ANNUAL REPORT 07

cermaq

CONTENTS

- HIGHLIGHTS 2007 3
- FINANCIAL KEY FIGURES 4
- VISION & VALUES 6
- THIS IS CERMAQ 7
- CEO'S COMMENTS 10
- MAINSTREAM 12
- EWOS 16
- EWOS INNOVATION 20
- OTHER ACTIVITIES 22
- DIRECTORS' REPORT 24
- ANNUAL ACCOUNTS - GROUP 30
- ANNUAL ACCOUNTS - PARENT 67
- AUDITOR'S REPORT 77
- CORPORATE GOVERNANCE 78
- MANAGEMENT REMUNERATION 83
- SHAREHOLDER INFORMATION 86
- ANALYTICAL INFORMATION 89
- BOARD OF DIRECTORS 92
- MANAGEMENT GROUP 94

FINANCIAL CALENDAR

09.05.2008	PRESENTATION OF Q1 2008
22.05.2008	ANNUAL GENERAL MEETING
08.08.2008	PRESENTATION OF Q2 2008
05.11.2008	PRESENTATION OF Q3 2008
13.02.2009	PRESENTATION OF Q4 2008 AND PRELIMINARY ANNUAL RESULTS 2008

HIGHLIGHTS 2007

FEBRUARY

Acquisition of Polarlaks/Hammerfest Lakselakteri, 12 new licenses added in Finnmark, northern Norway. Integrated into Mainstream Norway

APRIL

EWOS launches PD feed, a product designed to reduce the effects of Pancreas Disease. Four new functional feeds are released onto the market in 2007

JUNE

EWOS announces investment in new capacity for Norway. 120 000 tonnes new capacity available by mid 2009

JULY

Mainstream Chile takes leading role in group of six largest fish farmers formed to coordinate improvements in production conditions in Chile

SEPTEMBER

EWOS Chile completes construction of a new production line in Coronel, Chile. 75 000 tonnes of new capacity comes into operation

DECEMBER

Acquisition of Arctic Seafood Holding, five new licences integrated into existing Mainstream Norway operations

Cermaq Group:

FINANCIAL KEY FIGURES

PROFIT AND LOSS

Amounts in NOK 1 000	2007	2006	2005
Operating revenues	**7 721 204**	7 533 698	5 367 139
EBITDA	**1 008 332**	1 568 383	845 025
EBITDA %	**13.1%**	20.8%	15.7%
EBIT pre unrealised fair value adjustments	**746 941**	1 311 414	635 849
EBIT pre unrealised fair value adjustments %	**9.7%**	17.4%	11.8%
EBIT	**467 375**	1 287 671	858 305
Net profit	**479 321**	937 513	738 307

BALANCE SHEET

Amounts in NOK 1 000	2007	2006	2005
Fixed assets	**4 124 981**	3 537 563	3 694 015
Current assets	**3 299 672**	3 357 257	3 055 451
Total assets	**7 424 653**	6 894 820	6 749 466
Equity, excluding minority interests	**4 217 842**	4 261 699	3 622 295
Minority interests	**28 531**	-	415
Long-term liabilities	**1 581 685**	1 334 105	1 644 185
Current liabilities	**1 596 595**	1 299 017	1 482 571
Total equity and liabilities	**7 424 653**	6 894 820	6 749 466

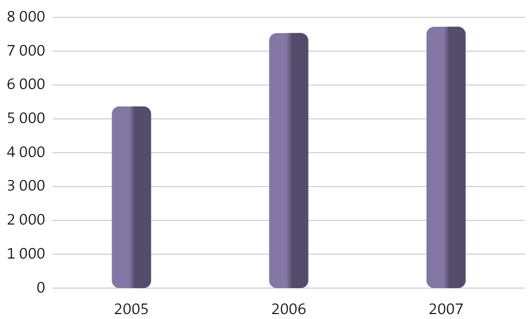
FINANCING

Amounts in NOK 1 000	2007	2006	2005
Total equity	**4 246 373**	4 261 699	3 622 710
Equity ratio	**57.2%**	61.8%	53.7%
Net interest bearing debt	**1 257 780**	738 083	1 422 131

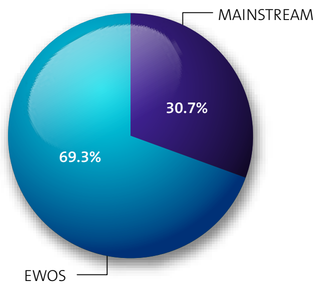
SHARE

Amounts in NOK	2007	2006	2005
Earnings per share			
Basic	**5.17**	10.16	8.37
Diluted	**5.17**	10.13	8.37
Adjusted basic	**7.54**	10.37	6.37
Adjusted diluted	**7.54**	10.35	6.36
Dividend (paid and proposed)	**2.25**	4.25	1.85

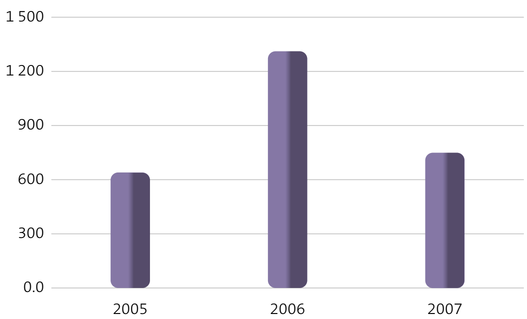
OPERATING REVENUES
NOK MILLION



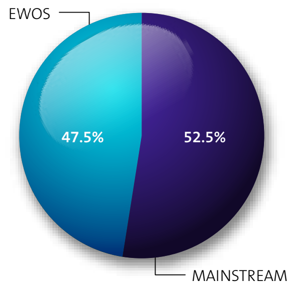
OPERATING REVENUES
BY BUSINESS AREA



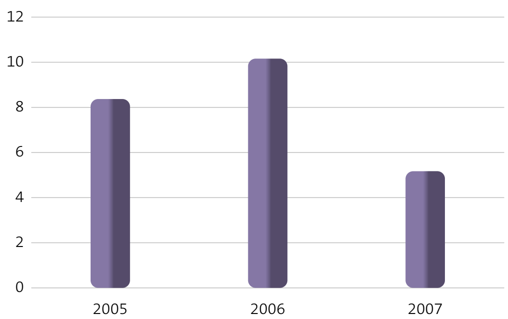
OPERATING PROFIT PRE FAIR VALUE ADJUSTMENT
NOK MILLION



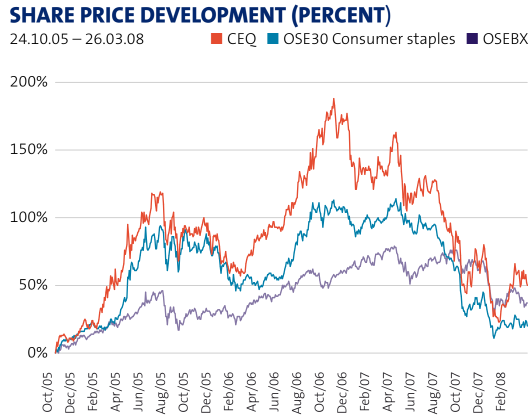
OPERATING PROFIT PRE FAIR VALUE ADJUSTMENT
BY BUSINESS AREA



EARNINGS PER SHARE (BASIC)
NOK



SHARE PRICE DEVELOPMENT (PERCENT)
24.10.05 – 26.03.08



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 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 world-wide. 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 of the four 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 its fish feed business, Mainstream, for the fish farming business, and Agri Businesses, comprising 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 assets 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 major salmon growing 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 as well as of continued consolidation in the farming industry.

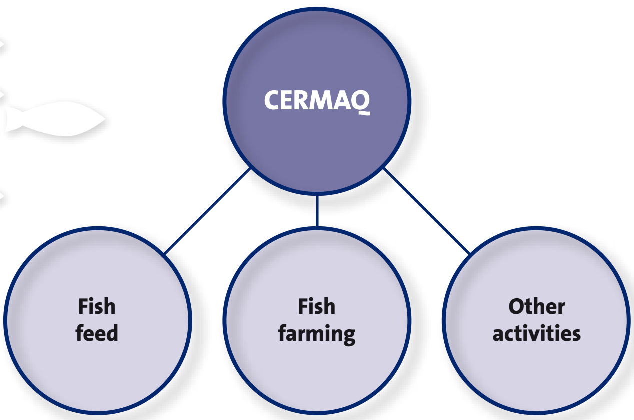
Global leadership requires that standards for best practice in operations are set and adhered to. Sustainable aquaculture is the mission that underlies all of Cermaq's operations. Cermaq makes substantial investments in aquaculture research and development every year through EWOS Innovation. This focus 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.

KEY OBJECTIVES

Cermaq shall be one of the leading global suppliers of feed for salmon and trout, with a complete product range and with operations in all the four main salmon producing regions of the world

Cermaq willl be a significant player in the farming of salmonid species in the two main farming regions, Norway and Chile

Cermaq will maintain a strong operational focus as a basis for success and future growth



CERMAQ GROUP

31 December 2007

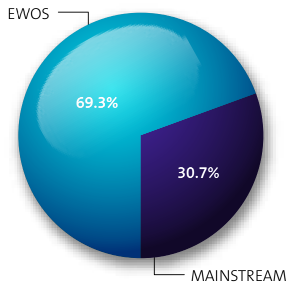
NORWAY
1 **Oslo** (Head office)
2 **Steigen** (Mainstream)
3 **Bergen** (EWOS)

SCOTLAND
4 **Orkney islands** (Mainstream)
5 **Westfield** (EWOS)

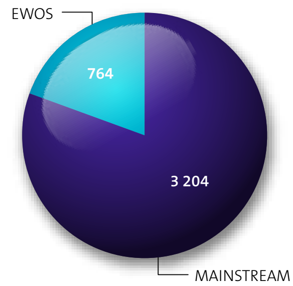
CANADA
6 **Campbell River** (Mainstream)
7 **Surrey** (EWOS)

CHILE
8 **Coronel** (EWOS)
9 **Puerto Montt** (Mainstream)

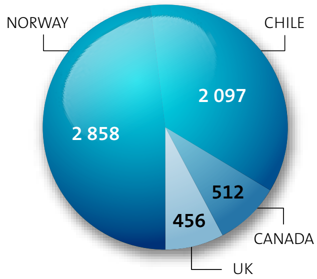
REVENUES GROUP
BY BUSINESS AREA



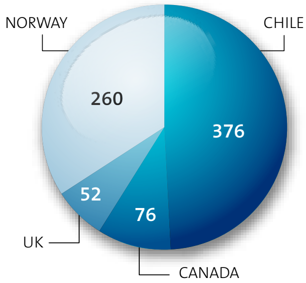
NUMBER OF EMPLOYEES GROUP
BY BUSINESS AREA



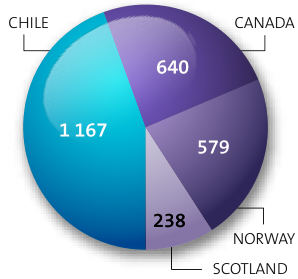
REVENUES EWOS
BY REGION (NOK MILL)



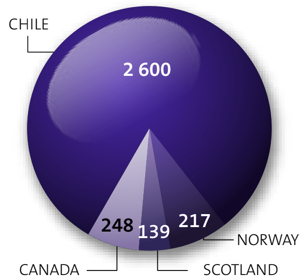
NUMBER OF EMPLOYEES EWOS
BY REGION



REVENUES MAINSTREAM
BY REGION (NOK MILL)



NUMBER OF EMPLOYEES MAINSTREAM
BY REGION



CEO's comments:

A GOOD, BUT DEMANDING YEAR

2007 was a good year for Cermaq. We achieved an operating result of NOK 747 million, the second best in our history.

There was a strong improvement for EWOS, which produces and sells fish feed. This division increased its operating result by almost 50 percent to NOK 378 million. The improvement in EWOS is due to higher sales volumes and the development of a more attractive product range. The investment in research and development and tireless work on quality control has been rewarded by better financial performance.

For Mainstream, which produces farmed salmon and trout, 2007 was a demanding year. Prices for salmon and trout have fallen in all markets, at the same time as the cost of production has increased, particularly in Chile. The result has reduced from NOK 1 107 million in 2006 to NOK 418 million in 2007.

The business situation in Chile has been much discussed in 2007. Focus has been on problems related to fish health, especially the spread of sea lice and the virus ISA. These problems have led to increased mortalities and lower growth rates in the fish. In this situation it has been difficult to anticipate production developments and in 2007 we have experienced significantly lower production volumes than expected at the start of the year. In the three other regions Canada, Norway and Scotland, production has been as expected.

CHILE WILL COME BACK

The fish farming business has been through periods with significant health problems in all the regions where there is fish farming. The problems have always been resolved through a combination of better business operations, vaccine development and more effective medicines. In Chile the six largest fish farming companies have worked together on projects to reduce the spread of sea lice. This work includes coordinated fallowing of farming sites within naturally limited areas, new methods of treatment and medicines, and the development of feed types which can improve fish resistance to lice. We have seen some improvements from this work, and our experience is that both the industry in Chile and the Chilean authorities are using significant resources to improve the health situation. Cermaq has a strong belief in Chile as a leading fish farming region and will continue to invest in both feed and farming in Chile.

CONTINUED GROWTH IN FISH FARMING

Cermaq began the year with the acquisition of Polarlaks in the Finnmark region, in Norway. The company had 12 licenses and a slaughter plant in Hammerfest. This business is now integrated into Mainstream, and this means that we are now the biggest fish farmer operating in the region. We have the capacity to increase production in Finnmark significantly. Towards the end of the year Mainstream acquired five concessions in Vesterålen in Nordland, together with a smolt facility and a processing plant. This allows us to increase production of salmon to 34 000 tonnes in 2008, which represents a doubling of production in Norway over the last two years.

SIGNIFICANT INVESTMENTS IN EWOS AS

In June we disclosed that EWOS will invest NOK 565 million in a major extension of the feed factory in Florø. This gives the company a boost and shows the company's commitment to continue to take a leading position in the sector. In October a new production line was opened in the EWOS factory in Coronel in Chile. This factory now has 7 production lines with a combined capacity of 450 000 tonnes. We are proud of this facility which has demonstrated it's competitiveness both in cost and in feed quality.

An important part of our investment in feed is the work done in EWOS Innovation. This is the group's research and development company. In Innovation the focus is on developing the feed of the future which will include less marine raw materials than today. In addition feed types are designed to match the requirements of the fish during different phases of the lifecycle and special types of feed are tailored to combat fish health problems. EWOS Innovation is also responsible for developing sustainable models for aquaculture. These models will give a description of the impact of our business on the environment, and help us to reduce our CO^2 emissions and our ecological footprint.

SUSTAINABLE FOOD PRODUCTION

Cermaq has sustainable farming as its vision. Aquaculture as we practice it is a young industry. There is still much to learn, but my belief is that farming of salmon and trout is already in the front rank when it comes to

"Cermaq has a strong belief in Chile as a leading fish farming region"

sustainable food production. These fish utilise feed effectively and this gives a healthy product with high quality and good taste. Salmon and Trout can be farmed in balance with the environment. We are concerned to work alongside industries such as tourism and leisure and we want to hear criticisms and advice from environmental organisations and others who wish to make demands on the aquaculture industry.

Our employees deserve thanks for contributing so much to Cermaqs success. A motivated and knowledgable workforce is the best basis for future results and a decisive factor in operating sustainably.

Geir Isaksen
CEO

MAINSTREAM

KEY FIGURES

AMOUNTS IN NOK MILLION	**2007**	2006	2005
Operating revenues	**2 623.4**	3 165.6	2 044.4
EBITDA	**564.6**	1 232.5	576.5
EBITDA margin	**21.5%**	38.9%	28.2%
EBIT before unrealised fair value adjustments	**418.1**	1 106.5	503.9
EBIT margin before unrealised fair value adjustments	**15.9%**	35.0%	24.6%
EBIT (operating profit)	**143.4**	1 090.4	716.0
Volumes, RWE, Ktonnes	**111.1**	114.9	88.7

Farming:
MAINSTREAM

Cermaq's fish farming operations are carried out by the Mainstream farming division. Altogether, Mainstream is the second largest salmon and trout producer in the world.

