ANNUAL REPORT 2006

cermaq

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Financial calendar 2007

QUARTER 1	8 MAY 2007
QUARTER 2	10 AUGUST 2007
QUARTER 3	2 NOVEMBER 2007
QUARTER 4	15 FEBRUARY 2008
ANNUAL GENERAL MEETING	22 MAY 2007

Highlights 2006

Increased volume gives record result

2006 was another year with record results for the Group. Increased demand and a strengthened market position provided higher volumes and results for the industry. The operating result pre fair value adjustments more than doubled to NOK 1 311.4 million.

Mainstream strengthens its position in Norway

In line with Group strategy, Mainstream strengthened its position in Norway in 2006. The acquisitions of Langfjordlaks AS, Polarlaks AS and Hammerfest Lakseslakteri AS in Finnmark provides 16 new concessions and a total production volume of approximately 23 000 tonnes in Norway in 2007. Both Langfjordlaks and Polarlaks are located in the same region of Finnmark as Mainstream's existing operations.

Restructuring in EWOS Norway

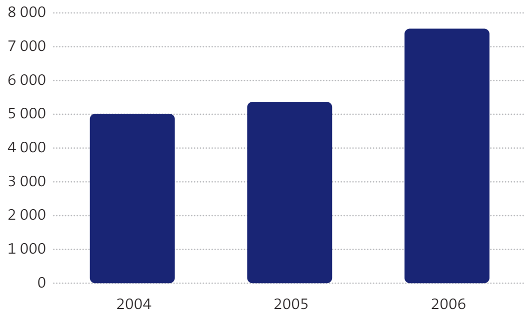
Projects designed to improve efficiency and competitiveness were put in place in October. Covering all departments, this programme aims to reduce annual costs by roughly NOK 15 million from 2007. It includes a downsizing which will reduce the number of permanent employees by 30 to 40 people during the first half of 2007.

Focus on Core

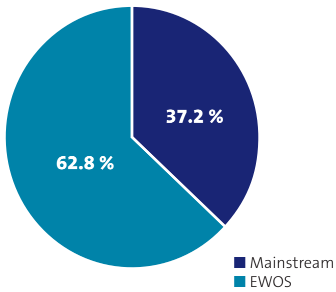
The Mainstream Group launched its Focus on Core project in the autumn 2006. All parts of the organisation are reviewing procedures, tasks and future challenges in retaining and strengthening their competitive positions. Measures include dividing the business into two units, one for farming and the other for processing. Sales activities will be centralised and strengthened.

Cermaq Group:
Key figures

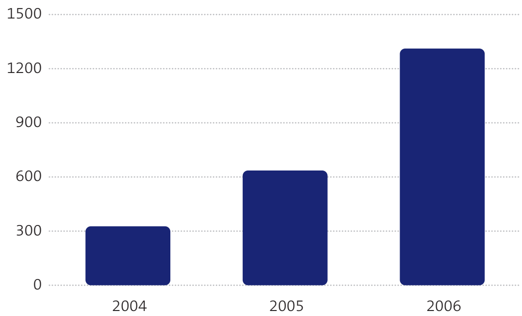
OPERATING REVENUES
NOK MILL



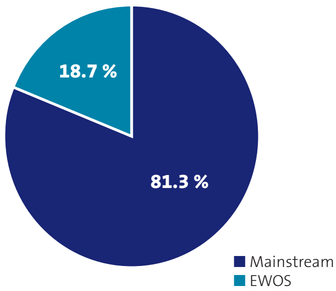
REVENUES
BY BUSINESS AREA



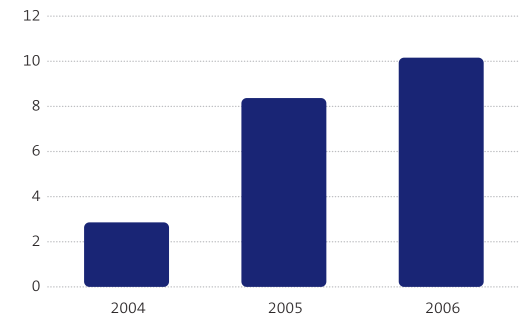
EBIT PRE FAIR VALUE ADJUSTMENTS
NOK MILL



EBIT PRE FAIR VALUE ADJUSTMENTS
BY BUSINESS AREA



EARNINGS PER SHARE
NOK



SHARE PRICE DEVELOPMENT (NOK) 24.10.05 – 16.03.07

VISION

Cermaq's vision is to be a global leader in the aquaculture industry, with our main focus on sustainable production of feed for and farming of salmon and trout. We are committed to creating value for our shareholders through sustainable aquaculture. To achieve this objective, we will remain focused on our customers and suppliers and on maintaining the quality of our products. We also recognise that to improve results through sustainable aquaculture, we must demonstrate our respect for each other, the consumer, and the communities and environment in which we operate.

CORE VALUES

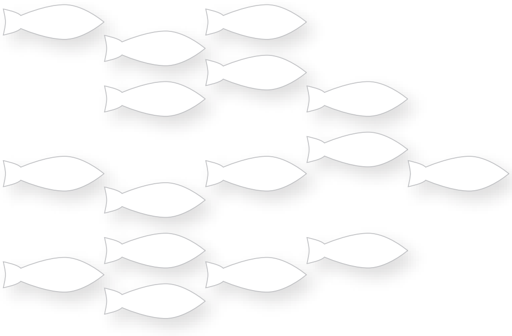
BUSINESS-MINDED
Our attention will always be concentrated on generating cash and opportunities for profit. All other goals come to naught if we fail

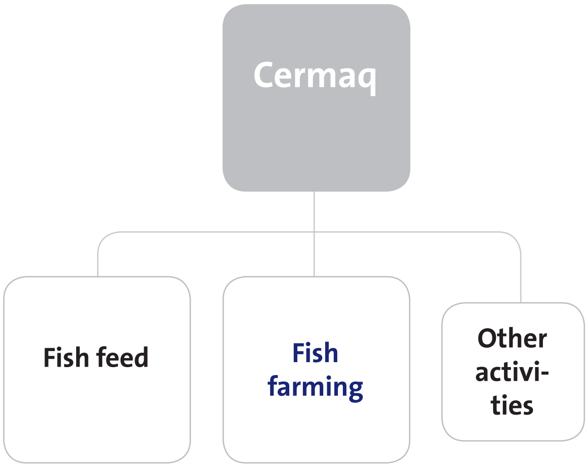
INTEGRITY
We adhere to a code of ethical values such as fairness, loyalty and respect in order to maintain our pride and earn trust

PRUDENCE
We are disciplined and reasoned. We depend on skill and good judgement in the use of resources, and we manage risk proactively

PREPAREDNESS
We anticipate change and capitalise on growth opportunities through hard work and creative thinking

SHARING SUCCESS AND CONCERNS
In order to create a positive working environment in which success is shared and problems are solved, we encourage networking, personal development, teamwork and open communication





This is Cermaq

INTERNATIONAL AQUACULTURE BUSINESS

Cermaq is an international fish farming and fish feed company with a diversified presence in the major salmon farming markets worldwide. A presence in both feed and farming is seen as important for diversifying risk and for creating a broad knowledge base within the aquaculture industry. Through Mainstream, the Group has salmon farming operations in Norway, Chile, Canada and Scotland. Through EWOS, Cermaq has a presence within fish feed in the same countries, serving all four of the major salmonid fish feed markets.

Cermaq was incorporated in 1995 when activities were concentrated on grain trading and flour production. Following a strategic review in 1998, the company targeted aquaculture as its key focus area for future growth, and in 2000 a significant expansion took place within aquaculture. Following that development, Cermaq was organised into three business areas: EWOS, comprising the fish feed business, Mainstream for the fish farming business, and Agri Businesses for the company's agricultural and other non-aquaculture assets. The majority of the agricultural and other non-aquaculture assets have been divested since 2000, and Cermaq aims to divest the remaining asstes over time in line with its strategic focus on aquaculture.

FOCUSING ON SUSTAINABLE OPERATIONS

Cermaq will participate in the expected strong growth of the aquaculture industry by focusing on sustainable salmon farming and feed production. The company will continue to develop its position as a leading global supplier of fish feed to the salmon farming industry, with operations in all four of the major salmon farming regions, and as a major salmon farmer focused on product quality and cost efficiency. By maintaining focus on a strong balance sheet and effective operational management, Cermaq is well positioned to take advantage of increasing demand for aquaculture products and of continued consolidation in the farming industry.

Global leadership requires that standards for best practice in operations are set and adhered to. Sustainable aquaculture is the mission which underlies all Cermaq's operations. Cermaq makes substantial investments in aquaculture research and development every year through EWOS Innovation. This focus on R&D puts Cermaq at the forefront of product and environmental innovations and ensures that sustainability is always prioritised in the development of new technologies. One of the most important roles EWOS Innovation can play, is to ensure that the focus on cost effective production happens in a way which is sustainable and which will generate increased consumer confidence in the product.

Cermaq Group:

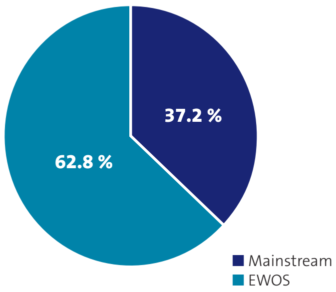
Key objectives

- Cermaq will be a leading global supplier of feed for salmon and trout, with a complete product range and with operations in all four main salmon producing regions of the world
- Cermaq will be a significant player in the farming of salmonid species in the two main farming regions, Norway and Chile
- Cermaq will be among the best players in research and development in fish feed and salmon farming
- Cermaq will maintain a strong operational focus as a basis for success and future growth

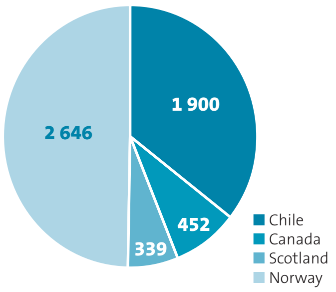
Cermaq Group
as at 31 December 2006

Head office
EWOS
Mainstream

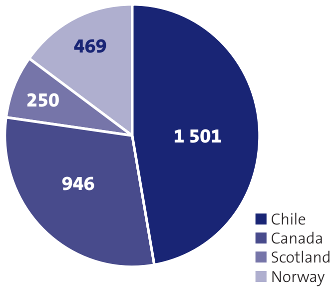
REVENUES
BY BUSINESS AREA



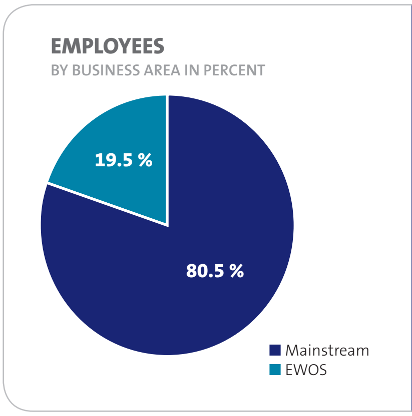
REVENUES EWOS
BY REGION (NOK MILL)

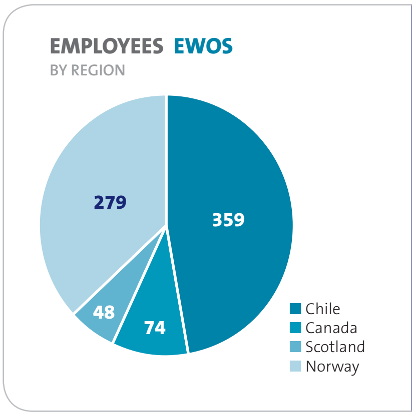


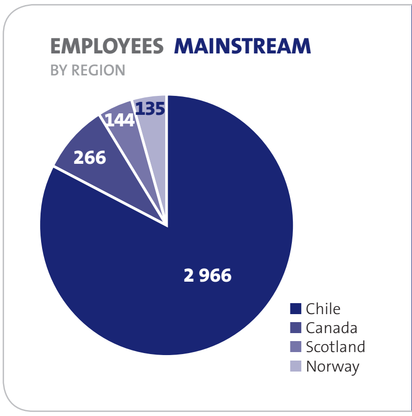
REVENUES MAINSTREAM
BY REGION (NOK MILL)




STEIGEN
NORWAY
SCOTLAND
BERGEN
ORKNEY ISLANDS
OSLO
WESTFIELD


EMPLOYEES
BY BUSINESS AREA IN PERCENT
19.5 %
80.5 %
Mainstream
EWOS


EMPLOYEES EWOS
BY REGION
279
359
48
74
Chile
Canada
Scotland
Norway


EMPLOYEES MAINSTREAM
BY REGION
144
135
266
2 966
Chile
Canada
Scotland
Norway

CEO's comments:

Cermaq's best year ever

2006 was Cermaq's best year so far. Our operating profit of NOK 1 311 million is more than twice as high as the previous record of NOK 636 million, set in 2005. This result puts us up with the absolute leaders with regards to fish farming efficiency and profitability. At the same time, our feed business has made substantial progress for both market share and earnings. 2007 has begun very well, with strong demand for salmon reflected in high prices in all markets.

BRIGHT OUTLOOK

Our goal is profitable growth. We have additional fish farming capacity in Norway and Chile, and aim to increase volumes by 20 percent in 2007. Our acquisition of fish farm licences in Finnmark allows us to continue expanding in Norway at a sensible pace for several years to come. In Chile, we plan to use our licences in region XI, and we see a significant potential for further growth.

We also want to expand in the feed sector. We have started building a new production line in Chile and will increase our annual capacity by approximately 80 000 tonnes, which will be almost fully utilised as early as the first year of operation. Capacity utilisation in Norway is now very high, but continuous efficiency improvements mean that we can still take out a little more. We will reach a decision on further investments in Norway during 2007, enabeling EWOS to grow and develop further. We have great faith in this industry, and want to help develop it further. The outlook is bright.

PREPAREDNESS

The aquaculture industry has been through an extensive consolidation process, which we believe is beneficial for the industry because it could encourage more rational market behaviour and greater predictability. But we do not believe that all volatility has been eliminated, and it would be irresponsible to say that an abrupt decrease in prices and profitability could not reoccur in this industry.

Unforeseen things will happen in both supply and demand. Weather and sea temperature are important for salmon appetite and growth rates, and fish health has a substantial influence on production opportunities. On the market side, we could experience both trade barriers and sharp fluctuations in demand, due to fear of bird flu or foot-and-mouth disease, for instance.

We have therefore adopted the Scouting motto as one of our core values, "be prepared!". And we have chosen sustainable aquaculture as our vision. By sustainable, we mean that we will be able to withstand sharp economic fluctuations and act in a way which protects our long-term value creation. At the same time, our business will maintain a good balance with nature and society at large.

A clear consequence of our sustainability mindset, is that we intend to maintain a strong financial position. Our board has resolved that we will have an equity ratio of at least 45 percent of our total balance sheet. That allows us to withstand short-term fluctuations. Our equity ratio is currently well over 60 percent, and the board has accordingly proposed a dividend of NOK 4.25 per share for 2006. Even after such a payout, we will have a very solid balance sheet and be well placed to grow and make acquisitions when good opportunities arise.

SUSTAINABILITY

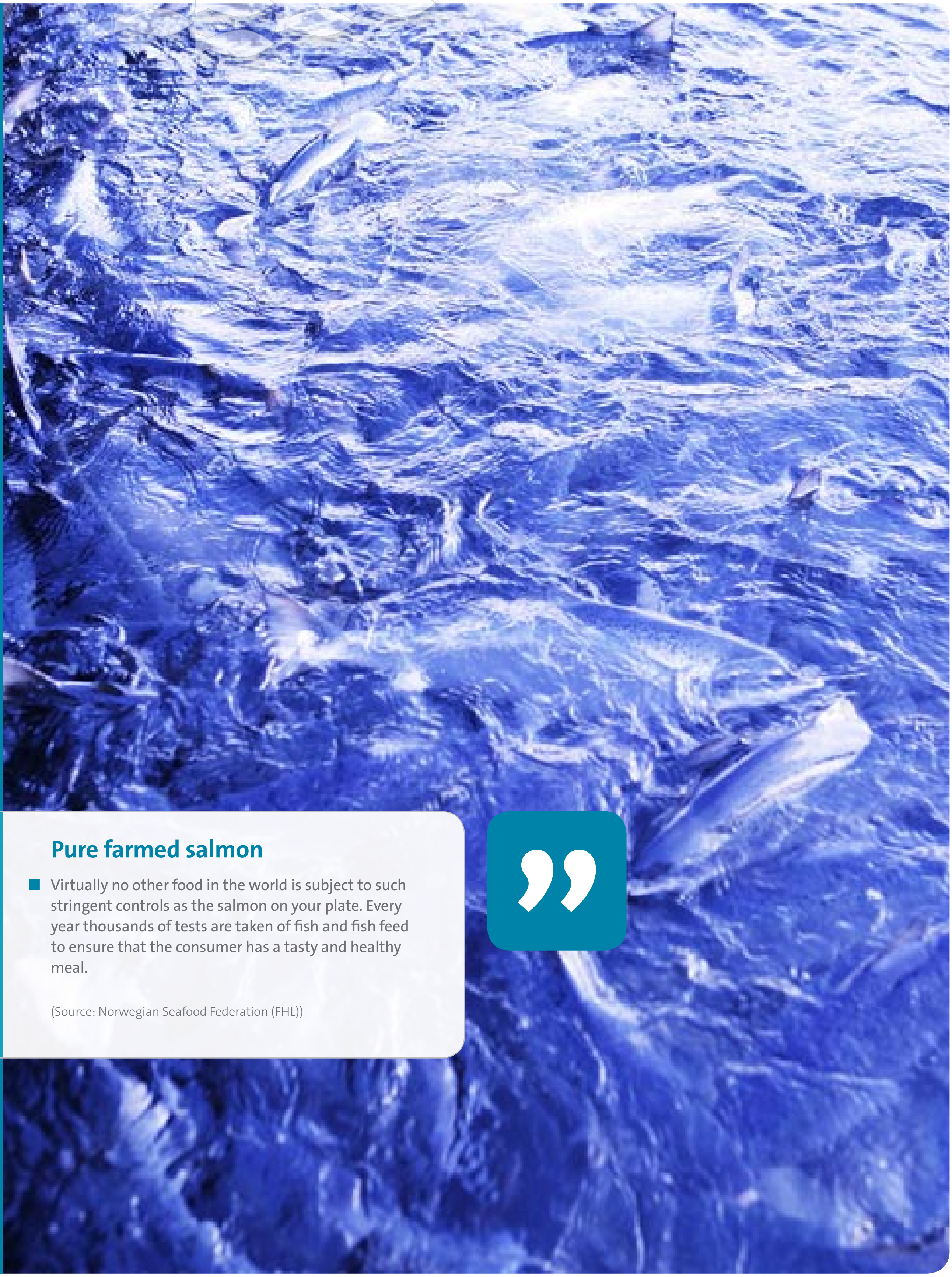
All the same, the most important element in our sustainability mindset is not our equity ratio but our ability to operate in a good and balanced way in relation to nature and society at large. That requires concentration on good operations. We want to protect fish health and food safety, and behave in an orderly manner towards our employees, our customers and our suppliers. In addition, we are working to develop feed types which are less dependent on increasingly scarce marine resources.

We are concerned to function well with such industries as tourism and recreation, and are open to listen to criticism and advice from environmental organisations and others who want to work with us to improve the social and environmental conditions in the aquaculture industry.

After another record year in 2006, the prospects for 2007 are good. Our employees deserve thanks for making such a strong contribution to our success. A motivated and knowledgeable workforce provides the best basis for future results, and is a crucial requirement for operating in a sustainable manner. On that basis, the future is bright – also beyond 2007.

Geir Isaksen
CEO

"The most important element in our sustainability mindset is not our equity ratio but our ability to operate in a good and balanced way in relation to nature and society at large"



Pure farmed salmon

Virtually no other food in the world is subject to such stringent controls as the salmon on your plate. Every year thousands of tests are taken of fish and fish feed to ensure that the consumer has a tasty and healthy meal.

(Source: Norwegian Seafood Federation (FHL))

"Mainstream is the second largest salmon and trout producer in the world"

Farming business:

Mainstream

Cermaq's fish farming operations are organised in the Mainstream Group. Mainstream is the second largest salmon and trout producer in the world. In 2006, it had total volumes of 115 000 metric tonnes RWE and sales revenue of NOK 3 165.6 billion, representing an increase of 30 percent in volume and 55 percent in revenues compared with 2005.

Mainstream has production facilities in all of the four large salmon-producing countries: Chile, Canada, Norway, and Scotland. These operations are run as independent companies. Sales activities are coordinated through a common sales department with representatives in each of the major markets.

CHILE

With 41 ongrowing sites in the X region and 8 further south in region XI, Mainstream Chile is the third largest salmon producer in Chile and the biggest single operation in the Mainstream Group. Currently all farming activities take place in region X. It is planned that during 2007 the company will start production further south in Region XI.

Mainstream Chile is a fully integrated company from breeding program to further processed products. It runs three hatcheries and three fresh water sites that produce the 25 million smolts that are currently put to sea. Most of the fish is processed in two facilities owned by the company which are highly specialised in VAP production. In peak season some additional processing capacity is rented. In 2006, 36 percent of the atlantic salmon harvested was sold as individually packed, ready to cook portions, while 55 percent was sold as fresh or frozen fillets.

During 2006 Mainstream Chile sold 60 440 MT RWE, out of which 47 percent was atlantic salmon, 28 percent coho and 25 percent trout.

CANADA

Mainstream Canada – headquartered in Campbell River – operates both on the east and west coast of Vancouver Island, British Columbia. The company owns 4 hatcheries in which all the smolts for its 30 sea sites are produced. Processing is done both in the company's own plant at Tofino and in a rented facility in Campbell River. Being close to the American market, most of the production is sold as fresh, head on gutted fish, although there is an increasing trend to produce fresh fillets.

During 2006 Mainstream Canada sold 29 500 MT RWE, making it the second largest company in the Mainstream Group.

NORWAY

Mainstream Norway, acquired in the second half of 2005, has operations in the counties of Nordland and Finmark. In Nordland it holds and operates 12 licences. Recent acquisitions have significantly increased production capacity from the 10 licences at the beginning of the year held in Finnmark, to a total of 28.

In October 2006 an agreement was made with the former owners of Langfjordlaks to buy that company, adding 5 sites and a processing facility. In February 2007, the Group also acquired farming company Polarlaks which will add an additional 12 licences, increasing Mainstream Norway's farming capacity close to 40 000 tonnes. Along with Polarlaks, Cermaq also acquired a processing facility in Hammerfest, that will allow the company to process all fish produced in house.

Through its fully or partly owned hatcheries the company is self sufficient in smolt production, with the excess capacity being sold to third parties.

During 2006 the company harvested and sold 17 165 MT RWE.

SCOTLAND

Mainstream Scotland has on growing operations in the Shetland and Orkney Islands, where 7 800 tonnes were produced in 2006. In addition to normal production of salmon, the company also produces Trout and Organic Salmon, the latter being certified by the UK Soil Association.

About 50 percent of the smolt requirements are produced within the company, while the remainder is bought from external producers under long term supply contracts.

The company owns processing plants both in Lerwick and Kirkwall, which process all fish produced.

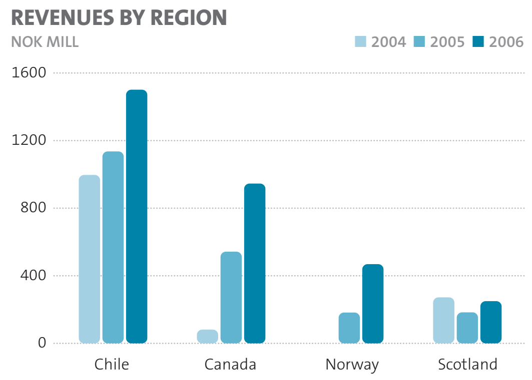
During 2006 the company harvested and sold 7 789 MT.

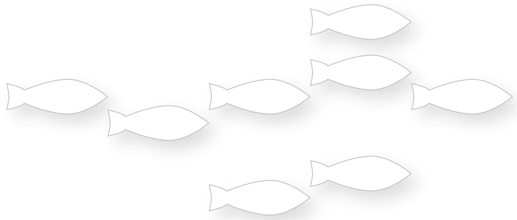
2006 OPERATIONS

2006 was another profitable year for the Mainstream Group. Prices were on average at historic highs, driven both by an increase in demand in our traditional markets, and

KEY FIGURES

Amounts in NOK million	**2006**	2005	2004
Operating revenues	**3 165.6**	2 044.4	1 350.4
EBITDA	**1 232.5**	576.5	192.8
EBITDA margin	**38.9%**	28.2%	14.3%
EBIT pre fair value adjustments	**1 106.5**	503.9	110.8
EBIT margin pre fair value adjustments	**35.0%**	24.6%	8.2%
EBIT (operating profit)	**1 090.4**	648	116.3
Sales in 1 000 tonnes	**114 894**	88 729	67 548





by relatively low growth in production, in all salmon growing areas. Demand has been driven by new products, greater market penetration and competitive pricing of salmon compared to other seafood products, among other factors. Higher prices more than offset increases in feed costs based on higher raw material prices and the general increase in worldwide transportation costs, giving an increase in margins in 2006 compared to 2005.

Mainstream Chile had a solid EBIT of NOK 11.4 per kilo RWE (RWE: round weight equivalent) on its atlantic sales, and NOK 7.9 and NOK 8.1 per kilo, respectively on coho and trout sales.

Mainstream faced no major disease incidences during the year in its sea operations, however a number of smolts were lost due to a mortality spike in fresh water. The situation regarding disease in Chile in general is more difficult, and the industry challenge is to find long lasting solutions to combat the higher prevalence of fish health issues that have accompanied higher growth. There are strict regulations which control the environmental impact of each licence, but geographical area management policies are not yet well developed, implying that the coordination necessary to eradicate or control diseases is less effective. This is an important issue for the Chilean industry, and although initiatives are beginning to be taken, there is still much work to be done in this area.

Mainstream Canada had an exceptional year, with all production KPI´s (mortality rate, feed conversion rate, etc) being at their best ever. The acquisition of Heritage assets in second half 2005 delivered a substantial increase in profitability. With an EBIT of 12.6 NOK per kilo RWE on the 29 500 MT sold, this company was the best performer among the Group.

In 2006 we saw the first results of the turn around in Mainstream Scotland, with the first positive results for some time. EBIT per Kg in atlantic salmon was 5.3 NOK on average, but trout production showed a loss. There is an ongoing process of consolidation into fewer, more automated and larger sites, which should further improve profitability.

Mainstream Norway, is the most recent addition to the Mainstream Group. The year has been very successful, with the company being integrated into the Mainstream Group, achieving an outstanding operating margin, and further increasing capacity with the acquisition of 2 farming businesses in Finnmark. It achieved an average of 8.9 NOK per kilo RWE sold, confirming its position as one of the best perfoming companies in Norway. With the recent acquisitions capacity has expanded to approximately 40 000 tonnes, and production is expected to grow to that level over the next years.

FOCUS ON CORE PROJECT

A key element of the success of the Mainstream operations is to be among the best performers in the industry. Mainstream prides itself on the high level of dedication and professionalism of its employees and managers. Decisions made at the cage level make a real difference in the final performance of the overall business.

But the industry has been changing and will continue to do so: organic growth and acquisitions, together with more demanding markets have added complexity to our business. In order to maintain its competitive advantage, Mainstream launched the "Focus on Core" project, to ensure maximum management attention on the key issues driving our business. This has resulted in the creation of new operational subsidiaries, new positions and other organizational changes designed to maximise business performance.

MARKET DEVELOPMENT

Frozen atlantic salmon portions both for retail and food service has been a driver in the growth of sales in the Americas and Europe. Based on the introduction of new packaging formats and product variations, such as marinates. Mainstream sales of these products grew more than 50 percent in 2006 to almost 9 000 tonnes of products (RWE), more than 30 percent of the total Atlantic salmon sales of Mainstream Chile. More new products and user friendly packaging formats will be launched during 2007, promoting additional

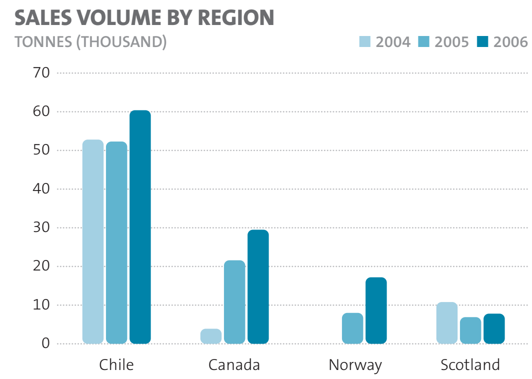
CURRENT PRODUCTION CAPACITY

Region	Smolt (millions)	Fish farms in operation (tonnes)	Extra fish farming potential (tonnes)	Total fish farming capacity	Processing (tonnes)
Mainstream Chile	25	80 000	20 000	100 000	70 000
Mainstream Canada	6.2	26 000	6 500	32 500	23 000
Mainstream Norway	7.1	22 400	6 900	29 300 [1)]	33 000
Mainstream Scotland	2	16 010	2 375	18 385	14 000
EWOS Innovation (Norway)	0.6	2 400	700	3 100	-
Mainstream total	**40.9**	**146 810**	**36 475**	**183 285**	**140 000**

The capacities shown above are theoretical and may differ from current volumes from these sites.

[1)] Farming capacity at 31 December 2006. After the acquisition of Polarlaks AS, the farming capacity is close to 40 000 tonnes.

