities</i>	0	112,8
<i>Total long term liabilites</i>	353,8	210,2
<i>Interest bearing current liabilities</i>	109,8	11,5
<i>Non interest bearing current liabilities</i>	124,7	3,9
<i>Current liabilities</i>	234,5	15,4
<i>Total equity and liabilities</i>	1270,0	857,9
<i>Book equity ratio</i>	53,69 %	73,70 %
<i>Working capital (Mill NOK)</i>	378,5	191,2
<i>Net interest bearing debt (Mill NOK)</i>	445,4	-98,4
<i>Outstanding shares</i>	14 377 451	14 377 451