In 2007 total sales volumes for Mainstream were 111 100 tonnes RWE (Round Weight Equivalent) compared to 114 900 tonnes in 2006. Sales revenues were NOK 2.6 billion compared to NOK 3.2 billion in 2006.

Cermaq believes that the process of consolidation in the global salmon industry will bring positive benefits. The group will continue to play a leading role in industry consolidation and will acquire companies that represent a good industrial fit with our existing operations. In setting transaction prices Cermaq takes account of the natural cyclicality in the business and available synergies from acquisition targets.

ORGANISATION

Mainstream has production companies in each of the four main salmon farming regions Norway, Chile, Canada and Scotland. These operations are run as independent companies. Each company is led by a managing director responsible for all aspects of operations with the exception of Mainstream Chile where, due to the size and complexity of activities, there are three managing directors with one responsible for farming production, processing and sales activities respectively. During 2007, the role of chief operating officer farming was split into two roles, one covering Americas, encompassing Mainstream Chile and Mainstream Canada, and one covering Europe, encompassing Mainstream Norway and Mainstream Scotland. The sales organisation is also split between sales for America and for Europe. In practice both geographic regions work closely together sharing expertise in production, management and sales. Information technology support is coordinated centrally by Cermaq solutions in partnership with the local operating companies.

AMERICAS

Mainstream Chile is a fully integrated farming company from breeding programmes through to value added processing. It runs three hatcheries and three fresh water sites that produce the 31 million smolts expected to be put to sea in 2008. Most of the fish produced is processed in two wholly owned facilities specialised in value added production, with some additional capacity rented during peak times. In 2007 40 percent (2006: 36 percent) of Atlantic salmon was sold as individually packed, ready to cook portions, while 52 percent (2006: 55 percent) was sold as fresh or frozen fillets.

Mainstream Canada operates on both the east and west side of Vancouver Island, British Columbia. The company owns four hatcheries which produce all the smolts required for its 30 sea sites. Processing is done through a combination of owned facilities in Tofino and in a rented plant near Campbell River. Being close to the American market, most of the production is sold as fresh although the trend toward the production of more processed fillets has continued in 2007.

EUROPE

Mainstream Norway is the fastest growing farming company in the group. The acquisition of the Nordland operations of Arctic Seafood towards the end of 2007 added an additional five farming licenses bringing total licenses in the region to 17 with 28 in the Finnmark region (in Finnmark one licence is rented from FHL). Through its fully or partly owned hatcheries the company is self sufficient in smolt production. Following acquisitions made in 2007 Mainstream Norway is now able to process all production volumes within wholly owned plants, additional processing capacity will be sold to third parties.

Mainstream Scotland has ongoing operations in the Orkney and Shetland islands. In addition to Atlantic salmon, the company also produces trout and organic salmon. Approximately 50 percent of the company's smolt requirement is produced in house with the remainder being sourced on the open market. Mainstream Scotland operates two processing plants, one in Kirkwall, and one in Lerwick, which process all the fish produced.

OPERATING RESULTS

Total volumes sold globally increased by 11 percent in 2007 indicating that the demand for farmed salmon continues to be strong. New salmon based products and markets were developed during the year and give a good basis for future profitable growth. 2007 saw a fall in profitability per kilogram compared to 2006 mainly due to lower salmon prices in all markets. Costs were higher due to higher feed costs and poorer biological performance in Chile. Mainstream regularly benchmarks financial performance against the results of listed and privately held competitors, and on this basis, the division remains among the best performing salmon farming companies globally.

Mainstream Chile presented an EBIT per kilo round weight equivalent (RWE) of NOK 4.2 for 2007 (2006: NOK 9.2). Volume growth was lower than expected due to the development of serious production problems. Sea lice infestation and other health and sanitary problems increased mortality rates, lowered growth, and reduced the average size of fish slaughtered. As a result of these problems which affected the whole industry in Chile, new measures were taken to improve the biological performance. A group of six of the largest salmon farming companies in Chile was formed to coordinate action to improve the health situation. Steps taken to date include information exchange between the six regarding mortalities, disease outbreaks, production information, and the establish-

"The demand for farmed salmon continues to be strong"

ment of a staff to work on improvement projects on a full time basis. An ongoing dialogue is underway with the authorities in Chile to establish new and updated regulatory standards governing salmon farming covering the fresh water, seawater and processing parts of the business. Much progress has been made to agree governing principles for future operation and these principles are being put into practice, however it will take time before the benefits of these new initiatives are reflected in the financial results of the farming companies.

Mainstream Chile does not anticipate significant improvements in biological performance on fish slaughtered during 2008.

Mainstream Canada had a result in 2007 of NOK 4.2 per kg (2006: NOK 12.6 kg). The lower result was due to lower market prices particularly in the second half of the year. Market prices were negatively affected by much higher volumes of wild fish over the summer months. Volumes were lower due to the impact of the Heritage acquisition providing a one off impact in 2006.

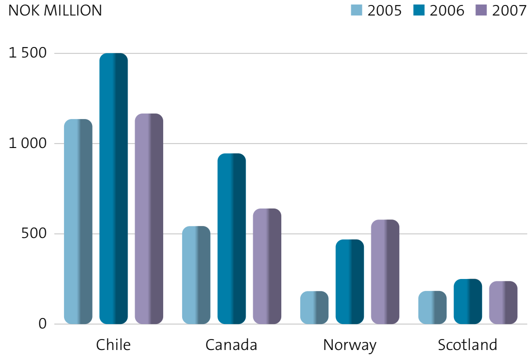
Mainstream Norway had a good year despite lower prices and the impact of one off costs. EBIT per kg was NOK 3.8 (2006: NOK 8.9). At the end of the year, Mainstream Norway received approval to sell fresh salmon in the Russian market. Mainstream Scotland had a better year in 2007 with better biological results across a range of indicators. Despite good operating performance the results were reduced by a non cash charge relating to the write off of fixed assets now considered obsolete.

PRESENT PRODUCTION CAPACITIES

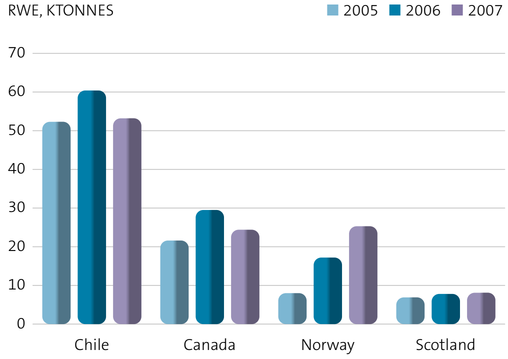
Region	Smolt (millions)	Farming in operation (tonnes)	Extra farming potential (tonnes)	Total farming capacity (tonnes)	Processing (tonnes)
Mainstream Chile	40.0	81 000	39 000	120 000	70 000
Mainstream Canada	6.2	26 000	6 500	32 500	23 000
Mainstream Norway	10.5	30 000	23 777	53 777	47 300
Mainstream Scotland	2.0	15 570	2 815	18 385	14 000
EWOS Innovation (Norway)	0.6	2 600	1 000	4 000	-
Mainstream total	59.3	155 170	73 092	228 662	154 300

Capacities shown above reflect theoretical levels, which may be limited by operational constraints such as seasionalities, fallow periods, the harvesting size of fish and investments required to fully use licence allowance.

REVENUES BY REGION



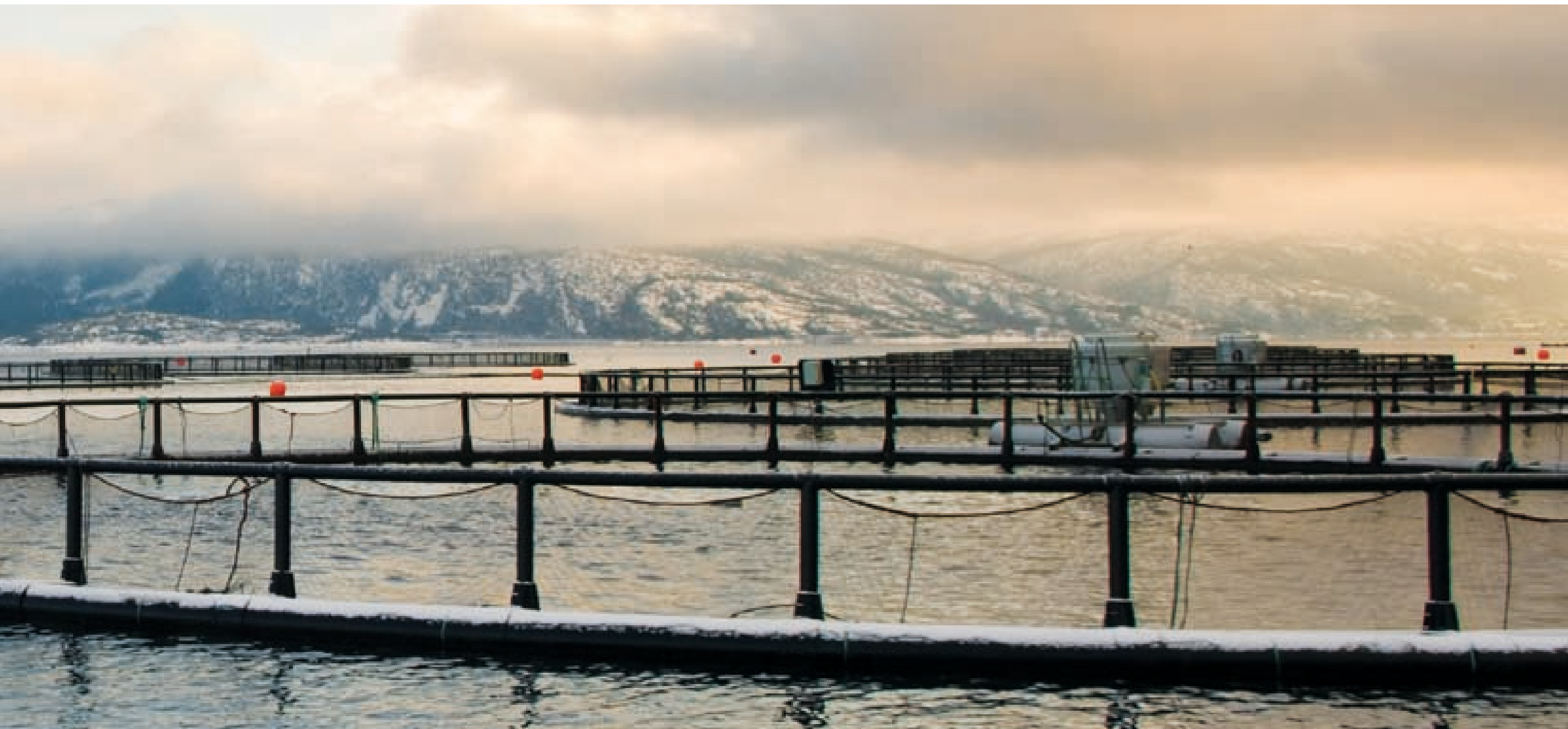
SALES VOLUME BY REGION



EBIT BY REGION AND PER KILOGRAM *

	EBIT (NOK mill)			EBIT/kg (NOK)		
Region	**2007**	2006	2005	**2007**	2006	2005
Chile	**222.0**	555.6	345.4	**4.2**	9.2	6.6
Canada	**103.1**	372.8	123.3	**4.2**	12.6	5.7
Norway	**96.7**	153.6	48.8	**3.8**	8.9	6.1
Scotland	**-3.7**	24.4	-13.6	**-0.5**	3.1	-2.0
Total	**418.1**	1 106.5	503.9	**3.8**	9.6	5.7

* Before unrealised fair value adjustments



EWOS

KEY FIGURES

AMOUNTS IN NOK MILLION	2007	2006	2005
Operating revenues	**5 922.2**	5 336.3	4 007.0
EBITDA	**491.3**	384.1	315.9
EBITDA margin	**8.3%**	7.2%	7.9%
EBIT before unrealised fair value adjustments	**378.4**	254.7	182.2
EBIT margin before unrealised fair value adjustments	**6.4%**	4.8%	4.5%
EBIT (operating result)	**373.6**	247.0	192.5
Volumes sold, Ktonnes	**847.4**	777.0	669.7

Feed:

EWOS

Cermaq's fish feed operations are organised in the EWOS Group. Practically all EWOS sales currently go to salmon and trout farmers.

The group is also a full range supplier for other marine species and in position to take part in the expected growth in these new markets. For salmon and trout, EWOS holds approximately 33 percent market share and is one of the three major salmonid fish feed companies globally. The group sold a total of 847 400 tonnes of feed in 2007 and had operating revenues of NOK 5 922 million. At the end of 2007 there were 764 employees in EWOS in four countries.

ORGANISATION

EWOS has production facilities and well established market shares in all four major salmon producing regions: Norway, Chile, Canada and Scotland. Operations in each region are run as independent companies led by a local managing director. Support services covering areas such as purchasing, production, and sales are coordinated centrally using resources from within the local operating companies. Information technology support is coordinated centrally by Cermaq solutions in partnership with the local operating companies.

OPERATIONS

Feed sales volumes increased sharply in 2007 rising by 9 percent to 847 400 tonnes from 777 000 tonnes in 2006. The strong increase in volumes reflected continuing market growth in Chile and Norway and market share gains in Scotland and Canada. The global market share has been stable despite a reduced market share in Norway as a result of capacity limitations in 2007.

The feed market remained highly competitive, as a number of significant customers were switching between feed suppliers during the year. EWOS revenues were NOK 5 922 million, compared to NOK 5 336 million in 2006, higher sales volumes accounted for the increase. The group managed to handle the price turbulence through forward positions and various mechanisms in feed contracts. Customer contracts in the feed business are generally linked to changes in raw material costs whereby the feed company will pass the cost increases or reductions to the customer. It is expected that feed prices will increase in 2008 in order to fully adapt to the present raw material market conditions.

At an operating profit level, EWOS significantly improved its performance delivering a 49 percent increase in EBIT pre fair value to NOK 378.4 million, up from NOK 254.7 million in 2006. Key factors explaining the performance improvement are higher volumes allied with a tight control over fixed costs. In some of the group's markets, better margins from the sale of higher value feeds offset lower margins for standard feed types.

SUPPORTING SUSTAINABILITY

Cermaq Group has defined sustainable aquaculture as the overriding goal for the business. EWOS plays an important part in this strategy and it makes significant investments in R&D, systems and people to ensure that these objectives are met. EWOS technical expertise and range of products provides an advantage in the competitive feed market and can help farmers to achieve their production goals through good times and bad. A number of new feed products were launched during 2007 to help the customers improve their business performance and to maintain EWOS position as a leading industry innovator. These new value added feeds were targeted at, amongst other things, improving fish immune resistance, reducing lifecycle mortality and encouraging better biological growth characteristics. As a result of production problems for farmers in Norway and Chile, the EWOS range of value added feeds and technical assistance were in especially high demand in 2007. New sustainable products and innovations in customer service will continue to be at the heart of EWOS business in 2008.

> *"EWOS feed sales volumes increased by nine percent in 2007"*

NORWAY

Record farming company profitability in 2006, ideal sea temperatures and well balanced feed diets produced a sharp increase in production in Norway with industry volumes for both feed sold and fish slaughtered increasing by 20 percent, year on year. The Norwegian industry was by far the fastest growing salmon farming region in 2007. EWOS volumes increased 6.5 percent seeing a reduction in market share due to timing differences between contracts lost and won and due to the risk of capacity constraints in the peak season. Higher volumes improved profitability compared to 2006.