"The Group continues to emphasise strict monitoring of environmental factors linked to aquaculture operations and respect for the health, welfare and quality of the fish"



growth in frozen products, which we see as having significant growth potential.

Mainstream has also been successful in developing value added products from Coho and Trout, allowing us to offer our products into new segments and markets other than the traditional sales format of whole fish to Japan. This allows further growth potential.

There is potential for further growth through the recent development of value added products from our Canadian operation. This will offer a broader product mix to customers in Canada and the US.

GOALS AND STRATEGIES

Cermaq believes that the process of consolidation in the salmon industry will bring positive benefits. The Group aims to continue to play a leading role in that process of consolidation. To that end Cermaq will acquire companies that represent a good industrial fit with existing operations, at values that take into account the natural cyclicality of the business. We believe that this represents the best strategy to give a long term, above average, return to our shareholders.

RISK MANAGEMENT AND SUSTAINABILITY

The main risks in the fish farming business are associated with natural problems related to fish stocks (diseases, storms and so forth), and particular market conditions and constraints.

A key element of Mainstream risk management strategy is to be geographically diversified with farming operations in several countries, serving different markets. We believe that this is the best way of dealing with a business environment characterized by strong cyclicality and price volatility; either due to disease or market problems, each producing country has faced significant variations in profitability.

The Group has continued its focus on careful management of the environmental aspects of farming activities, as well as caring for the health, well-being and quality of the fish. These are critical success factors for securing long-term sustainability of the salmon industry and lie at the heart of the Group's vision.

EBIT BY REGION AND PER KILOGRAMME

	EBIT (NOK million)*			EBIT/kg (NOK)*		
Region	2006	2005	2004	2006	2005	2004
Chile	**555.6**	345.4	201.1	**9.2**	6.6	3.8
Canada	**372.8**	123.3	-58.0	**12.6**	5.7	-14.8
Norway	**153.6**	48.8	n/a	**8.9**	6.1	n/a
Scotland	**24.4**	-13.6	-32.3	**3.1**	-2.0	-3.0
Total	**1 106.5**	503.9	110.8	**9.6**	5.7	1.6

* Pre fair value adjustments

Healthy

- Today's Norwegian farmed fish are healthy, and the use of antibiotics has been reduced to an insignificant level

(Source: National Veterinary Institute/Norwegian Institute of Marine Research)

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"EWOS is one of three major salmonid fish feed companies globally"

Feed business:

EWOS

Cermaq's fish feed operations are organised in the EWOS Group. EWOS – with a global market share of approximately 34 percent – is one of three major salmonid fish feed companies globally. Practically all EWOS sales currently go to salmon and trout farmers. However, the Group is also a full range supplier for marine species and in a position to take part in the expected growth of these.

EWOS has production facilities and well established market shares in all four major salmon producing regions: Norway, Chile, Canada and Scotland. The Group sold a total of 777 000 tonnes of feed in 2006 and had operating revenues of NOK 5 336 million. EWOS has approximately 760 employees in four countries.

SUSTAINABILITY

In line with Cermaq's overriding business goal of sustainable aquaculture, EWOS has defined indicators and established management tools to monitor key sustainability parameters for feed production. The Boost preventive health feed represents a growing proportion of total feed sales, underlining fish farmer's need for sustainable solutions to health issues.

Raw material consumption for 2006 showed a continued overall reduction in the use of marine raw materials, thanks to the EWOS Innovation R&D program. EWOS Chile maintained its lead in using diets containing alternatives to fish meal and fish oil as ingredients. The EWOS Group used just above 30 percent fish meal in its products during 2006, and fish oil substitution exceeded 25 percent. Fish meal prices rose sharply during the year, underlining the fact that sustainable feed development must be based on reducing dependence on marine ingredients.

In the spring of 2006, EWOS Norway was certified to ISO 9001:2000; all other EWOS companies had achieved this certification in previous years. Our investment in quality is reflected in a low level of customer complaints. The EWOS Group is now well aligned with QA systems and certification standards in place, and standards are regularly audited by customers, certifiers and government agencies. EWOS is also well placed to meet new standards on food safety. A global internal feed contaminant monitoring programme (SUMP) has helped the Group to identify risk areas, specify requirements for ingredients, and audit of suppliers.

OPERATIONS IN 2006

EWOS achieved an EBIT (pre fair value) of NOK 254.7 million in 2006, up by 40 percent on the year before. This improvement reflects volume growth ahead of the total market, and a reduction in unit operating costs. New measures were implemented in 2006 to maintain the positive development in volume through investment in additional Chilean and Norwegian production capacity. To reduce unit costs even further, a restructuring process was implemented in Norway. NOK 16 million in one-off costs were recognised in the accounts in 2006, while the associated cost reductions will come into effect from 2007.

The four EWOS companies sold 777 000 tonnes of fish feed in 2006 compared to 670 000 tonnes the year before, an increase of 16 percent. The EWOS product range performed well in all four countries.

Operating revenues for EWOS totalled NOK 5 336 million in 2006, compared with NOK 4 007 million in 2005. More than half of this 33 percent growth related directly to higher raw material prices during the year. Price fluctuations for raw materials are contractually transferred to the customers with an average time lag of approximately two months. In a year with rising raw material prices, this mechanism tends to produce a lower margin per tonne than periods of stable or declining raw material prices.

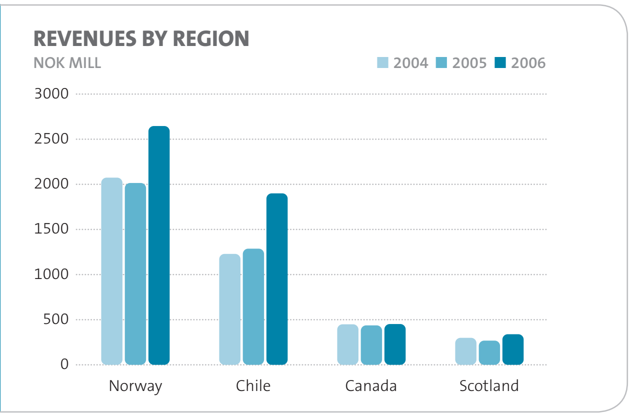
INNOVATION AND DEVELOPMENT

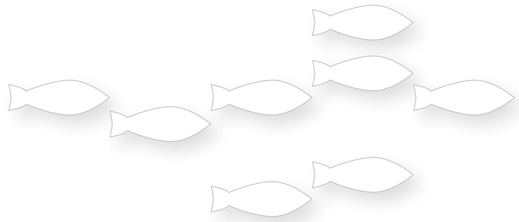
EWOS is committed to research and development of sustainable and cost efficient feeds for salmon and trout through EWOS Innovation. EWOS Innovation is one of the world's largest private R&D operations for fish feed development. EWOS Innovation has its core R&D facilities in Norway: one in Dirdal and a second facility in Lønningdal. In addition, a third facility was established in Chile in 2001 to develop and test concepts tailored to Chilean conditions and to transfer knowledge developed by EWOS Innovation in Norway. EWOS is the only feed producer in Chile with its own R&D facilities to test feeds and ingredients. These facilities were expanded in 2006. Significant co-funding of projects and investments is provided by Chilean authorities.

There is an increasing focus from the

KEY FIGURES

Amounts in NOK million	2006	2005	2004
Operating revenues	**5 336.3**	4 007.0	4 051.4
EBITDA	**384.1**	315.9	390.6
EBITDA margin	**7.2%**	7.9%	9.6%
EBIT pre fair value adjustments	**254.7**	182.2	250.3
EBIT margin pre fair value adjustments	**4.8%**	4.5%	6.2%
EBIT (Operating profit)	**247.0**	192.5	252.5
Sales in 1 000 tonnes	**777.0**	669.7	635.9





consumer that fish farming and fish feed be developed in sustainable manner. For EWOS this means a reduction in the use of traditional marine ingredients, fishmeal and oil, and increased use of proteins and oils derived from vegetable sources. The largest use of EWOS Innovation's R&D resources is allocated to the Marine Independence Group of Innovation scientists who have set goals and benchmarks in their work to efficiently replace marine ingredients. To reach the goals of this innovation process and to speed it up, the scientists involved are using ultra-modern biotechnology research tools which have not been previously applied in this industry. However, the rapid progress being made in this area is really pushing the boundaries of current commercial knowledge. It is already known that fish can grow well on a very high level of fish oil replacement with certain plant oils, but the most important consideration is to ensure that the fish retain enough of the long-chain omega-3 fatty acids essential for human health and nutrition.

The increasing focus on sustainable fish health management has encouraged the team of fish health specialists in EWOS and EWOS Innovation to develop a full programme of functional feeds. This identifies specific stress conditions or risk positions where disease- or stress-preventing natural components are added to the feed in order to keep fish healthy and avoid the use of medicine.

NEW PRODUCTS IN 2006

The company's substantial research effort has led to several new products being launched in 2006, with the new OPAL grower feed programme for the Norwegian market being the most significant. This programme contains feeds in which the nutrient content varies with the season and expectations of fish performance. OPAL gives fish farmers a choice of feeds tailored to their geographic location and production strategy. In addition, EWOS can secure the optimum feed composition for each location at any given time by modifying the formulation with water temperature. The feed programme has been a considerable success, with almost 100 percent positive response from customers and with record growth rates being shown by fish performance monitoring. In the UK, EWOS has devoted substantial efforts to developing an organic feed, and is market leader with the Harmony organic feed. Existing feeds in Chile have been significantly reformulated to compensate for high fish meal prices, at least partly protecting customers from the big consequent rise in feed prices.

EWOS MARKET POSITION

EWOS concentrates its operations on the four main salmon farming areas: Norway, Chile, Scotland and the west coast of North America. The market in which the Group operates is estimated to have increased by 11 percent from the year before. With a growth of 16 percent from 2005 to reach 770 000 tonnes in 2006, EWOS strengthened its position as a leading player in the salmon feed market.

This market faced a steady rise in prices for raw materials of marine origin during 2006. These inputs remain the cornerstone of salmon feed, and continued substitution has been and is dependent on new and well-documented nutritional, biological and health knowledge. EWOS has opted to respond to this trend by devoting the bulk of the resources in EWOS Innovation to continued research on alternative raw materials and nutritional substances to ensure its own competitiveness and future growth opportunities for the industry. A great variety of alternative raw materials are available, and EWOS Innovation possesses unique expertise to identify which of these substances can be combined to ensure that the Group's products continue to provide leading performance. EWOS products showed very good results in all four regions during 2006, which encourages continued optimism for coming years.

The competitive picture in 2006 was marked by a continued fight for market share. Production innovations are positive for salmon farming competitiveness, and influence market share and profitability. EWOS' contribution has been rewarded in 2006 through higher market share, improved profitability and increased customer satisfaction. The feed market for salmonids is led by EWOS and Skretting, followed by the mid-sized BioMar and several smaller local suppliers. On-going changes in the market for marine raw materials and issues relating to feed and food safety, fish and human health, and traceability will require more investment in R&D and management systems in order to remain competitive in tomorrow's fish feed market.

NORWAY

The Norwegian aquaculture industry was characterised by great optimism and high profitability. Despite trade barriers raised by the European Union, Russia and the USA, demand has grown more strongly than the supply of fish, with higher salmon prices as the result.

Whilst the Norwegian feed market grew by 8.6 percent in 2006, EWOS saw its volume rise by 11 percent and accordingly achieved some increase in its market share. EWOS Norway launched an entirely new feed concept in March-April under the name OPAL, which stands for oil quality, protein efficiency, appetite and life-phase adaptation. This solution has been an unqualified success and yielded good results with fish in the sea for EWOS customers. A number of customers have reported that they achieved their best-ever production results in 2006, and the OPAL concept is the principal reason for the progress made in the Norwegian market. In addition to a strong new product portfolio, a restructuring and downsizing of EWOS Norway was implemented during the year to improve competitiveness even further. A total of NOK 16 million in one-off expenses were recognised in the 2006 accounts in connection with the restructuring, while cost savings will have an effect from 2007. Geir Molvik took over on 1 April as the new Managing Director of EWOS AS, replacing the deputy director of the EWOS Group, Einar Wathne, who had acted as managing director for the preceding six months. Molvik was previously Managing Director for the Hydrotec Group.

EWOS Norway operates three factories, supplying the Norwegian and Faroese markets.

CHILE

The Chilean feed market continued to maintain the highest growth rate in the industry, expanding by about 17 percent in 2006.

"The key to success in this context is continued world-class R&D efforts, an ability to respond rapidly to changes, and ensuring low-cost production of quality products for salmon farmers"

EWOS Chile increased its volume by 27 percent during the year, and thereby strengthened its market share with rising profitability. This improvement reflects not only the fact that its feed products have demonstrated solid results for customers over time, but also a substantial increase in EWOS products specially designed to improve fish health and disease resistance. Chilean fish farmers do not have access to vaccines as effective as those used in Norway, for example. At the same time, tighter restrictions are being implemented on the use of medicines. This opens the way to further growth in the EWOS Group's well-tested global product programme for functional feeds over coming years.

The EWOS plant at Coronel in Chile is the largest feed factory in the industry. To meet growth in 2006, one of the existing production lines was expanded. A new line is being built in 2007 to expand capacity by additional 20 percent.

CANADA

The Canadian fish farming industry received much higher than normal market prices for its salmon in 2006. Strong demand from key North American markets, together with good biological performance, yielded a high level of profititability in 2006. However, due to the continued inability of the industry to obtain government approval for new production sites, production levels were relatively unchanged compared to the prior year. Customer reports indicate very good growth and feed conversion performance on EWOS feeds. EWOS Canada maintained its customer base throughout the year and acheived a satisfactrory level of profitability. The expectations for 2007 is for a similar year.

SCOTLAND

The Scottish feed market grew by four percent in 2006. EWOS expanded three times faster than the overall market in 2006 after a relatively weak 2005. Market share increased steadily over the year as EWOS Scotland succeeded in strengthening its position in functional feeds and differentiated products. EWOS's position will be further strengthened in 2007 by the introduction of the OPAL feed concept, which has already proven its qualities in Norway.

BUSINESS GOALS AND STRATEGIES

The strategic focus at EWOS is on maintaining and enhancing the Group's position as a leading global feed supplier with operations in all the main salmon farming areas. In that respect, 2006 was an important and encouraging year. The key to success in this context is continued world-class R&D efforts, rapid response, and ensuring low-cost production of quality products for salmon farmers. EWOS expects that R&D work related to feed will become more important in the future. The entire industry is increasingly focused on traceability, food safety, productions costs and initiatives which raise quality. A competitive fish feed must succeed within these constraints, requiring comprehensive knowledge and further research. This will favour leading suppliers with strong R&D support.

RISKS

EWOS ensures that it is in compliance with food safety regulations. Procedures are reviewed on an ongoing basis. Product traceability has become a prerequisite for a supplier of fish and fish feed. Cermaq has systems and control procedures in place which allow it to offer traceability throughout the value chain from the raw material in the feed, via all fish production and processing stages, to the consumer.

With its current strong market positions, including high-performing products and more long-term contracts, EWOS regards the risk of losing out in the marketplace during 2007 to be low. In addition, historic credit risk is significantly lower in all markets than in previous years owing to the good level of profitability in fish farming.

PROSPECTS FOR 2007

EWOS improved its relative strategic position, market share and profitability during 2006. Its total product range was also strengthened. The balance between supply and demand in the salmon market seems to be healthy, and will provide further steady growth in the feed market during 2007. The longer term supply and demand balance will be determined by salmon farming growth and the development in additional feed capacity.

EWOS expects to improve its operational performance and profitability even further in 2007.

EWOS Innovation

Cermaq's research and development on fish feed and fish farming is conducted by EWOS Innovation, one of the world's largest private R&D operations for these sectors. It has three research centres – two in Norway, in Dirdal near Stavanger and in Lønningdal near Bergen, and one in Chile in Colaco near Puerto Montt. The staff includes highly qualified research scientists drawn from the international scientific community as well as specialised technicians.

RESEARCH ON FISH AND HUMAN HEALTH

Our industry experienced the consequences of a severe El Niño event in 1998, which caused an immediate shortage of marine raw materials such as fishmeal and fish oil. This forced many feed producers to temporarily replace relatively high amounts of fish oil with vegetable substitutes. That El Niño also triggered an intensification in research efforts on the consequences of replacing fish oil with oils of vegetable origin.

Extensive research was done with respect to the effects on the fish, but EWOS Innovation also looked a step further along the food chain to see how a change in feed composition would also influence the health of humans eating them.

A pioneer project has been funded by the Research Council of Norway in cooperation with Akvaforsk, Haukeland University Hospital and EWOS Innovation. This project aimed to follow raw materials into the feed and look at the effects on the fish and human health. Long-chained omega-3 fatty acids originating from the marine environment are well known to be beneficial to human health, particularly in reducing the risk of cardiovascular diseases.

But what happens when humans eat fish which have been fed only vegetable oils? Would the content of omega-3 fatty acids in the fish be too low for humans to achieve health benefits? Surprisingly, the results of the study revealed that eating fish was beneficial to human health regardless of the level of omega-3 fatty acids.

There was no dose effect from the omega-3 content. But the weekly intake of omega-3 fatty acids in the Group given fish fed on vegetable oils was relatively high as a result of the large number of fish servings per week. Accordingly, components in the fish other than omega-3 fatty acids alone appear to confer positive health effects.

RESULTS IN PRACTICE

In order to advise fish farmers on how to produce salmon with the right composition of fat and fatty acids, EWOS Innovation has developed a model called OilMIX. This is used to control the fatty acid profile of salmonids through the fish feed used, and is available to EWOS customers.

The model is intended to give assurance that harvestable salmon produced using only EWOS feed will contain sufficient omega-3 fatty acids in a 100-gram portion to satisfy the intake of 1.5 grams of EPA and DHA per week recommended for humans by the British Nutrition Foundation (BNF).

Under the OilMIX concept, fish, other marine (e.g. algal) and vegetable oils may be used in EWOS feeds. The model combines biological knowledge about how fatty acids are deposited in fish through their lifecycle and data about the fatty acid composition of the raw materials and feed. This makes it possible to reach the omega-3 target set for the fish by EWOS through a flexible use of raw materials.

FISH HEALTH MANAGEMENT

As in all animal production systems, infection and disease represent a certain level of risk for fish farmers. Systematic preventive health management controls are deployed as part of farm operations to reduce the risk from disease and negative environmental factors.

These include daily mortality removal systems, improved operating routines, use of high-quality disease-free smolts, improved feed management and nutrition, and oxygen monitoring and algae avoidance equipment.

Use of vaccines is essential for effective disease control, and commercial vaccines are deployed against the major diseases encountered. The efficiency of medication can be increased through improved diagnostics and coordination with neighbouring sites on treatments and effective management techniques such as fallowing.

Programmes are being further developed in these areas. It is important to maintain a multi-faceted approach to integrated disease management. Nutrition and dietary controls represent an increasingly important component within this integrated prevention management.

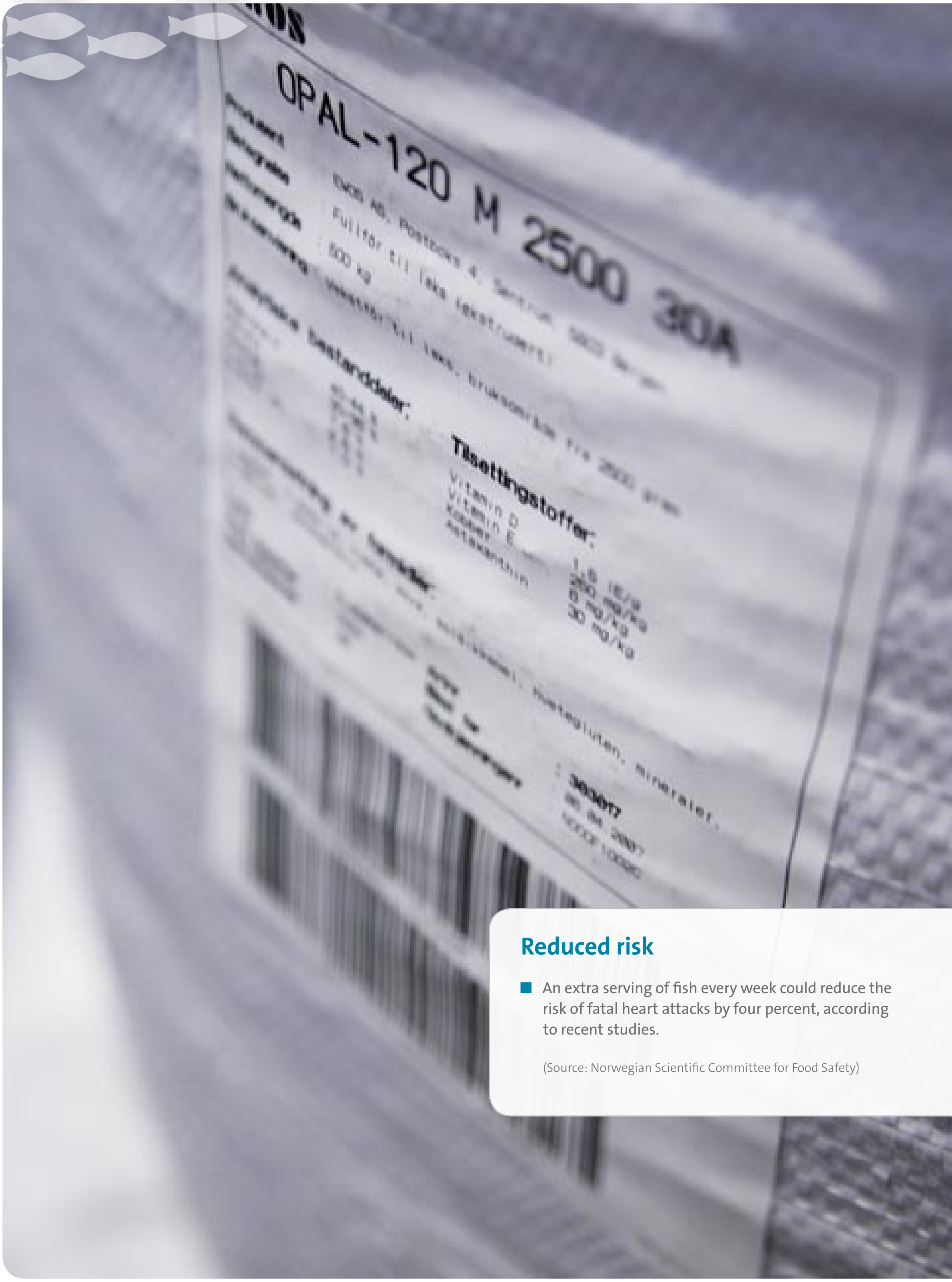
HEALTHY FISH THROUGH HEALTHY DIET

One of the common diseases encountered in salmon farming is salmon rickettsial septicaemia (SRS). This is caused by Piscirickettsia salmonis, a small intracellular bacterium, in other words, one which lives inside cells. It can give rise to a fatal septic condition of salmonids. Since its initial isolation in the late 1980s, SRS has been the primary cause of mortality for farmed salmon in Chile.

Commercial vaccines against SRS are available, but are not currently effective for the whole life cycle, and fish approaching harvest can be vulnerable to the disease. In order to develop more sustainable methods of control against SRS, EWOS Innovation has developed a diet which can significantly reduce the effect of the disease and improve survival. This diet contains ingredients extracted from natural raw materials and provides increased growth, improved physiology and immunity.

Other functional feeds can improve gut health and fish performance by including prebiotics. These can be described as non-digestible feed ingredients which encourage beneficial bacteria and improve the performance of the host. After a rapid uptake in human food products, prebiotics are being increasingly used in animal production systems, and now also in salmon farming.

These types of organic ingredients and functional feeds are making a positive contribution to the performance and sustainability of the industry. They are alternatives to medication and have been responsible for improved physiological condition, survival, performance and reduced use of antibiotics. As understanding of the effects of nutrition on health grows, effective diets and products are likely to continue to be developed. Functional feed will be a core business area for EWOS.



Reduced risk

- An extra serving of fish every week could reduce the risk of fatal heart attacks by four percent, according to recent studies.

(Source: Norwegian Scientific Committee for Food Safety)

Medical effect

- Fish have demonstrably positive effects on hyperactive children and patients suffering from Alzheimer's disease

(Source: University of South Australia/Norwegian Seafood Export Council)

"The Unikorn companies sold 576 000 tonnes of grain and other raw materials in total in 2006"

Other activities

Cermaq has interests in activities outside the aquaculture sector which are not regarded as part of its core business. These collectively contributed a pre-tax profit of NOK 9.5 million. Assets not related to aquaculture accounted for 1.3 percent of the Group's balance sheet at 31 December 2006.

UNIKORN

Unikorn's business was demerged into two companies during 2006. Unikorn AS has retained operations relating to receiving and distributing Norwegian grain, while Unikorn Import AS has obtained the activities related to import trading as well as shareholdings in Denofa and Uniol.

The Unikorn companies sold 576 000 tonnes of grain and other raw materials in total in 2006. Turnover declined by 11.8 percent from 2005 to NOK 1.1 billion. Operating profit came to NOK 16.9 million against NOK 23.2 million the year before. Net profit was NOK 8.0 million, compared with NOK 11.2 million in 2005. Cermaq's share of pre-tax profit from the Unikorn companies totalled NOK 5.6 million in 2006.

Unikorn owns 40 percent of Denofa AS, which is involved with soya processing. The company had a turnover of NOK 850 million in 2006 and a net profit of NOK 13 million.

OTHER ASSOCIATED COMPANIES

Hordafôr AS processes byproducts from the salmon and trout industries into oil and protein concentrate. **Silver Seed AS** and **Salar Smolt AS** are smolt production facilities. **Helnessund Bøteri AS** supplies nets and equipment to the aquaculture industry.

OTHER INVESTMENTS

Cermaq's shares in **Risørfisk** were sold during 2006 with an insignificant impact on the Group results. The Group still has interests in **Marine Farms, Norway Royal Salmon** and **Aquagen**, with a total book value of NOK 97.9 million.

OTHER COMPANIES

Amounts in NOK 1 000	Equity interest	Book value 31.12.06	Net profit
Unikorn AS	49.78%	15 491	3 073
Unikorn Import AS	49.78%	44 478	4 961
Hordafôr AS	35.15%	19 315	17 181
Silver Seed AS	50.00%	4 416	749
Helnessund Bøteri AS	33.00%	1 428	- 450
Salar Smolt AS	25.00%	5 251	4 936
Total		**90 379**	

UNIKORN

Amounts in NOK 1 000	Unikorn AS	Unikorn Import AS	Total Unikorn 2006	Total Unikorn 2005	Total Unikorn 2004
Operating revenues	760 080	349 242	**1 096 512**	1 250 265	1 361 511
Operating profit	9 188	7 711	**16 889**	23 175	27 805
Operating margin	1.20%	2.20%	**1.50%**	1.90%	2.00%
Net profit	3 073	4 961	**8 034**	11 214	14 700
Employees	29	9	**38**	37	37

> *"Consumption of omega-3 is associated with positive health benefits, including for the brain!"*
>
> *Professor Edel O. Elvevoll, Norwegian College of Fishery Science*

Fish – the healthy alternative

"The absorption of omega-3 fatty acids increases by three to four times when consuming salmon muscle, compared to fish oil", says Professor Edel O. Elvevoll of the Norwegian College of Fishery Science. Elvevoll has recently published a clinical study on the topic.

Fish is a winner. One research study after another show that seafood is a source of good health. It has now been established once and for all: diet supplements and omega-3 are good, but it is best to eat fish.

NATURAL HEALTH BOOST

It is a well-known fact that what we eat affects our health. Research and technology have long proven and illuminated this issue. Recent studies show that 40-60 percent of lifestyle illnesses can be related to diet. Eating fish in its natural form combats a number of the conditions which trouble us today. Much of this effect has been attributed to the content of omega-3 fatty acids. But that is only part of the truth. It turns out that consuming plentiful omega-3 or food which contains this substance is not enough in itself.

Professor Elvevoll explains that the best solution is undoubtedly to eat fish in its natural form. This greatly multiplies the absorption of polyunsaturated fatty acids compared with taking various marine oil products.

"Part of the problem with our food production and diet today is that the process from natural form to food on the table reduces the content of many nutrients. It has been demonstrated that the process from grain to flour, for instance, reduces the content of minerals and vitamins by up to 80 percent and of fibre by 75 percent. By comparison with fresh salmon muscle, eating fish patties, a popular dish in Norway, loses up to 90 percent of a number of free amino acids", says Professor Elvevoll.

SUPERIORITY

Supplements are fine, but not good enough. Professor Elvevoll and Professor Bjarne Østerud at the University of Tromsø demonstrated as early as 1995 that a number of other components in fish are important in protecting against cardiovascular diseases and help to enhance the effect of omega-3.

"When you eat fish, you simultaneously absorb a selection of biologically active compounds which protect against oxidation," says Professor Elvevoll. "That's very important, since clogging of the arteries starts with oxidation in the walls of blood vessels. Astaxantin, the red pigment in salmon, is an anti-oxidant which protects fat in the fish's muscles against oxidation. In addition, seafood contains a number of important water-soluble components.

A recent study has shown that taurin, an amino acid in the fish, reduces cholesterol in the blood. When marine oils are refined, you remove environmental toxins, odorants and taste components. The end product is a safe, neutrally-tasting product. But the problem is that you also eliminate other biologically-active components, including the natural anti-oxidants in the fish. We accordingly believe that consuming lots of polyunsaturated fats without balancing them with anti-oxidants could have the opposite effect to the one you want to achieve. You also lose proteins, amino acids and important vitamins in the process," says Elvevoll.