EWOS introduced several new products in the Norwegian market including a new product designed to reduce the impact of pancreas disease (PD), which has affected much of the Norwegian farming industry. In June EWOS announced that a new project would begin to increase capacity at the factory in Florø, in the central part of Norway. This significant investment will add 120 000 tonnes capacity from mid 2009 and includes improvements in logistics infrastructure and raw material storage. The expected cost of the investment is approximately NOK 565 million.

Further investments in new capacity are planned at the Florø site from 2011, depending on market developments.

CHILE

2007 saw deepening problems for Chilean farmers as health and sanitary issues increased mortalities, lengthened production cycles, and reduced production efficiency (lower average sizes and higher feed conversion rates). The feed market grew at around nine percent in the year and EWOS made a small gain in market share. Raw material costs were less volatile although there was a significant increase in the sale of medicated products and other products designed to improve fish health. Overall profitability increased due to better product mix and higher volumes.

The production issues facing farmers in Chile this year also posed challenges to EWOS due to unusual volatility in sales against expectations and due to the need to support customers with technical advice and new products. EWOS Innovations, together with customers and the authorities, was involved in a number of projects to improve production performance.

In the fourth quarter a new extruder line came into operation for EWOS Chile adding approximately 75 000 tonnes of capacity. The timing of future investments in new capacity will be dependant on growth in the industry and market developments.

CANADA

The fish feed market in North America grew only slightly in 2007, but EWOS was able to increase volumes faster than the market by increasing market share. Other markets in Asia were challenging due to the continuing strength of the Canadian dollar relative to other currencies. The cost of raw materials increased sharply due to limitations on the availability of local marine raw materials and competition for non-marine protein and oils from other industries. Cost pressures reduced margins but profitability overall remained at a satisfactory level.

SCOTLAND

EWOS Scotland continued its improvement, increasing its estimated market share by as much as five percent during the year. A clear focus on serving the needs of the customer, including support for niche producers improved volumes and tight control over costs provided an improved financial result compared to 2006.

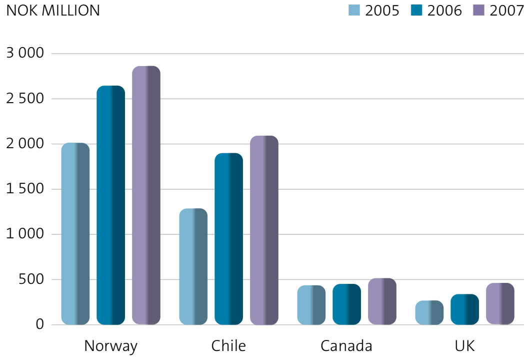
In September, EWOS suffered a small fire at the factory in Westfield temporarily disrupting production. Company back up plans enabled alternative arrangements to swiftly be made with EWOS Norway, and customers were not inconvenienced by the temporary stoppage.

PROSPECTS

EWOS feed sales volumes increased by nine percent in 2007, 16 percent in 2006, and five percent in 2005. Future developments will depend very much on growth in salmon farming production (desired and achieved), technical changes in the specification of fish feed diets, and the competition between the fish feed suppliers. Currently, growth in global salmon farming production is expected to be five percent in 2008, down from around 11 percent in 2007. Behind these numbers lies significant production and commercial challenges to farmers as they seek to grow their businesses profitably. In 2008 EWOS will be once again focused on providing the highest standards of technical expertise, quality products and customer service to farming customers around the world.

REVENUES BY REGION

NOK MILLION



EWOS INNOVATION

EWOS INNOVATION

Cermaq's research and development (R&D) activities on feed is conducted by EWOS Innovation, which is centered in Dirdal, near Stavanger, Norway.

There are additional trials sites in Lønningdal outside Bergen, Norway and in Colaco, near Puerto Montt, Chile. The latter site received new cages and feeding systems this year, and is a show piece for customers. On shore, a new laboratory and office site is being developed for 2008, with a meeting centre for presentations.

MARINE INDEPENDENCE & SUSTAINABILITY DEVELOPMENTS

With a year on year growth in salmon production and related increases in feed sales, there is a need to reduce dietary fishmeal and oil contents to allow growth to continue. Global fishmeal and oil production is relatively constant, so expansion in demand for feed due to the growth of salmon production cannot be met at the same ingredient base. Simultaneously, it would be preferable to reduce the use of fishmeal and oil, as the proportion of wild fish used for direct human consumption, will increase in the years to come. A series of studies over 2007 has pushed forward the ability to reduce fishmeal content of trials diets, without loss of growth or impact on fish welfare. Based on our extensive research, we are conducting a series of experimental growth trials, with inclusion levels well below existing commercial diets. We are thus confident that we have knowledge to meet the future trend of reduced marine raw material inclusion. Results from EWOS Innovation have been applied and have supported reduced fishmeal inclusions in most EWOS grower diets. Average inclusion of marine raw materials has been reduced from 60 percent in 2002, 55 percent in 2006, and now below 50 percent in 2007. We are now performing several full scale growth trials documenting 30-35 percent marine raw materials in grower feed diets.

Physical properties of plant oils have previously limited their inclusion, as their lower viscosity can result in oil seepage. Technological developments this year have resolved the issue, preventing oil seepage and allowing higher plant oil inclusions than before. This was quickly implemented, allowing excellent commercial feed performance over the risky summer period.

FUNCTIONAL FEEDS IMPROVING FISH PERFORMANCE

Fish survival has also been a key issue globally in 2007, with an increase in diseases in key producer countries. The functional feeds research program uses science from a range of disciplines to develop its products. A diet to mitigate the effects of pancreas disease (PD) and allow the fish to survive and recover has been developed and was quickly taken up by customers. Prebiosal, another product from the functional feeds program, has been thoroughly tested by EWOS Innovation and has been shown to improve gut health resulting in beneficial effects on growth and feed conversion. Launched commercially in 2007, this has again helped customers to get the most out of EWOS diets.

QUANTIFYING SUSTAINABILITY DEVELOPMENTS

The ecological footprint of a process quantifies the global resources required for it to be carried out. In collaboration with independent external experts, EWOS Innovation has spent a year developing a model for certain feeds. This allows the ecological footprint of the feeds to be determined, as well as the footprint of an individual company. The total greenhouse gas emissions related to the feed can also be determined. This model will be used to support EWOS' drive for sustainable developments through reduced global impacts. An important expansion of this has been to extend the model to cover fish farming and processing activities, so that these calculations can be performed for the end product.

OTHER ACTIVITIES

OTHER ACTIVITIES

Cermaq has a number of investments in companies which are considered to be non core to the main corporate mission of aquaculture.

Together these investments provided a result before tax of NOK 25 million. Non aquaculture assets made up 2.9 percent of the Group's total asset at the end of 2007.

NORGRAIN

Norgrain AS is a trading company which sells imported corn and other raw materials for the feed and meal industry in Norway, and is an owner of industrial investments related to agriculture. Cermaq has a 72.5 percent interest in Norgrain. In 2007 Norgrain had a turnover of NOK 347.5 million and a result after tax of NOK 7.0 million. Norgrain was formed through a demerger from Unikorn AS in 2006, and continues to run import operations as well as holding shares in Denofa and Uniol.

Norgrain owns 40 percent of Denofa AS, a company engaged in the soya industry. The business in Fredrikstad has shown a positive development in 2007, and increased turnover from NOK 856 million in 2006 to NOK 1 028 million. Higher soya prices were the main reason for the increase in turnover although volumes also increased by 1.5 percent. The net result increased from NOK 13 million in 2006 to NOK 27 million in 2007.

In 2006 Denofa acquired 60 percent of the shares in the Polish corn trading company Nagrol sp. z.o.o. Nagrols business has not shown a satisfactory development and is in the process of being closed down. A 100 percent owned subsidiary, Lorgan, runs rape seed pressing operations and has shown a satisfactory result development in 2007.

Norgrain owns 27.3 percent in Uniol AS. The company's sells biodiesel based on production in the same area as Denofa in Frederikstad. Work constructing a new factory began in the autumn of 2007. Production capacity will be 100 000 tonnes and is expected to be completed in early 2009. In addition to Norgrain's investment. Cermaq owns 12.9 percent of Uniol

The development of bioenergy has come into focus in recent years and will influence the international agricultural markets in the years to come. Through investments in Denofa and Uniol, Norgrain will take part in this development.

OTHER ASSOCIATED COMPANIES

Hordafôr processes biproducts from the salmon and trout processing plants into oil and protein concentrate. Silver Seed AS is a company owning smolt production facilities. Helnessund Bøteri is a supplier of nets and equipment to the aquaculture industry.

OTHER INVESTMENTS

The group has investments in Marine Farms, and Aquagen with a combined book value of NOK 242 million.

"The development of bioenergy has come into focus in recent years and will influence the international agricultural markets in the years to come"

Associated companies

Amounts in NOK million	Equity interest	Book value 31.12.07	Net profit 2007 (100%)
Uniol AS	32.7%	11.4	-5.6
Denofa AS	29.0%	66.2	19.4
Silverseed AS [1]	50.0%	7.2	5.8
Helnessund Bøteri AS [1]	33.0%	1.6	1.0
Øksnes Thermo [1]	24.4%	1.0	0.4
Hordafôr AS	35.2%	28.8	27.9
Total		116.3	

[1] Ownership through Mainstream Norway

DIRECTOR'S REPORT 2007

Cermaq's 2007 operating result pre fair value was NOK 747 million, the second best result in the Group's history. The adjusted result per share is NOK 7.54, a reduction of 27 percent compared to 2006. The board of directors proposes a dividend per share of NOK 2.25, a proposed payout of NOK 208 million.

OPERATIONS

Cermaq is in the business of farming salmon and trout and manufacturing fish feed for the same species.

Fish farming activities are carried out by the Mainstream division, with operations in Chile, Canada, Norway and Scotland. Mainstream is the world's second largest farmer of salmon and trout.

Cermaq's feed production is carried out by the EWOS division. EWOS is one of the three global suppliers of feed for salmon and trout farming and has a market share of around 33 percent. EWOS operates in the same regions as the Mainstream division.

Research and development (R&D) is considered to be vital for the development of the business. R&D is organised through EWOS Innovation, one of the world's leading private R&D companies in the sector. Key focus areas for research are reducing reliance on marine raw materials in feed, food safety issues and the development of value added feeds for improved fish health. The results achieved from R&D contribute to furthering the sustainable development of the fish farming industry.

2007 EVENTS AND TRENDS

Increased fish farming capacity in Norway

In February 2007, Cermaq acquired Polarlaks AS and Hammerfest Lakseslakteri AS. These companies have now been merged with Mainstream Norway AS. Polarlaks had 12 fish farming licenses in Finnmark in the same area as Mainstream's existing facilities. The acquisition provided an increase in production capacity of around 10 000 tonnes. Hammerfest Lakseslakteri has an annual production capacity of 20 000 tonnes and has now been approved for export sales to Russia.

In December 2007, Cermaq purchased Arctic Seafood Holding AS, which through its subsidiaries, has five fish farming licences in the Nordland region. In addition, Cermaq obtained a smolt operation in Nordland with an annual production capacity of 2.5 million smolt, and a processing facility with production capacity of about 50 tonnes per shift. The acquisition strengthened Cermaq's existing fish farming activity in Nordland and production capacity increased by about 6 000 tonnes.

Investments in EWOS

In June 2007, Cermaq's board of directors decided to make a significant new investment in EWOS Norway's existing factory at Florø. The investment includes a new production line, port facilities and increased warehouse capacity for raw materials. The first phase of the investment is expected to cost NOK 565 million and will increase the capacity by around 120 000 tonnes. The investment will provide increased flexibility for raw materials storage and improved logistics in and out of the plant. The investment cost will be spread between 2008 and 2009. Phase two of the investment programme will increase the capacity with another 120 000 tonnes for an expected cost of 190 million NOK. Phase two of the investment is not expected before 2011 and will be dependent on the future growth of Norwegian salmon production.

In October 2007, EWOS Chile brought a new production line into operation. The factory in Coronel in Chile now has seven production lines and a total production capacity of around 450 000 tonnes.

During the year, EWOS Norway acquired the company, which owns the property next to the EWOS feed factory, in Halsa. The property was previously rented.

Fish health problems in Chile

Throughout 2007 the Chilean fish farming industry has faced significant challenges with regard to fish health.

For Mainstream sea lice has been the greatest individual problem. Sea lice lower the fish' ability to withstand disease reduces growth rates and increases mortality. The fish disease ISA (infectious salmon anaemia) has received a lot of attention in the media, but has had less effect on the operations of Mainstream in 2007.

In 2007, Cermaq implemented a number of projects in Mainstream Chile with the intention of reducing the occurrence of disease and sea lice. The measures include site fallowing, sea lice treatment, biosecurity measures (restricting access and movements of boats, people and equipment), intensified monitoring as well as research cooperation with EWOS Innovation. Further, Mainstream and five other fish farming companies in Chile have established a group to work together on common area management systems to reduce the risk of sea lice infestation.

Cermaq's board views the problems in Chile as serious, but believes that region will recover and retain its central position in the fish farming industry.

Progress for EWOS

EWOS realised the benefits of the company's investment in R&D, development of new feed products and strict cost control. In 2007 sales volumes increased by nine percent, and operating profit pre fair value adjustment increased by 49 percent to NOK 378.4 million (2006: NOK 254.7 million). In 2007, through the success of EWOS, Cermaq benefitted from risk diversification in fish farming and fish feed production.

Strengthening group management

In August 2007, the board adopted a new organisation plan for the Cermaq Group. As a part of the new plan, the group management has been increased by three members. The fish farming activity was split into two regions, Mainstream Europe and Mainstream Americas, and consequently, a new executive director for the fish farming activity in Europe was appointed. The company's strategic focus has been strengthened by the appointment of a new executive director for business development. Further, a legal executive director was included in the group management in order to strengthen the central staff. Simultaneously, the head office has been strengthened by means of the employment of a new director of information.

FINANCIAL REPORT

Result

The net result for 2007 was NOK 479.3 million (2006: NOK 937.5 million), a reduction of 49 percent from the year before. The group's operating revenue reached NOK 7 721.2 million in 2007. This is an increase of NOK 187.5 million compared to the year before. Mainstream's operating revenue fell by 17 percent from smaller volumes of fish sold and lower prices for salmon in all markets. EWOS operating revenues rose 11 percent, slightly more than the nine percent increase in sales volumes. In 2007, the group bought more than 50 percent of the shares in Norgrain AS, and the company contributed NOK 221.2 million to the group's operating revenue (2006: Nil).

The group's operating profit pre fair value adjustment was NOK 746.9 million (2006: NOK 1 311.4 million), a significant decline from the prior year. EWOS improved its profitability considerably as a result of more cost efficient operations and a well functioning product range. Mainstream had weaker profitability in 2007 as a consequence of lower salmon prices and higher costs, particularly in the Chilean business. The group acquired two fish farming companies in the North of Norway during the year. The acquisitions did not have a material impact on the operating profit before adjustment for fair value and there were no significant disposals in 2007,

The result impact from changes in the fair value adjustment was negative by NOK -279.6 million (2006: NOK -23.7 million). Lower prices and higher costs in the farming business reduced the fair value adjustment allocated to live biomass at the end of the year. The group's operating result post fair value adjustment was NOK 467.4 million (2006: NOK 1 287.7 million).

Income from associated companies was NOK 17.5 million compared to NOK 9.5 million in 2006. The increase is caused by higher income from Hordafôr AS where the group owns 35.5 percent of the share capital.

Net finance costs were NOK 29.7 million (2006: NOK 56.7 million). The reduction is due to lower interest rates on loans denominated in US dollars, lower interest margin to banks and a one off profit of NOK 17.8 million from the sale of shares in Salar Smolt.

Net tax costs for the year was an income of NOK 24.2 million (2006: a cost of NOK -302.9 million). The reduction is due to lower operating profits, the fair value adjustment on biological assets, movements in the group's deferred tax assets and liabilities and the reversal of provisions related to NOKUS tax (a one off effect of 90 million NOK). The nominal tax rates in Norway, Chile, Canada and Scotland were 28, 17, 31, and 28 percent respectively.