Many people believe that you have to be a real fish food enthusiast to get the nutrients you need, and prefer to take capsules instead. But Professor Elvevoll says that this is not true. Positive effects have been demonstrated from a relatively moderate consumption of fish.

"It doesn't take any big effort or hocus-pocus to secure what you need, eating 400 grams of fish a week has been found to prevent cardiovascular diseases. That's all," says Professor Elvevoll.

PROUD INDUSTRY

The list of positive effects attributed to omega-3, and which can be gained by eating fish, is getting steadily longer. Consumption of omega-3 is associated with positive health benefits, including for the brain! Positive results have also been claimed in relation to dyslexia, hyperactivity, Alzheimer's disease, migraines, asthma, diabetes and skin problems – in addition to the well-known prevention of cardiovascular disease. A major European epidemiological study has recently shown that eating seafood reduces the incidence of bowel cancer.

"It should be fairly straightforward, really," says Professsor Elvevoll. "Consuming more fish is both healthy and good. And we have plenty of it here in Norway. Eating healthy seafood would automatically reduce our consumption of other foods which don't do us good. And our farmed fish also has a high content of omega-3 fatty acids, up to 25 percent in the muscle."

In her view, the problem is that Norwegians eat too little fish and attention needs to be focused on this fact.

"Eating fish rather than swallowing capsules is better, healthier and cheaper."

Norway ranks today as the world's second-largest seafood exporter, and Norwegian salmon is sold to more than 100 countries worldwide. Its fishing industry has an international status.

"I constantly see how impressed foreigners are that we can produce healthy food at a profit," observes Professor Elvevoll.

Corporate governance in Cermaq

Cermaq believes that the basis for good corporate governance is a clear and comprehensible relationship between owners, board and management. Good governance ensures credibility and trust among all stakeholders.

The board has adopted guidelines for corporate governance in Cermaq ASA. These guidelines set out that Group policy shall be in compliance with the Norwegian code of practice for corporate governance. Variances from the latest version of the code (adopted on 28 November 2006) will be explained in this statement.

A complete version of the guidelines for corporate governance in Cermaq ASA, approved by the board on 27 April 2004, with amendments adopted in the board meeting on the 14 February 2007, can be found on the company's website at www.cermaq.com.

The board of Cermaq approved ethical guidelines for the Group on 30 September 2005. These guidelines are available on the company's website at www.cermaq.com.

THE GROUP'S OBJECTIVES AND BUSINESS

Cermaq's main objective is stated as follows in article 3 of the articles of association:

"The objectives of the company are to carry on all or any of the businesses of fish feed production, fish farming and other marine or oceanic farming, and any other business related thereto. The company will have an active role linked to research and development in the marine sector and the fish farming industry."

A complete version of the articles of association for Cermaq ASA can be found on the company's website at www.cermaq.com.

The company's vision, goals and principal strategies are presented on pages 4 and 5 of the annual report.

SHARE CAPITAL AND DIVIDEND

Equity

Cermaq's equity is tailored to the company's goals, strategies and risk profile. The board's objective is that the Group should have an equity ratio of at least 45 percent in order to ensure its viability over time.

Dividend

Dividend payments will depend on Cermaq's results, financial position and cash flow. The board believes that dividends should show a steady development in line with the growth in Cermaq's results, while taking into account opportunities for value creation through profitable new investment. The board regards it as appropriate that dividend should average 30 percent of the company's net profit over a period of several years.

For 2006, the board has proposed a dividend of NOK 4.25 per share, which corresponds to a payout ratio of about 40 percent of adjusted net profit.

Board authorisations

At the annual general meeting of 3 May 2006, the board was authorised on behalf of the company, to acquire Cermaq's own shares to a maximum of NOK 46 250 000, limited to five percent of the issued shares at any time. The authorisation is valid until 30 June 2007. It has not been exercised. If the authorisaton is used, the company will ensure that the requirement to treat shareholders equally is attended to.

EQUAL TREATMENT AND TRANSFERABILITY

Cermaq's registered share capital is NOK 925 million, spread over 92.5 million shares with a nominal value of NOK 10 each. The company has only one share class, and all shares carry equal rights. Each share has one vote.

The company's articles of association specify that the board cannot approve any transfer of shares which would reduce the Norwegian government's shareholding below 34 percent. The company's shares are otherwise freely transferable.

Cermaq will treat all its shareholders equally. This is ensured by providing investors with equal and simultaneous access to information, by giving shareholders the opportunity to participate in share issues and the like in accordance with their relative shareholding, unless differential treatment is justified for objective reasons, and by conducting transactions with close associates in accordance with the arms-length principle. No transactions which could be regarded as material were conducted in 2006 between the company and its shareholders, directors, executive management or the close associates of any of these.

Cermaq's ethical guidelines include general provisions for dealing with possible conflicts of interest. These guidelines apply to the company's directors and employees. In addition, the rules of procedure for the board contain guidelines for directors and the chief executive officer on declaring conflicts of interest over issues considered by the board, and the rules require directors to give notification if they have a significant interest in a contract concluded by the company.

GENERAL MEETING

All shareholders with a known address receive written notice of general meetings. Proposed resolutions with sufficient background information for shareholders to take a position on these issues must be sent to shareholders at least two weeks before the proposed general meeting. The notice will specify that shareholders who are unable to attend in person can vote by proxy. Shareholders can be required to provide written notice of their intention to attend a general meeting. The deadline for such advance notice cannot be set to more than three days before the date specified for the meeting in question.

The Norwegian code of practice for corporate governance recommends that the company has routines which ensure that the general meeting has an independent chairman. Cermaq's articles of association specify that the general meeting will be chaired by the chairman of the board or, in the event of his/her absence, the deputy chairman. Cermaq has not found it necessary or desirable to have a chairman of the meeting who is independent of the board.

The chairman of the nomination committee attends the annual general meeting to present the committee's nominations. Representatives of the board, including the chairman, and the auditor will also be present at the general meeting. As a minimum, the chief executive officer and chief financial officer will attend from the executive management. The Norwegian code of practice for corporate governance recommends that the board, the members of the nomination committee and the auditor should be present at the general meeting. Cermaq has no regular practice of the whole board and nomination committee attending the general meeting.

NOMINATION COMMITTEE

Instructions for the nomination committee in Cermaq ASA were approved by the general meeting on 16 April 2004 in accordance with article 9 of the company's articles of association. The nomination committee is elected by the general meeting. The general meeting also elects the chairman of the committee and determines the remuneration of the committee's members.

The nomination committee's mandate is to nominate candidates for election as directors by the general meeting. The committee also proposes the remuneration of directors. Its nominations must be submitted to shareholders before the general meeting, preferably together with the notice of the meeting. The Norwegian code of practice for corporate governance recommends that the nomination committee should give reasons for its nominations. The board of Cermaq will propose to the annual general meeting in 2007 to formalise a requirement that the nominations are given ground for, through inclusion in the instructions for the nomination committee.

Members of the nomination committee must be shareholders or shareholder representatives. Their term of office is two years. The nomination committee elected at the general meeting in 2006 will sit for two years and consists of:

- Reier Søberg, the Norwegian state represented by Ministry of Trade and Industry, chairman
- Jarl Ulvin, Odin Norge
- Gunnar Bjørkavåg, managing director, Norges Handels- og Sjøfartstidende

The committee members are independent of the board and executive management. The company provides information about who sits on the committee and invites the submission of proposals to the committee via the company's website.

The nomination committee's instructions and further information on its members can be found on the company's website at www.cermaq.com.

COMPOSITION OF THE BOARD

The articles of association specify that the board will comprise six to eight members, including three elected by and among the employees of the Norwegian companies. According to the nomination committee's instructions, weight will be given to ensuring that the directors are adequately qualified to make independent assessments of the issues submitted by management and of the company's operations. Weight will also be given to a reasonable representation of each gender and to the independence of directors from the company. Pursuant to section 6-11a in the Norwegian Act on Public Limited Companies, both genders must also be represented on the board on the basis of specified criteria. Each director is elected for a two-year term. The board elects its own chairman and deputy chairman.

Shareholder-elected directors or their close associates must not perform advisory or consultative assignments for the company, be employed by the Group or have contracts of substantial financial significance with the Group. Nor can the Group, without prior approval from the board of Cermaq ASA, award advisory or consultative contracts to a company owned by or employing a director, or from a company which is in the same Group as such a company.

The current Cermaq board consists of 8 members, of whom 3 are elected among the employees. All board members are independent of Group Management.

WORK OF THE BOARD

The board will safeguard the collective interests of all shareholders, but also has a responsibility for the company's other stakeholders.

The board has ultimate responsibility for management of the company and for supervising its day-to-day management. Rules of procedures have been established for the board, which include an overview of its functions, duties and responsibilities as well as defining the chief executive officer's duties and obligations to the board. The rules of procedure can be found on the company's website at www.cermaq.com.

The board's main duties are to:

- Determine the company's overall goals and strategies
- Determine the objective for the company's long-term capital adequacy and policies for external capitalisation
- Ensure a responsible organisation of the business, including employment and dismissal of the chief executive officer
- Determine plans and budgets for the company
- Be well informed about the financial position of the company and the Group and make sure its business, accounts and asset management are subject to satisfactory routines and control
- Determine the company's dividend policy
- Approve investments greater than NOK 15 million and the closure or disposal of substantial business activities
- Prepare a statement on the determination of the salary and other remuneration of the chief executive officer and other senior executives

A deputy chairman has been elected who assumes the duties of the chairman when the chairman cannot or should not lead the work of the board.

The board has appointed an audit subcommittee. The audit comitee will monitor the company's processes relating to financial reporting, systems for internal control, management of financial risk, the external auditing process, the company's routines for compliance with legislation and statutory regulations, and compliance with the company's own ethical guidelines. The committee comprises three directors.

The company had a compensation committee until 1 December 2006, which was appointed by the board. Based on experience with this committee, the board has decided that it will attend to the compensation committee's duties itself.

The board ensures that the company has a good internal control function for decisions which apply to the business, including the company's values base and ethical guidelines. As part of this supervisory process, the board undertakes an annual review of the nature and scope of significant risks affecting the company and the established internal control systems for risk management.

The Group does not have a special unit for internal control. The Cermaq Group works in accordance with control procedures which describe authorisations and authorise limits as well as with guidelines on ensuring good internal control, including through a satisfactory division of labour. Monthly financial reporting from the operational units is reviewed and analysed by the central finance staff. Financial risk is handled by a central unit at head office, and is hedged where appropriate by financial derivatives. Each business area is responsible for the commercial content of agreements and contracts.

The board prepares an annual meeting plan and holds regular discussions of the company's strategy and the execution of this strategy. The board carries out an annual evaluation of its own work and competence.

REMUNERATION OF DIRECTORS

Remuneration of directors is approved every year by the general meeting. The size of such remuneration is not related to the company's results nor to the development of the share price. Further information on the remuneration of directors is provided in note 6 to the Group accounts. No directors have had any special assignments for the company other than their directorships.

REMUNERATION OF GROUP MANAGEMENT PERSONNEL

From 2007, the board will prepare a declaration on the determination of salary and other remuneration for the chief executive officer and other senior executives in Cermaq. This statement will be presented annually for consideration by the company's annual general meeting.

Procedures and authorisations for determining the salary and remuneration of the company's management are regulated in the rules of procedure for the company's board. See the company's website at www.cermaq.com.

Remuneration of the chief executive officer is determined by the board at a meeting. Remuneration of other members of Cermaq's executive management is determined by the chief executive officer. Before remuneration is determined, the chief executive officer will discuss his remuneration proposal with the chairman of the board. The executive management's remuneration consists of a fixed salary and a variable component. Under the existing bonus scheme, the full variable component is limited to a maximum 30 percent of fixed salary. The most important single element in the bonus is related to the Group's return on capital employed (ROCE).

Possible new or amended remuneration schemes comprising the allocation of shares, subscription rights, options or other kinds of remuneration connected to shares or development of the share price, must be approved by the general meeting.

Information on remuneration of Cermaq Group Management Team (CCMT) is disclosed in note 6 to the Group accounts.

INFORMATION AND COMMUNICATION

Cermaq will ensure that shareholders receive accurate, clear, relevant and timely information on all matters of financial significance for shareholders. Financial data is published through the stock exchange's reporting system (www.newsweb.no, ticker code CEQ), as well as the company's own website and press releases. Presentations open to all interested parties are held in connection with quarterly reporting. The presentation of quarterly results will be transmitted directly by webcast. All information will be published in both Norwegian and English.

A financial calendar will be published annually.

The board will ensure that quarterly reports from the Group provide an accurate and complete picture of the Group's financial and commercial position, and the extent to which the company's operational and strategic goals are being reached. Financial reporting will also include the management's realistic forecasts of business and financial developments.

The Norwegian code of practice for corporate governance recommends that the board establishes guidelines for the company's contact with shareholders outside the general meeting. The board has so far not adopted any special guidelines for such contact, but this will be done during 2007. However, such contact is limited, and subject in each case to careful assessment in relation to the principals of equal treatment and Norwegian legislation on stock markets and security trading.

TAKEOVERS

Pursuant to the company's articles of association, the board cannot approve any transfer of shares which would reduce the Norwegian government's shareholding below 34 percent. Apart from that reservation, the board and/or Group management will not seek to prevent or obstruct anyone presenting a bid for the company's business or shares. In the event of possible takeovers or restructurings, the board has a duty to show particular care in safeguarding the assets and interests of all shareholders. These main principles for the board's attitude towards possible bids are incorporated in the company's guidelines for corporate governance.

AUDITOR

The auditor prepares an annual plan for the audit work. This, together with plans for the company's internal control, will be discussed with the board's audit committee. The auditor otherwise attends board meetings and meets the audit committee in connection with the consideration of the annual accounts. At least once a year, the auditor will meet the board/audit committee without the chief executive officer or other members of the management being present.

The duties of the company's auditor include investigating the administration of the company by the board and management. This makes it essential that the auditor is independent of the board and management. The board must therefore pay particular attention to possible conflicts of interest and the performance of consulting services outside the scope of the audit. The board will receive written confirmation every year from the auditor that the requirements for independence and objectivity have been fulfilled. If the auditor is to perform assignments outside the legally-required audit and audit related services, this must be approved by the board or the audit committee.

The board resolved in 2006 that the audit should be put out to tender every fifth year.

The board notifies the annual general meeting about the auditor's fee, which must be approved by the meeting. The auditor's fee for 2006 is specified in note 8 to the Group accounts.

The board and the audit committee monitors that the auditor is fulfilling their control function in a satisfactory manner.

Declaration on salaries and other remuneration for the management of Cermaq ASA

1 CENTRAL PRINCIPLES OF THE COMPANY'S MANAGEMENT REMUNERATION POLICY

Remuneration for the management of Cermaq ASA is determined on the basis of the following central principles:

Management remuneration shall be competitive – we shall attract and retain good managers.

The remuneration package (comprising the total of all types of remuneration received) shall normally be approximately equal to the average level of management remuneration for similar managers at comparable enterprises in the country where the manager resides.

Management remuneration shall motivate – the remuneration shall be composed in order to motivate the recipient to make an extra contribution towards the continual improvement of the enterprise and the company's results.

The basic salary shall be the principal element of management remuneration, but variable payment and benefits shall be given of a type such that they have a motivational effect on management's efforts on behalf of the company. Variable remuneration shall appear reasonable in comparison with the company's profit for the relevant year. To ensure that the variable elements of the remuneration function as an incentive to make an extra contribution, the criteria shall be linked to factors which each individual is able to influence. Cermaq would like the remuneration system to build team spirit internally within the Group and encourage initiative which gives results beyond an individual's area of responsibility.

The remuneration system shall be considered to be comprehensible and acceptable both internally within the Cermaq Group and externally.

The remuneration system shall also not be disproportionately difficult to explain the general public and shall not result in disproportionately complex administration.

The remuneration system shall be flexible – we must be able to modify it when necessary.

To be able to offer competitive remuneration, we must have a flexible remuneration system with room for special adaptations. Employing managers who reside in other countries raises special issues in connection with remuneration. Cermaq shall offer remuneration which is competitive in relation to being able to attract and retain foreign managers, and the remuneration system must make it possible to agree special provisions which are adapted to such managers particular needs.

2 PRINCIPLES FOR VARIABLE REMUNERATION ELEMENTS WHICH CAN BE OFFERED IN ADDITION TO THE BASIC SALARY

2.1 Starting point: Basic salary

The starting point for setting remuneration is the total level of basic salary and other variable remuneration elements. The basic salary shall normally be the principal element of management remuneration. No separate limits apply to the total level of variable pay for management.

The particular variable remuneration elements which are used are discussed in more detail below. Unless otherwise stipulated below, no special conditions, limits or award criteria shall apply to the remuneration elemements listed.

2.2 Additional remuneration elements

Bonus programme

The company has a bonus programme for the management which is set by the board.

Under the applicable bonus programme, total variable salary under the programme shall make up to a maximum of 30 percent of the fixed salary. For 2007, the board has stipulated that 50 percent of the bonus shall be linked to return on capital employed (ROCE) for the Group, with a maximum bonus awarded when ROCE is 13 percent. 25 percent of the bonus is based on growth within the Group's aquaculture operations, whilst the remaining 25 percent is based on the operating margin for the Group's feed operations. If ROCE falls below 7 percent, no bonus is given at all, even if the other two criteria are fulfilled in full or in part. If the global market share of the feed operations is reduced, the bonus element based on the percentage profitability of the feed operations is eliminated.

The board intends to continue with a similar programme in 2008, after a thorough evaluation of the type of bonus programme and the criteria which at this point in time seem best able to facilitate achieving the relevant goals.

Options

On 3 May 2006, the annual general meeting of Cermaq adopted the following resolution:

"An option programme is to be established for management-level employees in the Cermaq Group. This plan can include up to 65 people in management positions or key people within the company. The maximum number of options in the programme may not exceed 1 100 000. A cap of NOK 50 is established for the maximum return which an individual participant may obtain per option granted. The total accounting cost of the programme is calculated to be maximum NOK 15 million.

The board is given power of attorney to develop the detailed guidelines for the programme within the given limits".

The board has set the detailed guidelines for the option programme. To date 880 000 options have been awarded, which give the right to subscribe to up to 880 000 shares in Cermaq ASA. The options are to be transferred in three equal instalments, respectively 26 October 2006, 1 June 2007 and 1 June 2008. The exercise price shall be the average of the price on Oslo Stock Exchange on the date of transfer together with the previous and subsequent days, plus 10 percent. The exercise price for the options which were transferred on 26 October 2006 was set at NOK 92.93. The options awarded may be exercised between 26 and 72 months after the options are vested. There remain 220 000 options which may be awarded within the framework of the programme.

When the options are exercised, the company's board may decide whether the options are to be redeemed such that the option holder receives shares, or such that the option holder receives the value of the options (the gain) in cash. The maximum gain is capped in accordance with the resolution of the general meeting on 3 May 2006.

Additional awards of options, subscription rights or other forms of remuneration related to shares or the development of the share price

The 2006 annual general meeting approved a share-purchase programme which includes all employees in the Cermaq Group, and as such also includes the Group's management. Under the programme, all employees are offered the opportunity to purchase up to 200 shares at a 20 percent discount.

Currently there is no other form of remuneration related to shares or the share price in use.

Pension-related programmes

Agreements have been entered into and may be entered into regarding early retirement. However, the company would like to limit the use of such agreements.

Employees in management positions shall normally have pension arrangements which secure them a pension which is commensurate with the level of remuneration they receive while employed. To a large extent this is achieved through such employees being members of the company's collective pension programme. No special limits or conditions apply for agreements on early retirement or pension arrangements. The company is currently working on a new arrangement for management pensions, which will be based on the principles discussed here.

Remuneration after termination of employment

Currently, the Group's Chief Executive Officer has a contract concerning remuneration after termination of employment that includes remuneration for 12 months beyond the salary and other pay and benefits in the notice period, in the event that he is dismissed by the company. Any other income earned in the period during which the remuneration after termination of employment is provided will reduce the amount paid. The company's Chief Executive Officer should normally have a contract which secures the company's need to be able to request that the Chief Executive Officer resigns immediately in the event that this is considered to be in the company's interest. The provision on remuneration after termination of employment must therefore be sufficiently favourable to ensure that the Chief Executive Officer is willing to accept a contract concerning reduced notice of dismissal.

Agreements have also been entered into and may also be entered into regarding remuneration after termination for other members of the Group's management team, to secure the company's need at any time to be able to ensure that the composition of management is in accordance with the company's needs. In accordance with the Working Environment Act such agreements will not be binding upon management other than the managing director.

Attempts should be made to ensure that provisions concerning remuneration after termination of employment are internally and externally acceptable.

Benefits in kind

Management will normally be awarded benefits in kind which are typical of comparable positions, including a free telephone, home computer, free broadband, newspapers, company car and parking. No separate limits apply to the type of benefits in kind which may be agreed.

Other elements

Other variable elements may be used as part of remuneration and other benefits may be awarded beyond those listed above, in the event this is considered to be appropriate for attracting and/or retaining a manager. No separate limits apply to the type of other elements which may be agreed.

3 PROCEDURE FOR SETTING MANAGEMENT REMUNERATION

3.1 Setting remuneration of the Chief Executive Officer

Remuneration for the Chief Executive Officer is set by the board at a board meeting.

3.2 Setting remuneration for the Group management team

Remuneration for the individual members of the Group management team is set by the Chief Executive Officer . Before remuneration is decided, the Chief Executive Officer shall discuss his proposal for remuneration with the chairman of the board. The board shall be informed of the level of remuneration after this has been decided.

3.3 Setting incentive programmes

General programmes for awarding variable pay, including bonus programmes, are set by the board. The Chief Executive Officer awards variable pay to the Group's top management within the limits of the programmes set by the board.

Programmes which cover the allocation of shares, subscription rights, options and other forms of remuneration linked to shares or the development of the share price, are set by the company's general meeting. Within the framework of the resolution adopted by the general meeting, the board will pass more specific resolutions concerning the execution and implementation of and any additional details concerning the programmes. Alternatively, the board may resolve to delegate such authority to the Chief Executive Officer . No-one may be awarded variable pay, benefits or rights falling under this paragraph unless such an award is within the limits of a resolution adopted by the general meeting.

4 SETTING MANAGEMENT REMUNERATION IN OTHER COMPANIES IN THE CERMAQ GROUP

Other companies in the Cermaq Group shall follow the central principles in Cermaq's management remuneration policy as stipulated in point 1. The objective is to coordinate the remuneration policy and the arrangements for variable payment and benefits within the Group.

Oslo, 16 March 2007
The board of Cermaq ASA

Board of directors

SIGBJØRN JOHNSEN (1950)
Chairman of the board

Mr. Johnsen is a technical graduate with further qualifications from the Norwegian School of Management. He is the County Governor of Hedmark County. Johnsen was elected chairman of the board in 1997. He has been a Member of Parliament and Minister of Finance, and has previous experience as a lecturer and accountant. Johnsen was a member of the board of Norges Bank (1999 – 2004). He is Chairman of the board of SOS Children Villages, Norway and member of the executive committee and senate of SOS International. He headed the Pension commission, which published its report to the Government in 2004. He lives in Ringsaker, Norway.

FINN JEBSEN (1950)
Deputy Chairman of the board

Mr. Jebsen is a business studies graduate from the Norwegian School of Economics and Business Administration and has a Master's degree in Business Administration from University of California, Los Angeles. He was with the Orkla Group since 1980, as member of the Group's corporate executive management since 1984. Jebsen was president and CEO of Orkla from 2001 to 2005. He is Chairman of the board of Kongsberg Gruppen ASA and Kavli Holding AS and Deputy Chairman of KLP. Jebsen is a board member of Cermaq since May 2005. He lives in Oslo, Norway.

ASTRID E. SØRGAARD (1960)
Director

Mrs. Sørgaard has a degree in Business Administration from the Norwegian School of Management. She currently holds the position as Managing Partner of Jebsen Asset Management AS, a company in the shipping Group of companies, Kristian G. Jebsen-Group. She was three years with Benefit Network ASA in managerial positions, and prior to this, 16 years in different managerial positions in Christiania Bank Group (Nordea). Mrs. Sørgaard is also a member of the board of Sparebank1 Livsforsikring AS and L.Gill Johannessen. Mrs. Sørgaard was elected to the board of Directors of Cermaq AS in May 2005. She lives in Bærum., Norway

KJELL FRØYSLID (1943)
Director

Mr. Frøyslid is a Business Economist with technical and managerial higher education qualifications. He was the Chief Executive Officer of Cargo-Net AS from 2002 to 2006. Frøyslid's previous positions include Chief Executive Officer of Arcus, Managing Director of Vinmonopolet, Divisional Director of NSB and Divisional Director of Tandberg Data. After his retirement 1st January 2006, Mr. Frøyslid is working as a consultant and project manager for several companies. Mr. Frøyslid is a board member of Cermaq since May 1996. He lives in Skedsmo, Norway.

JIM-EGIL HANSEN (1966)
Employee representative

Mr. Hansen has been working for EWOS since 1995. He works as production operator at the factory in Halsa. He is a trained process operator in the food industry. He has been employee representative for the past four years, and is also elected as main employee representative. Mr. Hansen is a board member of Cermaq since May 2003, and is also member of the board of EWOS Norway. He lives in Halsa, Norway.

WENCHE KJØLÅS (1962)
Director

Mrs. Kjølås is a business studies graduate from the Norwegian School of Economics and Business Administration. She is the CFO of Grieg Logistics. Kjølås' previous positions include Group Director Finance of Kavli Holding AS, Managing Director of O. Kavli AS, Financial Director of Kavli Holding AS, Business Manager of Hakon-Group AS in Bergen and Manager and Management Consultant of Touche Ross. She is member of the board of PGS ASA, DOF ASA, chairman in Grieg Group Resources AS and member of the Shareholders Committee in Vesta Forsikring AS and Sparebankstiftelsen DnBNor. Mrs. Kjølås is a board member of Cermaq since May 2003. She lives in Bergen, Norway.

NILS INGE HITLAND (1958)
Employee representative

Mr. Hitland has been working for EWOS since 1988, the last four years as sales manager. He is an agricultural college graduate. His previous employment was with Felleskjøpet Vestlandet, also in sales of compound feed and fish feed. Hitland is a board member of Cermaq since May 2005. He lives in Bergen, Norway.

JAN HELGE FØRDE (1967)
Employee representative

Mr. Førde works as Maintenance Manager at the EWOS factory in Florø, where he has been working since 1989 in various positions. He is a certified industry mechanic. He is the leader of EWOS employees organised in the labour union Lederne. Mr. Førde is a board member of Cermaq since May 2003. He lives in Florø, Norway.

Directors' report

Cermaq has completed its first full year as a listed company and is presenting the best results in the Group's history. Operating profit pre fair value came to NOK 1 311.4 million (NOK 1 287.7 million post fair value). Earnings per share before and after fair value adjustment came to NOK 10.2 and NOK 10.4 respectively, compared with NOK 8.4 and NOK 6.4 in 2005. The board has proposed a dividend of NOK 4.25 per share, up from NOK 1.85 the year before.

BUSINESS AND LOCATION OF THE GROUP

Cermaq is a leading international aquaculture company focusing on sustainable farming of salmon and trout and the production of feed for salmon and trout. Having operations in both feed and farming, and a presence in all four of the most important producer countries, is important for diversifying risk and creating a broad knowledge base in aquaculture.

Fish farming operations are pursued through Mainstream, with activities in Chile, Canada, Norway and Scotland. Mainstream is the world's second-largest company involved in farming of salmon and trout. The feed production is concentrated in EWOS, which has operations in the same four leading production countries for salmon and trout feed – Norway, Chile, Canada and Scotland. EWOS is one of two major suppliers of feed for salmon and trout farming in the world market, with a global market share of around 34 percent.

Cermaq places great emphasis on research and development (R&D). These activities are pursued mainly through EWOS Innovation, one of the world's leading private R&D enterprises for fish feed and farming. Its priority areas include reducing the use of marine raw materials in feed, food safety and more functional feed grades. These issues are highly significant for continued sustainable development of the fish farming industry.

INCREASED FARMING CAPACITY IN 2006

Acquisition of Langfjordlaks

Cermaq acquired Langfjordlaks AS in Finnmark during October. This company holds four licences at five sites, with an estimated production volume of 3 000 tonnes (RWE) in 2006. Langfjordlaks has its sites in the same area as Mainstream's existing operations in Finnmark.

Acquisition of Polarlaks and Hammerfest Lakseslakteri

The owners of Polarlaks AS and Hammerfest Lakseslakteri AS accepted an offer in December 2006 to sell all their shares in the two companies to Cermaq. The shares were thereafter acquired by Mainstream Norway in February 2007. Hammerfest Lakseslakteri has an annual production capacity of 20 000 tonnes.

Polarlaks has 12 licences and accordingly represents a substantial strengthening of Mainstream's capacity in Norway in general and in Finnmark in particular. The company's sites are in the same area as Mainstream's other operations in Finnmark, and the acquisition of Langfjordlaks and Polarlaks have allowed Cermaq to establish a good production structure in the western part of Finnmark.

In addition to the above-mentioned transactions, the company acquired two licences in Finnmark through the Norwegian government auction in 2006.

ANNUAL ACCOUNTS

Profit and loss

Net profit for 2006 was NOK 937.5 million (2005: 738.3 million), an increase of 27.0 percent from the year before.

The Group's operating revenues totalled NOK 7 533.7 million in 2006, an increase of NOK 2 166.6 million from the year before. Revenues at Mainstream rose as a result of increased volume and higher prices for farmed fish. Part of the volume improvement derived from the acquisition of the assets of the Canadian company Heritage and Follalaks AS in Norway during 2005. Production and sales volumes for EWOS increased significantly in 2006.