BUSINESS AREAS

EWOS

The fish feed division had operating income of NOK 5 922.2 million in 2007 (2006: NOK 5 336.3 million), an increase of NOK 585.9 million, equal to 11 percent. The operating income increased because of higher sales volumes up from 777 000 tonnes to 847 000 tonnes, an increase of 9 percent.

The cost of raw materials was the most important factor in the total production costs for EWOS. In 2007, the prices of fish meal were reduced from the very high levels seen in 2006, whereas the costs of other raw materials, including fish oil and non-marine proteins, increased considerably. EWOS Innovation works to develop alternative raw material input factors to reduce the costs and improve the quality of the feed to the customers.

The operating result pre fair value adjustment was NOK 378.4 million (2006: NOK 254.7 million), an increase of 49 percent from 2006. The improvement reflects increased volumes, tight cost control and strong product performance. Four new products were introduced in 2007. EWOS' share of the market for salmon feed was stable through the year and is estimated at around 33 percent.

Mainstream

The fish farming division had operating revenues of NOK 2 623.4 million in 2007 (2006: NOK 3 165.6 million), a reduction of NOK 542.2 million or 17 percent. Mainstream sales volumes were reduced to 111 100 tonnes, compared to 114 900 tonnes the year before. Lower volumes from Chile and Canada were partially offset by increases in Norway and Scotland.

In Chile, production was affected by sea lice and other fish health problems. The problems led to higher mortality, lower growth rates and lower average harvesting sizes. These factors reduced sales volumes and added uncertainty to production growth.

The operating result pre fair value adjustment was NOK 418.1 million (2006: NOK 1 106.5 million), representing a decline of NOK 688.4 million. Average prices were 16 percent lower than in 2006. Costs were higher because of higher costs for feed in general, as well a lower growth rate and higher mortality in Chile. The operating result post fair value adjustment was NOK 143.4 million in 2007 (2006: NOK 1 090.4 million). The reduction is due to reduced profitability and the negative effect of the changes in adjustment of fair value, the latter as a result of lower prices and higher costs.

BALANCE SHEET

The book value of the group's assets was NOK 7 424.7 million as at 31 December 2007, compared to NOK 6 894.8 million at the end of 2006. The book value of equity was NOK 4 246.4 million at the end of 2007 (2006: NOK 4 261.7 million). The reduction in equity is mainly due to dividend payment and lower result. The dividend paid and approved for 2007 (based on the adjusted accounting profit for 2006) was NOK 393.0 million.

At the end of 2007, the equity ratio was reduced to 57.2 percent from 61.8 percent the year before. In addition to the payment of dividend and lower profits, the reduction is mainly a result of loan financed acquisitions of companies and investments in fixed assets.

FINANCING

The group's net interest bearing debt increased from NOK 738.1 million at the start of the year to NOK 1 257.8 million at the end of 2007. The increase of NOK 519.7 million reflects lower cash flow from operating activities and increased investments in acquisitions and fixed assets. The decline in the value of US dollars compared to NOK reduced the value in NOK of the net interest bearing debt by NOK 109.6 million.

The group's most important source of financing is a credit facility that may be drawn down to a total of USD 300 million. The facility runs to December 2011, with an option to extend out to 2013. As at 31 December 2007, the facility was drawn down to a total of USD 207.7 million. The interest margin paid on loans related to the facility is linked to LIBOR plus a margin of between 40 and 85 basis points depending on the relationship between adjusted EBITDA and interest expenses.

CASH FLOW

The group generated NOK 536.3 million cash from operational activities in 2007 (2006: NOK 1 111.7 million). The decline in the operating result contributed to reduce cash flow from operational activity compared to 2006, but this was to a certain extent balanced by a lower increase in working capital. Net cash flow from investment activities in the quarter was an outflow of NOK -589.9.0 million (2006: Net outflow of NOK -331.4 million). The change is due to higher capital expenditure in Chile and acquisitions of fish farming companies in Norway. Net changes from financing activities were NOK 39.5 million as the group's loan facilities were further drawn down (2006: outflow of NOK-880.3 million). The change in cash and cash equivalents in the period was an outflow of NOK-32.2 million (2006: Outflow of NOK -124.8 million).

GOING CONCERN

Based on the report on the group's result and position above, the board confirms that the annual accounts have been prepared on the basis of the going concern assumption.

ALLOCATION OF NET PROFIT IN CERMAQ ASA

Cermaq's board of directors has a target annual dividend of 30 percent of the group's adjusted net result over time. The dividend proposal is assessed each year taking into account revenues, cash flows and the group's financial position. The dividend in an individual year may thus deviate from the target.

Cermaq's board of directors has proposed a dividend of NOK 2.25 per share for the accounting year 2007. The proposed dividend payment of NOK 208.0 million equals about 30 percent of the adjusted profit after tax. The dividend will be paid to the shareholders registered as owners per 22 May 2008, the date of the general meeting.

This year's net result for the parent company Cermaq ASA was NOK 3 520 000. The board proposes to the general meeting that the profit is allocated as follows:

(Amounts in NOK)	
Net profit	3 520 000
Transfer from distributable equity	204 492 000
Allocated for share dividend	208 012 000

The company's distributable retained earnings are NOK 1 149 519 000.

RISK AND RISK MANAGEMENT

Risk management

The group is exposed to various financial and operational risks. The board has established a framework for risk management designed to secure that the group has suitable systems for risk management adapted to the scope and the nature of the group's activities.

The fish farming industry is characterised by a high level of risk. The group must be able to survive fluctuations in financial performance as a consequence of price volatility or production related challenges. The group finance policy requires a solid balance sheet with a minimum equity ratio of 45 percent in the normal course of business. At the close of 2007, the equity ratio was 57 percent.

The group strategy includes operations within both feed and fish farming with the aim of diversifying risk. The value of this strategy becomes particularly clear in periods with low salmon prices, where the feed division's relatively stable performance constitutes a considerable share of the total result for the group.

The board believes that a strong balance sheet and the risk diversification are the most important elements in the group's risk management strategy. The group employs financial instruments to a limited extent to hedge against fluctuations in market prices, exchange rates and interest rates. More extensive use of financial instruments could be made in circumstances where the group was operating close to financial loan covenants.

A closer description of the individual categories of risk is found below. For further discussion of financial risk (exchange rates, interests, credits and liquidity), please refer to note 23 in the notes to the accounts.

Currency risk

The group is exposed to currency risk through translation of the profit and loss account and the balance sheet for foreign subsidiaries to NOK, and with respect to cash flows denominated in foreign currencies. The board considers that the risk of a breach of the current loan covenants as a consequence of currency risk is low.

The group's exposure from translating foreign subsidiaries' results and balance sheets is greatest against US dollars. Earnings denominated in US dollars are hedged, to a significant extent, by loans denominated in the same currency. The group's currency exposure related to the subsidiaries' equity is normally not hedged.

Currency exposure from future operational cash flows are hedged to an extent through price adjustment clauses in contracts with customers as well as by offsetting currency positions between group companies. The remaining currency risk is considered to be low and futures contracts to hedge currency exposure are used only to a limited extent.

Interest risk

At the end of the year 56 percent of the group's interest bearing debt was in US dollars, 42 percent was denominated in NOK and two percent was in various other currencies. At the close of 2007, all debt was based on floating interest rate terms, in line with the group's finance policy. The board considers that the risk of breach of loan covenants as a consequence of interest rate risk is low.

Credit risk

The board considers that the credit risk is diversified as the group's customers represent various industries and geographical areas. The group is not significantly exposed to one individual customer or contract as at 31 December 2007.

The credit risk has increased in Chile recently as a consequence of the demanding situation for the fish farming industry. The share of feed customers who employ the right to longer credit periods is increasing. The development in outstanding receivables in Chile is monitored continuously.

Liquidity risk

The fish farming industry is a relatively capital intensive industry. If Cermaq is unable to procure sufficient operational or investment capital, or if a breach of the debt covenant occurs, this may limit the group's business opportunities and freedom to act.

2007 has been a turbulent year in the world's financial markets in general, and this has reduced the available credit in the market as well as increasing the costs of financing. The group has been affected by this situation in 2007 only to a minor degree, but the board considers that the liquidity risk has increased for the group and that this may entail increased financing costs when raising new debt.

Operational risk

The operational risk is managed by the establishment of systems designed to meet ISO or similar standards. The most important areas have been defined as quality (ISO 9001), environment (ISO 14001), food safety (ISO 22000) and health, safety and the environment (HSE) (OHSAS 18001). This work has had a high priority level in all subsidiaries in 2007 and the group will continue to work to establish standards in new areas. The ISO standards regulate many areas of operations including: management's responsibility, and structure, reporting, risk assessments and action plans for continuous improvement, internal and external communication, and the establishment of procedures and operational control systems in the business.

During the course of 2007, several of Cermaq's subsidiaries received new quality certifications. EWOS Norway, EWOS Chile and EWOS Canada have obtained certification according to the standard for food safety, ISO 22000. EWOS UK expects that the certification will be in place during the course of the first quarter 2008. The EWOS companies are the first in their industry to be certified according to this standard. In 2007, Cermaq's research company EWOS Innovation was certified for the quality standard ISO 9001. Mainstream Chile is now certified for the quality standard ISO 9001, the environmental standard ISO 14001 as well as the HSE standard OHSAS 18001 for its main office, the company's two factories as well as a number of facilities for hatchery produced fish for stocking, fresh water, and sea water. All the remaining facilities in Mainstream Chile are expected to be certified during 2008.

Mainstream Chile's operations in 2007 have been impacted by fish health problems. The board has monitored the situation in Chile in 2007 and projects to improve operations in Chile have the highest priority.

SOCIAL RESPONSIBILITY

Social responsibility underlies both Cermaq's long term goals and day to day work. The group's vision is to be a leading company within international fish farming, with an emphasis on the sustainable production of feed for and the farming of, salmon and trout. Social responsibility is an integrated part of our daily work, and communicated through all parts of the business.

The board has laid down ethical guidelines that apply to the subsidiaries within the group. The ethical guidelines were revised in 2007 and they now include prohibition against the purchase of sexual services as well as a reference to the group's new routines for whistle-blowing. The routines for whistle-blowing contain a basic message that whistle-blowing is positive for Cermaq because this will provide us with a basis on which to improve the business.

HUMAN RESOURCES AND WORKING ENVIRONMENT

As at 31 December 2007, there were a total of 4 008 employees in the Cermaq Group. In the Norwegian companies there were 556 employees, of which 30 were in Cermaq ASA.

Cermaq's ethical guidelines express the high ambitions that Cermaq' board of directors has for human resources (HR), the working environment and safety.

Cermaq is to be a leading company in the areas of health, safety and the environment. Cermaq wants to nurture an inclusive working environment in which everyone is expected to contribute to a working community free from discrimination. Cermaq is to promote equal work opportunities and the just treatment of all employees.

Cermaq will work for a situation in which all employees in the group are offered good and competitive terms of employment, good working environment and good opportunities for development both personally and professionally.

Health, safety and the environment form an integral part of the group's system for risk management. In 2007, Mainstream Chile has obtained certification for the international HSE standard OHSAS 18001 for many of its facilities, and during 2008 expects to certify all its facilities according to this standard. EWOS Canada is certified for the HSE standard OHSAS 18001. Other companies in the group will work towards similar certification as a part of their respective quality programmes.

In 2007, Cermaq ASA recorded 79 days of absence caused by illness. This constitutes 1.17 percent absence, opposed to 4.56 percent in 2006. Absence due to illness in the subsidiaries varies from 0.59 percent to 5.84 percent. In average, absence due to illness in the group was 3.14 percent in 2007 (2006: 2.92 percent). In the whole group, a total of 322 minor workplace accidents resulting in injuries were recorded, opposed to 256 in 2006. The total absence due to injuries were 2 580 days, which equals 0.27 percent of the total number of potential days of work (2006: 2 359 days / 0.23 percent).

The board strongly regrets the two deaths related to work accidents in 2007, one in Mainstream Scotland and one in Mainstream Chile. Both accidents occurred in connection with the use of boats, and Cermaq views both incidents very seriously. In Scotland, the authorities have carried out a routine investigation of the accident, but the conclusion from the inquiry is not clear at the date of this report. In Chile, the investigation has been concluded and a decision not to institute legal proceedings has been made. In both cases, Cermaq has on its own initiative, reviewed routines and standards with the aim of identifying and improving upon weaknesses.

SEXUAL DISCRIMINATION

At the end of the year women comprised 21.4 percent of the employees in the Norwegian companies within the Cermaq Group (2006: 19.8 percent). In Cermaq ASA there were 30 employees, 23 men and seven women. The groups executive board comprises of eight members, seven men and one woman. No women were represented amongst the group's managing directors whilst five women were included in the management teams of subsidiary companies (2006: no women managing directors; four women included in the management teams of subsidiary companies). There was no specific project undertaken related to sexual discrimination however an increased percentage of leading employees were women.

The board of Cermaq ASA comprises of eight members, of which five are men and three are women. Of the five owner elected members there are three men and two women. The employees in the Norwegian companies have elected three board members, of whom two are men and one is a woman.

The ongoing business and personal policies are based on the presumption that men and women will have equal opportunities in Cermaq.

THE ENVIRONMENT

The group's total energy consumption related to the production of fish feed was 273 GWh in 2007, an increase of 6.2 percent compared to 2006 (257 GWh). The production increase has been somewhat more than eight percent and the group has thus reduced energy consumption per produced unit by 2.2 percent. Of the total energy consumption, 44 percent was made up of natural gas, 36 percent of electric power, 8 percent of heavy fuel oil, and the rest was provided by other smaller sources.

EMISSIONS FROM FEED PRODUCTION

It is the board's view that the production of fish feed has relatively little impact on the environment. Emissions to the air and to water are clearly within the official limits in the respective countries. All directives from the authorities were applied during the year.

EMISSIONS FROM THE FISH FARMING FACILITIES

Fish farming facilities create emissions in the form of excrement and unconsumed feed. These are organic materials that decompose in nature. If emissions exceed certain limits, the decomposition process will take longer and there is a risk that a temporary lack of oxygen may occur locally in a fiord. In extreme cases, this may affect the biological diversity in the fiord environment. In order to avoid environmental overload, local samples of sea bed conditions are tested regularly. In each region, regulations have been established requiring that sea bed conditions are monitored. All Mainstream companies have established systems for monitoring and control of sea bed pollution and emissions. These systems fulfil the local environmental regulations and in addition, they will provide early warning of any abnormal conditions. In March 2007, Mainstream Scotland temporarily exceeded maximum biomass regulations by error. The company subsequently reviewed its routines and controls in order to ensure that this will not recur.

FISH MORTALITY

In 2007, the Mainstream companies suffered a loss of around 10 310 tonnes of fish (5 535 tonnes in 2006), around 9.2 percent of total production, with an estimated value of NOK 140 million. This is an increase in fish mortality of 86 percent compared to 2006. The increase is mainly due to the fish health problems in Chile. In Chile, dead fish are collected and shipped to fish meal factories. In Norway, Scotland and Canada, dead fish is shipped for composting and recycling.

FISH DISEASE

The fish health situation in Chile has been described above. As at 26 March 2008, outbreaks of infectious salmon anaemia (ISA) have been confirmed in a total of 19 facilities in the Chilean industry. In a further 17 facilities, there were suspicions of the disease, whereas 37 other fish farming facilities were situated in quarantine areas. Cermaq's company, Mainstream Chile, had confirmed cases of ISA in five of its facilities with four facilities located in quarantine areas.

The fish health situation is normal in the Mainstream facilities in the other countries where Cermaq is operating.

FISH ESCAPE

The Mainstream companies have established detailed procedures to prevent fish escapes, procedures for general operations, fish handling and maintenance of equipment.

In 2007, there were a total of 12 instances of fish escapes, of which two were in Canada, eight in Chile and two in Norway. The reported instances of escape even included those instances where less than 50 fish escaped. The most significant incidences were in Canada, where 18 300 fish escaped and in Chile, where 44 000 fish escaped. The incident in Canada occurred due to net damage during a transfer of fish and the incident in Chile was due to a cage anchoring problem.