Operating profit pre fair value was the best in Cermaq's history and came to NOK 1 311.4 million compared with NOK 635.8 million in 2005. This increase reflected higher profitability in both Mainstream and EWOS.

As a consequence of a ruling by the Financial Supervisory Authority of Norway (confirmed by the Ministry of Finance), Cermaq amended its principle for calculating the fair value of its biological assets (IAS 41). The change implies that all biological assets (biomass) are valued at fair value, while the previous practice was to fair value harvestable fish only. Cermaq's previous practice was in line with the principle applied by the industry. Comparative figures for earlier periods have been restated accordingly. Operating profit pre fair value, the Group's main performance indicator for earnings, is not affected by the change.

Change in fair value in 2006 was negative at NOK 23.7 million (2005: positive at NOK 222.5 million). Change in fair value relates to the valuation of live biomass at fair value. The Group's operating profit was NOK 1 287.7 million (2005: NOK 858.3 million).

Income from associates came to NOK 9.5 million, down from NOK 18.9 million in 2005. Net financial expenses amounted to NOK 56.7 million (2005: NOK 80.3 million).

Tax expense for 2006 totalled NOK 302.9 million, of which NOK 89.7 million relates to tax payable and NOK 225.9 million represents an increase in net deferred tax. Nominal Norwegian, Canadian, Chilean and UK tax rates were 28, 34, 17 and 30 percent respectively in 2006.

In the third quarter of 2006, the Norwegian Court of Appeal ruled in favour of Cermaq ASA over the cancellation of the tax assessment for fiscal year 2000, which had been based on a NOKUS-taxation of subsidiaries in Chile. This ruling has acquired legal force. As a result of an on-going discussion with Norway's central tax office for large enterprises over the legal interpretation of the ruling, the Group has retained an accounting provision. See note 10 to the Group accounts for further details.

Business areas

EWOS

The fish feed business had a total turnover of NOK 5 336.3 million in 2006, corresponding to an increase of NOK 1 329.3 million from 2005. The volume sold increased by 16 percent to 777 000 tonnes in 2006.
Operating revenues rose primarily because of higher prices as a result of increased raw material costs for EWOS and a growth in volumes.

Raw materials accounted for about 80 percent of total production costs. The price of fish meal rose sharply during 2006 as a result of reduced supplies and growing demand from sectors other than aquaculture. The feed business is dependent on prices in the global market for fish meal and oil. Through EWOS Innovation's activities, Cermaq is continuously assessing alternative input factors to fish meal and oil.

Operating profit pre fair value adjustments for the EWOS Group came to NOK 254.7 million, an increase of 40 percent from 2005. This improvement primarily reflects an increase in volume. EWOS had 34 percent of the global market at 31 December 2006, on a par with the year before.

Mainstream

The fish farming business had overall sales of NOK 3 165.6 million, corresponding to an increase of NOK 1 121.2 million from 2005. Volume rose by 29.5 percent over the same period to 114 894 tonnes. Part of the volume increase in Mainstream followed from the acquisition of Heritage and Follalaks during 2005. On average, prices in 2006 were 19.5 percent higher than the year before.

Mainstream's business has produced very good results over the past couple of years. Production costs are among the lowest in the industry. The most important cost elements in the fish farming industry relate to feed, smolts, salaries, insurance and financing.

The Mainstream Group's operating profit pre fair value was NOK 1 106.5 million in 2006, more than double the year before. Operating profit came to NOK 1 090.4 million, compared with NOK 716 million in 2005. This increase reflected higher prices and volumes.

Balance sheet

The company's total balance sheet at 31 December 2006 was NOK 6 894.8 million against NOK 6 749.5 million a year earlier.

Equity at 31 December 2006 was NOK 4 261.7 million, compared with NOK 3 622.7 million a year earlier. This increase mainly reflects the good result in 2006.

Dividend approved and paid in 2006, based on the accounts for 2005, reduced equity by NOK 170.4 million.

The equity ratio was strengthened to 61.8 percent at 31 December, compared with 53.7 percent a year earlier. Cermaq's board has set a minimum target of 45 percent for the equity ratio. A healthy financial position is considered to be a crucial element in the company's strategy for achieving success in the relatively volatile aquaculture business. The board will continue to emphasise this goal.

Financing

Net interest-bearing debt at 31 December was NOK 738.1 million, compared with NOK 1 422.1 million a year earlier. This reduction of NOK 684 million primarily reflects the significant improvement in the Group's cash flow, which has largely been applied to repayment of debt. The rise in the US dollar against the Norwegian krone had a negative impact on the debt. The total currency effect on net interest-bearing debt at 31 December amounted to NOK 85.5 million. The USD/NOK exchange rate at 31 December was 6.25.

Cermaq's principal source of finance is a credit facility with a total limit of USD 300 million, which runs to December 2011 and can be extended to December 2013. At 31 December, USD 143 million of this facility had been drawn down. The interest rate is tied to Libor, plus a margin of 40-85 basis points depending on a ratio between adjusted EBITDA for the Group and interest costs.

Cash flow

Cash flow from operating activities totalled NOK 1 133.3 million in 2006, compared with NOK 541.8 million the year before. Cash flow from investment activities was NOK 353.1 million against cash flow of NOK 541.1 million in 2005. The cash flow from investing activities in 2006 related primarily to spending on fixed assets and acquisitions.

Cash flow from financing activities was negative at NOK 880.3 million in 2006 and NOK 89.5 million in 2005. This increase in negative cash flow reflects the redemption of loans in 2006 and a share issue in 2005.

Cash and cash equivalents in hand declined from NOK 389.7 million at 31 December 2005 to NOK 264.9 million at 31 December 2006.

Going concern

Based on the above presentation of the Group's results and position, the board confirms that the accounts have been prepared on the basis that the Group is a going concern and that this assumption is justified.

MARKET RISK

Currency risk

The Group is exposed to currency risk through its business activities. Its biggest exposure is to US dollars, and assets and revenues recorded in US dollars are largely hedged through loans in the same currency. The Group's currency exposure relating to equity in its subsidiaries is normally not hedged.

In many cases, currency exposure relating to future operational cash flows is effectively hedged through contracts with customers and netting of currency positions between

Group companies where appropriate. The remaining currency risk is regarded as moderate. As a result, only a limited amount of hedging is undertaken through forward contracts.

Interest rate risk

Based on the currency hedging mentioned above, 94 percent of the Group's interest-bearing debt at 31 December 2006 was denominated in US dollars and six percent in Norwegian kroner.

Long-term debt in US dollars with floating interest rates is partly hedged through interest swaps concluded before 2006. At 31 December 2006, about nine percent of the Group's interest-bearing debt was hedged through swaps from floating to fixed US dollar rates.

Credit risk

Please refer to the presentation in note 23. The board does not regard the credit risk as significant, since its customers represent different industries and geographical areas. The Group was not significantly exposed to a single customer or contractual counterparty at 31 December 2006.

Liquidity risk

Aquaculture is a relatively capital-intensive industry. Should Cermaq fail to secure sufficient working or investment capital, or be in breach of prevailing loan covenants, its business opportunities could be curtailed.

The Group's high equity ratio, prospects of positive future results and existing credit facilities mean, in the board's view, that the liquidity risk is low.

Operational risk

In 2006 board concentrated particular attention to risk related to food safety. A dedicated food safety project was pursued to identify and manage risk in this area. Cermaq's risk management systems are designed to ensure that farmed fish from the Group is healthy and safe to eat, and that consumers have the necessary confidence that this is the case. Activities in EWOS Innovation and on-going quality work in feed production will help to ensure that EWOS delivers safe feed products of the highest quality. To achieve this, special quality teams were established during 2006 in the two business areas. Cermaq also appointed a Group quality manager in 2006 to organise, administer and supervise risk projects and reportings, and to coordinate the quality teams in EWOS and Mainstream.

Signs emerged in late 2006 that the aquaculture industry in Chile faces challenges related to fish health. The board will actively monitor developments and ensure that the necessary measures are adopted. The Group will deal with the position openly and by seeking collaboration with other fish farmers in the relevant areas and with the Chilean authorities.

ALLOCATION OF THE NET PROFIT FOR CERMAQ ASA

The board of Cermaq has a goal of paying a stable annual dividend which corresponds to 30 percent of the Group's net profit over time. Each year's proposed dividend will be assessed in relation to such factors as earnings, cash flows and financial position. Dividend in an individual year can accordingly deviate from the long-term goal.

On this basis, the board of Cermaq has proposed a dividend of NOK 4.25 per share for the year 2006, more than twice the level of the year before. The proposed dividend amounts to NOK 393 million, and corresponds to about 40 percent of the Group's net profit. It will be paid to shareholders entered in the share register at 22 May 2007, the date of the annual general meeting.

Net profit for Cermaq ASA amounted to NOK 41 323 000. The board proposes to the general meeting that this profit is allocated as follows:

Net profit	NOK	41 323 000
Transferred from other equity	NOK	351 695 000
Allocated to dividend	NOK	393 018 000

HUMAN RESOURCES AND WORKING ENVIRONMENT

The Cermaq Group had 3 937 employees at 31 December 2006. The Norwegian companies had 438 employees, including 24 in Cermaq ASA. Employment in the Group rose by 256 people from the end of 2005.

Health, safety and the environment (HSE) and general working conditions for employees have a high priority in Cermaq. The Cermaq board ensures that HSE work is conducted in a systematic and satisfactory manner, nationally and internationally. HSE forms part of Cermaq's risk management system. This work is pursued by the Group's subsidiaries in accordance with various certification schemes, such as the ISO 9000 quality management system, the ISO 14000 environment management system, the SSHAS 18000 labour safety and health management system and the Siges (Intesal) integrated management system.

Cermaq ASA registered 267 days of sickness absence in 2006, corresponding to 4.65 percent of possible work-days compared with 3.24 percent in 2005. Sickness absence in the subsidiaries varied from 2.5 to 6.86 percent. Average sickness absence in the Group was 2.92 percent (2005: 2.7 percent). A total of 256 minor work accidents involving personal injury were recorded for the whole Group, compared with 346 in 2005. Overall lost time because of injuries came to 2 359 days or 0.23 percent of possible work-days (2005: 2 580 days/0.27 percent).

Downsizing processes were pursued in the Group during 2006, including 40 redundancies in EWOS Norway.

EQUAL OPPORTUNITIES

The board of Cermaq ASA has five shareholder-elected directors, of whom three are men and two women. Employees in the Group have elected three directors of the board, all of whom are men. The female proportion of employees in the Norwegian companies within the Cermaq Group was 19.8 percent at 31 December. According to section 6-11a of the Norwegian Act on Public Limited Companies, which came into force on 1 January 2006, both genders must now be represented among directors elected by the employees unless the female share of the company's workforce is less than 20 percent at the date of the election. The employee's election of new directors in 2007 will be conducted in accordance with section 6-11a. It is the board's wish that the employees elect representatives of both genders.

Cermaq ASA had 24 employees at 31 December 2006, of whom 16 were men and eight women. The Cermaq Central Management Team comprised five men. In the Group as a whole, no women were represented among the managing directors, whilst a total of four women belonged to management teams in subsidiaries.

The board of Cermaq is committed to increasing the proportion of women among senior executives in the Group, and takes the view that women and men should have equal opportunities in Cermaq.

NATURAL ENVIRONMENT

The Group's production of fish feed causes little pollution of the natural environment. Emissions to the air and discharges to the sea are clearly within the limits set by the authorities in the respective countries, and all requirements set by regulatory authorities have been met.

Energy consumption associated with the Group's feed production totalled 257 GWh, up by 10.7 percent from 232 GWh from 2005. The production increase was more than 17 percent, which means Cermaq reduced energy consumption per unit produced by 5.8 percent. Of overall energy consumption, natural gas accounted for 50 percent, electricity for 36 percent, heavy heating oil for six percent, light heating oil for three percent, and various minor energy bearers for the remainder.

The Mainstream companies lost around 5 535 tonnes of fish in 2006 or roughly 4.82 percent of total production, with an estimated value of NOK 94 million. These losses primarily reflect problems with transferring smolts to salt water and the salmon rickettsial septicaemia (SRS) disease. In Chile all dead fish are collected and sent to fish meal plants. In Norway, Scotland and Canada, dead fish is sent to composting or recycling. See otherwise the comments on fish health in Chile under the section on operational risk.

Reducing the use of antibiotics remains a primary focus for the research effort in the Chilean aquaculture business, where such medication is used mainly to control SRS.

All Mainstream units have installed units for monitoring and control of seabed pollution and discharges. These not only meet local environmental regulations but will also give early warning of possible abnormal conditions.

On the basis of a reference from the annual general meeting in 2006, the board has considered the question of land-based fish farms. Following an overall assessment, it has concluded that this is not relevant at present.

SHAREHOLDERS

Cermaq ASA had 2 212 shareholders at 31 December 2006 (2005: 2 420). The Norwegian government, represented by the Ministry of Trade and Industry, remains the largest shareholder, with 43.54 percent of the shares. At 31 December 2006, Cermaq ASA owned 25 256 of its own shares. A total of 470 340 of the company's own shares were sold to employees in connection with the annual share sale programme and through the exercise of options. Foreign investors own 44.46 percent of the shares.

In Report no 13 (2006-2007), the Norwegian government (Regjeringen) discusses the goals and principles for state ownership in fully and partly owned companies. The government's intention is that the state ownership in the private sector should remain at today's level. Based on this, the government suggests that the Norwegian parliament (Stortinget) revoke some of the authorisations previously given to reduce the state ownership through sale of shares. The government is of the opinion that companies with state ownership should have the ability to benefit from the value adding potential through expanding both in Norway and abroad. The government have strict requirements regarding return on investment and dividend, and in a professional manner consider acquisition plans or other investments requiring increased equity.

CORPORATE GOVERNANCE IN CERMAQ

The board's presentation of corporate governance in Cermaq can be found on page 24 of the annual report.

PROSPECTS

Cermaq had a record year in 2006. The Group completed its first year as a listed company and delivered outstanding financial results. The board has proposed that about 40 percent of net profit be distributed to shareholders as dividend.

Cermaq is well placed to play an active role in the consolidation expected to continue in the aquaculture industry over the next few years. It has a solid equity, good management resources and a strong research and development activity, which collectively provide a good basis for expansion in fish farming both through acquisitions and through further development of existing operations.

"Cermaq is well placed to play an active role in the consolidation expected to continue in the aquaculture industry over the next few years"

During 2007, the board will continuously discuss and assess relevant strategic initiatives to strengthen Cermaq's leading role in the industry. A continued focus on operations in order to improve the company even further will also be a priority for the board.

Mainstream's objective is to strengthen its position as one of the leading global salmon farming companies even further through organic growth and acquisitions. It will continue to concentrate on product quality and efficient production, and focus on expansion in those fish farming regions with the greatest potential for profitable growth.

The aquaculture industry is characterised by a high level of risk. This reflects substantial price volatility, exposure to weather conditions and disease, and challenges associated with protecting the environment through sustainable operation. Identification and acceptable management of various risk factors influencing the business are therefore among the board's most important duties. One issue which has displayed a negative trend and which will require focus and efforts in 2007, is the fish health situation in Chile.

Demand for seafood is still growing faster than for any other food category. It is regarded as a healthy option, particularly in western countries. Demand for seafood is growing in developing countries in line with improvements in systems for distribution and retail sale. Rising demand must be met by the fish farming industry. The UN Food and Agriculture Organisation (FAO) has estimated that the growth rate for fish farming will be around five to seven percent in the period up to 2015.

The strategic focus in EWOS is on retaining and strengthening its position as a leading global supplier of fish feed, with operations in the most important markets for salmon and trout feed. Key factors in achieving this are maintaining world-leading R&D activities, adapting quickly to market changes, and cost-efficient production of quality products for salmon farmers. EWOS expects R&D within fish feed to become more important because of the persistent need to reduce feed costs, which represent the largest single expense in fish farming. This must involve increased flexibility in the use of various types of raw materials while simultaneously meeting the growing demand from salmon consumers for traceability and other measures to ensure food safety and quality.

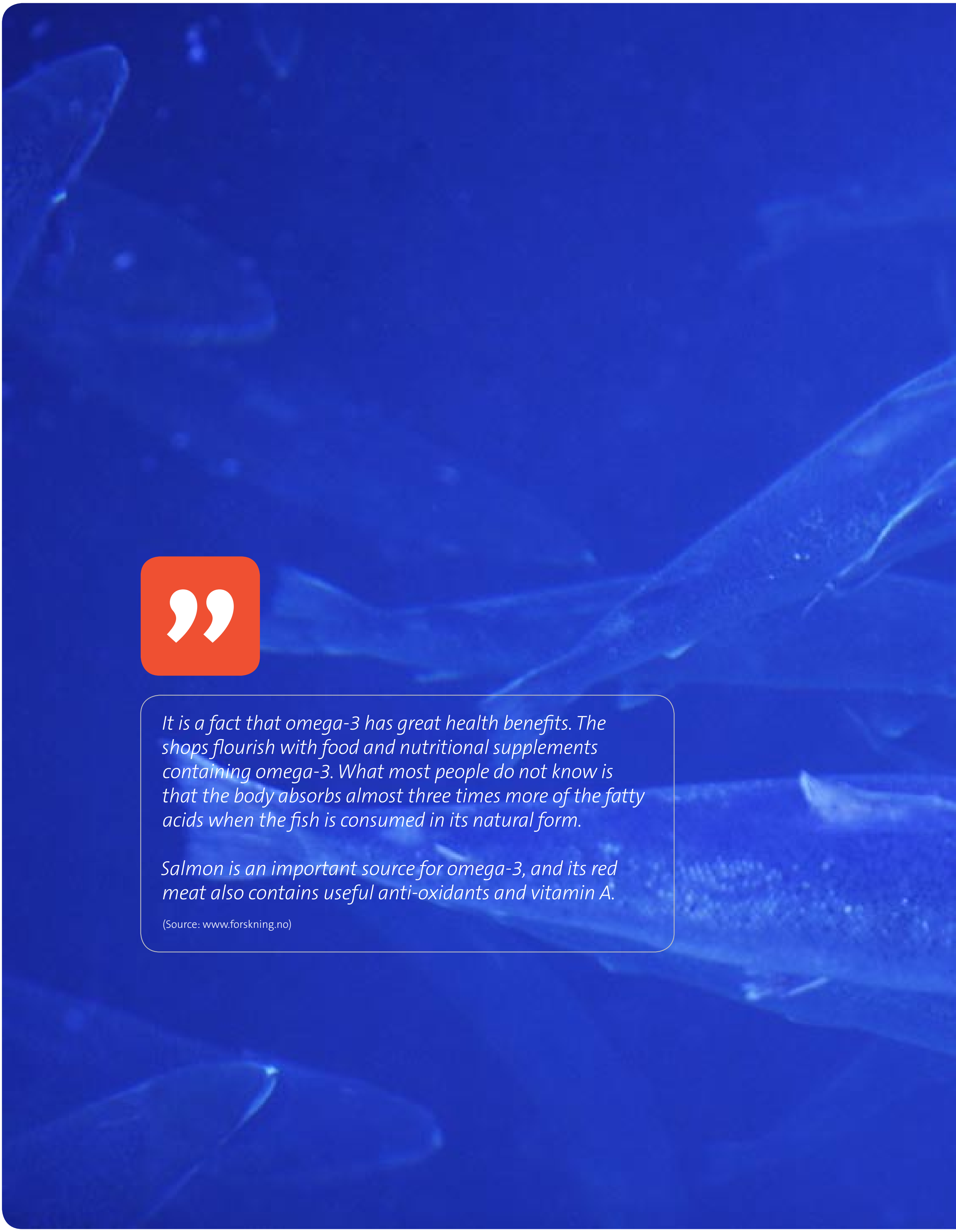
Developments in the feed market are closely related to the growth of the fish farming sector and progress on the feed factor. The salmon market has expanded substantially over the past 20 years, and demand is expected to continue growing. This requires improved utilisation of production capacity in the industry. Combined with the cost-cutting measures adopted by EWOS, we accordingly expect earnings for this part of the business to continue rising during 2006.

Salmon prices have remained high during early 2007 in both the USA and Europe. We expect high prices to persist during the current year, with good margins for the fish farming sector. Cermaq will continue to concentrate on developing new markets for its products and on reinforcing its position as a cost-effective fish farmer.

Oslo, 16 March 2007

Sigbjørn Johnsen *Chairman*	Finn Jebsen *Deputy Chairman*	Astrid Sørgaard *Director*
Wenche Kjølås *Director*	Kjell Frøyslid *Director*	Jim-Egil Hansen *Director*
Jan-Helge Førde *Director*	Nils Inge Hitland *Director*	Geir Isaksen *CEO*


EWOS



It is a fact that omega-3 has great health benefits. The shops flourish with food and nutritional supplements containing omega-3. What most people do not know is that the body absorbs almost three times more of the fatty acids when the fish is consumed in its natural form.

Salmon is an important source for omega-3, and its red meat also contains useful anti-oxidants and vitamin A.

(Source: www.forskning.no)

Cermaq Group:

Income statement 1.1 – 31.12

Amounts in NOK 1 000	*Note*	**2006**	2005	2004
Operating revenues	*5*	**7 533 698**	5 367 139	5 014 554
Cost of materials	*17*	**4 490 439**	3 232 192	3 305 459
Payroll expense	*6*	**582 993**	474 780	415 283
Depreciation	*12,13*	**256 969**	236 174	227 900
Other operating expenses	*8*	**891 884**	815 142	739 158
Excess value on inventory	*4*	**-**	26 998	-
Operating profit before unrealised fair value adjustments		**1 311 414**	635 849	326 754
Unrealised fair value adjustments	*18*	**-23 744**	222 456	22 518
Operating profit		**1 287 671**	858 305	349 272
Income from associates	*14*	**9 456**	18 934	10 299
Interest income	*9*	**17 606**	7 146	9 578
Other financial income	*9*	**11 144**	3 534	3 676
Financing fair value impacts	*9*	**200**	15 502	-
Interest expenses	*9*	**-92 098**	-100 545	-84 356
Write down of financial assets	*9*	**6**	-4 973	-18 926
Other financial expenses	*9*	**-4 692**	-5 013	-23 052
Net foreign exchange gains/losses	*9*	**11 099**	4 090	-2 107
Financial items, net	*9*	**-56 733**	-80 259	-115 188
Result before tax		**1 240 394**	796 980	244 383
Tax on result	*10*	**-302 881**	-58 673	4 584
Result for the year		**937 513**	738 307	248 967
Result for the year, majority interest		**937 513**	735 926	249 020
Result for the year, minority interest	*11*	**-**	2 381	-53
Earnings per share	*21*	**10.16**	8.37	2.86
Diluted earnings per share	*21*	**10.13**	8.37	2.86

Cermaq Group:
Balance sheet as at 31 December

Amounts in NOK 1 000	*Note*	**2006**	2005
ASSETS			
Concessions	*12*	**1 047 710**	1 065 388
Goodwill	*12*	**825 381**	857 626
Deferred tax assets	*10*	**-**	47 245
Total intangible fixed assets		**1 873 091**	1 970 259
Tangible fixed assets	*13*	**1 450 630**	1 480 246
Investments in associates	*14*	**90 379**	86 938
Investments in shares	*15*	**106 017**	98 551
Other long-term receivables	*16*	**17 446**	58 021
Total financial fixed assets		**213 842**	243 510
Total fixed assets		**3 537 563**	3 694 015
Inventory	*17*	**657 747**	595 548
Biological inventory	*18*	**1 485 338**	1 245 741
Accounts receivable from customers	*19*	**843 016**	716 731
Other short-term receivables		**106 273**	107 713
Bank deposits, cash in hand, etc.	*20*	**264 883**	389 718
Total current assets		**3 357 257**	3 055 451
TOTAL ASSETS		**6 894 820**	6 749 466
EQUITY AND LIABILITIES			
Share capital	*21*	**925 000**	925 000
Company's own shares	*21*	**-253**	-4 956
Share premium reserve	*21*	**935 534**	1 685 534
Total paid-in capital		**1 860 281**	2 605 578
Other equity	*21*	**2 401 418**	1 016 717
Minority interests	*11,21*	**-**	415
Total equity		**4 261 699**	3 622 710
Pension liabilities	*7*	**44 026**	68 593
Deferred tax	*10*	**361 322**	182 661
Total provisions		**405 348**	251 254
Interest bearing long-term debt	*22*	**928 757**	1 392 931
Total long-term liabilities		**1 334 105**	1 644 185
Interest bearing short-term debt	*22*	**74 209**	418 918
Other financial liabilities	*23*	**1 059**	1 768
Other short-term liabilities	*24*	**1 223 749**	1 061 885
Total current liabilities		**1 299 017**	1 482 571
TOTAL EQUITY AND LIABILITIES		**6 894 820**	6 749 466

Oslo, 16 March 2007

Sigbjørn Johnsen
Chairman

Finn Jebsen
Deputy Chairman

Astrid Sørgaard
Director

Wenche Kjølås
Director

Kjell Frøyslid
Director

Jim-Egil Hansen
Director

Jan-Helge Førde
Director

Nils Inge Hitland
Director

Geir Isaksen
CEO

Cermaq Group:

Cash flow statement 1.1 – 31.12

Amounts in NOK 1 000	**2006**	2005
Cash flows from operating activities		
Ordinary result before tax	**1 240 394**	796 980
Gain/loss on tangible and intangible assets	**-13 225**	-4 556
Depreciation	**256 969**	236 174
Change in value of financial assets	**-**	-2 311
Taxes paid, net	**89**	-28 906
Difference between pension premiums paid and pension expense	**-25 697**	21 090
Difference between income from and dividends received from associates	**-7 200**	-7 195
Change in stock, accounts receivable and accounts payable	**-376 596**	-548 220
Change in other short-term operating assets and liabilities	**58 610**	78 800
Net cash flows from operating activities	**1 133 344**	541 856
Cash flows from investing activities		
Purchase of tangible fixed assets	**-270 107**	-185 868
Proceeds received from sale of tangible fixed assets	**5 510**	4 932
Purchase of shares and companies, net of purchased cash and cash equivalents	**-116 631**	-360 646
Purchase of shares and investments in associated undertakings	**-**	-7 722
Proceeds received from sale of companies, net of sold cash and cash equivalents	**28 126**	8 200
Net cash flows from investing activities	**-353 102**	-541 104
Cash flows from financing activities		
Payment of long-term debt	**-359 830**	-253 495
Change in short-term interest bearing debt/loans	**-338 761**	55 068
Payment of dividends and Group contribution (incl. payments to minorities)	**-170 446**	-104 347
Redemption of option program	**-32 030**	-
Sale of own shares/net proceeds from issuance of common shares	**20 750**	213 241
Net cash flows from financing activities	**-880 317**	-89 533
Foreign exchange effect	**-24 759**	23 536
Net change in cash and cash equivalents for the year	**-124 834**	-65 278
Cash and cash equivalents at the beginning of the year	**389 718**	455 000
Cash and cash equivalents at the end of the year	**264 883**	389 718

Cermaq Group:

Statement of changes in equity

Amounts in NOK 1 000	**Share capital**	**Own shares**	**Share premium reserves**	**Other reserves**	**Conversion differences**	**Minority Interest**	**Total equity**
Equity at 31 December 2005	925 000	-4 956	1 685 535	772 333	144 212	415	**3 522 538**
IAS 41 restatement	-	-	-	102 455	-2 282	-	**100 173**
Equity at 1 January 2006 post IAS 41 restatement	925 000	-4 956	1 685 535	874 788	141 930	415	**3 622 710**
Change in conversion differences	-	-	-	-	-151 564	-	**-151 564**
Change in fair value of financial assets available-for-sale	-	-	-	25 867	-	-	**25 867**
Total income and expenses for the year recognised directly in equity	-	-	-	25 867	-151 564	-	**-125 697**
Profit for the period	-	-	-	937 513	-	-	**937 513**
Total income and expense for the year	-	-	-	963 380	-151 564	-	**811 816**
Share based payment	-	-	-	9 311	-	-	**9 311**
Changes in own shares/redemption of stock options	-	4 703	-	-15 982	-	-	**-11 279**
Capital decrease in share premium reserves	-	-	-750 000	750 000	-	-	**-**
Change in minority interest	-	-	-	-	-	-415	**-415**
Dividend paid	-	-	-	-170 446	-	-	**-170 446**
Equity at 31 December 2006	925 000	-253	935 535	2 411 051	-9 634	0	**4 261 699**

Cermaq Group:
Notes to the annual accounts

NOTE 1 CORPORATE INFORMATION

The consolidated financial statements of Cermaq ASA for the year ended 31 December 2006 were authorised for issue in accordance with a resolution of the board of Directors on 16 March 2007. Cermaq ASA is a company incorporated and domiciled in Norway whose shares are publically traded on the Oslo Stock Exchange.

NOTE 2 ACCOUNTING PRINCIPLES

2.1 BASIS OF PREPARATION

The consolidated financial statements of Cermaq and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) approved by the EU and by the Norwegian Accounting Act.

The consolidated financial statements are prepared under the historical cost convention, except as disclosed in the accounting principles below. Figures are presented in Norwegian kroner and all values are rounded to the nearest thousand, except where otherwise indicated.

Consolidation principles

The consolidated accounts include the parent company Cermaq ASA and companies where Cermaq ASA has a direct or indirect ownership of more than 50 percent of the voting capital and or a controlling influence.

Companies where Cermaq ASA has a significant influence (normally defined as ownership interest between 20 and 50 percent of the voting capital) over operations and financial decisions have been incorporated into the Group accounts by means of the equity method. In accordance with this principle, the share of the profit or loss from these companies for periods where significant influence is effective, is included as income from associates.