SHAREHOLDER ISSUES

As per 31 December 2007, there were a total of 1 967 shareholders in Cermaq ASA (31 December 2006: 2 212 shareholders). The Government, represented by Nærings- og handelsdepartementet (The Ministry of Trade and Industry) is still the biggest shareholder with 43.5 percent of the shares. As at 31 December, Cermaq ASA had 50 056 own shares. 45 500 shares have been sold to own employees in connection with the annual share programme. 46.7 percent of the shares are owned by foreign investors.

CORPORATE GOVERNANCE

The group's principles for corporate governance are mainly based on "The Norwegian Code of practice for Corporate Governance". The board's annual statement on corporate governance can be found on page 78 in the annual report.

OUTLOOK

Fish farming

A high priority for the board in 2008 is to combat the fish health problems in Chile.

At the start of 2008 sea lice infestation in production areas in Chile was lower than at the same period in 2007. Nevertheless, Cermaq expects no significant improvement in biological performance in 2008. Cooperation with the other large fish farming companies in the region will continue and Cermaq will lead initiatives for joint action to improve area management. Cermaq's board of directors has great belief in the future of the Chilean industry and Cermaq will continue its engagement in the region.

Cermaq expects that Mainstream's sales volumes of salmon and trout in 2008 will be around 139 000 tonnes. The estimate is 34 000 tonnes from Norway, 9 000 tonnes from Scotland, 28 000 tonnes from Canada and 68 000 tonnes from Chile. The volume in Chile represents an increase from the 53 200 tonnes sold in 2007. The volume increase in Chile depends of the development of the fish health situation.

The Norwegian fish farming industry is expected to grow relatively quickly. At the end of December 2007, the biomass volumes were about 10 percent higher than at the same time in 2006. For Mainstream Norway, a new market has been opened up in that the company has received approval for selling fish slaughtered at Hammerfest lakseslakteri to the Russian Market.

The supply of fish on the market is expected to grow also in 2008. Salmon prices fell in 2007 and the development to date in 2008 has shown slightly lower prices.

Fish feed

The board expects that EWOS will increase its production volume in line with market development. The raw material costs for non-marine proteins and oils are expected to increase considerably. A great part of the cost increase will be transferred to the customers in line with cost plus agreements, but the increased costs may have an impact on profitability. In 2008, EWOS Norway will carry out the first part of the investment in the new production line in Florø.

EWOS' strategy is to maintain and strengthen its position as a leading global supplier of fish feed. To meet its goals, EWOS will continue world leading R&D activity, adapt quickly to market changes and pursue the cost efficient production of quality products. R&D within fish feed is essential to meet fish farmers' ongoing ambitions to reduce the costs for feed, the most significant cost element within fish farming.

STRONG FINANCIAL POSITION

Cermaq has a strong financial position and this is a good starting point for a year that may be demanding in the markets and in production conditions in Chile.

In 2008, the board of directors will assess relevant strategic initiatives to strengthen Cermaq's leading role in the industry. In 2008 the focus will remain on current operations to improve results and consolidate the group's position as a cost efficient supplier of red fish and fish feed.

Oslo, 26 March 2008

Sigbjørn Johnsen
Chair

Finn Jebsen
Deputy chair

Astrid Sørgaard
Director

Wenche Kjølås
Director

Kjell Frøyslid
Director

Jan-Helge Førde
Employee representative

Ingrid Kassen
Employee representative

Kent Inge Eliassen
Employee representative

Geir Isaksen
Chief executive officer

Cermaq Group:

INCOME STATEMENT 1.1 - 31.12

Amounts in NOK 1 000	*Note*	**2007**	2006	2005
Operating revenues	*5*	**7 721 204**	7 533 698	5 367 139
Cost of materials	*17*	**5 095 739**	4 490 439	3 232 192
Personnel expenses	*6*	**579 613**	582 993	474 780
Depreciation	*12, 13*	**261 391**	256 969	236 174
Other operating expenses	*8*	**1 037 519**	891 884	815 142
Excess value on inventory	*4*	**-**	-	26 998
Operating result before unrealised fair value adjustments		**746 941**	1 311 414	635 849
Unrealised fair value adjustments	*18*	**-279 566**	-23 744	222 456
Operating result		**467 375**	1 287 671	858 305
Income from associates	*14*	**17 467**	9 456	18 934
Interest income	*9*	**20 741**	17 606	7 146
Other financial income	*9*	**22 794**	11 144	3 534
Financing fair value impacts	*9*	**962**	173	15 502
Interest expenses	*9*	**-77 003**	-92 098	-100 545
Write down of financial assets	*9*	**-**	6	-4 973
Other financial expenses	*9*	**-2 648**	-4 692	-5 013
Net foreign exchange gains/losses	*9*	**5 428**	11 126	4 090
Financial items, net	*9*	**-29 727**	-56 733	-80 259
Ordinary result before tax		**455 115**	1 240 394	796 980
Tax on ordinary result	*10*	**24 206**	-302 881	-58 673
Result for the year		**479 321**	937 513	738 307
Result for the year, majority interest		**477 834**	937 513	735 926
Result for the year, minority interest	*11*	**1 487**	-	2 381
Earnings per share	*21*	**5.17**	10.16	8.37
Diluted earnings per share	*21*	**5.17**	10.13	8.37

Cermaq Group:

BALANCE SHEET AT 31 DECEMBER

Amounts in NOK 1 000	*Note*	2007	2006
ASSETS			
Licences	*12*	**1 125 612**	1 047 710
Goodwill	*12*	**811 876**	825 381
Deferred tax assets	*10*	**12 323**	-
Total intangible fixed assets		**1 949 811**	1 873 091
Tangible fixed assets	*13*	**1 723 726**	1 450 630
Investments in associates	*14*	**116 329**	90 379
Investments in shares	*15*	**249 598**	106 017
Other long-term receivables	*16*	**85 516**	17 446
Total financial fixed assets		**451 444**	213 842
Total fixed assets		**4 124 981**	3 537 563
Inventory	*17*	**611 655**	657 747
Biological inventory	*18*	**1 475 071**	1 485 338
Accounts receivable from customers	*19*	**865 226**	843 016
Other short-term receivables	*16*	**115 054**	106 273
Bank deposits, cash in hand, etc.	*20*	**232 666**	264 883
Total current assets		**3 299 672**	3 357 257
TOTAL ASSETS		**7 424 653**	6 894 820
EQUITY AND LIABILITIES			
Share capital	*21*	**925 000**	925 000
Company's own shares	*21*	**-501**	-253
Share premium reserve		**-**	935 534
Total paid-in capital		**924 499**	1 860 281
Other equity		**3 293 343**	2 401 418
Minority interests	*11*	**28 531**	-
Total other equity		**3 321 874**	2 401 418
Total equity		**4 246 373**	4 261 699
Pension liabilities	*7*	**27 048**	44 026
Deferred tax	*10*	**385 300**	361 322
Total provisions		**412 348**	**405 348**
Interest bearing long-term debt	*22*	**1 169 337**	928 757
Total long-term liabilities		**1 581 685**	1 334 105
Interest bearing short-term debt	*22*	**321 109**	74 209
Other financial liabilities	*23*	**-**	1 059
Accounts payable		**991 717**	879 966
Other short-term liabilities	*24*	**283 769**	343 782
Total current liabilities		**1 596 595**	1 299 017
TOTAL EQUITY AND LIABILITIES		**7 424 653**	6 894 820

Oslo, 26 March 2008

Sigbjørn Johnsen
Chair

Finn Jebsen
Deputy chair

Astrid Sørgaard
Director

Wenche Kjølås
Director

Kjell Frøyslid
Director

Jan-Helge Førde
Employee representative

Ingrid Kassen
Employee representative

Kent Inge Eliassen
Employee representative

Geir Isaksen
Chief executive officer

Cermaq Group:

CASH FLOW STATEMENT 1.1 - 31.12

Amounts in NOK 1 000	**2007**	2006
Ordinary result before tax	**455 115**	1 240 394
Interest paid, net	**43 817**	52 721
Ordinary result before tax and interest	**498 932**	1 293 115
Cash flows from operating activities		
Ordinary result before tax and interest	**498 932**	1 293 115
Gain (-)/loss on tangible and intangible assets	**-28 939**	-13 225
Depreciation	**261 391**	256 969
Taxes paid, net	**-81 051**	89
Interest paid	**-99 854**	-74 389
Difference between pension premiums paid and pension expense	**-16 472**	-25 697
Difference between income from and dividends received from associates	**-17 466**	-7 200
Change in stock, accounts receivable and accounts payable	**102 232**	-376 596
Change in other short-term operating assets and liabilities	**-82 480**	58 610
Net cash flows from operating activities	**536 293**	1 111 676
Cash flows from investing activities		
Purchase of tangible fixed assets	**-484 362**	-270 107
Proceeds received from sale of tangible fixed assets	**21 497**	5 510
Purchase of shares and companies, net of purchased cash and cash equivalents	**-249 821**	-116 631
Purchase of shares and investments in associated undertakings	**-73 557**	-
Proceeds received from sale of companies, net of sold cash and cash equivalents	**140 259**	28 126
Interest received	**56 037**	21 668
Net cash flows from investing activities	**-589 947**	-331 434
Cash flows from financing activities		
New long-term debt	**350 000**	-
Payment of long-term debt	**-164 968**	-359 830
Change in short-term interest bearing debt /loans	**250 199**	-338 761
Payment of dividends and group contribution (incl. payments to minorities)	**-393 018**	-170 446
Redemption of option program	**-**	-32 030
Net proceeds from issuance of common shares/sale of own shares	**4 729**	20 750
Purchase of own shares	**-7 402**	-
Net cash flows from financing activities	**39 540**	-880 317
Foreign exchange effect	**-18 103**	-24 759
Net change in cash and cash equivalents for the year	**-32 217**	-124 834
Cash and cash equivalents at the beginning of the year	**264 883**	389 718
Cash and cash equivalents at the end of the year	**232 666**	264 883

Cermaq Group:

STATEMENT OF CHANGES IN EQUITY 1.1 - 31.12

Amounts in NOK 1 000	Share capital	Own shares	Share premium reserves	Other reserves	Conversion differences	Minority Interest	Total equity
Equity at 1 January 2006	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/loss 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	-	**4 261 699**
Equity at 1 January 2007	925 000	-253	935 535	2 411 051	-9 634	-	**4 261 699**
Change in conversion differences	-	-	-	-	-232 868	-	**-232 868**
Change in fair value of financial assets available-for-sale	-	-	-	100 471	-	-	**100 471**
Total income and expenses for the year recognised directly in equity	-	-	-	100 471	-232 869	-	**-132 398**
Profit/loss for the period	-	-	-	477 834	-	1 487	**479 321**
Total income and expense for the year	-	-	-	578 306	-232 869	1 487	**346 924**
Share based payment	-	-	-	2 968	-	-	**2 968**
Changes in own shares/redemption of stock options	-	-248	-	-2 425	-	-	**-2 673**
Capital decrease in share premium reserves	-	-	-935 535	935 535	-	-	**-**
Change in minority interest	-	-	-	-27 044	-	27 044	**-**
Dividend paid	-	-	-	-393 018	-	-	**-393 018**
Fair value adjustment arising from business combination achieved in stages	-	-	-	30 473	-	-	**30 473**
Equity at 31 December 2007	925 000	-501	-	3 535 846	-242 503	28 531	**4 246 373**

Cermaq Group:
NOTES TO THE ANNUAL ACCOUNTS

NOTE 1 CORPORATE INFORMATION

Cermaq ASA is a company incorporated and domiciled in Norway whose shares are publicly traded on the Oslo Stock Exchange (OSE). The address of its registered office and the group's principal places of business are disclosed at the end of the annual report. The principal activities of the company and its subsidiaries are described in note 5.

The consolidated financial statements of Cermaq ASA for the year ended 31 December 2007 were authorised for issue in accordance with a resolution of the board of directors on 26 March 2008.

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 the additional Norwegian disclosure requirements following the Norwegian Accounting Act, and OSE regulations applicable at 31 December 2007.

The consolidated financial statements are prepared under the historical cost convention except for the following:

- derivative financial instruments are measured at fair value
- available-for-sale financial assets are measured at fair value
- biological assets are measured at fair value

The methods used to calculate fair values are discussed in the principles below and in the relevant note.

The accounting principles have been consistently applied to all the years presented.

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 percent 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. Investments are recognised at cost and include goodwill identified on acquisition, net of any accumulated impairment losses.

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 accounting principles of subsidiaries and associates are consistent with the policies adopted by the group.

All significant transactions and balances between group companies have been eliminated.

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. 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 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 interest beyond majority 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 the 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

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 to be made 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

The cost price for acquired shares is 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 made on a provisional basis. The values allocated 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 less estimated point of sale costs. 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 ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

From 1 January 2007, the group has adopted IFRS 7. The standard requires additional disclosures intended to improve the quality of information published on financial instruments.

The following interpretations have also become effective as from 1 January 2007 and have been applied by the group as from this date, but with no effect on the group accounts:

- IFRIC 7 Applying the restatement approach under IAS 29, financial reporting in hyperinflationary economies
- IFRIC 8 Scope of IFRS 2 share-based payment
- IFRIC 9 Reassessment of embedded derivatives
- IFRIC 10 Interim financial reporting and impairment

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Sale of goods

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. Revenue is measured at the fair value of the consideration received or receivable. Discounts, other price reductions, taxes, etc., are deducted from operating revenues.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale or terms with the specific customer.

Feed companies

Risk is transferred to the customer at delivery which could be either at factory gate if the customer collects the goods or at the customer's premises, depending on the terms of the sales agreement.

Farm companies

The point when risk passes to the customer depends on the delivery terms specified in the sales agreement. Delivery terms vary between countries and between customers. Normally where delivery is made by vehicle owned or hired by the farm companies, delivery is complete and risk passes once delivery has been made to the buyers' specified address. Where delivery is made by other means, risk normally passes when the goods are handed over to the relevant carrier.

Fair value on biomass

Changes in estimated fair value on biomass are recognised in the income statement. The fair value adjustment is reported on a separate line; "unrealised fair value adjustments". The change in fair value adjustment is calculated as the change in fair value of the biomass less the change in accumulated cost of production for the biomass.

Interest income

Interest income is recognised as it accrues in profit and loss, using the effective interest method.

Dividend

Dividend income is recognised in profit and loss on the date that the group's right to receive payment is established.

Classification principles

Liquid assets are defined as cash, bank deposits and other investments that can be converted into cash within 3 months. The group's cash pool systems are netted with cash and overdrafts within the same cash pool system presented net.

Other assets which are expected to be realised within the entity'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 dividend is not recognised as liability until the group has an irrevocable obligation to pay the dividend, which is 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 holds a limited number of financial derivative instruments used to hedge its foreign currency risk exposures. Derivatives are initially recognised at fair value and subsequently remeasured at their fair value.

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

- there is adequate documentation when the hedge is entered into that the hedge is effective,
- the hedge is expected to be highly

effective in that it counteracts changes in the fair value or cash flows from an identified asset or liability,

- for cash flow hedges, the forthcoming transaction must be highly probable,
- the effectiveness of the hedge can be reliably measured, and
- 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.

At 31 December 2007 there are no subsidiaries within the group that have hedging transactions accounted for using hedge accounting.

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

Non-derivative financial instruments

Other financial assets of the group are classified into the following categories: at fair value through profit and loss, held-to-maturity investments, loans and receivables and available-for-sale. Management determines the classification of its financial assets at initial recognition.

Other financial assets are initially recognised at fair value, with subsequent measurement as described below (only listed those relevant to the group):

- Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Due to immaterial transaction costs and the short credit period, the amortised cost equals the nominal value less any allowance for credit losses.
- Available-for-sale financial assets are measured at fair value with fair value changes except impairment, recognised directly in equity.

Borrowing cost

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

Inventories

Raw materials and purchased commodities are valued at the lower of historical cost and net realisable value in accordance with the FIFO principle.