Companies that have been acquired during the year have been consolidated from the date of acquisition. Companies that have been sold during the year have been consolidated up until the date of transfer. Consolidated accounts have been prepared on the basis of uniform principles, and the subsidiaries follow the same accounting policies as the parent company. All significant transactions and balances between Group companies have been eliminated.

When subsidiaries are acquired the cost price of the shares in the parent company is eliminated against the equity of the subsidiary at the time of acquisition. Excess value beyond the book equity of subsidiaries is allocated to identifiable assets and liabilities at their fair values at the time of the acquisition. Any excess value beyond that allocated to identifiable assets and liabilities is recorded on the balance sheet as goodwill. Where the fair value of the assets acquired exceeds the consideration paid the difference is recognised immediately in the profit and loss account.

Book values including goodwill and excess value associated with foreign subsidiaries are converted from functional currency to Norwegian kroner in accordance with the exchange rate at the reporting date. Exchange rate differences that result are reported in exchange rate movements in equity until the disposal of a foreign subsidiary.

For successive acquisitions of shares in the same company, the fair value of the assets and liabilities at the time of majority acquisition is applied to the initial consolidation. Increased ownership interests beyond this will not affect the valuation of assets and liabilities with the exception of goodwill, which is calculated at each acquisition date.

Minority interests

The share of the profit or loss after tax attributable to minority interests is presented on a separate line after the Group's profit for the year. The share of the equity attributable to minority interests is presented on a separate line within Group equity.

2.2 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Preparation of the accounts requires that management make estimates and assumptions which have an effect on the value of the assets, liabilities and contingent liabilities on the balance sheet and the revenue and expenses for the accounting year. The final values realised may deviate from these estimates. The judgements and estimates which are considered to be most significant for the Group are set out below:

Goodwill and intangible assets

The carrying value of goodwill and intangible assets with indefinite lives is reviewed for impairment annually or more frequently if there are indicators of a fall in value below carrying amount. This requires an estimation of value in use of the cash-generating units to which the goodwill and intangible assets are allocated. Identifying the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Expectations about future cash flows will vary between periods. Changes in market conditions and expected cash flows may cause impairments in the future. The major assumptions which have an impact on present value of projected cash flows, are the discount rate, the estimated price of salmon in each of the Group's markets, cost of production for each product, salmon production volumes and that there will continue to be a market for salmon produced in the geographical areas where the assets are located. More details are given in note 12, Intangible assets.

Deferred tax

Deferred tax assets related to tax losses carried forward are recognised to the extent that expected future income for the respective company will be sufficient over the medium term to utilise those tax losses. This requires an estimate of the expected future income of the company concerned. Estimates of future income may change over time and this could result in changes to the book value of deferred tax assets. Details of unrecognised deferred tax assets are given in note 10.

Fair values on acquisitions

When acquired, the cost price for acquired shares must be allocated to identifiable assets and liabilities at their estimated fair values at the time of acquisition. Any excess value beyond that allocated to assets and liabilities is recorded on the balance sheet as goodwill. To determine fair values on acquisition, estimates must be made. Commonly, an active market does not exist for assets and liabilities obtained through acquisitions and therefore alternative methods must be used to determine fair values. If fair value of assets acquired exceeds the consideration paid, the difference is recognised as income in the profit and loss statement. The allocation of the consideration to identifiable assets and liabilities is provisional. The values are reviewed based on improved knowledge of operations in subsequent periods, but no later than the end of the accounting year following the year of acquisition.

Fair value of biological assets
In accordance with IAS 41 the Group records inventories of live fish at fair value. The difference between the fair values of live inventory at the beginning and the end of the period is recognised as a net positive or negative fair value adjustment in the profit and loss account. The estimate of fair value is based on spot prices for salmon at the balance sheet date in the respective markets in which the Group operates. The fair value calculation includes estimates of volumes, quality, mortality and the normal cost of harvest and sale. The income or loss which will be recognised on sale may differ materially from that implied by the fair value adjustment at the end of a period. The fair value adjustment on inventories has no cash impact and does not affect the result of operations before unrealised fair value adjustments.

2.3 CHANGE OF ACCOUNTING PRINCIPLE
Since the transition to IFRS, Cermaq and other listed salmon farming companies, have measured the value of live inventory by applying fair value measurement to harvestable fish but continuing to value smaller fish at cost.

In 2006, the regulatory body responsible for reviewing the accounts of public companies in Norway, Kredittilsynet, communicated a decision that they disagreed with the aquaculture industry interpretation of the relevant accounting standard, IAS41. In Kreditilsynet's view fair values should be applied to all live inventory. The industry subsequently appealed to the Norwegian Ministry of Finance against Kreditilsynet's decision. In late December 2006 the Norwegian Ministry issued a ruling which upheld Kredittilsynets view and Cermaq now records all biomass inventory at fair value.

The Group calculates fair value using a model based on the Ministry's ruling that fish should be valued based on "hypothetical market price which would arise in an active market for live, immature farmed salmon." The model is based on observed market prices and the prices are adjusted to reflect the difference between the value of fish sold and live fish. The price is not adjusted lower than cost unless loss is expected on future sales. The fair value calculation includes estimates of volumes, quality, mortality and the normal cost of harvest and sale. There is more uncertainty related to fair value of small fish than harvestable fish, due to time to harvest.

EBIT pre fair value, the Group's key earnings measure, is unaffected by the change and there is no cash effect. The change in accounting principle has affected previous years' purchase price accounting analysis, inventories and deferred tax.

The impact on the annual accounts for prior period comparatives can be found in note 28 and in the Restatement document available on the Group's website, www.cermaq.com/investor relations/reports/quarterly.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition
The sale of all goods is recorded as operating revenue at the time of delivery which is the point at which risk passes to the customer. Discounts, other price reductions, taxes, etc., are deducted from operating revenues.

Classification principles
Liquid assets are defined as cash, bank deposits and other investments that can be converted into cash within 3 months.

Other assets which are expected to be realised within the enitity's normal operating cycle or within 12 months from the balance sheet date, are classified as current assets. Other assets expected to be realised over a longer period are classified as fixed assets.

Liabilities that are expected to be settled in the entity's normal operating cycle or are due to be settled within 12 months after the balance sheet date, are classified as current liabilities. Other liabilities expected to be settled over a longer period are classified as long-term liabilities.

Proposed dividends are not recognised as liability until the Group has an irrevocable obligation to pay the dividend, normally after approval at the Annual General Assembly.

Cermaq's key measurement is EBIT pre fair value adjustments on live biomass. Fair value changes on biological assets are presented on a separate line within the profit and loss statement. This presentation has been chosen as in the Group's view this gives a fair presentation taking into consideration the nature of the adjustment.

Foreign currency translation
The presentation currency of the Cermaq Group is Norwegian kroner (NOK). The functional currency of the subsidiary companies is the local currency in the country in which they are based, except for the subsidiaries in Chile which use the US dollar (USD) as their functional currency. On consolidation the financial statements of foreign operations, including any excess values, are translated into Norwegian kroner using exchange rates at the year end for the balance sheet and average exchange rates over the year for the profit and loss account. Translation gains and losses are included in other equity.

Foreign currency transactions
All foreign currency transactions are converted to NOK at the date of the transaction. All monetary items denominated in foreign currency are translated at the exchange rate at the balance sheet date.

Derivative financial instruments
The Cermaq Group deals in derivative financial instruments solely for hedging purposes. Not all hedging relationships comply with the detailed requirements of IAS 39, and thus some derivative financial instruments are not accounted for using hedge accounting.

The Group's criteria for classifying a derivative as a hedging instrument for accounting purposes follows specific guidance in IAS39 and is as follows:

(1) the hedge is expected to be effective in that it counteracts changes in the fair value or cash flows from an identified asset - a hedging efficiency within the range of 80-125 percent is expected, (2) the effectiveness of the hedge can be reliably measured, (3) there is adequate documentation when the hedge is entered into that the hedge is effective, (4) for cash flow hedges, the forthcoming transaction must be probable, and (5) the hedge is evaluated regularly and has proven to be effective.

For the purpose of hedge accounting, hedges are classified as cash flow hedges where they hedge exposure to variability in cash flows that is attributable to a particular risk associated with a forecast transaction. For cash flow hedges which meet the conditions for hedge accounting, any gain or loss on the contract that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in the profit and loss account.

As at 31 December 2006 there are no subsidiaries within the Group that have hedging transactions accounted for using hedge accounting.

All derivative financial instruments are recognised in the balance sheet at their fair value. Derivative financial instruments are recognised in the balance sheet when the entity becomes a party to the contractual provisions of the instrument. Derivative financial instruments are derecognised when the contractual rights expire or substantially all risks and rewards are transferred.

The fair value of currency hedges are

calculated based on quoted market rates at the balance sheet date for contracts with similar maturity profiles. Interest rate hedges are valued by using discounted cash flow analyses, based on market values for similar instruments.

Changes in the fair value of these instruments are reported in the profit and loss account within financial items except to the extent that they qualify for hedge accounting.

Derivative financial instruments are classified as current assets or liabilities in the balance sheet.

Borrowing cost

Borrowing costs are recognised as an expense when incurred. Interest bearing loans are measured at amortised cost using the effective interest method.

Accounts receivables from customers

Receivables from customers are recorded at their nominal value less deductions for any expected losses. Due to immaterial transaction costs and the short credit period the amortised cost equals the nominal value less deductions for any expected losses.

Inventories

Raw materials and purchased commodities are valued at historical cost in accordance with the FIFO principle, with the addition of any processing costs that have incurred. Processing costs consist of logistics, handling and storage costs. Cermaq values all biomass inventory at fair value. Frozen inventory is recorded at the lower of cost (fair value at the point of harvest) or net realisable value. See also section 2.3.

Tangible fixed assets and depreciation

Tangible fixed assets are carried at cost less accumulated depreciation and impairment write downs.

Allowances are made for depreciation from the point in time when an asset is placed in operation, and depreciation is calculated based on useful life of the asset considering estimated residual value, normally in accordance with the following guidelines:

Asset Group	Depreciation rate
Furniture and fixtures	20-33%
Computer equipment	20-33%
Vehicles	15-20%
Machinery and production equipment	10-20%
Plant	3-5%
Office buildings and dwellings	2-5%

Different depreciation rates are applied to an asset where components of the asset are characterised by having different useful economic lives. Plant under construction is not depreciated. Depreciation is charged once the Plant is available for use.

Gains or losses from the sale of tangible assets are calculated as the difference between the sales price and the book value at the date of sale. Gains and losses from the sale of tangible fixed assets are recorded as operating revenues or losses.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

Depreciation methods, residual values and estimated useful life are reviewed annually.

Intangible assets

All internally generated research and development costs are expensed as incurred. Development costs are only capitalised if specific criteria are met. In 2006 all development costs have been expensed.

Payments for licences, rights and other intangible assets are depreciated in accordance with the useful life of such licences or rights. Fish farming licences that are not time limited are not subject to depreciation. Licences which are obtained as part of an acquisition are valued using similar transactions in similar locations.

Where a business is acquired and the consideration for the business exceeds the fair values of the individual assets, the difference, provided it represents a commercial value, is identified as goodwill on the balance sheet. Goodwill is carried at cost less impairment write downs and accumulated amortisation up to 2003 which was the date of transition to IFRS.

Goodwill is not amortised. At the acquisition date goodwill is allocated to each of the cash generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amounts of the cash generating unit, to which the goodwill relates. In order to determine the Groups cash generating units, assets are Grouped together at the lowest levels for which there are separately identifiable, mainly independent, cash flows. Recoverable amounts are calculated using a value in use approach, rather than fair value less costs to sell.

The carrying value of goodwill and licences with an indefinite life is reviewed for impairment annually or more frequently, if there are indicators of a fall in value below carrying amount.

Pension costs and obligations

In 2006, all Norwegian companies in the Group have transferred to defined contribution plans for "kollektiv tjenestepensjon". The companies' payments to defined contribution schemes are recognised in the income statements for the year to which the contribution applies, with no further liability for the Group.

In connection with closing of the defined benefit scheme, net change in pension liabilities and pension funds are recognised in the profit and loss with the corresponding unrecorded actuarial gain/loss.

In defined benefit plans, the pension commitments and pension costs are determined using a linear accrual formula. A linear accrual formula distributes pension obligations in a straight line over the accrual period. The employees' accrued pension rights during a period are defined as the pension costs for the year.

Pension obligations are calculated on the basis of long-term discount rates and long term expected yield, wage increases, price inflation and pension adjustment. Pension funds are recorded net of their fair value and the pension obligations to which they relate. A surplus is recognised to the extent that it can reasonably be utilised.

Changes in calculated pension obligations due to changes in pension plans are accrued over the remaining contribution vesting period. Changes in the underlying obligations and assets of pension funds as a result of changes in estimates are accrued over the average remaining useful working life of employees for the portion of the deviations that exceed 10 percent of gross pension obligations or pension assets.

The discount rate used in calculations is determined based on the 10 year government bond rate in each country where the Group has pension obligations.

Share based remuneration

The fair value of share options is calculated at grant date. The valuation is based on well known valuation models accommodating the characteristics of the options in question. The fair value calculated at grant date is charged against profit and loss over the vesting period of the options, with a corresponding increase in equity. The vesting period is the period from granting the options until the options are fully vested.

Taxation

The tax expense consists of tax payable and changes in deferred tax.

Deferred tax is recognised in respect of all temporary differences and accumulated tax losses carried forward at the balance sheet date which implies increased or decreased tax payable when these differences reverse in future periods. Temporary differences are differences between taxable profits and results that occur in one period and reverse in a later period.

Deferred tax is calculated applying the nominal tax rates (at the balance sheet date for each relevant tax jurisdiction) to temporary differences and accumulated tax losses carried forward.

A net deferred tax asset is only recognised when, on the basis of all available evidence, it is more likely than not that there will be taxable profits from which the future reversal of the underlying timing differences can be deducted.

Cash flow statement
The Group's cash flow statement analyses the Group's overall cash flow by operating, investment and financing activities. The acquisition of subsidiaries is shown as an investment activity for the Group and is presented separately with deductions for any cash reserves and interest bearing debt in the acquired company. The statement shows the effect of operations on the Group's liquid asset balances.

Statement of changes in equity
All gains and losses, including those recognised directly in equity, are disclosed in the reconciliation of equity which is presented as a primary statement after the cash flow statement. The statement also includes other equity transactions.

IFRSs and IFRIC Interpretations not yet effective
IFRS 7 – Financial Instruments: Disclosures. IFRS 7 introduces new disclosures to improve information published on financial instruments. Cermaq will apply IFRS7 and the amendment to IAS1, for annual periods beginning 1 January 2007.

IFRS 8 – Operating Segments. IFRS 8 replaces IAS 14 Segment Reporting. IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by senior management in order to allocate resources to the segment and to assess its performance. IFRS 8 also requires additional disclosures, including information about how the entity identifies its operating segments and the types of products and services from which each segment derives its revenues. The Group will apply IFRS 8 from annual periods beginning 1 January 2009.

IFRIC 7 – Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies. IFRIC 7 provides guidance on how to apply the requirements of IAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. The Group will apply IFRIC 7 from annual periods beginning 1 January 2007.

IFRIC 8 – Scope of IAS 2. IFRIC 8 requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of IFRS 2. The Group will apply IFRIC 8 from annual periods beginning 1 January 2007.

IFRIC 9 – Reassessment of Embedded Derivatives. IFRIC 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The Group will apply IFRIC 9 from annual periods beginning 1 January 2007.

IFRIC 10 – Interim Financial Reporting and Impairment. IFRIC 10 prohibits the impairment losses recognized in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group will apply IFRIC from annual periods beginning 1 January 2007.

IFRIC 12 – Service Concession Arrangements. IFRIC 12 addresses how service concession operators should apply existing IFRSs to account for the obligations they undertake and rights they receive in service concession arrangements. The Group will apply IFRIC from annual periods beginning 1 January 2008.

The Group expects that adoption of the pronouncements listed above will not impact on the Group's financial statements other than presentation requirements in the period of initial application.

NOTE 3 COMPANIES IN THE GROUP

The consolidated accounts for 2006 include the following subsidiaries of significant size:

Amounts in 1 000 (local currency)	**Registered**	**Currency**	**Nominal share capital**	**Group's ownership interest and voting share**
Company name				
Parent Company Cermaq ASA	Norway	NOK	925 000	-
Statkorn Aqua AS	Norway	NOK	180 000	100%
EWOS AS	Norway	NOK	200 000	100%
EWOS Innovation AS	Norway	NOK	23 363	100%
Mainstream Norway AS	Norway	NOK	5 440	100%
EWOS Ltd.	Scotland	GBP	58 018	100%
Mainstream Scotland Ltd.	Scotland	GBP	92	100%
Mainstream Scotland Holding Ltd.	Scotland	GBP	439	100%
EWOS Canada Ltd. - Group [1)]	Canada	CAD	75 715	100%
EWOS Chile Ltda. [2)]	Chile	USD	17 000	100%
EWOS Chile s.a. [2)]	Chile	USD	59 942	100%
Mainstream Chile s.a	Chile	USD	154 719	100%

[1)] Activities in Canada are organised in one legal entitiy which includes Mainstream Canada.
[2)] Merged as of 2 January 2007

Associated companies within the Group, is specified in note 14.

NOTE 4 CHANGES IN THE CORPORATE STRUCTURE/SIGNIFICANT INDIVIDUAL TRANSACTIONS

YEAR 2006

The following significant acquisitions and sales of companies took place during the year. All company acquisitions and sales are accounted for using the purchase method as at the date of acquisition or sale.

Amounts in NOK 1 000	Date of acquisition/sale	Transaction value costs/(proceeds)
Company name		
Langfjordlaks AS (100%)	26.10.2006	130 853
Seastar Salmon Farms Holding AS (5.40%)	24.04.2006	-16 417

In October 2006 Cermaq signed an agreement to purchase 100 percent of the shares in the fish farming company Langfjordlaks AS. The purchase price consists of cash paid. There has not been any material transaction costs related to the acquisition.

Allocation of fair values in the opening balance sheet for the Group accounts, resulted in an excess value of NOK 28 million recognised as goodwill in the Group's balance sheet. Goodwill relates to the fair value of expected synergies arising from the acquisition. The results from the acquired business were consolidated in the Cermaq Group accounts from 1 November 2006 and the company has contributed approximately NOK 5.6 million to the Group's operating result before unrealised fair value adjustments in the period ended 31 December 2006. The net result in same period was approximately 0. The shares in Langfjordlaks AS are owned by Mainstream Norway AS and the companies have been fully integrated.

The sale of shares in Seastar Salmon Farming Holding AS resulted in a gain of NOK 8.4 million recognised in profit and loss.

The balance sheet impacts from the acquisition of Langfjordlaks AS were:

Amounts in NOK 1 000	Fair value
Intangible fixed assets	24 000
Tangible fixed assets	11 487
Financial fixed assets	5 043
Inventory 1)	71 920
Accounts receivables	7 645
Other receivables	194
Cash	14 636
Provisons	-27 483
Other debt	-4 589
Net identifiable assets and liabilities	102 853
Total goodwill from acquisition	28 000

1) Valuation of inventory includes NOK 18 million of fair value adjustment on live biomass

Intangible fixed assets, financial fixed assets and provisions included in the Langfjordlaks balance sheet before the purchase price allocation were nil, NOK 1.0 million and NOK 15.7 million respectively.

The purchase price allocation is provisional as the acquisition took place late in the year. The values may be reassessed based on improved knowledge of operations in subsequent periods.

Change to purchase price allocations

As described in the 2005-accounts, the purchase price allocation related to acquisitions in the year, was provisional. In 2006, the Group reviewed the purchase price allocations made in 2005 with respect to the acquisitions of Follalaks AS and Heritage. Following the review two changes have been made to the carrying values of goodwill and licences. A reclassification of NOK 20 million has been made between licences and goodwill, increasing the carrying value of licences and a further reduction in goodwill of NOK 39.5 million has been accounted for due to an increase in the fair value of acquired biomass following a change in the application of IAS41. The total change to the purchase price allocation results in a reduction of goodwill of NOK 59.5 million.

YEAR 2005

The following significant acquisitions and sales of companies took place during the year. All company acquisitions and sales are accounted for using the purchase method as at the date of acquisition or sale.

Amounts in NOK 1 000	Date of acquisition/sale	Transaction value costs/(proceeds)
Company name		
Follalaks AS (66%)	29.08.2005/12.10.2005	187 653
Balsfjord Kornsilo AS (50%)	27.05.2005	5 500
Marine Farms ASA (14.68 %)	02.11.2005	6 875
Trondheim Kornsilo AS (34 %)	27.05.2005	-7 000

In July 2005 the Group purchased the West Coast assets of the fish farming company Heritage for NOK 176.7 million. The results from the acquired business were consolidated in the Cermaq Group accounts from 1st August 2005. The acquisition has contributed approximately NOK 100 million to the Group's operational result before unrealised fair value adjustments in the period to 31 December 2005. Following the acquisition a process took place to allocate the price paid to identifiable assets, liabilities and contingent liabilities; this gave rise to a negative goodwill of NOK 27 million which has been recognised in the profit and loss account.

In 2004 the Group converted outstanding receivables into 34 percent of the shares in Follalaks AS. The remaining 66 percent of the shares were acquired in two transactions on 29 August 2005 (51 percent), and 12 October 2005 (15 percent), respectively. The total consideration paid was higher than the book value of the net assets. Following the acquisition the price paid was allocated to assets acquired, giving rise to a goodwill of NOK 156.7 million. There were no other intangible assets recognised as part of the transaction. The results of Follalaks were consolidated in the Cermaq Group from 1st September 2005, and the business made a positive contribution of NOK 48.8 million to the Group's operational result before unrealised fair value adjustments in the period to 31 December 2005. Follalaks AS changed its name to Mainstream Norway in 2005.

In May 2005 Cermaq ASA acquired the remaining 50 percent of the shares in Balsfjord Kornsilo AS to bring this holding to 100 percent. The results were consolidated into the Group accounts from May 2005. The shares are later transferred to EWOS AS.

The sale of 34 percent of the shares in Trondheim Kornsilo AS gave rise to a gain of NOK 2.8 million. The shares in Marine Farms ASA were acquired through a capital issue in November 2005.

The balance sheet impacts from the acquisitions in Follalaks and Heritage were:
The information below is the 2005 information compared with the adjusted purchase price allocation of 2006:

Amounts in NOK million	Fair values	Change	Restated
Intangible fixed assets	114.2	20	134.2
Tangible fixed assets	179.7		179.7
Financial fixed assets	7.7		7.7
Inventory	316.6	54.8	371.4
Accounts receivables	32.5		32.5
Other short term receivables	0.9		0.9
Cash	6.0		6.0
Provisions	-17.3	-15.4	-32.7
Interest bearing debt	-328.5		-328.5
Other short term liabilities	-58.1		-58.1
Net identifable assets and liabilities	253.7		253.7
Goodwill recognised	156.7	-59.5	97.2

The transaction costs related to acquisitions in 2005 amounted to NOK 1.4 million which was capitalised during the year.

YEAR 2004
The following significant acquisitions and sales of companies were made in 2004.

Amounts in NOK 1 000	Date of acquisition/sale	Transaction value costs/ (proceeds)
Selskapsnavn		
Salmones Andes SA (70%)	04.07.2004	188 074
Follalaks AS (34%)	27.04.2004	40 000
Seastar Salmon Farms Holding AS (22.93%)	27.04.2004/07.12.2004	19 498
Marine Farms ASA (14,89%)	28.07.2004/15.09.2004	13 266
Aquascot Value Added (100%)	02.07.2004	-29 796
Vaksdal Industrier AS (100%)	03.12.2004	-43 144

In 2003 Cermaq converted outstanding receivables into 30 percent of the shares in Salmones Andes. The remaining 70 percent of shares were acquired on 4 July 2004. The balance sheet impact from the acquistion was consolidated from Q2 2004. Salmones Andes has been merged into the Mainstream Chile s.a. Group.

The shares in Follalaks AS were acquired by converting receivables into equity.

The shares in Seastar Salmon Farms Holding AS (previously Rong Laks AS) were acquired by converting receivables of NOK 15 million into equity and through a capital increase of NOK 4.5 million in late December 2004. The shares in Seastar Salmon Farming Holding AS were written down by NOK 11.5 million.

The shares in Marine Farms ASA were acquired by converting receivables into equity.

The value added business in Aquascot Ltd. was sold in July 2004. The sale gave rise to a loss in the Group accounts of NOK 15 million. The shares in Vaksdal Industrier AS were sold in December 2004, realising a profit of NOK 14.9 million.

PRO FORMA PROFIT AND LOSS FIGURES (UNAUDITED)

Pro forma profit and loss figures have been prepared to give a basis for comparison based on the Group's composition at the end of 2006. There is a greater degree of uncertainty associated with pro forma figures than with actual comparative figures. These figures will not necessarily reflect the results that would have been achieved if the acquisitions and sales had been made at an earlier point in time. The pro forma profit and loss account has been prepared under the assumption that the transactions listed below had been carried out as of 1 January 2004.

The following significant transactions are adjusted for in the pro forma figures:

- The acquisition of Mainstream Norway AS (former Follalaks AS) in August and October 2005 The purchase of assets from Heritage in July 2005
- The acquisition of Balsfjord Kornsilo AS in May 2005
- The sale of Trondheim Kornsilo AS in May 2005
- The sale of Vaksdal Industrier AS in December 2004
- The acquisition of Salmones Andes in early July 2004
- The sale of Aquascot Value Added in early July 2004

Amounts in NOK 1 000	**2006**	2005	2004
Operating revenues	**7 533 698**	5 597 896	5 581 556
Cost of materials	**4 490 439**	3 308 041	3 614 827
Payroll expense	**582 992**	514 038	473 982
Depreciation	**256 969**	253 210	254 543
Other operating expenses	**891 884**	845 820	843 069
Excess value on inventory	**-**	26 998	-
Result of operations before unrealised fair value adjustments	**1 311 414**	703 784	395 134
Unrealised fair value adjustments	**-23 743**	210 517	47 779
Result of operations	**1 287 671**	914 302	442 913
Income from associates	**9 456**	15 218	14 255
Financial items, net	**-56 733**	-85 697	-158 012
Ordinary result before tax	**1 240 394**	843 822	299 156
Tax on ordinary result	**-302 881**	-64 524	-13 523
Result for the year	**937 513**	779 298	285 633
Result for the year, majority interest	**937 513**	776 926	284 706
Result for the year, minority interest	**-**	2 372	927

In 2006 Cermaq has changed the basis for the calculation of unrealised fair value adjustments and restated all comparative periods accordingly. For futher details, see the accounting principles and note 28.

NOTE 5 INFORMATION ON SEGMENTS AND GEOGRAPHIC DISTRIBUTION

The Cermaq Group has as its main strategic business area: Aquaculture, which within Cermaq, consists of production of feed for salmon, and the farming of salmon.

Fish Feed involves the production of fish feed and the processing of by-products from the fish farming industry. Fish farming involves the breeding and on-growing of salmon and trout, as well as the slaughtering, processing, sale and distribution of salmon and trout.

Fish feed and fish farming are managed separately as each division is considered to be a strategic business unit. Separate reports are prepared for the operating segments, and corporate management evaluates the results and resource allocation continuously. Segmental information is presented in these accounts.

The remaining Agriculture businesses largely consist of grain trading and other operations carried out through associated companies.

The Group evaluates operations based on the operating profit/loss and cash flows of the strategic business units. Inter company sales and transfers between operations take place at market prices.

	Fish farming			**Fish feed**			**Agriculture**		
Amounts in NOK 1 000	**2006**	2005	2004	**2006**	2005	2004	**2006**	2005	2004
External sales	**3 165 628**	2 044 418	1 384 326	**4 363 793**	3 335 306	3 595 941	**-**	2 433	27 181
Internal sales	**-**	-	-	**972 479**	671 697	455 431	**-**	-	-
Total revenue	**3 165 628**	2 044 418	1 384 326	**5 336 272**	4 007 004	4 051 372	**-**	2 433	27 181
Ordinary depreciation	**-126 033**	-99 609	-83 442	**-129 439**	-133 759	-140 305	**-**	-18	-1 170
Operating profit pre fair value	**1 106 446**	503 135	105 131	**254 671**	182 185	250 321	**-**	-227	16 452
Fair value adjustments	**-16 024**	212 118	20 365	**-7 719**	10 337	2 153	**-**	-	-
Operating profit / loss	**1 090 422**	715 253	125 495	**246 951**	192 522	252 474	**-**	-227	16 452
Income from associates	**-113**	167	-	**-**	163	-261	**4 029**	5 556	7 168
Tax	**-283 130**	-18 214	27 613	**-34 552**	-44 747	-39 919	**-**	216	1 385
Net result	**769 573**	656 476	97 229	**130 795**	76 301	159 252	**4 029**	5 001	24 380
Assets	**4 352 189**	4 079 092	2 447 484	**3 373 779**	3 832 865	3 184 224	**-**	61 522	60 787
Intangible assets	**1 395 611**	1 425 622	1 071 632	**477 480**	497 393	464 166	**-**	-	-
Liabilities	**2 380 616**	2 589 463	1 851 746	**2 364 601**	2 670 736	2 309 544	**-**	16 853	20 416
Capital expenditure	**158 326**	100 174	46 410	**111 377**	84 761	125 732	**-**	-	43
Acquisition of companies	**116 216**	357 522	219 647	**-**	3 124	-	**-**	-	-

In 2006 Cermaq has changed the basis for the calculation of unrealised fair value adjustments and restated all comparative periods accordingly. For futher details, see the accounting principles and note 28.