Finished goods in feed companies are feed ready for deliverance to customer, valued at the lower of cost and net realisable value. The cost of finished goods includes any processing costs that have incurred. Processing costs consist of logistics, handling and storage costs.

Cermaq values all live biomass (fish) inventory at fair value less estimated point of sale costs. Finished goods/frozen inventory within the farming division are recorded at the lower of cost (fair value at the point of harvest) and net realisable value.

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

Expenditure on research activities are expensed as incurred. Development costs are only capitalised if specific criteria are met. In 2007 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. The substance of fish farming licences in the group's major markets is that they have an indefinite life. The uncertainty related to the renewal of existing licenses by the authorities in each is not considered to alter the indefinite useful life of these assets and therefore licenses are not amortised. Licences, which are obtained as part of an acquisition, are valued using values established by 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 group's 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

Group companies operate various pension schemes and these include both defined benefit schemes and defined contribution schemes.

In 2006, all Norwegian companies in the group transferred to defined contribution plans for "kollektiv tjenestepensjon". In 2007, the Norwegian companies in the group transferred from funded to unfunded defined benefit plans for top hat-schemes (salary above 12 G) for employees in the scheme at 31 December 2006. The effect of this is outlined in note 7. New employees/employees with a salary above 12 G after 1 January 2007 have a defined contribution scheme.

In 2007, a UK subsidiary transferred from defined benefit plans to defined contribution schemes. In connection with the closing of the defined benefit scheme, the net change in pension liabilities and pension funds are recognised in the profit and loss with the corresponding unrecorded actuarial gain/loss.

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 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. All pension costs are recognised in the income statement as personnel expenses.

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 group has share-based payments to key personnel. 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 amount recognised as an expense is adjusted to reflect the actual number of share options that vest. The vesting period is the period from granting the options until the options are fully vested.

Taxation

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

Tax payable is based on taxable profit for the year. Taxable profits differ from profit as reported in the profit and loss following items of income and expense which are not being taxable/deductible or taxable/deductible in other years. Tax payable is calculated using tax rates enacted or substantively applicable at the reporting date.

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.

Government grants

Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attaching the grants and that the grants will be received.

The grants are recognised in the profit and loss in accordance with the progress in the projects to which they are related.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Repurchase of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, and is recognised as a deduction from equity net of tax effects. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

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

At the date of authorisation of these financial statements, the following standards and Interpretations were issued but not yet effective. These pronouncements have not been applied in preparing these financial statements:

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 for annual periods beginning 1 January 2009.

Revised IAS 23 Borrowing costs. The revision removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. The group will apply revised IAS 23 for annual periods beginning 1 January 2009.

IFRIC 11 – IFRS 2 Group and Treasury Share Transactions requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments are obtained. The group will apply IFRIC 11 for annual periods beginning 1 January 2008.

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 12 for annual periods beginning 1 January 2008.

IFRIC 13 Customer Loyalty Programmes addresses the accounting by entities that operate or otherwise participate in, customer loyalty programmes for their customers. It relates to customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. The group will apply IFRIC 13 for annual periods beginning 1 January 2009.

IFRIC 14 – IAS 19 the Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction clarifies when refunds or reductions in future contributions in related to defined benefit assets should be regarded as available and provides guidance on the impact of minimum funding requirements (MFR) on such assets. It also addresses when a MFR give rise to a liability. The group will apply IFRIC 14 for annual periods beginning 1 January 2009.

The group expects that adoption of the pronouncements listed above, except for IFRIC 14 will not impact on the group's financial statements other than presentation requirements in the period of initial application. The group has not yet determined the potential effect of the interpretation of IFRIC 14.

NOTE 3 COMPANIES IN THE GROUP

The consolidated accounts for 2007 include the following subsidiaries and associates 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	
Subsidiaries				
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%
Norgrain AS	Norway	NOK	47 968	72%
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	49 715	100%
EWOS Chile s.a.	Chile	USD	17 000	100%
Mainstream Chile s.a	Chile	USD	154 719	100%
Associated companies				
Denofa AS	Norway	NOK	10 000	29%
Hordafôr AS	Norway	NOK	2 210	35%

[1)] Activities in Canada are organised in one legal entitiy which includes Mainstream Canada

Associated companies within the group are specified in note 14.

NOTE 4 CHANGES IN THE CORPORATE STRUCTURE/SIGNIFICANT INDIVIDUAL TRANSACTIONS

YEAR 2007

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		
Polarlaks AS/Hammerfest Lakseslakteri AS (100%)	15.02.2007	25 895
Norgrain AS (22.7%)	03.05.2007	22 357
Unikorn AS (49.78%)	03.05.2007	-16 363
Marine Farms ASA (6%)	15.05.2007	61 775
Norway Royal Salmon AS (6.38%)	05.06.2007	-11 746
Uniol AS (12.9%)	21.06.2007	4 000
Salar Smolt AS (25%)	12.12.2007	-23 000
Arctic Seafood Holding AS (100%)	14.12.2007	191 175

The shares in Polarlaks AS and Hammerfest Lakseslakteri AS were acquired by Mainstream Norway AS in February 2007. Polarlaks has 12 farming licences and Hammerfest Lakseslakteri owns a processing plant. Both companies are located in Finnmark and have been integrated with Mainstream Norway's existing operations. The purchase price consists of cash paid. There were no material transaction costs related to the acquisition.

The allocation of fair values in the opening balance sheet for the group accounts, resulted in an excess value of NOK 13.2 million mainly recognised as licences in the group balance sheet. The results from the acquired businesses were consolidated in the Cermaq Group accounts from 1 March 2007 and there were no sales from the acquired businesses during 2007.

In May 2007, Statkorn Aqua AS sold its shares in Unikorn AS, representing a gain of NOK 0.5 million in the group accounts. Further, Statkorn Aqua AS acquired shares in Norgrain AS increasing the group's ownershare in the company to 72.48 percent. The results of Norgrain have been consolidated in the accounts of the group from May and has contributed approximately NOK 7.5 million to the group's operating result before unrealised fair value adjustments in the period ended 31 December 2007. The net result in same period was approximately NOK 5.4 million.

In May 2007, Cermaq ASA acquired 2 200 000 shares in Marine Farms ASA, representing a 6 percent interest in the company. Together with a 10 percent interest held by EWOS AS, the group has a 16.19 percent interest in Marine Farms in total.

In June 2007, EWOS AS sold its shares in Norway Royal Salmon AS, resulting in a gain recognised in the profit and loss of NOK 0.8 million.

In June 2007, Statkorn Aqua AS invested in Uniol AS, giving a direct ownershare of 12.9 percent. Through its owner share in Norgrain, the group controls 19.8 percent of Uniol AS. Total direct and indirect owner share in Uniol AS is 32.7 percent for the group.

In December 2007, Mainstream AS sold its investments in Salar Smolt AS and Rylandsvåg Eiendom AS, resulting in a gain recognised in profit and loss of NOK 17.8 million.

In December 2007 Mainstream Norway AS acquired Arctic Seafood Holding AS, a farming company based in Northern Norway. Four farming licenses in the Troms region were sold. Through the acquisition Cermaq has obtained five farming licences, smolt production capacity of 2.5 million individuals annually, and a processing plant with a capacity of approximately 50 tonnes per shift. There were no sales from the acquired business in 2007.

The purchase price consists of cash paid. Transaction costs related to the acquisition were NOK 1.3 million. The allocation of fair values in the opening balance sheet for the group accounts resulted in an excess value of NOK 90.5 million recognised as licences (NOK 90.5 million), goodwill (NOK 37.8 million) and deferred tax liability (NOK 37.8 million). Goodwill relates to the fair value of expected synergies arising from the acquisition. Arctic Seafood Holding AS was consolidated in the Cermaq Group accounts per 31 December 2007 and no income has been recognised in the group in 2007.

The balance sheet impacts from the acquisition of Polarlaks AS and Hammerfest Lakseslakteri AS were:

Amounts in NOK 1 000	Book value at acquisition	Fair value adjustment	Fair value
Intangible fixed assets	19 417	23 037	42 454
Tangible fixed assets	39 090	-5 990	33 100
Financial fixed assets	314	-	314
Inventory	20 896	-3 234	17 662
Accounts receivables	2 153	-	2 153
Other receivables	2 073	-650	1 423
Cash	19 839	-	19 839
Provisons	-	-	-
Interest bearing debt	-66 197	-	-66 197
Other debt	-24 853	-	-24 853
Net identifiable assets and liabilities	**12 732**	**13 163**	**25 895**

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

Amounts in NOK 1 000	Book value at acquisition	Fair value adjustment	Fair value
Intangible fixed assets	1 617	-	1 617
Tangible fixed assets	1 381	-	1 381
Financial fixed assets [1)]	22 974	40 524	63 498
Inventory	29 262	-	29 262
Accounts receivables	28 402	-	28 402
Other receivables	10 765	-	10 765
Cash	12 227	-	12 227
Provisons	-1 903	-	-1 903
Interest bearing debt	-10 000	-	-10 000
Other debt	-36 973	-	-36 973
Net identifiable assets and liabilities	**57 752**	**40 524**	**98 277**

[1)] The fair value adjustment relates to Norgrain´s 40% share holding in Denofa AS

The balance sheet impacts from the acquisition of Arctic Seafood Holding AS were:

Amounts in NOK 1 000	Book value at acquisition	Fair value adjustment	Fair value
Intangible fixed assets	44 500	128 341	172 841
Tangible fixed assets	50 587	-	50 587
Financial fixed assets	1 646	-	1 646
Inventory	56 180	-	56 180
Accounts receivables	8 611	-	8 611
Other receivables	8 431	-	8 431
Cash	90 006	-	90 006
Provisons	-7 536	-37 809	-45 345
Interest bearing debt	-139 950	-	-139 950
Other debt	-11 832	-	-11 832
Net identifiable assets and liabilities	**100 643**	**90 532**	**191 175**

The purchase price allocations are provisional. The values may be reassessed based on improved knowledge of operations in subsequent periods.

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 consisted of cash paid. There were no 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 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 the period was approximately 0. The shares in Langfjordlaks AS are owned by Mainstream Norway AS and the companies have been fully integrated.

The provisional price allocation of Langfjordlaks AS set in 2006 has not been changed.

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 million and NOK 15.7 million respectively.

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 were made to the carrying values of goodwill and licenses. A reclassification of NOK 20 million has been made between licenses and goodwill, increasing the carrying value of licenses 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 resulted 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 1 August 2005. The acquisition 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 1 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 value	Change	Restated
Intangible fixed assets	114.2	20.0	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 identifiable assets and liabilities	**253.7**	**-**	**313.1**
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.

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 2007. Please note that business combinations in 2006 and 2007 did not impact group numbers significantly and hence have not been adjusted for. 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 2005.

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

Amounts in NOK 1 000	**2007**	2006	2005
Operating revenues	**7 721 204**	7 533 698	5 597 896
Cost of materials	**5 095 739**	4 490 439	3 308 041
Personnel expenses	**579 613**	582 992	514 038
Depreciation	**261 391**	256 969	253 210
Other operating expenses	**1 037 519**	891 884	845 820
Excess value on inventory	**-**	-	26 998
Operating result before unrealised fair value adjustments	**746 941**	1 311 414	703 784
Unrealised fair value adjustments	**-279 566**	-23 743	210 517
Operating result	**467 375**	1 287 671	914 302
Income from associates	**17 467**	9 456	15 218
Financial items, net	**-29 727**	-56 733	-85 697
Ordinary result before tax	**455 115**	1 240 394	843 822
Tax on ordinary result	**24 206**	-302 881	-64 524
Result for the year	**479 321**	937 513	779 298
Result for the year, majority interest	**477 834**	937 513	776 926
Result for the year, minority interest	**1 487**	-	2 372

NOTE 5 INFORMATION ON SEGMENTS AND GEOGRAPHIC DISTRIBUTION

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

Fish feed involves the production and sale of fish feed. 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.

Cermaq's remaining activities consist of operations carried out through the subsidiary Norgrain AS and other 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 (Mainstream)

Amounts in NOK 1 000	**2007**	2006	2005
External sales	**2 623 359**	3 165 628	2 044 418
Internal sales	**-**	-	-
Operating revenues	**2 623 359**	3 165 628	2 044 418
Depreciation	**-146 473**	-126 033	-99 609
Operating result before unrealised fair value adjustments	**418 071**	1 106 446	503 135
Fair value adjustments	**-274 717**	-16 024	212 118
Operating result	**143 354**	1 090 422	715 253
Income from associates	**2 988**	-113	167
Tax on ordinary result	**-20 943**	-283 130	-18 214
Result for the year	**86 331**	769 573	656 476
Assets	**4 543 960**	4 352 189	4 079 092
Intangible assets	**1 479 215**	1 395 611	1 425 622
Liabilities	**2 717 485**	2 380 616	2 589 463
Capital expenditure	**273 982**	158 326	100 174
Acquisition of companies [1)]	**326 665**	116 216	357 522

Fish feed (EWOS)

Amounts in NOK 1 000	**2007**	2006	2005
External sales	**4 865 055**	4 363 793	3 335 306
Internal sales	**1 057 181**	972 479	671 697
Operating revenues	**5 922 236**	5 336 272	4 007 004
Depreciation	**-112 887**	-129 439	-133 759
Operating result before unrealised fair value adjustments	**378 442**	254 671	182 185
Fair value adjustments	**-4 849**	-7 719	10 337
Operating result	**373 593**	246 951	192 522
Income from associates	**-**	-	163
Tax on ordinary result	**-52 404**	-34 552	-44 747
Result for the year	**259 963**	130 795	76 301
Assets	**3 382 162**	3 373 779	3 832 865
Intangible assets	**470 596**	477 480	497 393
Liabilities	**2 172 200**	2 364 601	2 670 736
Capital expenditure	**242 436**	111 377	84 761
Acquisition of companies [1)]	**-**	-	3 124

Other/group activities

Amounts in NOK 1 000	**2007**	2006	2005
External sales	**232 790**	4 345	9 877
Internal sales	**3 941**	-	331
Operating revenues	**236 731**	4 345	10 207
Depreciation	**-2 031**	-1 496	-2 805
Operating result before unrealised fair value adjustments	**-23 892**	-36 276	-38 639
Fair value adjustments	**-**	-	-
Operating result	**-23 892**	-36 276	-38 639
Income from associates	**14 479**	9 569	18 604
Tax on ordinary result	**91 539**	10 385	521
Result for the year	**152 692**	46 156	14 147
Assets	**1 940 283**	1 549 285	1 507 530
Intangible assets	**-**	-	-
Liabilities	**687 177**	239 295	514 890
Capital expenditure	**3 944**	404	933
Acquisition of companies [1)]	**95 987**	-	-

Eliminations

Amounts in NOK 1 000	**2007**	2006	2005
External sales	**-**	-68	-22 461
Internal sales	**-1 061 122**	-972 479	-672 028
Operating revenues	**-1 061 122**	-972 547	-694 489
Depreciation	**-**	-	-
Operating result before unrealised fair value adjustments	**-25 680**	-13 426	-10 831
Fair value adjustments	**-**	-	-
Operating profit / loss	**-25 680**	-13 426	-10 831
Income from associates	**-**	-	-
Tax on ordinary result	**6 014**	4 416	3 766
Result for the year	**-19 665**	-9 011	-8 618
Assets	**-2 441 753**	-2 380 433	-2 670 021
Intangible assets		-	-
Liabilities	**-2 398 588**	-2 351 402	-2 648 320
Capital expenditure	**-**	-	-
Acquisition of companies [1)]	**-**	-	-

Consolidated

Amounts in NOK 1 000	**2007**	2006	2005
External sales	**7 721 204**	7 533 698	5 367 139
Internal sales	**-**	-	-
Operating revenues	**7 721 204**	7 533 698	5 367 139
Depreciation	**-261 391**	-256 969	-236 174
Operating result before unrealised fair value adjustments	**746 941**	1 311 414	635 849
Fair value adjustments	**-279 566**	-23 744	222 456
Operating profit / loss	**467 375**	1 287 671	858 305
Income from associates	**17 467**	9 456	18 934
Tax on ordinary result	**24 206**	-302 881	-58 673
Result for the year	**479 321**	937 513	738 307
Assets	**7 424 653**	6 894 820	6 749 466
Intangible assets	**1 949 811**	1 873 091	1 923 014
Liabilities	**3 178 280**	2 633 110	3 126 769
Capital expenditure	**520 362**	270 107	185 868
Acquisition of companies [1)]	**422 652**	116 216	360 646

[1)] Norgrain AS has been consolidated after purchase of additional 22.7% of the shares in 2007. Enterprise value of the company is approximately NOK 96 million
Cermaq owns 72.48% of the shares in Norgrain AS

In December 2007 an impairment loss of NOK 14 million was recognised related to obsolete fixed assets in Mainstream Scotland (fish farming segment). In 2006 a loss of approximately NOK 6 million was recognised due to close down of a processing plant in the Finnmark region.