Group operating revenues by the location of the individual customers

Amounts in NOK 1 000	**2006**	2005	2004
Country			
Norway	**2 686 071**	1 935 341	2 009 492
Chile	**1 522 427**	995 203	995 359
USA	**1 302 561**	993 146	439 756
Japan	**607 341**	433 102	556 747
United Kingdom	**475 649**	335 740	448 048
Canada	**462 134**	273 548	332 653
Rest of Europe	**375 593**	344 338	187 485
Other countries	**101 922**	56 721	45 015
Total operating revenues	**7 533 698**	5 367 139	5 014 554

Total assets by location

Amounts in NOK 1 000	**2006**	2005	2004
Country			
Norway	**2 482 005**	2 111 313	1 628 875
Chile	**3 211 486**	3 282 352	2 513 396
United Kingdom	**463 110**	391 079	442 619
Canada	**983 317**	1 131 657	698 885
Group eliminations	**-245 098**	-166 935	-134 446
Total assets	**6 894 820**	6 749 466	5 149 329

Total capital expenditure by location

Amounts in NOK 1 000	**2006**	2005	2004
Country			
Norway	**105 943**	73 222	96 148
Chile	**118 276**	90 280	56 709
United Kingdom	**11 078**	5 593	9 616
Canada	**34 810**	16 773	10 355
Total capital expenditure	**270 107**	185 868	172 828

Group activities			**Eliminations**			**Consolidated**		
2006	2005	2004	**2006**	2005	2004	**2006**	2005	2004
4 345	7 444	7 106	**-68**	-22 461		**7 533 698**	5 367 139	5 014 554
-	331	-	**-972 479**	-672 028	-455 431	**-**	-	-
4 345	7 774	7 106	**-972 547**	-694 489	-455 431	**7 533 698**	5 367 139	5 014 554
-1 496	-2 787	-2 984	**-**	-	-	**-256 969**	-236 174	-227 900
-36 276	-38 412	-39 724	**-13 426**	-10 831	-5 426	**1 311 414**	635 849	326 754
-	-	-	**-**	-	-	**-23 744**	222 456	22 518
-36 276	-38 412	-39 724	**-13 426**	-10 831	-5 426	**1 287 671**	858 305	349 272
5 540	13 048	3 393	**-**	-	-	**9 456**	18 934	10 299
10 385	305	14 250	**4 416**	3 766	1 254	**-302 881**	-58 673	4 583
42 127	9 146	-27 723	**-9 011**	-8 618	4 172	**937 513**	738 307	248 967
1 549 285	1 446 008	1 250 717	**-2 380 433**	-2 670 021	-1 793 883	**6 894 820**	6 749 466	5 149 329
-	-	-	**-**	-	-	**1 873 091**	1 923 014	1 535 798
239 295	498 037	172 172	**-2 351 402**	-2 648 320	-1 781 124	**2 633 110**	3 126 769	2 572 754
404	933	643	**-**	-	-	**270 107**	185 868	172 828
-	-	-	**-**	-	-	**116 216**	360 646	219 647

NOTE 6 WAGES AND OTHER PERSONNEL EXPENSES

Amounts in NOK 1 000	**2006**	2005	2004
Wages and salaries including holiday pay	**529 486**	414 045	363 034
National insurance contributions	**26 976**	24 952	21 886
Pension costs	**4 356**	26 291	17 865
Option scheme expense	**9 311**	-	-
Other staff expenses	**12 863**	9 494	12 498
Total wages and other personnel costs	**582 993**	474 780	415 283

Number of employees in the Cermaq Group at 31 December 2006 was 3 937 persons (2005:3 681, 2004: 2 961). Number of man-years employed during the year in the Group was 3 516 (2005: 3 246, 2004: 2 628).

REMUNERATION - KEY MANAGEMENT PERSONNEL
The Cermaq Central Management Team (CCMT) and the Cermaq board were entitled to the following remuneration:

Amounts in NOK 1 000	**Salary**	**Bonus**	**Other remune-ration**	**Total paid remune ration**	**Fair value of options issued**	**Pension cost 6)**
Cermaq Central Management Team						
Geir Isaksen	2 226	536	22	2 784	534	814
Geir Sjaastad	1 417	348	152	1 918	374	395
Peter Williams 1)	1 905	486	467	2 858	374	385
Kjell Bjordal 2)	1 727	429	158	2 314	374	718
Francisco Ariztìa 3)	2 556	661	103	3 320	374	-
Total	9 832	2 460	902	13 193	2 028	2 312

The board	**Board fee**
Sigbjørn Johnsen - Chairman of the board 4)	338
Finn Jebsen - Deputy chairman of the board 4)	208
Wenche Kjølås 4)	188
Astrid Sørgaard	150
Kjell Frøyslid	150
Nils Inge Hitland - employee representative 5)	150
Jim- Egil Hansen - employee representative 5)	150
Jan Helge Førde - employee representative 5)	150
Total	1 483

1) Salary paid by Cermaq ASA and EWOS Ltd.
2) Salary paid by EWOS AS
3) Salary paid by Mainstream Chile s.a.
4) Included in fee is fee related to audit comitee meetings. Annual fee audit comitee is NOK 25 000, were the 2006 cost also includes back pay of NOK 12 500 from 2005
5) Employee representatives have in addition received ordinary salary from the companies where they are employed
6) Pension cost presented is this year's service cost and payments to defined contribution schemes

None of the Directors have any share-based remuneration. An overview of CCMT and board members' share holdings in the company are shown in note 21.

CCMT members have received a bonus in accordance with an established bonus program. The scheme in 2006 was based on ROCE-targets (Return on Capital Employed) and targets for the scheme are set annually. The bonus is limited to 30 percent of salary.

CCMT members (with the exception of Francisco Ariztia) are members of the Group pension schemes described in note 7. In addition, Geir Isaksen, Peter Williams and Kjell Bjordal have pension schemes which entitle them to retire at the age of 62, 62 and 60 years respectively. The early retirement schemes in question provide pensions up to a maximum of 66 percent of salary from retirement dependent upon number of years pensionable service. The basis for the calculation of pension under these early retirement schemes does not include bonus, options and other remuneration.

The CCMT members are entitled to one year's salary compensation if the company brings the conditions of employment to an end, with the exception of Geir Sjaastad, who is entitled to nine months salary. The Chairman of the board and other members of the board have no such rights. Geir Isaksen's and Geir Sjaastad's compensation for loss of employment is reduced if income from other sources exceeds NOK 100 000. No compensation for loss of employment has been paid in 2006.

Geir Isaksen and Peter Williams have loans of NOK 40 000 and NOK 6 618 respectively from Cermaq at the end of the year. Kjell Bjordal has loan from EWOS of NOK 35 650. Francisco Ariztia has loan from Mainstream s.a. of USD 36 478, equivalent to NOK 228 174. There has been no remuneration paid during the year beyond that which is considered normal for management.

Option scheme

In March 2001, an option scheme was established for the top management of the Group. All outstanding options under the scheme where exercised in 2006 (1 110 000 options). The strike price was NOK 40 per share for this scheme. Weighted average share price for options exercised by CCMT members in 2006, was NOK 84,49 per share.

In 2006, a new option scheme was established. Monte Carlo simulation has been utilised to calculate fair value per option and establish cost in the financial statements. 59 individuals are included in the scheme and the options will vest in three tranches, with one third at 26 October 2006, one third at 1 June 2007 and one third at 1 June 2008.

- Options vested at 26 October 2006 can be exercised in the period 1 June 2009-1 June 2012
- Options vested at 1 June 2006 can be exercised in the period 1 June 2010-1 June 2013
- Options vested at 1 June 2006 can be exercised in the period 1 June 2011-1 June 2014

At the end of 2006, 293 333 options are vested. The strike price for options vested on 26 October 2006 is NOK 92.93 per option, based on a three day average share price from the days 31 May, 1 June and 2 June (as 1 June 2006 was the execise date of the previous option program) plus a premium of 10 percent. Other assumptions considered in the model is falling volatility during the exercise period from 40-25 percent, 4.1 risk free interest rate and 2.25 percent in expected dividend. Share price on grant date was NOK 78.50. The share price of Cermaq at year end 2006 was NOK 91. The option cost recognised in the profit and loss is NOK 9.3 million.

Cermaq has limited the potential gain of the options vested to NOK 50 per option. The gain is calculated as the difference between strike price and average share price at Oslo Stock Exchange the day the trading is notified, and the following day. If the maximum gain is achieved, the number of options that can be exercised will be reduced.

The options are associated with employment and employees leaving the company must exercise any options that are vested within three months. Employees whose employment has been terminated as a result of misconduct do not have the right to exercise options.

Overview of Cermaq Central Management Team's options:

	Options vested in 2006	Options exercised in 2006
Geir Isaksen	16 667	180 000
Geir Sjaastad	11 667	150 000
Peter Williams	11 667	150 000
Kjell Bjordal	11 667	150 000
Francisco Ariztia	11 667	150 000

Report to shareholders on directors' remuneration

The report to shareholders on directors' remuneration is approved by the board and is enclosed in the annual report on page 28.

NOTE 7 PENSION COSTS AND OBLIGATIONS

Of the 3 937 employees at 31 December 2006, 561 are members of pension schemes within the Group. 49 of these are located in Scotland, 74 in Canada and the remaining 438 in Norwegian companies.

Cermaq ASA, EWOS AS and EWOS Innovation AS have previously had defined benefit pension schemes for their employees, funded through a Group insurance policy with Vital Forsikring ASA. As from 1 November 2006, the general company pension scheme (kollektiv tjenestepensjon) were closed and transferred to defined contribution schemes. Contributions are given in steps of 0, 3 and 6 percent of salary, with no contributions for salaries above 12G (which is equivalent to NOK 755 000 in annual salary). Contributions in 2007, are expected to be approximately NOK 6.5 million given scheme structure within the Group as at year end 2006.

The closing of the defined benefit pension scheme and transfer to a defined contribution scheme, resulted in a one off credit of NOK 23.5 million in the accounts, following the pension liability in the accounts exceeding the funds in the schemes.

Top Hat-schemes (benefits for salary above 12G), early retirement schemes and schemes for pensioners, are still defined benefit schemes.

EWOS Limited, has a defined benefit pension scheme, which is funded by contributions to an independent trust fund. There were 50 members in the scheme at 31 December 2006. A decision has been taken to close this scheme and replace it with a defined contribution plan from 6 April 2007.

EWOS Canada has made contributions to a local contributory Group pension plan in connection with employees own contributions. The contributions to the Group pension plan comprise of matching employee contributions to a maximum of six percent of the employees salary per year.

Under defined benefit schemes, the Group is responsible for providing pensions to employees who are members of the schemes. These responsibilities are funded by making contributions to insurance schemes or in the case of Scotland, to an independent trust fund. There is no guarantee that the amounts funded will be sufficient to meet the Group's pension liabilities. As at 31 December 2006, there was a deficit of NOK 41.6 million in pension scheme funding, which will be made up by increasing ongoing contributions.

	2006	2005	2004
Discount rate	**4.50%**	4.00%	5.5%
Expected return on pension funds	**5.00%**	5.00%	6.0%
Wage adjustment	**3.00%**	3.00%	3.0%
Basic amount adjust/inflation	**3.00%**	3.00%	3.0%
Pension adjustment	**3.00%**	3.00%	3.0%

Amounts in NOK 1 000	**2006**	2005	2004
Net present value of current year's pension benefit earned	**16 733**	22 601	16 525
Interest cost of pension liability	**11 234**	10 094	9 157
Expected return on pension funds	**-7 775**	-7 707	-9 119
Actuarial gains and losses	**633**	78	14
Effect of closing general company pension scheme	**-23 550**	-	-
Employee contributions deducted	**-250**	-279	-276
Recognised one off effects	**3 332**	-	-
Administrative expenses	**191**	470	471
Accrued National Insurance contributions	**493**	1 558	1 093
Net accrued pension cost defined benefit schemes	**1 041**	26 815	17 865
Cost defined contribution scheme	**3 316**	-	-
Total pension cost	**4 356**	26 815	17 865

Amounts in NOK 1 000	**2006**	2005	2004
Projected benefit liabilities	**-174 303**	-251 975	-197 827
Estimated pension funds	**126 090**	159 413	141 383
Estimated net pension funds/liabilities(-)	**-48 213**	-92 563	-56 444
Unrecognised actuarial gains- and losses	**6 600**	27 861	730
Net pension funds/liabilities(-)	**-41 614**	-64 702	-55 715
Accrued National Insurance contributions	**-2 413**	-3 891	-3 568
Pension funds/obligations(-) [1]	**-44 026**	-68 593	-59 283

[1] Non-funded schemes relate to AFP and early retirement schemes and amount to NOK 11.9 million of the Group's pension obligation.

Changes in the present value of the defined benefit liability during the year are detailed below:

Amounts in NOK 1 000	
Defined benefit liabilites at 1 January 2006	251 975
Interest cost	11 234
Current service cost	16 733
Benefits paid	-3 217
Effect of closing "kollektiv tjenestepensjon"	-98 135
Actuarial (gains)/losses on liabilities	-16 535
Currency effect	12 248
Projected benefit liabilites at 31 December 2006	174 303

Changes in the estimated pension funds during the year were:

Amounts in NOK 1 000	
Estimated pension funds at 1 January 2006	159 413
Expected return	7 775
Contributions paid	20 560
Benefits paid	-3 131
Effect of closing "kollektiv tjenestepensjon"	-61 044
Actuarial (gains)/losses on liabilities	-658
Currency effect	3 174
Estimated pension funds at 31 December 2006	126 090

The Group's pension funds are invested in the following instruments:

	2006	2005	2004
Current obligations	**20.6%**	14.8%	15.3%
Long-term obligations	**30.0%**	28.3%	28.9%
Moneymarket funds	**4.5%**	20.1%	22.8%
Stocks	**29.7%**	22.3%	18.9%
Real estate	**12.6%**	11.5%	11.1%
Various	**2.6%**	3.0%	3.0%
Total	**100.0%**	100.0%	100.0%
Actual return on pension funds	**7.5%**	7.3%	6.5%

NOTE 8 OTHER OPERATING EXPENSES

Amounts in NOK 1 000	**2006**	2005	2004
Production cost 1)	**328 609**	223 330	242 756
Logistic cost 2)	**394 727**	342 004	315 884
Sales and administration expenses	**123 985**	153 819	141 412
Other operating expenses	**44 563**	95 988	39 106
Total other operating expenses	**891 884**	815 142	739 158

1) Production costs include all costs associated with production of goods and other maintenance costs.
2) Logistics costs include all costs associated with transporting goods from production site to the customer.

Research and development costs
Research and development costs are expenditure on research projects related to aquaculture and include costs of employing scientists and administrators, costs of technical equipment, premises costs and costs of contractors.

IAS 38 sets detailed conditions governing the circumstances in which R&D expenditure can be capitalised. These include the requirements that expenditure will generate probable future economic benefits and that costs can be specifically attributed to an intangible asset. The detailed conditions set out in IAS 38 with respect to capitalization of R&D have not been met in 2006, and R&D costs have been charged to the profit and lost account. Net R&D costs were NOK 55.3 million in 2006 (2005: NOK 47.5 million, 2004: NOK 61.7 million).

Auditor
The company's auditor, Ernst & Young has invoiced the following fees:

Amounts in NOK 1 000	**2006**	2005	2004
Audit fees	**4 698**	3 443	3 616
Other audit services	**233**	826	212
Total audit fees	**4 931**	4 269	3 828
Tax advice	**288**	829	1 883
Other services	**455**	1 029	1 267
Total fees	**5 674**	6 127	6 978

NOTE 9 FINANCIAL INCOME/EXPENSES

Amounts in NOK 1 000	**2006**	2005	2004
Interest income	**17 606**	7 146	9 578
Other financial income	**11 144**	3 534	3 676
Total financial Income	**28 750**	10 680	13 254
Interest expenses	**-92 098**	-100 545	-84 356
Write down of financial assets	**6**	-4 973	-18 926
Other financial expenses	**-4 692**	-5 013	-23 052
Total financial expenses	**-96 783**	-110 531	-126 335
Financing fair value impacts 1)	**200**	15 502	-
Net foreign exchange gains/losses	**11 099**	4 090	-2 107
Net financial items	**-56 733**	-80 259	-115 188

1) Financing fair value impacts in 2006 arise mainly due to interest rate hedges related to the Group's borrowings and currency hedges related to sales in EUR, see note 25 for further information.

NOTE 10 TAXATION

In 2006, Cermaq has changed the basis for the calculation of unrealised fair value adjustments. All comparative periods are restated accordingly, and the associated deferred tax changes are considered in the comparative figures below. For more details, please refer to accounting principles and note 28.

Income tax expense

Amounts in NOK 1 000	**2006**	2005	2004
Tax payable	**89 720**	-5 941	-15 620
Change in deferred tax	**213 161**	64 614	11 036
Tax on ordinary result	**302 881**	58 673	-4 584

Distribution of income tax expense

Amounts in NOK 1 000	**2006**	2005	2004
Norway	63 654	3 302	16 743
Abroad	239 227	55 371	-21 327
Tax on ordinary result	**302 881**	58 673	-4 584

Tax payable in the consolidated balance sheet amounts to NOK 133.8 million, of which NOK 45 million is a provision related to NOKUS taxation. Remaining tax payable relates to Chile and Canada, with NOK 75 and 12 million respectively.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profit of the consolidated companies as follows:

Reconciliation of the tax for the year

Amounts in NOK 1 000	**2006**	2005	2004
28% tax on profit before tax for the year	**347 310**	225 218	71 042
28% tax effect on permanent differences [1)]	**-27 820**	-110 285	-96 005
Differences in nominal tax rate for foreign companies	**-13 694**	-20 723	25 536
Change in tax from previous years	**-2 031**	-42 516	-4 702
Other differences	**-884**	6 980	-454
Tax on ordinary result	**302 881**	58 673	-4 584

[1)] Tax impact of permanent differences for the Group for 2006 are primarily related to non taxable gain on sale of shares and tax deduction related to cash settlement of option scheme.

The weighted average applicable tax rate was 24.4 percent (2005: 7.4 percent, 2004: -1.9 percent). The increase is caused by improved profitability of the Group's subsidiaries.

Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

Amounts in NOK 1 000	**2006**	2005
Total short term items	**236 650**	182 056
Total long term items	**176 612**	78 157
Tax loss carried forward and other tax credits	**-128 061**	-204 084
Deferred tax asset not recognised	**76 121**	79 287
Deferred tax/deferred tax assets (-)	**361 322**	135 416

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable. For 2006, the Group did not recognise deferred income tax assets of NOK 76.1 million (2005: 79.3 million) relating to losses amounting to NOK 253.7 million (2005: NOK 264.7 million) that are allowed to be carried forward against future taxable income.

Expiry dates and tax effect of tax losses carried forward

Amounts in NOK 1 000	**2006**	
Norway	**51 940**	Without expiration
Scotland	**76 121**	Without expiration
Total	**128 061**	

NOKUS-taxation (Norwegian taxation of income from low tax jurisdictions)
Cermaq ASA and Statkorn Aqua AS are currently in a dispute with the Central Tax office for Large Enterprises in Norway with regards to whether the Group's subsidiaries in Chile shall be subject to controlled foreign company taxation.

In third quarter 2006, Cermaq received a decision in its favour from the Court of Appeal with regards to subsidiaries in Chile not being subject to NOKUS-taxation. Despite the ruling, the Central Tax office has indicated that there still is a possibility for NOKUS-taxation of the Group's holding companies in Chile. A formal legal decision from the central tax office is expected during first half year of 2007. At 31 December 2006 the Group held a provision against the risk of losing the case.

NOTE 11 MINORITY INTERESTS

Amounts in NOK 1 000	**2006**	2005	2004
Minority interests' share of			
Ordinary depreciation	-	312	5
Operating profit/loss	-	1 960	-74
Profit/loss before tax	-	3 307	-72
Tax	-	-926	19
Development of minority interests			
Minority interests as at 1 January	**415**	130	
Profit/loss for the year attributed to minority interests	-	2 381	
Increase related to acquisitions	-	415	
Reduction in connection with acquisitions of minority interests	**-415**	-2 372	
Reduction in connection with the sale of subsidiaries	-	-139	
Minority interests as at 31 December	-	415	
Specification of minority interests			
Mainstream Norway AS	-	415	
Minority interests as at 31 December	-	415	

NOTE 12 INTANGIBLE ASSETS

In 2006, Cermaq has changed the basis for the calculation of unrealised fair value adjustments. All comparative periods are restated accordingly, and the associated changes in intangible assets are considered in the comparative figures (ingoing balance) below. For more details, please refer to accounting principles and note 28.

Amounts in NOK 1 000	**Goodwill**	**Licences**
Historical costs as at 1 January	1 034 489	1 297 249
Additions, new companies	28 000	24 000
Additions, cost price	-	7 035
Transfers and other charges	-20 158	1 045
Foreign currency effect	-48 333	-64 427
Historical costs as at 31 December	993 998	1 264 902
Accumulated depreciation as at 1 January	-176 863	-231 861
Ordinary depreciation for the year	-	-2 375
Transfers and other charges	-	19 113
Foreign currency effect	8 246	-2 070
Accumulated depreciation as at 31 December	-168 617	-217 192
Book value as at 1 January	857 626	1 065 388
Book value as at 31 December	825 381	1 047 710

Impairment

At acquisition goodwill and intangible assets are allocated to the cash generating units to which they relate (operating companies).

Group management review the carrying value of the cash generating units annually or more frequently where there is an indication that an asset may be impaired. A value in use approach is used to determine recoverable amount.

Reviews are based on comparing the Net Present Value (NPV) of projected future cash flow with the book value of assets taking into account all circumstances which could affect asset value. Management's best estimates of cash flows for the next 5 years are used, plus a terminal value. The terminal value is calculated as the net present value of the expected net cash flow in year five over the remaining useful life of the assets, assuming no growth.

Different NPV scenarios have been developed, using varying salmon prices, production costs and discount rates, to test the sensitivity of the NPV calculation to these variables with reference to existing management plans plus forecasts and current market conditions. The most important assumptions used in the impairment calculations are based on long term expectations about the industry and the cash generating units, and these do not change frequently in practice. Base case margin assumptions are developed using the Group's long term expectations for the industry which may vary significantly from the short term margins achieved mainly due to variations in price. Volume assumptions are based on existing licences capacities and planned production. The Group has an ongoing review process, which includes sensitivity analysis and analysis of actual results achieved compared to long term assumptions, to assess whether the long term base case assumptions continue to correctly reflect expectations.

The Group set long term margin assumptions for impairment purposes in 2002 and these have formed the basis for impairment calculations since. As with any estimate the cash flow projections are sensitive to changes in underlying assumptions, it is possible that the long term assumptions used in future impairment calculations may differ from those applied in 2006.

The discount rate used is 10 years government bond rate pre-tax for each currency in which Group assets are denominated (NOK 4.3 percent, USD 4.6 percent, CAD 4.0 percent, GBP 4.5 percent), plus a risk premium of 6 percent. A 2 percent increase in the risk premium used (increasing the discount rate) would result in impairment (a non cash accounting write down) of approximately NOK 70 million keeping other assumptions constant.

On the basis of this analysis, management believe that there is no need for impairment of the book value of goodwill and fish farming licences as at 31 December 2006.

Specification of fish farming licences

Amounts in NOK 1 000	**Ongrowing licences**	**Acquisition year**	**Historical cost**	**Book value 31.12.2006**
Country				
Chile	49	2000/2004	938 733	715 517
Canada	30	2000/2005	202 403	117 891
Scotland	24	2000	176 786	36 387
Norway	27	2003/2005/2006	177 916	177 915
Total	130		1 495 838	1 047 710

Four new licences were acquired during the year as part of the purchase of Langfjordlaks in the Finnmark region of Norway. In addition, two new licences in the West Finnmark region were acquired following a public auction.

Specification of goodwill

Amounts in NOK 1 000	**Acquisition year**	**Historical cost**	**Book value 31.12.2006**
Company/Group			
EWOS Norway AS	2000	232 072	189 748
EWOS Chile s.a.	2000	256 458	146 413
EWOS Chile Ltda	2000	3 676	2 108
EWOS Canada	2000	147 898	107 858
EWOS UK	2000	22 785	16 353
Mainstream Chile s.a. - Group	2000/2001	369 993	237 918
Mainstream Norway AS	2005/2006	145 792	124 983
Total		1 178 675	825 381

The value of goodwill is not amortised, but is reviewed annually or more frequently if there is an indication of impairment. The difference between historical cost above and the book value of goodwill is due to amortisation charges on goodwill relating to the periods prior to the introduction of IFRS.

NOTE 13 TANGIBLE FIXED ASSETS

Amounts in NOK 1 000	Machinery, fixtures, vehicles, etc.	Buildings	Land	Plant under construction	Total
Historical cost as at 1 January	2 311 742	608 047	78 768	73 317	3 071 874
Additions, new companies	19 117	8 630	513	-	28 260
Additions, cost price	111 384	11 793	2 106	137 791	263 074
Disposals, cost price	-10 805	0	-15	-	-10 820
Transfers	106 419	30 676	-	-143 670	-6 576
Foreign currency effect	-68 693	-14 532	-4 728	-4 318	-92 271
Historical cost as at 31 December	2 469 164	644 614	76 644	63 120	3 253 542
Accumulated depreciation as at 1 January	-1 373 243	-218 385	-	-	-1 591 628
Additions, new companies	-12 010	-4 762	-	-	-16 773
Ordinary depreciation for the year	-218 218	-30 339	-	-	-248 558
Accumulated depreciation on disposals in the year	8 690	0	-	-	8 690
Writeoff [1]	-5 184	-852	-	-	-6 036
Transfers	6 131	445	-	-	6 576
Foreign currency effect	39 293	5 525	-	-	44 818
Accumulated depreciation as at 31 December	-1 554 542	-248 368	-	-	-1 802 911
Book value as at 1 January	938 499	389 662	78 768	73 317	1 480 246
Book value as at 31 December	914 621	396 245	76 644	63 120	1 450 630

[1] Write down of assets relates to the closure of a processing plant in the Finnmark region.

Financial lease
There are no significant restrictions on titles, pledges or other contractual commitments related to tangible fixed assets. Note 22 includes details of finance leases related to fixed assets.

NOTE 14 INVESTMENTS IN ASSOCIATED COMPANIES

Amounts in NOK 1 000	Equity interest as at 31.12.06	Book value as at 01.01.06	Share of profit/ loss for the year	Tax	Dividend	Additions or deductions	Book value as at 31.12.06
Silver Seed AS	50.00%	4 317	129	-	-	-30	4 416
Helnessund Bøteri AS	33.00%	1 922	-494	-	-	-	1 428
Salar Smolt AS [1]	25.00%	-	251	-	-	5 000	5 251
Hordafôr AS [2]	35.15%	22 513	7 696	-2 155	-	-8 739	19 315
Unikorn AS [3]	49.78%	15 246	1 157	-324	-588	-	15 491
Unikorn Import AS [3]	49.78%	42 940	4 438	-1 243	-1 657	-	44 478
Total investments in associates		86 938	13 177	-3 722	-2 245	-3 769	90 379

None of the associate companies have published share price quotations. The Group's share of income from associates is recognised in the profit and loss statement as Income from associates.

[1] The investments in Salar Smolt AS was acquired in connection with the acquisition of Langfjordlaks AS.
[2] Hordafòr AS has in an extraordinary general assembly decided to pay back share capital of its shareholders. The remaining excess value associated with the investment is NOK 3.5 million.
[3] Unikorn AS was demerged as from 1 January 2006 into the two companies Unirkorn AS and Unikorn Import AS.

Financial information on associated companies based on 100 percent:

Amounts in NOK 1 000	Total assets	Total liabilities	Total equity	Operating revenues	Result
Silver Seed AS	30 879	21 235	9 644	17 262	749
Helnessund Bøteri AS	14 682	11 877	2 805	16 734	-450
Salar Smolt AS	29 113	15 663	13 450	36 962	4936
Hordafôr AS	98 898	65 752	33 146	155 585	17 181
Unikorn AS	294 065	221 731	72 334	760 080	3 073
Unikorn Import AS	104 218	47 993	56 225	349 242	4 961

NOTE 15 INVESTMENTS IN OTHER COMPANIES

Amounts in NOK 1 000	2006	2005
AquaGen AS (11.75%)	**11 497**	11 497
Norway Royal Salmon AS (6.38%)	**18 502**	23 078
Marine Farms ASA (14.68%)	**67 883**	44 758
Seastar Salmon Farms Holding	**-**	8 026
Others	**8 135**	11 192
Total investments in other companies	**106 017**	98 551

Investments in other companies are classified as available for sale and are held at the lower of cost and fair value. The estimated fair values are based on quoted shares prices where these are available or fair value has been estimated using other methods of estimation.

The shares in Marine Farms ASA were in 2006 written up by NOK 23 million based on the quoted share price. The fair value adjustment is recognised directly in equity.

Carrying value of Norway Royal Salmon includes shares and loan of initial NOK 21 million. In 2006, the loan is reduced by NOK 7 million and NOK 6.4 million is converted into shares. Based on the conversion rate, the previous impairment is reversed by NOK 2.4 million.