Group operating revenues by location of the individual customers

Amounts in NOK 1 000	**2007**	2006	2005
Country			
Norway	**3 092 957**	2 686 071	1 935 341
Chile	**1 716 742**	1 522 427	995 203
USA	**894 509**	1 302 561	993 146
Japan	**411 249**	607 341	433 102
United Kingdom	**535 340**	475 649	335 740
Canada	**425 455**	462 134	273 548
Rest of Europe	**498 284**	375 593	344 338
Other countries	**146 668**	101 922	56 721
Total operating revenues	**7 721 204**	7 533 698	5 367 139

Total assets by location

Amounts in NOK 1 000	**2007**	2006	2005
Country			
Norway	**3 169 784**	2 482 005	2 111 313
Chile	**3 004 158**	3 211 486	3 282 352
United Kingdom	**451 990**	463 110	391 079
Canada	**983 139**	983 317	1 131 657
Group eliminations	**-184 418**	-245 098	-166 935
Total assets	**7 424 653**	6 894 820	6 749 466

Total capital expenditure by location

Amounts in NOK 1 000	**2007**	2006	2005
Country			
Norway	**230 447**	105 943	73 222
Chile	**208 008**	118 276	90 280
United Kingdom	**35 013**	11 078	5 593
Canada	**46 894**	34 810	16 773
Total capital expenditure	**520 362**	270 107	185 868

NOTE 6 WAGES AND OTHER PERSONNEL EXPENSES

Amounts in NOK 1 000	**2007**	2006	2005
Wages and salaries including holiday pay	**536 024**	529 486	414 045
National insurance contributions	**24 982**	26 976	24 952
Pension costs	**1 488**	4 356	26 291
Option scheme expense	**2 991**	9 311	-
Other staff expenses	**14 128**	12 863	9 494
Total wages and other personnel expenses	**579 613**	582 993	474 780

The number of employees in the Cermaq Group at 31 December 2007 was 4 008 persons (2006: 3 937; 2005: 3 681). The number of man-years during the year in the group was 3 311 (2006: 3 517: 2005: 3 246).

Remuneration - key management personnel

The Cermaq central management team (CCMT) and the Cermaq board were entitled to the following remuneration:

2007 *Amounts in NOK 1 000*	**Salary**	**Bonus**	**Other remuneration**	**Total paid remuneration**	**Fair value of options issued**	**Pension costs 7)**
Cermaq central management team						
Geir Isaksen	2 525	574	26	3 124	160	758
Geir Sjaastad	1 579	376	102	2 057	112	269
Peter Williams 1)	2 032	522	467	3 021	112	442
Tarald Sivertsen	1 030	112	25	1 168	130	52
Synne Homble	806	-	20	826	-	65
Kjell Bjordal 2)	1 843	446	134	2 423	112	837
Francisco Ariztìa 3)	2 402	713	134	3 250	112	-
Endre Witzø 4)	-	-	-	-	-	-
Total	**12 217**	**2 743**	**909**	**15 869**	**737**	**2 423**

2006

Amounts in NOK 1 000	Total paid remuneration	Fair value of options issued	Pension costs [7]
Cermaq central management team			
Geir Isaksen	2 784	534	814
Geir Sjaastad	1 918	374	395
Peter Williams [1]	2 858	374	385
Tarald Sivertsen	-	-	-
Synne Homble	-	-	-
Kjell Bjordal [2]	2 314	374	718
Francisco Ariztìa [3]	3 320	374	-
Endre Witzø [4]	-	-	-
Total	**13 193**	**2 028**	**2 312**

Amounts in NOK 1 000	**2007 Board fee**	2006 Board fee
The board		
Sigbjørn Johnsen - Chairman of the Board [5]	**328**	338
Finn Jebsen - Deputy Chairman of the Board [5]	**178**	208
Wenche Kjølås [5]	**172**	188
Astrid Sørgaard [5]	**172**	150
Kjell Frøyslid	**157**	150
Jan Helge Førde - employee representative [6]	**157**	150
Ingrid Kassen - employee representative [6]	**82**	-
Kent Inge Eliassen- employee representative [6]	**82**	-
Nils Inge Hitland - employee representative till May 2007 [6]	**75**	150
Jim- Egil Hansen - employee representative till May 2007 [6]	**77**	150
Total	**1 476**	1 483

[1] Salary paid by Cermaq ASA and EWOS Ltd. Peter Williams will resign from his position in April 2008
[2] Salary paid by EWOS AS
[3] Salary paid by Mainstream Chile s.a.
[4] Endre Witzoe, Chief Strategy Officer, was employed by the group from January 2008
[5] Included in fee is fee related to audit comittee meetings. In 2007 Astrid Sørgaard replaced Finn Jebsen in the audit comittee.
Annual fee audit comittee is NOK 15 000 for 2007. For 2006, the audit committee fee was NOK 25 000, 2006 cost includes back pay of NOK 12 500 related to 2005
[6] Employee representatives have in addition received ordinary salary from the companies where they are employed
[7] 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 is based on ROCE-targets (Return on Capital Employed) and other measures which are determined 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, and Synne Homble and Endre Witzø who are not entitled to any salary compensation. The chairman of the board and other members of the board have no such rights. Geir Isaksen's, Geir Sjaastad's and Tarald Sivertsen'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 2007.

Geir Isaksen and Peter Williams have loans of NOK 18 333 and NOK 8 333 respectively from Cermaq at the end of the year. Kjell Bjordal has loan from EWOS of NOK 29 000. There has been no remuneration paid during the year beyond that which is considered normal for management.

Option scheme
In 2006, a new option scheme was established. Fair value per option and established cost in the financial statements is calculated using Monte Carlo-simulation. At year end, 54 individuals (2006: 59 individuals) are included in the scheme. The options 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 2007 can be exercised in the period 1 June 2010-1 June 2013
Options vested at 1 June 2008 can be exercised in the period 1 June 2011-1 June 2014

At the end of 2007, 272 222 options are vested (2006: 293 333 options vested). Strike price for options vested on 1 June 2007 is NOK 113.76 per option, based on the average share price 31 May-2 June 2007 plus a premium of 10 percent. 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 exercise date of the previous option program) plus a premium of 10 percent. Share price on grant date 2006 was NOK 78.50.

Other assumptions considered in the model is falling volatility during the exercise period from 40-25 percent, 4.1 percent risk free interest rate and 2.25 percent yield in expected dividend. The share price of Cermaq at year end 2007 was NOK 75.5. The option cost recognised in the profit and loss in the year is NOK 3.0 million. The accumulated option cost of the existing program is NOK 12.3 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 exceeded, 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 any right to exercise options.

Overview of Cermaq central management team's options:

	Options vested in 2007	Options exercised in 2007	Options vested in 2006	Options exercised in 2006
Geir Isaksen	16 667	-	16 667	180 000
Geir Sjaastad	11 667	-	11 667	150 000
Peter Williams	11 667	-	11 667	150 000
Kjell Bjordal	11 667	-	11 667	150 000
Francisco Ariztia	11 667	-	11 667	150 000
Tarald Sivertsen	8 334	-	-	-

CCMT members Endre Witzø and Synne Homble did not hold options at 31 December 2007.

Report to shareholders on directors' remuneration

The main principles for the group's wage policies for key management personnel are: management wages should be competitive, motivating, understandable, acceptable and flexible. In addition to fixed salary, bonus, options, pensions, severance payments and other fringe benefits which are common for similar positions, are considered. The terms of the CEO are set by the board. Terms for the other members of the CCMT is set by the CEO in agreement with the chairman of the board. With respect to remuneration linked to shares or share price development, guidelines are approved by the general assembly. The report to shareholders on directors' remuneration is approved by the board and is available on the group's website www.cermaq.com, and can also be found on page 83 in the Annual Report.

NOTE 7 PENSION COSTS AND OBLIGATIONS

Of the 4 008 employees at 31 December 2007, 754 are members of pension schemes within the group. 78 of these are located in Scotland, 233 in Canada and the remaining 443 in Norwegian companies.

In Norway, the group is required by law (Act relating to obligatory service pensions) to have a service pension plan. The schemes in Norwegian companies meet the requirements of the law.

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 schemes "kollektiv tjenestepensjon" were closed and transferred to defined contribution schemes. Contributions are given in steps of 0, three and six percent of salary, with no contributions for salaries above 12G (which is equivalent to NOK 755 000 in annual salary). Contribution in 2008, are expected to be approximately NOK 5.8 million for the Norwegian companies given scheme structure within the group as at year end 2007.

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 2006 accounts, following the pension liability in the accounts exceeding the funds in the schemes.

Early retirement schemes and schemes for pensioners, are defined benefit schemes. Top hat-schemes (benefits for salary above 12G), are defined benefit schemes for persons within the scheme before 31 December 2006. Persons entering the top hat-scheme after this date has a defined contribution scheme for salaries above 12 G, with a contribution rate of 15 percent. In total 310 persons in Norway are included in defined benefit schemes.

In April 2007, the defined benefit scheme in EWOS Limited was closed and transferred to a defined contribution scheme. The closing of the UK defined benefit pension scheme and transfer to a defined contribution scheme, resulted in a one off credit of NOK 18.0 million in the accounts, following the pension liability in the accounts exceeding the funds in the schemes.

In addition to the Norwegian companies there are defined contribution schemes in EWOS UK, Mainstream Scotland, EWOS Canada and Mainstream Canada. Contributions are made at various rates of salary depending on the age and seniority of the employee.
Expected contribution to these schemes in 2008 is NOK 4.5 million, giving a total expected pension payment to defined contribution schemes for the group of approximately NOK 10.3 million in 2008.

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. There is no guarantee that the amounts funded will be sufficient to meet the group's pension liabilities. As at 31 December 2007, there was a deficit of NOK 24.4 million in pension scheme funding, which will be made up by increasing ongoing contributions.

Assumptions:

	2007	2006	2005	2004
Financial:				
Discount rate	**4.7%**	4.5%	4.0%	5.5%
Expected return on pension funds	**5.8%**	5.0%	5.0%	6.0%
Wage adjustment	**4.0%**	3.0%	3.0%	3.0%
Basic amount adjust/inflation	**4.0%**	3.0%	3.0%	3.0%
Pension adjustment	**2.0%**	3.0%	3.0%	3.0%
Demographic				
Mortality	**K-2005**	K-1963	K-1963	K-1963
Early retirement	**50% at age 62**	25% at age 62	25% at age 62	25% at age 62

Pension cost:

Amounts in NOK 1 000	**2007**	2006	2005	2004
Net present value of current year's pension benefit earned	**5 974**	16 733	22 601	16 525
Interest cost of pension liability	**7 139**	11 234	10 094	9 157
Expected return on pension funds	**-5 663**	-7 775	-7 707	-9 119
Actuarial gains and losses	**380**	633	78	14
Effect of closing general company pension scheme	**-19 134**	-23 550	-	-
Employee contributions deducted	**-**	-250	-279	-276
Recognised one off effects	**-**	3 332	-	-
Administrative expenses	**134**	191	470	471
Accrued National Insurance contributions	**587**	493	1 558	1 093
Net accrued pension cost defined benefit schemes	**-10 584**	1 041	26 815	17 865
Cost defined contribution scheme and other pension costs	**12 072**	3 316	-	-
Total pension cost	**1 488**	4 356	26 815	17 865

Pension liability:

Amounts in NOK 1 000	**Funded 2007**	**Non-funded [1] 2007**	**Total 2007**	Total 2006	Total 2005	Total 2004
Projected benefit liabilities (-)	**-43 104**	**-16 531**	**-59 635**	-174 303	-251 975	-197 827
Estimated pension funds (+)	**40 236**	**141**	**40 377**	126 090	159 413	141 383
Estimated net pension funds(+)/liabilities(-)	**-2 868**	**-16 390**	**-19 258**	-48 213	-92 563	-56 444
Unrecorded gain(-)/loss on pension funds(+)	**-4 808**	**-321**	**-5 129**	6 600	27 861	730
Net pension funds(+)/liabilities(-)	**-7 676**	**-16 711**	**-24 387**	-41 614	-64 702	-55 715
Accrued National Insurance contributions	**-910**	**-1 752**	**-2 662**	-2 413	-3 891	-3 568
Pension funds(+)/obligations(-)	**-8 585**	**-18 463**	**-27 048**	-44 026	-68 593	-59 283

[1] Non-funded schemes relate to AFP, top hat and early retirement schemes

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

Amounts in NOK 1 000	**2007**	2006
Opening defined benefit liabilites at 1 January	**174 303**	251 975
Interest cost	**7 139**	11 234
Current service cost	**5 974**	16 733
Benefits paid	**-4 618**	-3 217
Effect of closing general company pension scheme	**-99 747**	-98 135
Actuarial (gains)/losses on liabilities	**-18 597**	-16 535
Currency effect	**-4 819**	12 248
Projected benefit liabilites at 31 December	**59 635**	174 303

Changes in the estimated pension funds during the year were:

Amounts in NOK 1 000	**2007**	2006
Estimated pension funds at 1 January	**126 090**	159 413
Expected return	**5 663**	7 775
Contributions paid	**12 988**	20 560
Benefits paid	**-4 188**	-3 131
Effect of closing general company pension scheme	**-95 497**	-61 044
Actuarial (gains)/losses on liabilities	**-1 138**	-658
Currency effect	**-3 541**	3 174
Estimated pension funds at 31 December	**40 377**	126 090

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

Amounts in NOK 1 000	**2007**	2006
Current bonds	**21.5%**	20.6%
Long-term bonds	**27.7%**	30.0%
Moneymarket funds	**7.5%**	4.5%
Stocks	**24.8%**	29.7%
Real estate	**15.6%**	12.6%
Various	**2.9%**	2.6%
Total	**100.0%**	100.0%
Actual return on pension funds	**11.8%**	7.5%

Sensitivities

The above pension cost and pension liabilities related to defined benefit schemes, are based on the assumptions outlined above. Please note that the actuarial calculations are sensitive to changes in these assumptions. Normally, a one percent change in discount rate would imply a 20 percent change in the pension liability and pension cost (defined benefit schemes) and a one percent change in wage adjustment would imply a 10 percent change in the pension liability and pension cost (defined benefit schemes).

NOTE 8 OTHER OPERATING EXPENSES

Amounts in NOK 1 000	**2007**	2006	2005
Production cost [1)]	**397 353**	328 609	223 330
Logistic cost [2)]	**420 366**	394 727	342 004
Sales and administration expenses	**145 256**	123 985	153 819
Other operating expenses	**74 544**	44 563	95 988
Total other operating expenses	**1 037 519**	891 884	815 142

[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 under 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 2007, and R&D costs have been charged to the profit and loss account. Net R&D costs were NOK 59.0 million in 2007 (2006: NOK 55.3 million, 2005: NOK 47.5 million).