NOTE 16 OTHER LONG-TERM RECEIVABLES

Amounts in NOK 1 000	2006	2005
Long term loans	**14 854**	23 222
Other long term receivables	**2 592**	34 799
Total other long-term receivables	**17 446**	58 021

NOTE 17 INVENTORY

Amounts in NOK 1 000	2006	2005
Raw materials	**430 110**	342 627
Work in progress	**7 172**	2 337
Finished goods	**235 099**	260 539
Deprecation of obsolete inventory	**-14 634**	-9 954
Total inventory	**657 747**	595 548

The total cost of materials in the year was NOK 4 490 million (2005: NOK 3 232 million). The cost of stock written down in the period was NOK 1.7 million (2005: NOK 6.2 million). Finished goods include frozen inventory recorded at fair value of NOK 41.4 million (2005: NOK 68.5 million).

NOTE 18 BIOLOGICAL ASSETS

Biological assets are inventories of live fish held in tanks, cages and pens at locations in Norway, Chile, Canada and Scotland. The table below shows the biological assets (biomass) held at the end of the period split between mature, or harvestable, and immature fish.

Tonnes	2006	2005
Immature fish	**52 736**	34 706
Mature fish	**16 574**	29 398
Total	**69 310**	64 104

In practice the average weight sizes at harvest vary from site to site and period to period. The designations shown in the table above represent typical minimum harvest weights defined as >3.8kg for Atlantics and >2.5 for Coho and Trout. Fish below these weights are defined as immature or non harvestable. Immature fish also comprise brood stock, smolts and fry. There is more uncertainty related to the valuation of small fish than harvestable fish, due to time to harvest.

Specification of biological assets

Amounts in NOK 1 000	2006	2005
Cost of biological assets	**1 148 446**	916 226
Fair value adjustment	**336 891**	329 515
Total biological assets	**1 485 338**	1 245 741

Movement in carrying value of biological assets between the beginning and the end of the year:

Amounts in NOK 1 000	**2006**
Biological assets as at 1 January	**1 245 741**
Impact of Langfjordlaks acquisition	**71 920**
Fair value adjustments	**-23 744**
Foreign currency effect	**-74 629**
Net harvesting / purchases	**266 050**
Biological assets as at 31 December	**1 485 338**

Tonnes	**2006**
Biological assets as at 1 January	**64 104**
Langfjordlaks acquisition	**3 658**
Harvested	**-125 815**
Biological transformation and purchases	**127 363**
Biological assets as at 31 December	**69 310**

The increase in the fair value adjustment on inventory in 2006 is due to a combination of higher prices, higher total biomass and lower inventories of mature or harvestable fish.

The prices used in the calculation of fair values are estimates of the price which would be received by the farms assuming that all fish were sold at market index prices less cost to point of sale at the end of the period. Market index prices are published market statistics on prices achieved on actual sales in the key markets in which the Group operates. In valuing immature fish, index prices for mature fish are used with a weight adjustment to reflect differences to mature, harvestable fish. It is assumed in the calculations that all fish in inventory could be sold without affecting market prices. In practice the realised profit which is achieved on the sale of inventory will differ from the market index used in the calculations of fair value because of changes in the final market destinations of sold fish, changes in price levels, period to period, changes in cost levels and differences in quality. A 10 percent increase in sales prices would increase fair value of biomass by NOK 102.8 million.

The fair value less estimated point of sale costs of volumes harvested during the year was approximately NOK 2 781 million. In total 125 815 tonnes (live weight) was harvested.

The profit and loss account is impacted by the fair value adjustment in the period plus the reversal of prior period adjustment. The aggregate gain or loss arising on initial recognition of biological assets and from changes in the fair value less estimated point-of-sale costs of biological assets was NOK -23.7 million (2005: NOK 222.5 million).

NOTE 19 ACCOUNTS RECEIVABLES FROM CUSTOMERS

Amounts in NOK 1 000	**2006**	2005
Receivables from customers	**887 895**	783 655
Provisions for doubtful receivables	**-44 879**	-66 924
Total accounts receivable	**843 016**	716 731

NOTE 20 LIQUID ASSETS

Amounts in NOK 1 000	**2006**	2005
Bank and cash in hand	**264 883**	389 718
Total liquid assets	**264 883**	389 718

The Group had no restricted bank deposits at the end of the year.

NOTE 21 SHARE INFORMATION

20 largest shareholders as at 31 December 2006

Shareholders	Nationality	Number of shares held	Ownership
NORWEGIAN MINISTRY OF TRADE AND INDUSTRY	NOR	40 271 600	43.54%
STATE STREET BANK	USA	4 600 448	4.97%
PENSIOENFONDS PGGM	NLD	4 213 430	4.56%
BANK OF NEW YORK, BRUSSEL BRANCH	USA	3 630 328	3.92%
MORGAN STANLEY & CO.	GBR	3 469 707	3.75%
BANK OF NEW YORK, BRUSSEL BRANCH	USA	2 902 000	3.14%
SVENSKA HANDELSBANKEN	SWE	1 718 984	1.86%
VITAL FORSIKRING ASA	NOR	1 413 702	1.53%
JPMORGAN CHASE BANK	GBR	1 202 151	1.30%
MORGAN STANLEY & CO.	GBR	1 152 375	1.25%
SKANDINAVISKA ENSKILDA	SWE	1 149 540	1.24%
JPMORGAN CHASE BANK	LUX	1 120 948	1.21%
FIDELITY FUNDS	USA	1 064 800	1.15%
BANK OF NEW YORK, BRUSSEL BRANCH	LUX	981 904	1.06%
VERDIPAPIRFOND ODIN	NOR	900 898	0.97%
DNB NORGE (IV) VPF	NOR	728 010	0.79%
MELLON BANK AS	USA	682 541	0.74%
VERDIPAPIRFOND ODIN	NOR	661 100	0.71%
MORGAN STANLEY & CO.	BLE	596 489	0.64%
EUROCLEAR BANK S.A.	GBR	593 684	0.64%
Total 20 largest shareholders		73 054 639	78.98%
Total other shareholders		19 445 361	21.02%
Total number of shares		92 500 000	100.00%

The shares have a face value of NOK 10. All shares in the company have equal status.

Reconciliation of outstanding shares	Number of shares
Outstanding shares at 1 January	**92 004 404**
Own shares sold to employees as part of employee share program and redemption of options	470 340
Outstanding shares at 31 December	**92 474 744**
Own shares at 31 December	25 256

Shares owned by the company may be used in connection with share sales to employees and for partial payment of share option agreements with key management personnel. The company has recognised other equity of NOK 9.3 million. This is related to the option scheme for management described in note 6.

Dividend
The board has proposed a dividend per share of NOK 4.25 (2005: 1.85 per share, 2004: 1.20 per share). Proposed dividend is to be approved at the annual general meeting (not accounted for as a liability as at 31 December 2006), and if approved, it will cause a total dividend payment of NOK 393 million (2005: NOK 176.4 million).

The following board members and key management personnel have shares in the company as at 31 December 2006:

	Position	No of shares held
Sigbjørn Johnsen	Chairman of the board	400
Finn Jebsen [1)]	Deputy Chairman of the board	20 000
Astrid Sørgaard [1)]	Board member	3 000
Kjell Frøyslid	Board member	1 000
Wenche Kjølås [1)]	Board member	6 000
Jan Helge Førde	Board member	427
Jim Egil Hansen	Board member	427
Nils Inge Hitland	Board member	2 427
Geir Isaksen	CEO	70 427
Geir Sjaastad	Deputy CEO	43 427
Peter Williams [1)]	CFO	50 427
Francisco Ariztia [1)]	COO Farming	188 675
Kjell Bjordal [1)]	COO Feed	180 000

[1)] Number of shares held includes shares held by companies or other related parties with whom the persons can be identified with according to the law

Earnings per share (EPS)

	2006	2005	2004
Earnings per share			
Basic	**10.16**	8.37	2.86
Diluted	**10.13**	8.37	2.86
Adjusted EPS			
Basic	**10.37**	6.37	2.85
Diluted	**10.35**	6.36	2.85
Net result majority interest	**937 513**	735 926	248 999
IAS 41 fair value adjustments	**23 744**	-222 456	-22 500
Financial instruments fair value adjustment	**-173**	-15 502	-
Financial assets fair value adjustment	**-6**	4 973	18 926
Tax impact of fair value adjustment	**-3 959**	56 716	2 567
Adjusted result	**957 119**	559 657	247 992
Average number of outstanding shares during the year	**92 314 093**	87 917 737	86 956 000
Average diluted number of outstanding shares during the year	**92 518 097**	87 960 672	86 956 000

Basis of calculation

Cermaq presents earnings per share as required by IAS 33 including the basis of the calculation. Adjusted EPS is based on the reversal of certain fair value adjustments, and is shown as it is Cermaq's view that this figure provides a more reliable measure of performance. Number of shares is calculated using the weighted average number of shares outstanding in the period. The result in the calculation above is the result attributable to the majority owners of the Group, dilution is because of share options.

NOTE 22 INTEREST BEARING DEBT

Amounts in NOK 1 000	2006	2005
Credit facility 1)	**894 477**	1 374 035
Long-term financial leases 2)	**29 259**	11 230
Other long-term liabilities 3)	**5 021**	7 666
Total interest bearing long-term liabilities	**928 757**	1 392 931
Short-term liabilities 4)	**74 209**	418 918
Total interest bearing liabilities	**1 002 966**	1 811 849

1) The main source of debt financing for the Cermaq Group is the syndicated facility established in 2000 with maturity in 2011. This is a "Multi Currency Revolving Credit Facility" with a total credit limit of USD 300 million. As of 31 December 2006 USD 143 million (NOK 894 million) of the facility was utilised. The facility was established 21 December 2000 with a five year maturity. It has been extended by amendment and restatement agreements dated 17 December 2004 and 7 December 2006, and matures 7 December 2011 with an extension option until 7 December 2013. The interest rate is linked to LIBOR plus a margin of 40-85 basis points depending on a ratio of Group's EBITDA to Interest Payable. The key financial terms (covenants) for the credit facility are:

a) The Group's equity ratio must not be lower than 40 percent (including goodwill)

b) The ratio of the Group's adjusted EBITDA to Interest Payable must not be less than 3.5:1. If the Group's equity ratio exceeds 45percent this covenant does not apply.

As at 31 December 2006 the Groups equity ratio was 61.8 percent and the adjusted EBITDA ratio to interest payable was 17.2.

2) Financial leases are related to a property held by Mainstream Norway of NOK 9.6 million, fixed assets for Mainstream Chile amounting to NOK 9.1 million (USD 1.5 million) and fixed assets for EWOS Chile amounting to NOK 10.5 million (USD 1.7 million).

3) Other long-term liabilities primarily include a long-term loan to EWOS Innovation of NOK 4.1 million and a loan for Balsfjord Kornsilo of NOK 1.0 million.

4) Short-term liabilities comprise of a NOK 40 million money market loan related to Cermaq ASA's short term funding need. NOK 23.8 million (USD 3.8 million) of the financial leases held by Mainstream Chile and NOK 7.8 million (USD 1.3 million) held by EWOS Chile mature in 2007 and are classified as short-term debt according to IFRS accounting rules. There is also a NOK 1.8 million instalment for 2007 related to the long-term loan in EWOS Innovation.

The maturity plan of the Group's interest bearing debt and credit facilities is as follows:

		Maturity					
Amounts in NOK 1 000	**2006**	2007	2008	2009	2010	2011	After 2011
Credit facility	**894 477**	-	-	-	-	894 477	-
Long-term financial leasing	**29 259**	-	12 989	2 617	2 749	2 865	8 039
Other long-term liabilities	**5 021**	-	1 985	1 985	635	185	231
Short-term liabilities	**74 209**	74 209	-	-	-	-	-
Gross interest bearing debt	**1 002 966**	74 209	14 974	4 602	3 384	897 527	8 270
Available credit lines of the credit facility	**669 294**	-	-	-	-	-	-
Other available credit lines	**787 942**	-	-	-	-	-	-
Total available credit lines	**1 457 236**	-	-	-	-	-	-

NOTE 23 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), liquidity risk and credit risk. The Group's financial risk management programme focuses on ensuring the ongoing liquidity of the Group, defined as being at all times in a position to meet the liabilities of the Group as they fall due. This also includes being able to meet debt financial covenants under normal circumstances.

The board of Directors believe that the most important measure against any risk the Group is exposed to, is to have a strong balance sheet. Therefore, it has been determined that the Group under normal circumstances should have an equity ratio of not less than 45 percent.

Risk management is carried out by Group Treasury under finance policies approved by the board of Directors. Finance policies covers areas such as funding, foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and the investment of excess liquidity.

Foreign currency risk

Cermaq Group is exposed to fluctuations in various foreign currencies through its subsidiaries in Norway, Chile, Canada and Scotland. The most important foreign currencies to the Group are US dollar, Canadian dollar, Euros and Japanese Yen. Subsidiaries in Chile use US dollar as their functional currency, but certain assets and liabilities are denominated in Chilean pesos.

Balance sheet exposure

Balance sheet exposure arises from the translation into NOK of assets and liabilities and net investments in foreign subsidiaries. Exposure is limited by aligning a portfolio of debt with the relative importance of the respective currencies and countries. However, assessing the foreign exchange exposure on a continuous basis and consistent with the achievement of optimum cost of funds, the Group may convert the debt to equity, repay debt or move borrowings to other currencies. The Group's exposure related to the net investment in foreign subsidiaries is generally not hedged and translation gains or losses are included in other equity.

Exposure related to operations

Foreign exchange risk can arise from commercial transactions. For the EWOS Group, the exposure is mainly related to raw material purchases in foreign currencies, while the majority of sales are in local currency. For the Mainstream Group the situation is largely the opposite, as the majority of purchases are made in local currencies, while sales are dominated by export in foreign currencies, predominantly US dollar and Japanese yen.

In many cases exposure to an exchange rate is effectively hedged by contracts with customers. In addition, revenues and costs in the same currency are netted on a Group basis where this is considered feasible. Net remaining exposure is reviewed by Group Treasury, who will authorise any hedging requirement. The hedging period is limited to 12 months.

Periodically the Group enters into forward exchange contracts to hedge against foreign currency exchange risks associated with certain firm commitments and forecast exposures. This hedging minimises the impact of foreign exchange rate movements on the Group's results.

Forward contracts for hedging of future commercial transactions as at 31 December 2006:

Amounts in 1 000 (local currency)

Cermaq Group buys		**Cermaq Group sells**	
USD	11 886	EUR	9 153
DKK	6 000	USD	1 061
CHF	230	USD	189
CLP	8 624 718	USD	16 200
EUR	142	USD	187

The fair value of currency hedging derivatives as at 31 December 2006 was negative and valued at NOK 965 000 (2005: NOK 585 000 negative). There has been no effect of cash flow hedges recognised directly in equity due to the financial instruments in place have not been accounted for using hedge accounting (2005: NOK 7.7 million was taken out of equity and recognised in the profit and loss account).

Interest rate risk

The Cermaq Group is exposed to changes in interest rates primarily as a result of borrowing and investing activities used to maintain liquidity and to fund its business operations. At year end, 94 percent of the Group's interest bearing debt was denominated in US dollar which provided a hedge against investments in Chile. 6 percent of the Groups interest bearing debt was in Norwegian kroner.

The table below shows the Group's interest bearing debt split by currency, as well as average interest rates and the average time until the next interest rate adjustments.

Loan portfolio by currency:

Amounts in NOK 1 000	**2006**	**Average fixing of interest rates**	**Average interest rates**
USD [1]	**945 800**	1 month	5.75%
NOK	**57 062**	2 months	4.33%
GBP	**104**	3 months	5.33%
Interest bearing debt	**1 002 966**	1 month	5.67%
Cash and bank [2]	**264 883**		
Net interest bearing debt	**738 083**		

Loans are recorded at amortised cost, due to the short time period to the next interest rate adjustment there is an immaterial difference between fair value and amortised cost.

[1] Average fixing of USD interest rate does not include interest rates hedges totalling USD 15 million (see specification of the interest rate hedges below). Taking into account the interest rate hedges, the average fixing of the USD interest rates and the total interest rates is 2 months.
[2] Cash and bank is the net sum of cash at hand minus utilised overdrafts for those companies making use of short-term credit facilities.

The following interest hedging was effective at 31 December 2006:

Instrument	**Currency**	**Amount**	**Cermaq receives**	**Cermaq pays**	**Maturity**
Swap	USD	15 000	LIBOR 6 m	5.14%	October 2007
Total interest rate hedges	USD	15 000			

The fair value of interest rate derivatives as at 31 December 2006 was positive and fair valued at NOK 114 000. Changes in the fair value of the interest rate derivates during the year has resulted in a profit of NOK 1.3 million. Movements in the fair value of hedges are recorded in the profit and loss account.

Liquidity risk
Liquidity risk is managed through maintaining flexibility in funding by keeping committed credit lines available, and through maintaining sufficient liquid assets. The Group seeks to maintain medium term committed facilities to cover forecast borrowings for the next 12 months, plus financial headroom to cover medium sized acquisitions, and unforeseen movements in cash requirements.

Credit risk
Credit risk represents the accounting loss that would have to be recognised if other parties fail to perform as contracted and is related to financial instruments such as cash and cash equivalents, customer receivables and derivative financial instruments.

Concentration of credit risk is not considered significant since the Cermaq Group's customers represent various industries and geographic areas. The Group does not have any material exposure to any individual customer or any other party as at 31 December 2006.

NOTE 24 NON-INTEREST BEARING SHORT-TERM LIABILITIES

Amounts in NOK 1 000	**2006**	2005
Unpaid taxes and holiday pay	**19 624**	27 406
Accounts payable	**871 378**	822 229
Taxes payable	**133 782**	51 674
Other short-term liabilities	**198 965**	160 575
Total other short-term liabilities	**1 223 749**	1 061 885

NOTE 25 OFF-BALANCE SHEET LEASES

At 31 December 2006 the Group had a number of leases outstanding which are accounted for as operational leases. There were no material conditions covering subleasing, purchase, escalations or restrictions in the operating lease agreements at 31 December 2006.

Amounts in NOK 1 000

Lessee	Asset	Annual rent	Duration of agreement
Cermaq ASA	Rent offices	1 433	01.10.2009
Ewos Canada Ltd. - konsern	Machinery and equipment	394	31.12.2008
Ewos Ltd.	Machinery and equipment	2 319	31.12.2008
Ewos AS	Machinery and equipment	1 796	31.12.2022
Ewos AS	Rent buildings	1 639	31.12.2022
Ewos AS	Rent offices	2 087	31.12.2008
Ewos Innovation	Machinery and equipment	1 342	31.12.2008
Mainstream Canada	Machinery and equipment	339	31.12.2007
Mainstream Canada	Machinery and equipment	120	31.12.2008
Mainstream Canada	Machinery and equipment	506	31.12.2009
Mainstream Canada	Rent buildings	185	31.12.2007
Mainstream Canada	Rent buildings	653	31.12.2008
Mainstream Norway	Rent land	647	30.06.2031
Total		13 459	

NOTE 26 MORTGAGES AND GUARANTEES

The Group's syndicated loan is based on a negative pledge, which allows only limited potential to mortgage assets as security on other loans. Cermaq ASA guarantees the overdrafts of the subsidiaries which use the Group's corporate account system with Danske Bank/Fokus Bank. The parent company guarantees also include guarantees for the debt of other Group companies.

Amounts in NOK 1 000	**2006**	2005
Guarantees	**353 523**	317 175
Total guarantees	**353 523**	317 175

NOTE 27 SUBSEQUENT EVENTS

The owners of Polarlaks AS and Hammerfest Lakseslakteri accepted in December 2006 an offer from Cermaq related to the acquisition of 100 percent of the shares in the two companies. Following this, the shares where acquired by Mainstream Norway AS in February 2007. Polarlaks have 12 concessions and both companies are located in Finnmark and will be integrated with Mainstream Norway's existing operatins there. The cash consideration for the shares were NOK 25 million and the enterprise value implied by the transaction is approximately NOK 100 million, subject to accounting confirmations.

NOTE 28 RESTATEMENT OF STATUTORY ACCOUNTS

In 2006, Cermaq has changed the basis for the calculation of unrealised fair value adjustments. All comparative periods are restated accordingly and the associated effects are shown below.

Profit and loss account

Amounts in NOK million	*Note*	**2005**	**Effect of restatement**	**2005 restated**	**2004**	**Effect of restatement**	**2004 restated**
Operating revenues		5 367.1	-	5 367.1	5 014.6	-	5 014.6
Cost of materials		3 232.2	-	3 232.2	3 305.5	-	3 305.5
Payroll expense		474.8	-	474.8	415.3	-	415.3
Depreciation		236.2	-	236.2	227.9	-	227.9
Other operating expenses		815.1	-	815.1	739.2	-	739.2
Excess value on inventory		-27.0	-	-27.0	-	-	-
Operating result before unrealised fair value adjustments		635.8	-	635.8	326.8	-	326.8
Unrealised fair value adjustments	*1*	149.1	73.4	222.5	6.7	15.8	22.5
Operating result		784.9	73.4	858.3	333.5	15.8	349.3
Income from associates		18.9	-	18.9	10.3	-	10.3
Other net financial expenses		-90.8	-	-90.8	-96.3	-	-96.3
Writedown of financial assets		-5.0	-	-5.0	-18.9	-	-18.9
Financial items, net		-80.3	-	-80.3	-115.2	-	-115.2
Ordinary result before tax		723.6	73.4	797.0	228.6	15.8	244.4
Tax on ordinary result	*2*	63.1	-4.4	58.7	-7.0	2.4	-4.6
Result for the year		660.6	77.8	738.3	235.6	13.4	249.0

Notes to the reconciliation of profit and loss

1. Unrealised fair value adjustments are changes in the fair value of live biomass following the new guidelines
2. Changes in tax relate to the fair value adjustment above

Balance sheet

Amounts in NOK million	*Note*	**2005**	**Effect of restatement**	**2005 restated**
Assets				
Intangible fixed assets	*1*	2 009.7	-39.5	1 970.3
Tangible fixed assets		1 480.2	-	1 480.2
Investments in associates		86.9	-	86.9
Investments in shares		98.6	-	98.6
Other long-term receivables		58.0	-	58.0
Financial fixed assets		243.5	-	243.5
Total non-current assets		3 733.5	-39.5	3 694.0
Stock of goods	*2*	1 687.9	153.4	1 841.3
Accounts receivables		716.7	-	716.7
Other short-term receivables		107.7	-	107.7
Cash and cash equivalents		389.7	-	389.7
Total current assets		2 902.1	153.4	3 055.5
Total assets		6 635.6	113.9	6 749.5
Equity and liabilities				
Total paid-in capital		2 605.6	-	2 605.6
Other equity		916.5	100.2	1 016.7
Minority interests		0.4	-	0.4
Total equity	*3*	3 522.5	100.2	3 622.7
Total provisions	*4*	237.5	13.7	251.3
Interest bearing long-term debt		1 392.9	-	1 392.9
Total non-current liabilities		1 630.5	13.7	1 644.2
Interest bearing short-term debt		418.9	-	418.9
Other short-term liabilities		1 063.6	-	1 063.6
Total current liabilities		1 482.6	-	1 482.6
Total equity and liabilities		6 635.6	113.9	6 749.5

Notes to the reconciliation of the balance sheet as at 31 December 2005

1. Decreased intangible assets relates to reduced goodwill following the restated opening balance of Follalaks AS (now Mainstream Norway) due to changes in fair value of live biomass
2. The change in stock of goods relates to increased unrealised fair value of live biomass in fish farming
3. The change in equity is the net effect of the other changes in the balance sheet
4. Increased provisions due to increased deferred tax following the change in unrealized fair value of biomass

Cash flow statement

Amounts in NOK million	*Note*	2005	Effect of restatement	2005 restated
Cash flows from operating activities				
Ordinary result before taxes	*1*	723.6	73.3	796.9
Gain/loss on tangible fixed assets		-4.6	-	-4.6
Depreciation		236.2	-	236.2
Write downs financial assets		-2.3	-	-2.3
Taxes paid		-28.9	-	-28.9
Difference between pension premiums paid and pension expense		21.1	-	21.1
Difference between income from and dividends received from associates		-7.2	-	-7.2
Change in stock, accounts receivables and accounts payables	*2*	-394.9	-153.4	-548.2
Change in other short-term operating assets and liabilities	*3*	-1.2	80.0	78.8
Net cash flows from operating activities		541.8	-	541.8
Cash flows from investing activities				
Purchase of tangible fixed assets		-185.9	-	-185.9
Proceeds received from sale of tangible fixed assets		4.9	-	4.9
Purchase of shares and companies, net of purchased cash and cash equivalents		-360.6	-	-360.6
Purchase of shares and investments in associated undertakings		-7.7	-	-7.7
Proceeds received from sale of shares and companies, net of cash sold and cash equivalents		8.2	-	8.2
Net cash flows from investing activities		-541.1	-	-541.1
Cash flows from financing activities				
Payment of long-term debt		-253.5	-	-253.5
Change in short-term interest bearing debt /loan		55.1	-	55.1
Payments of dividend and Group contribution		-104.3	-	-104.3
Net proceeds from issue of common shares		213.2	-	213.2
Net cash flows from financing activities		-89.5	-	-89.5
Foreign exchange effects		23.5	-	23.5
Net change in cash and cash equivalents for the period		-65.3	-	-65.3
Cash and cash equivalents at the beginning of the period		455.0	-	455.0
Cash and cash equivalents at the end of the period		389.7	-	389.7

Notes to the cash flow as at 31 December 2005

There are no changes in the cash flow under IFRS, except for reclassifications between lines under operating cash flow:

1. The change in result before taxes are specified under profit and loss account above
2. Change in stock relates to the change in unrealised fair value on live biomass
3. Increased change in other short-term operating assets and liabilities relates to tax effects of the above mentioned items

Cermaq ASA:
Income statement 1.1 – 31.12

Amounts in NOK 1 000	*Note*	**2006**	2005
Operating revenues		**4 345**	5 397
Payroll expense	*2*	**27 595**	31 766
Depreciation	*9*	**2 989**	3 055
Other operating expenses	*4*	**9 746**	9 871
Result of operations		**-35 985**	-39 295
Income from subsidiaries	*5*	**10 606**	5 703
Income from associates	*6*	**-**	306
Interest income	*7*	**69 374**	53 909
Other financial income	*7*	**8 391**	134 906
Interest expenses	*7*	**-15 130**	-20 507
Write down of financial assets	*7*	**-**	-575
Other financial expenses	*7*	**-926**	-2 984
Net foreign exchange gains/losses	*7*	**6 730**	5 545
Financial items, net	*7*	**68 439**	170 294
Ordinary result before tax		**43 060**	137 008
Tax on ordinary result	*8*	**-1 737**	1 231
Result for the year		**41 323**	138 239
Proposed dividend		**393 018**	170 446
Allocated to/ from (-) other equity		**-351 695**	-32 207
Total allocation of result for the year		**41 323**	138 239
Received Group contribution after tax		**7 636**	4 049

Cermaq ASA:
Balance sheet as at 31 December

Amounts in NOK 1 000	*Note*	**2006**	2005
ASSETS			
Tangible fixed assets	*9*	**17 607**	20 191
Investments in subsidiaries	*10*	**1 355 606**	1 148 003
Loans to Group companies	*13*	**1 296 612**	1 902 824
Investments in shares	*11*	**11 557**	19 584
Other long-term receivables	*3, 12*	**6 475**	5 804
Total financial fixed assets		**2 670 250**	3 076 215
Total fixed assets		**2 687 857**	3 096 406
Accounts receivable from customers	*14*	**1 530**	2 156
Other short-term receivables		**7 711**	9 468
Short-term intercompany receivables		**27 636**	32 646
Bank deposits, cash in hand, etc.	*15*	**2 644**	-
Total current assets		**39 521**	44 270
TOTAL ASSETS		**2 727 378**	3 140 676
EQUITY AND LIABILITIES			
Share capital	*16*	**925 000**	925 000
Company's own shares	*16*	**-253**	-4 956
Share premium reserve	*16*	**935 535**	1 685 535
Total paid-in capital		**1 860 282**	2 605 579
Other equity	*16*	**418 435**	26 801
Total equity		**2 278 717**	2 632 380
Pension liabilities	*3*	**-**	2 119
Deferred tax	*8*	**3 892**	2 155
Total provisions		**3 892**	4 273
Long-term intercompany debt	*13*	**-**	5 760
Total long-term liabilities		**3 892**	10 033
Interest bearing short-term debt	*17*	**40 000**	301 412
Other short-term liabilities	*19*	**404 402**	195 840
Short-term intercompany liabilities		**369**	1 011
Total current liabilities		**444 770**	498 263
TOTAL EQUITY AND LIABILITIES		**2 727 378**	3 140 676

Oslo, 16 March 2007

Sigbjørn Johnsen *Chairman*	Finn Jebsen *Deputy Chairman*	Astrid Sørgaard *Director*
Wenche Kjølås *Director*	Kjell Frøyslid *Director*	Jim-Egil Hansen *Director*
Jan-Helge Førde *Director*	Nils Inge Hitland *Director*	Geir Isaksen *CEO*

Cermaq ASA:
Cash flow statement 1.1 – 31.12

Amounts in NOK 1 000	**2006**	2005
Cash flows from operating activities		
Ordinary result before tax	**43 060**	137 009
Gain/loss on tangible and intangible assets	**-8 391**	-10 582
Depreciation	**2 989**	3 055
Change in value of financial assets	**-**	583
Difference between pension premiums paid and pension expense	**-5 780**	-1 123
Change in stock, accounts receivable and accounts payable	**-8 638**	13 988
Change in other short-term operating assets and liabilities	**7 489**	61 487
Net cash flows from operating activities	**30 729**	204 417
Cash flows from investing activities		
Purchase of tangible fixed assets	**-404**	-1 065
Proceeds received from sale of tangible fixed assets	**-**	1 818
Purchase of shares and investments in associated undertakings	**-**	-193 113
Proceeds received from sale of companies, net of sold cash and cash equivalents	**16 417**	18 100
Change in loans to Group companies	**400 452**	-561 150
Net cash flows from investing activities	**416 465**	-735 410
Cash flows from financing activities		
Changes in long-term debt	**-**	5 760
Change in short-term interest bearing debt /loan	**-261 412**	301 412
Payment of dividends and Group contribution (incl. payments to minorities)	**-170 446**	-104 347
Redemption of option program	**-32 030**	-
Sale of own shares/net proceeds from issuance of common shares	**20 750**	213 241
Net cash flows from financing activities	**-443 138**	416 066
Net change in cash and cash equivalents for the year	**4 055**	-114 993
Cash and cash equivalents at the beginning of the year	**-1 411**	113 516
Cash and cash equivalents at the end of the year	**2 644**	-1 411

Cermaq ASA:

Notes to the annual accounts

NOTE 1 ACCOUNTING PRINCIPLES

Annual accounts for Cermaq ASA have been prepared in accordance with the Norwegian Public Limited Liabilities Companies Act, the Norwegian Accounting Act and Norwegian generally accepted accounting principles.

The accounting principles described in this section are as applied to Cermaq ASA company only and do not describe the principles applied to the Cermaq Group accounts. The notes for the Cermaq Group are presented with the consolidated accounts for the Group.

Investments in subsidiaries, joint ventures and associated companies

In Cermaq ASA, investments in subsidiaries, joint ventures and associated companies are recorded in accordance with the cost method.

Recognition of income

The sale of all goods is taken to income at the time of delivery. Discounts, other price reductions, taxes, etc., are deducted from operating revenues.

Classification principles

Liquid assets are defined as cash, bank deposits and other investments that can be converted into cash within 3 months.

Other assets intended for permanent ownership or use and receivables that mature more than one year after the end of the accounting year are identified as fixed assets. Other assets are classified as current assets.

Liabilities that fall due later than one year after the end of the accounting year are classified as long-term liabilities. Other liabilities are classified as short-term liabilities.

Foreign currency transactions

All foreign currency transactions are converted to NOK at the date of the transaction.

All balance sheet items denominated in foreign currency are translated at the exchange rate at the balance sheet date. Derivatives designated as hedging instruments in fair value hedges are measured at fair value and changes in fair value are recognised in the income statement.

Accounts receivables from customers

Receivables from customers are recorded at their nominal value less deductions for any expected losses.

Tangible fixed assets and depreciation

Tangible fixed assets are carried at cost less accumulated depreciation and impairment write downs.

Allowances are made for ordinary depreciation from the point in time when an asset is placed in ordinary operation, and depreciation is calculated based on the economic/technical life of the asset in accordance with the following guidelines:

Asset Group	Deprecation rate
Furniture and fixtures	20–33 %
Computer equipment	20–33 %
Vehicles	15–20 %
Machinery and production equipment	10–20 %
Plant	3–5 %
Office buildings and dwellings	2–5 %

Fixed assets are written down if the Net Present Value (NPV) of the anticipated future cash flows related to the asset can be demonstrated to be lower than the recorded value of the asset.

Gains or losses from the sale of tangible assets are calculated as the difference between the sales price and the book value at the date of sale. Gains and losses from the sale of tangible fixed assets are recorded as operating revenues or losses.

Pension costs and obligations

In 2006, the company has transferred to defined contribution plans for “kollektiv tjenestepensjon”. The company’s payments are recognised in the income statements for the year to which the contribution applies, with no further liability for the Group.

In connection with closing of the defined benefit scheme, net change in pension obligations and pension funds are recognised in the profit and loss with the corresponding
unrecorded actuarial gain/loss.

In defined benefit plans, the pension commitments and pension costs are determined using a linear accrual formula. A linear accrual formula distributes future pension benefits in a straight line over the accrual period. The employees’ accrued pension rights during a period are defined as the pension costs for the year.

Pension obligations are calculated on the basis of long-term discount rate and long term expected yield, wage increases, price inflation and pension adjustment. Pension funds are valued net of their fair value and the pension obligations to which they relate. A surplus is recognised to the extent that it can reasonably be utilised.

Changes in calculated pension obligations due to changes in pension plans are accrued over the remaining contribution period or expected lifetime. Changes in the underlying obligations and assets of pension funds as a result of changes in estimates are accrued over the remaining contribution period for the portion of the deviations that exceed 10 percent of gross pension obligations.

Share based remuneration

The fair value of share options is calculated at grant date. The valuation is based on well known valuation models accommodating the characteristics of the options in question. The fair value calculated at grant date are charged against profit and loss over the vesting period of the options, with a corresponding increase in equity. The vesting period is the period from granting the options and to the options are fully vested.

Taxation

Tax accounted for considers both tax payable for the period and the movement in deferred tax.

Deferred tax is recognised in respect of all temporary differences and accumulated tax losses carried forward at the balance sheet date which implies increased or decreased tax payable when theses differences reverse in future periods. Temporary differences are differences between taxable profits and results that occur in one period and reverse in a later period.

Deferred tax is calculated applying the nominal tax rate to temporary differences and accumulated tax losses carried forward.

Cash flow statement

The cash flow statement analyses the company's overall cash flow by operating, investment and financing activities. The statement shows the effect of operations on liquid asset balances.

Use of estimates

Preparation of the accounts in accordance with the generally accepted accounting principles requires that management make estimates and assumptions which have an effect on the value of the assets and liabilities on the balance sheet and the reported revenues and expenses for the accounting year. The ultimate values realised may deviate from these estimates.

NOTE 2 WAGES AND OTHER PERSONNEL EXPENSES

Amounts in NOK 1 000	**2006**	2005
Wages, salaries incl. holiday pay	**21 170**	20 648
National insurance contributions	**5 806**	5 548
Pension costs	**-3 689**	2 802
Option cost	**1 708**	-
Other staff expenses	**2 600**	2 767
Total wages and other personnel costs	**27 595**	31 766

Number of employees at year end and man years employed in Cermaq ASA in 2006 was 24 persons (2005: 24)

For details regarding salary for key management, please refer to note 6 in the Group accounts.

NOTE 3 PENSION COSTS AND OBLIGATIONS

Cermaq ASA previously had a general company pension scheme (kollektiv tjenestepensjon) for its employees through Vital Forsikring ASA. It was a defined benefit pension scheme and was accounted for as such. As at November 1st 2006, the company switched to a defined contribution plan for active members. Contributions are given in steps of 0, 3 and 6 percent of salary, with no contribution for salaries over 12G.

The closing of the defined benefit pension scheme and transfer to a defined contribution scheme, resulted in a one off credit of NOK 6.9 million in the accounts, following the pension liability in the accounts exceeding the funds in the schemes.

Top Hat-schemes (benefits for salary above 12G), early retirement schemes and schemes for pensioners, are still defined benefit schemes.

Under a defined benefit scheme, the company is responsible for providing pensions to employees who are members of the schemes. These responsibilities are funded by making contributions to insurance schemes. There is no guarantee that the amounts in funded will be sufficient to meet the companys pension liabilities. As at 31 December 2006, there was a surplus of NOK 3.6 million related to the funding of the pension obligations.

In addition Cermaq ASA has responsibility for 45 pensioners. These were transferred to Cermaq as an element in the final clarification of the sale of Stormøllen to Felleskjøpet in 1999.

	2006	2005
Discount rate	**4.5%**	4.0%
Expected return on pension funds	**5.0%**	5.0%
Wage adjustment	**3.0%**	3.0%
Basic amount adjust/inflation	**3.0%**	3.0%
Pension adjustment	**3.0%**	3.0%

Amounts in NOK 1 000	**2006**	2005
Net present value of current year's pension benefit earned	**3 224**	2 547
Interest cost of pension liability	**1 808**	2 054
Expected return on pension funds	**-2 013**	-2 020
Amortisation of discrepancies	**254**	23
Effect of closing general company pension scheme	**-6 912**	-
Employee contributions deducted	**-250**	-279
Administrative expenses	**109**	131
Accrued National Insurance contributions	**-**	346
Net accrued pension costs	**-3 780**	2 802
Pension expense for the defined contribution plan	**91**	-
Total pension cost	**-3 689**	2 802

Amounts in NOK 1 000	**2006**	2005
Projected benefit liabilities	**-32 226**	-47 616
Estimated pension funds	**31 069**	35 294
Estimated net pension funds/liabilities(-)	**-1 156**	-12 322
Unrecorded gain(-)/loss on pension funds	**4 818**	10 204
Pension funds/obligations(-)	**3 661**	-2 119

NOTE 4 OTHER OPERATING EXPENSES

Auditor

The company's auditor, Ernst & Young has invoiced the following fees in 2006 for Cermaq ASA:

Amounts in NOK 1 000	**2006**	2005
Audit fees	**762**	524
Tax advice	**-**	412
Other services	**21**	985
Total fees	**783**	1 921

NOTE 5 INCOME ON INVESTMENTS IN SUBSIDIARIES

In 2006, Cermaq ASA received NOK 10,6 million in Group contribution from EWOS AS. Cermaq ASA has a direct equity interest in EWOS AS of 62 percent. The remaining 38 percent are owned through other subsidiaries.

NOTE 6 INCOME FROM ASSOCIATED COMPANIES

In 2006, Cermaq ASA did not receive dividend from associated companies (2005: NOK 306 000).

NOTE 7 FINANCIAL INCOME/EXPENSES

Amounts in NOK 1 000	**2006**	2005
Interest income	**69 374**	53 909
Other financial income [1)]	**8 391**	134 906
Total financial Income	**77 765**	188 815
Of which are related to Group items	**67 453**	51 086
Interest expenses	**-15 130**	-20 507
Write down of financial assets	**-**	-575
Other financial expenses	**-926**	-2 984
Total financial expenses	**-16 056**	-24 066
Net foreign exchange gains/losses, external	**2 219**	-3 379
Net foreign exchange gains/losses, Group	**4 511**	8 924
Net financial items	**68 439**	170 294

[1)] In 2006, Cermaq ASA sold its shares in Seastar Salmon Farms Holding AS with a profit of NOK 8.4 million. In 2005, other financial income was related to dividend from EWOS AS of NOK 125 million and gain on sale of shares of NOK 9.9 million.

NOTE 8 TAXATION

Amounts in NOK 1 000	**2006**	2005
Change in Deferred Tax	**1 737**	-1 231
Tax on ordinary result	**1 737**	-1 231
Deferred tax-tax effect of temporary differences		
Total Short Term Items	**-164**	-1 762
Total Long Term Items	**8 241**	8 099
Tax loss carried forward and other tax credits	**-4 186**	-4 182
Deferred tax/deferred tax assets (-)	**3 892**	2 155
Reconciliation of the tax of the year		
28% tax on profit before tax for the year	**12 057**	38 363
28% tax effect on permanent differences [1]	**-10 320**	-41 168
Other differences	**-**	1 575
Tax on ordinary result	**1 737**	-1 231

[1] Tax impact of permanent differences for are primarily related to non taxable gain on sale of shares and tax deduction related to cash settlement of option scheme.

NOTE 9 TANGIBLE FIXED ASSETS

Amounts in NOK 1 000	**Machinery, fixtures, vehicles, etc.**	**Buildings**	**Land**	**Total**
Historical cost as at 1 January	16 377	21 549	1 381	39 307
Additions, cost price	404	-	-	404
Historical cost as at 31 December	16 781	21 549	1 381	39 711
Accumulated depreciation as at 1 January	-9 101	-10 014	-	-19 116
Ordinary depreciation for the year	-2 069	-920	-	-2 989
Accumulated depreciation as at 31 December	-11 170	-10 934	-	17 606
Book value as at 1 January	7 276	11 534	1 381	20 191
Book value as at 31 December	5 611	10 615	1 381	17 607

Leasing

Note 20 includes details of leases related to fixed assets.

NOTE 10 INVESTMENTS IN SUBSIDIARIES

Amounts in NOK 1 000	**Ownership interest Cermaq ASA**	**Equity as at 31.12.06**	**Profit/loss for 2006**	**Book value as at 31.12.06**	**Office location**
Statkorn Aqua AS	100.0%	329 538	-12 457	425 249	Oslo
EWOS AS	62.0% [1]	514 880	42 880	354 083	Bergen
EWOS Ltd.	100.0%	159 072	14 163	326 336	Westfield, Scotland
NorAqua AS	100.0%	3 145	93	13 102	Bergen
EWOS Chile Ltda.	1.0% [1]	382 656	54 460	1 580	Coronel, Chile
Mainstream Norway	100.0%	230 069	119 619	227 653	Steigen
Sharebased remuneration [2]				7 603	
Total investment in subsidiaries				1 355 606	

[1] The Cermaq Group wholly owns the companies. Statkorn Aqua AS owns the remaining interests not owned by Cermaq ASA.
[2] The amount refers to shares in subsidiaries following share based remuneration in the parent company for work performed in subsidiaries.

NOTE 11 INVESTMENTS IN OTHER COMPANIES

Amounts in NOK 1 000	**Ownership interest**	**Number of shares owned**	**Total par value**	**Share capital**	**Book value at 31.12.06**
AquaGen AS	11,75%	311 068	3 111	26 478	11 497
Other companies					60
Total investments in other companies					11 557

NOTE 12 OTHER LONG-TERM RECEIVEABLES

Amounts in NOK 1 000	**2006**	2005
Long-term loans	**1 260**	5 804
Net pension funds [1)]	**5 215**	-
Total other long-term receivable	**6 475**	5 804

1) Includes defined contribution fund of NOK 1.5 million

NOTE 13 LONG TERM INTER-COMPANY LOAN

Amounts in NOK 1 000	Currency	Currency amount	**2006**	2005
Loans to Group companies				
EWOS Canada Ltd	CAD	-	**-**	18 208
EWOS UK	GBP	4 427	**54 310**	49 133
Mainstream Scotland Ltd	GBP	4 652	**57 067**	51 302
Receivables from Norwegian companies	NOK	1 185 235	**1 185 235**	1 784 181
Total loans to Group companies			**1 296 612**	1 902 824
Loans from Group companies				
Statkorn Aqua Invest [1)]	NOK	-	**-**	5 760
Total loans from Group companies		-	**-**	5 760

1) Statkorn Aqua Invest AS has merged with Statkorn Aqua AS in 2006.

NOTE 14 ACCOUNTS RECEIVABLES FROM CUSTOMERS

Amounts in NOK 1 000	**2006**	2005
Receiveables from customers	**1 530**	2 156
Total accounts receivable	**1 530**	2 156

NOTE 15 LIQUID ASSETS

Amounts in NOK 1 000	**2006**	2005
Bank and cash in hand	**2 644**	-
Total bank deposits and cash in hand	**2 644**	-

NOTE 16 EQUITY

Amounts in NOK 1 000	**Share capital**	**Treasury shares**	**Share premium reserve**	**Other equity**	**Total equity**
Equity as at 1 January	925 000	-4 956	1 685 535	26 801	2 632 380
Sharebased remuneration	-	-	-	9 311	9 311
Change in own shares/ redemption	-	4 703	-	-15 982	-11 279
Share premium reserves	-	-	-750 000	750 000	-
Result for the year	-	-	-	41 323	41 323
Proposed dividend	-	-	-	-393 018	-393 018
Equity as at 31 December	925 000	-253	935 535	418 435	2 278 717

Number of shares in the company is 92 500 000. The shares have a face value of NOK 10. All the shares in the company have equal status. For details regarding largest shareholders and shareholdings of key management personnel, please refer to note 21 in the Group accounts.

NOTE 17 INTEREST BEARING DEBT

Cermaq ASA has a short-term money market loan of NOK 40 million related to the company's short term funding need.

NOTE 18 FINANCIAL MARKET RISK MANAGEMENT

Please refer to note 23 in the Group accounts for further details related to financial risk management in the company and within the Group.

NOTE 19 NON-INTEREST BEARING SHORT-TERM LIABILITIES

Amounts in NOK 1 000	**2006**	2005
Unpaid taxes and holiday pay	**1 297**	1 241
Accounts payable	**3 878**	6 356
Taxes payable	**1 764**	1 764
Dividend	**393 018**	170 446
Other short-term liabilities	**4 445**	16 034
Total other short-term liabilities	**404 402**	195 840

NOTE 20 OFF-BALANCE SHEET LEASES

Lessee	**Asset**	**Annual rent**	**Duration of agreement**
Cermaq ASA	Rent	1 433	01.10.2009

NOTE 21 MORTGAGES AND GUARANTEES

The Group's syndicated loan is based on a negative pledge, which allows only limited potential to mortgage assets as security on other loans. Cermaq ASA is liable for withdrawals by the subsidiaries from the Group's corporate account system with Danske Bank/Fokus Bank. The parent company guarantee liabilities also include guarantees for the debt of other Group companies.

Amounts in NOK 1 000	**2006**	2005
Guarantee liabilities	**353 523**	317 175
Total guarantee liabilities	**353 523**	317 175

ERNST & YOUNG

■ Statsautoriserte revisorer

Ernst & Young AS
Oslo Atrium
Postboks 20
NO-0051 Oslo

Medlemmer av Den norske Revisorforening

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To the General Meeting of
Cermaq ASA

Auditor's report for 2006

We have audited the annual financial statements of Cermaq ASA as of 31 December 2006, showing a profit of NOK 41.323.000 for the Parent Company and a profit of NOK 937.513.000 for the Group. We have also audited the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The financial statements comprise the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet, the statements of income and cash flows, the statement of equity and the accompanying notes. The financial statements of the Group comprise the balance sheet, the statements of income and cash flows, the statement of equity and the accompanying notes. The regulations of the Norwegian Accounting Act and accounting standards, principles and practices generally accepted in Norway have been applied in the preparation of the financial statements of the Parent Company and the Group. These financial statements and the Directors' report are the responsibility of the Company's Board of Directors. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with laws, regulations and auditing standards and practices generally accepted in Norway, including the auditing standards adopted by the Norwegian Institute of Public Accountants. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards, an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements of the Parent Company and the Group are prepared in accordance with laws and regulations and present fairly, in all material respects the financial position of the Company and the Group as of 31 December 2006, and the results of the operations and cash flows and the changes in equity for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the Company's management has fulfilled its duty to properly record and document the Company's accounting information as required by law and generally accepted bookkeeping practice in Norway
- the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with law and regulations.

Oslo, 16 March 2007
ERNST & YOUNG AS

Eirik Tandrevold
State Authorised Public Accountant (Norway)
(sign.)

Note: The translation to English has been prepared for information purposes only.

Cermaq Group:
Key figures

	2006	2005	2004
Profit and loss account			
Operating revenues	**7 533 698**	5 367 139	5 014 554
EBITDA	**1 568 383**	872 023	554 654
EBIT pre unrealised fair value adjustments	**1 311 414**	635 849	326 754
EBIT	**1 287 671**	858 305	349 272
Net profit	**937 513**	738 307	248 967
Balance sheet			
Fixed assets	**3 537 563**	3 694 015	3 176 866
Current assets	**3 357 257**	3 055 451	1 972 463
Total assets	**6 894 820**	6 749 466	5 149 329
Equity, excluding minority interests	**4 261 699**	3 622 295	2 576 467
Minority interests	**-**	415	130
Long-term liabilities	**1 334 105**	1 644 185	1 459 280
Current liabilities	**1 299 017**	1 482 571	1 113 452
Total equity and liabilities	**6 894 820**	6 749 466	5 149 329
Capital adequacy			
Equity ratio [1]	**61.8 %**	53.7 %	50.0 %
Profit			
Operating margin [2]	**17.1 %**	16.0 %	7.0 %
Return on equity [3]	**23.8 %**	23.8 %	10.1 %
Return on total capital [4]	**19.6 %**	15.3 %	7.2 %
Earnings per share [5]	**10.16**	8.37	2.86
Cash flow			
Liqiuid assets [6]	**264 883**	389 718	454 997
Current ratio [7]	**2.6**	2.1	1.8
Net cash flow from operating activities	**1 133 344**	541 856	426 384
Sales volumes			
Sales feed in tonnes	**777.0**	669.7	635.9
Sales fish in tonnes	**114.9**	88.7	67.5

[1] Equity/Total assets, in %
[2] Operating profit/Net revenues, in %
[3] Net profit for the year/Average equity, in %
[4] (Profit before tax + interest charged)/Average total asset, in %
[5] Result for the year, majority interest/Number of shares
[6] Cash, bank and other short term positions (certificates)
[7] Current assets/Current liabilities

Management Group

GEIR ISAKSEN (1954)
Chief Executive Officer

Mr. Isaksen was appointed Chief Executive Officer of Statkorn AS in 1995 and became Chief Executive Officer of Cermaq (previously Statkorn Holding ASA) in September 1996. He holds a Dr. Science degree in Agricultural Economics from the Agricultural University of Norway (1984). Isaksen has previously been a Research Fellow of the Agricultural University of Norway (1984-1986), and later the Trade Manager of AL Gartnerhallen (1986-1993). He was the Brussels representative of the Norwegian Farmers Association in 1993-94. Isaksen has been a member of a number of official commissions and enquiries. He lives in Oppegård, Norway.

GEIR SJAASTAD (1953)
Deputy CEO

Mr. Sjaastad joined Cermaq ASA (previously Statkorn Holding AS) in 1996 as CFO. He is a business studies graduate from the Norwegian School of Economics and Business Administration and has also pursued legal studies. Sjaastad's previous employment includes periods as manager/partner of Gemini Consulting and IKO Strategi (1988 – 1996), as well as finance director and company secretary of Bjølsen Valsemølle AS (1981 – 1988). He lives in Oslo, Norway.

PETER WILLIAMS (1952)
Chief Financial Officer

Mr. Williams was appointed Chief Financial Officer in May 2002. He joined the EWOS Division in 1997, as Finance Director. He is a Chartered Accountant and Fellow of the Association of Corporate Treasurers. His previous employment includes Finance Director of Pringle of Scotland (1995 – 96), Courtaulds Textiles International Fabrics (1990 – 95), and senior financial positions with BICC plc (1984 – 90). He trained as a Chartered Accountant with Coopers & Lybrand (1975 – 83). He lives in Oslo, Norway.

FRANCISCO ARIZTÍA (1961)
Chief Operating Officer farming

Mr. Ariztía was appointed global director of the Mainstream Group and COO of Cermaq farming in 2002, from his previous position as Managing Director of Mainstream Chile, which he held since 1997. He holds an engineering degree from Universidad de Chile in Santiago. Ariztía's previous employment includes Managing Director of Salmones Ventisqueros (1987-1997) and Marketing Director of Hatfield International. He lives in Santiago, Chile.

KJELL BJORDAL (1953)
Chief Operating Officer feed

Mr. Bjordal was appointed global director of the EWOS Group and COO of Cermaq feed in 2002. He was formerly Chief Executive Officer of NorAqua, which he joined in 1998. He is a business studies graduate from the Norwegian School of Economics and Business Administration and has also pursued legal studies. In addition he has attended the Advanced Management Programme at Wharton Business School. Mr. Bjordal's previous employment includes President and Chief Executive Officer of the Glamox Group (1989-98) and chief financial officer of Glamox Group (1985-89). He lives in Molde, Norway.

Shareholder information

Cermaq ASA had 2 212 shareholders at 31 December 2006 (2005: 2 420). Foreigners owned 44.5 percent of the shares (2005: 32.5 percent). The 20 largest shareholders owned 79 percent of the shares at 31 December (2005: 76 percent), with foreigners accounting for 40 percent (2005: 32.3 percent).

Share capital

Cermaq ASA had 92 500 000 ordinary shares with a nominal value of NOK 10 per share at 31 December 2006. The company has only one share class, and each share has one vote.

The company's articles of association specify that the board may not approve any transfer of shares which would reduce the Norwegian government's shareholding below 34 percent. The company's shares are otherwise freely transferable.

Prevailing board authorities

At the company's ordinary general meeting 3 May 2006, the board was authorised to purchase the company's own shares up to a total nominal value of NOK 46 250 000. The company can not acquire more than five percent of its outstanding shares at any given time. The lowest and highest price which can be paid for the shares is NOK 20 and NOK 200 respectively. When purchasing shares, the board must ensure that general principles for the equal treatment of shareholders are observed. The authority remains valid until 30 June 2007.

Option schemes

The board has concluded option agreements with employees. Information about these can be found in note 6 in the Group accounts.

Stock market listing

The company's shares were listed on the Oslo Stock Exchange on 24 October 2005 (ticker code: CEQ).

As of 31 December 2006, the share price was NOK 91.0 per share. In 2006, 125 850 134 shares were traded. This corresponded to 136 percent of the company's shares. (2005: 94 047 008 shares corresponding to 102 percent)

Dividend policy

The overriding object of the Cermaq board is to give the shareholders a return in the form of dividend and higher share price which is at least on a par with other companies offering a comparable level of risk. Over time, the increase in value is expected to find expression to a greater extent through a rising share price rather than dividend payments. Future dividend will depend on Cermaq's earnings, financial position and cash flow. The board takes the view that the dividend paid should show a steady development in line with the growth in Cermaq's results, while taking account of opportunities for value creation through profitable new investment. The board considers it appropriate that dividend should average 30 percent of the company's net profit over a period of several years.

Year	Dividend per share
2006	(proposed) 4.25
2005	1.85
2004	1.20
2003	0.00
2002	0.00

Information policy

Cermaq endeavours to provide the market with precise, consistent and relevant information about the company in accordance with its core values of integrity, prudence, preparedness and business acumen.

The company is concerned to ensure that investors and other players in the market are treated equally, and that everyone has rapid access to all relevant information. Speedy and precise information is necessary if the market is to assess the company on the best possible basis.

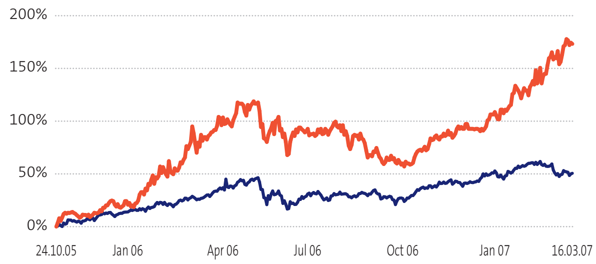
At the end of each quarter, Cermaq will hold a presentation of financial information open to all interested parties. The quarterly presentations will also be published directly via webcast. Important information about Cermaq will be continuously presented on the company's web sites – www.cermaq.com and www.cermaq.no – in conformity with prevailing legislation and statutory regulations.

During the last month in each quarter and before the presentation of interim results, Cermaq will keep its contact with analysts, investors and financial journalists to a minimum in order to avoid leaks of information and the potential provision of unequal information to the market.

General meeting

The annual general meeting will take place on 22 May 2007 at Grev Wedels plass 5, 0151 Oslo. Possible changes will be announced on Cermaq's web sites, and notice will be sent to all shareholders with known address two weeks before the meeting.

SHARE PRICE DEVELOPMENT (PERCENT) 24.10.05 – 16.03.07



20 LARGEST SHAREHOLDERS AT 16 MARCH 2007

Name	Holding	Percent
NORWEGIAN MINISTRY OF TRADE AND INDUSTRY	40 271 600	43.54
STATE STREET BANK	4 762 269	5.15
PGGM	3 696 500	4.00
BANK OF NEW YORK, BRUSSEL BRANCH	3 630 328	3.92
BANK OF NEW YORK, BRUSSEL BRANCH	1 855 084	2.01
MORGAN STANLEY & CO.	1 467 970	1.59
FIDELITY FUNDS	1 296 000	1.40
MORGAN STANLEY AND CO	1 263 270	1.37
VITAL FORSIKRING ASA	1 248 864	1.35
SKANDINAVISKA ENSKILDA	1 169 315	1.26
JPMORGAN CHASE BANK	1 121 525	1.21
SVENSKA HANDELSBANKEN	991 050	1.07
MELLON BANK AS	975 060	1.05
BANK OF NEW YORK, BRUSSEL BRANCH	971 164	1.05
UMB FUNDS	799 300	0.86
THE NORTHERN TRUST	773 246	0.84
PRINCIPAL LIFE INS	750 091	0.81
BROWN BROTHERS HARRIMAN AND CO	691 500	0.75
JPMORGAN CHASE BANK S/A LUXEMBOURG	661 658	0.72
FOLKETRYGEDFONDET	632 500	0.68

SHAREHOLDER DISTRIBUTION

No. of shares	No. of owners	Percent
1-100	229	0.02
101-1 000	1 035	0.53
1 001-10 000	440	1.46
10 001-100 000	143	5.82
Over 100 000	84	92.17
Total	1 931	100.00

SHAREHOLDERS BY NATIONALITY

Nationality	Holding	Percent
NORWAY	49 722 673	53.75
FOREIGN	42 777 327	46.24
U.S.A.	19 070 338	20.62
UK	11 039 507	11.93
NETHERLANDS	3 797 070	4.10
SWEDEN	2 672 550	2.89
LUXEMBOURG	2 555 361	2.76
FINLAND	1 011 959	1.09
SWITZERLAND	516 856	0.56
BELGIUM	511 084	0.55
IRLAND	476 375	0.51
CANADA	258 597	0.28
UK (GUERNSEY)	212 000	0.23
DENMARK	160 451	0.17
AUSTRIA	138 650	0.15
FRANCE	80 532	0.09
SPAIN	52 550	0.06
CHILE	40 385	0.04
ITALY	39 100	0.04
LATVIA	33 973	0.04
JAPAN	26 965	0.03
GERMANY	20 550	0.02
AUSTRALIA	14 700	0.02
OTHER	47 774	0.05

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