Auditor

The company's auditor, KPMG [1)] has invoiced the following fees:

Amounts in NOK 1 000	**2007**	2006	2005
Audit fees	**4 836**	4 698	3 443
Other audit services	**38**	233	826
Total audit fees	**4 874**	4 931	4 269
Tax advice	**168**	288	829
Other services [2)]	**1 079**	455	1 029
Total fees	**6 121**	5 674	6 127

[1)] Fees for 2006 and 2005 show remuneration paid to Ernst & Young. During the year the group carried out a tendering process and changed auditor
Of the total audit fee recorded for 2007, NOK 1.5 million relates to work carried out in connection with the audit of financial year ending 31 December 2006
[2)] Fees for 2007 are mainly related to due dilligence on acqusitions

NOTE 9 FINANCIAL INCOME/EXPENSES

Recognised in profit and loss

Amounts in NOK 1 000	**2007**	2006	2005
Interest Income on bank deposits	**20 741**	17 606	7 146
Dividend Income on available for sale financial assets	**503**	-127	-
Net change in fair value of derivative financial instruments [1]	**962**	173	15 502
Net foreign exchange gain	**5 428**	11 126	4 090
Net gain on disposal of available for sale assets [2]	**22 291**	11 271	3 534
Financial income	**49 924**	40 050	30 272
Interest expense on financial liabilities measured at amortised cost	**-77 003**	-92 098	-100 545
Impairment loss on available for sale financial assets	**-**	6	-4 973
Other financial expense	**-2 648**	-4 692	-5 013
Financial expense	**-79 651**	-96 783	-110 531
Net financial items	**-29 727**	-56 733	-80 259
The above financial income and expense include the following:			
Total interest income on financial assets	**20 741**	17 606	7 146
Total interest expense on financial liabilities	**-77 003**	-92 098	-100 545

[1] Financing fair value impacts in 2007 arise mainly due to interest rate hedges related to the group's borrowings and currency hedges, see note 23 for further information

[2] Includes gain on sale of shares in Salar Smolt AS with NOK 17.8 million in 2007

Recognised directly in equity

Amounts in NOK 1 000	**2007**	2006
Net change in fair value of available for sale financial assets [1]	**100 471**	25 867
Attributable to:		
Equity holders of the company	**100 471**	25 867
Recognised in:		
Other reserves	**100 471**	25 867

[1] Net change in fair value relate to shares in Marine Farms ASA and AquaGen AS in 2007 (2006: mainly shares in Marine Farms ASA)

NOTE 10 TAXATION

Income tax expense

Amounts in NOK 1 000	**2007**	2006	2005
Tax payable	**-13 941**	89 720	-5 941
Change in deferred tax	**-10 265**	213 161	64 614
Tax on ordinary result	**-24 206**	302 881	58 673

Distribution of income tax expense

Amounts in NOK 1 000	**2007**	2006	2005
Norway	**-56 193**	63 654	3 302
Abroad	**31 987**	239 227	55 371
Tax on ordinary result	**-24 206**	302 881	58 673

Tax payable in the consolidated balance sheet amounts to NOK 48.5 million, primarily related to Chile and Canada, with NOK 18 and 25.9 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 tax for the year

Amounts in NOK 1 000	**2007**	2006	2005
28% tax on profit before tax for the year	**127 430**	347 310	225 218
28% tax effect on permanent differences [1)]	**-18 693**	-27 820	-110 285
Differences in nominal tax rate for foreign companies	**-4 936**	-13 694	-20 723
Change in tax from previous years	**-94 763**	-2 031	-42 516
Other differences	**-33 244**	-884	6 980
Tax on ordinary result	**-24 206**	302 881	58 673

[1)] Tax impact of permanent differences for the group for 2007 are primarily related to non taxable gain on sale of shares and income from associates

The weighted average applicable tax rate was -5.3 percent (2006: 24.4 percent, 2005: 7.4 percent). The decrease is due to a lower operating result, fair value adjustment on inventory, movements in the group's deferred tax balances, and release of a provision related to NOKUS taxation.

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:

Tax effect of temporary differences

Amounts in NOK 1 000	**2007**	2006
Intangible assets	**228 933**	194 247
Tangible assets	**-1 857**	-14 231
Inventories	**230 339**	252 706
Accounts receivables	**-17 839**	-6 221
Pension	**-6 812**	-4 847
Other	**-16 211**	-8 392
Deferred tax losses	**-104 634**	-128 061
Not recognised deferred tax asset	**61 057**	76 121
Deferred tax/deferred tax assets (-)	**372 976**	361 322

Deferred income tax assets are recognised for tax losses carried forward and other net deductible temporary differences to the extent that the realisation of the related tax benefit through the future taxable profits is probable. For 2007, the group did not recognise deferred income tax assets of NOK 61.1 million (2006: 76.1 million). Related to tax losses amounting to NOK 167.5 million (2006: 253.7 million) and net deductible temporary differences.

Expiry dates and tax effect of tax losses carried forward

Amounts in NOK 1 000	**2007**	2006
Norway	**57 770**	51 940
Scotland	**46 864**	76 121
Total	**104 634**	128 061

NOKUS-taxation (Norwegian taxation of income from low tax jurisdictions)

Cermaq ASA and Statkorn Aqua AS have had a long running 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 April 2007 Cermaq received the final confirmation from the Norwegian tax authorities that it's subsidiaries in Chile shall not be subject to NOKUS taxation. The ruling has resulted in a one off tax income effect in the group accounts of NOK 90.8 million. The cash received was NOK 45.1 million before interest.

NOTE 11 MINORITY INTERESTS

Amounts in NOK 1 000	**2007**	2006	2005
Minority interests' share of			
Ordinary depreciation	**102**	-	312
Operating profit/loss	**2 071**	-	1 960
Profit/loss before tax	**2 077**	-	3 307
Tax	**-590**	-	-926
Development of minority interests			
Minority interests at 1 January	**-**	415	-
Profit/loss for the year attributed to minority interests	**1 487**	-	-
Increase related to acquisitions	**27 044**	-	-
Reduction in connection with acquisitions of minority interests	**-**	-415	-
Minority interests at 31 December	**28 531**	-	-
Specification of minority interests		-	-
Norgrain AS	**28 531**		
Minority interests at 31 December	**28 531**	-	-

NOTE 12 INTANGIBLE ASSETS

Amounts in NOK 1 000	**Goodwill**	**Licences**
Historical costs at 1 January 2006	**1 034 489**	**1 297 249**
Additions, new companies	28 000	24 000
Additions, cost price	-	7 035
Transfers and other charges 1)	-20 158	1 045
Foreign currency effect	-48 333	-64 427
Historical costs at 31 December 2006	**993 998**	**1 264 902**
Historical costs at 1 January 2007	**993 998**	**1 264 902**
Additions, new companies	37 809	169 754
Additions, cost price	-	3 425
Transfers and other charges 1)	-	2 567
Foreign currency effect	-60 386	-111 370
Historical costs at 31 December 2007	**971 421**	**1 329 278**
Accumulated depreciation at 1 January 2006	**-176 863**	**-231 861**
Ordinary depreciation for the year	-	-2 375
Transfers and other charges 1)	-	19 113
Foreign currency effect	8 246	-2 070
Accumulated depreciation at 31 December 2006	**-168 617**	**-217 192**
Accumulated depreciation at 1 January 2007	**-168 617**	**-217 192**
Foreign currency effect	9 072	13 526
Accumulated depreciation at 31 December 2007	**-159 545**	**-203 666**
Book value at 1 January 2006	**857 626**	**1 065 388**
Book value at 31 December 2006	**825 381**	**1 047 710**
Book value at 1 January 2007	**825 381**	**1 047 710**
Book value at 31 December 2007	**811 876**	**1 125 612**

1) Transfers between goodwill and licenses mainly relate to reallocation of the purchase price for Mainstream Norway. In 2006 NOK 20 million was reclassified between licences and goodwill, increasing the carrying value of licenses and reducing goodwill

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.

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 licence 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 2007.

The discount rate used is 10 years government bond rate pre-tax for each currency in which group assets are denominated (NOK 4.7 percent, USD 4.0 percent, CAD 4.0 percent, GBP 4.6 percent), plus a risk premium of 6 percent. The terminal growth factor used in the DCF calculations is 2 percent.

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 2007.

Sensitivities
The above estimates are sensitive. A two percent increase in the risk premium used (increasing the discount rate) would result in impairment (a non cash accounting write down) of approximately NOK 69 million keeping other assumptions constant. A NOK one per kilogram reduction in the long term average margin assumed, due to changes in prices or costs would result in an impairment of approximately NOK 91 million.

Specification of fish farming licences

Amounts in NOK 1 000	Ongrowing licences	Aquisition year	Historical cost	Book Value 31.12.07
Country				
Chile	50	2000/2004/2007	942 148	624 951
Canada	30	2000/2005	202 403	120 929
Scotland	24	2000	176 786	32 062
Norway	44	2003/2005/2006/2007	347 670	347 670
Total	**148**		**1 669 007**	**1 125 612**

17 licences were acquired in Norway during the year as part of the purchase of Polarlaks (Finnmark region) and Arctic Seafood Holding (Nordland region). In addition 3 new licenses in Chile's region XI were acquired in 2007.

Specification of goodwill

Amounts in NOK 1 000	Aquisition year	Historical cost	Book Value 31.12.07
Company/group			
EWOS Norway AS	2000	232 072	189 748
EWOS Chile s.a [1]	2000	260 134	128 478
EWOS Canada Ltd.	2000	147 898	110 638
EWOS Scotland Ltd.	2000	22 785	14 410
Mainstream Chile s.a.	2000/2001	369 993	205 810
Mainstream Norway AS [2]	2005/2006/2007	183 601	162 792
Total		**1 216 484**	**811 876**

[1] EWOS Chile s.a and EWOS Chile Ltda merged from 2.1.2007
[2] Mainstream Norway AS recognised NOK 37.8 million as goodwill in relation to the acquisition of Arctic Seafood Holding AS

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 at 1 January 2006	**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	-	-15	-	-10 820
Transfers 1)	106 419	30 676	-	-143 670	-6 576
Foreign currency effect	-68 693	-14 532	-4 728	-4 318	-92 271
Historical cost at 31 December 2006	**2 469 164**	**644 614**	**76 644**	**63 120**	**3 253 542**
Historical cost at 1 January 2007	**2 469 164**	**644 614**	**76 644**	**63 120**	**3 253 542**
Additions, new companies	81 883	70 406	3 879	2 827	158 995
Additions, cost price	122 493	4 400	-	354 085	480 978
Disposals, cost price	-29 713	-10	-90	-	-29 813
Impairment 2)	-65 103	-	-	-	-65 103
Transfers 1)	225 325	33 236	-135	-258 735	-309
Foreign currency effect	-113 222	-34 745	-2 703	-5 218	-155 888
Historical cost at 31 December 2007	**2 690 827**	**717 901**	**77 595**	**156 079**	**3 642 402**
Accumulated depreciation at 1 January 2006	**-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	-	-	-	8 690
Impairment 2)	-5 184	-852	-	-	-6 036
Transfers 1)	6 131	445	-	-	6 576
Foreign currency effect	39 293	5 525	-	-	44 818
Accumulated depreciation at 31 December 2006	**-1 554 542**	**-248 368**	**-**	**-**	**-1 802 911**
Accumulated depriciation at 1 January 2007	**-1 554 542**	**-248 368**	**-**	**-**	**-1 802 911**
Additions, new companies	-18 991	-12 494	-	-	-31 485
Ordinary depreciation for the year	-216 568	-31 874	-	-	-248 442
Accumulated depreciation on disposals in the year	17 883	1	-	-	17 884
Impairment 2)	52 542	-17	-	-	52 525
Transfers 1)	234	-	-	-	234
Foreign currency effect	82 029	11 486	-	-	93 515
Accumulated depreciation at 31 December 2007	**-1 637 413**	**-281 266**	**-**	**-**	**-1 918 680**
Book value at 1 January 2006	**938 499**	**389 662**	**78 768**	**73 317**	**1 480 246**
Book value at 31 December 2006	**914 621**	**396 245**	**76 644**	**63 120**	**1 450 630**
Book value at 1 January 2007	**914 621**	**396 245**	**76 644**	**63 120**	**1 450 630**
Book value at 31 December 2007	**1 053 415**	**436 636**	**77 595**	**156 079**	**1 723 726**

1) Transfers from plant under construction to relevant asset class at finish date
2) Write down of assets mainly relates to impairment of obsolete assets in Mainstream Scotland in 2007 (NOK 14 million) and closure of a processing plant in the Finnmark region in 2006 (NOK 6 million). Impairment losses are reported in depreciation in the group income statement

Financial lease

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

NOTE 14 INVESTMENTS IN ASSOCIATED COMPANIES

2007

Amounts in NOK 1 000	Equity interest as at 31.12.07	Book value as at 01.01.07	Share of profit/loss for the year	Tax	Dividend	Additions or deductions	Book value as at 31.12.07
Fish farming							
Silver Seed AS	50.00%	4 416	3 863	-1 082	-	-	7 197
Helnessund Bøteri AS	33.00%	1 428	288	-81	-	-	1 635
Salar Smolt AS	-	5 251	-	-	-	-5 251	-
Øksnes Thermo AS	24.40%	-	-	-	-	985	985
Vestfjord Marin AS	19.90%	-	-	-	-	150	150
Hordafôr AS	35.15%	19 315	13 132	-3 677	-	-	28 770
Total fish farming		**30 410**	**17 283**	**-4 839**	**-**	**-4 116**	**38 738**
Other							
Unikorn AS	-	15 491	449	-126	-	-15 814	-
Norgrain AS [1)]	72.48%	44 478	1 341	-375	-	-45 444	-
Denofa Group AS	29.00%	-	7 487	-2 680	-	61 396	66 203
Uniol AS	32.70%	-	-1 489	417	-	12 460	11 388
Total other activities		**59 969**	**7 788**	**-2 764**	**-**	**12 598**	**77 591**
Total investments in associates		**90 379**	**25 071**	**-7 603**	**-**	**8 482**	**116 329**

[1)] Unikorn AS was demerged as from 1 January 2006 into the two companies Unirkorn AS and Unikorn Import AS. Unikorn AS has been divested in 2007. Unikorn Import AS changed name to Norgrain in May 2007. Following the group's acquisition of additional 22.7% of the shares in the company in May 2007 Norgrain has been consolidated in the group accounts as from April 2007

2006

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
Fish farming							
Silver Seed AS	50.00%	4 317	129	-	-	-30	4 416
Helnessund Bøteri AS	33.00%	1 922	-494	-	-	-	1 428
Salar Smolt AS	25.00%	-	251	-	-	5 000	5 251
Hordafôr AS	35.15%	22 513	7 696	-2 155	-	-8 739	19 315
Total fish farming		**28 752**	**7 582**	**-2 155**	**-**	**-3 769**	**30 410**
Other							
Unikorn AS	49.78%	15 246	1 157	-324	-588	-	15 491
Unikorn Import AS	49.78%	42 940	4 438	-1 243	-1 657	-	44 478
Total other activities		**58 186**	**5 595**	**-1 567**	**-2 245**	**-**	**59 969**
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 net of taxation as Income from associates.

The group has no significant transactions with associated companies.

Summary financial information on associated companies, not adjusted for the percentage ownershare held by the group:

2007 *Amounts in NOK 1 000*	**Total assets 31.12.07**	**Total liabilities 31.12.07**	**Total equity 31.12.07**	**Operating revenues 2007**	**Result for the year 2007**
Silver Seed AS	36 929	21 856	15 073	9 089	5 775
Helnessund Bøteri AS	16 120	12 318	3 802	1 636	995
Hordafôr AS	108 835	41 948	66 887	210 273	27 909
Denofa AS	433 433	363 000	70 432	1 469 443	19 390
Uniol AS	118 874	94 888	23 986	-	-5 587
Øksnes Thermo AS	12 407	8 328	4 079	806	389
Vestfjord Marin AS	475	15	460	-	-

2006 *Amounts in NOK 1 000*	**Total assets 31.12.06**	**Total liabilities 31.12.06**	**Total equity 31.12.06**	**Operating revenues 2006**	**Result for the year 2006**
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	4 936
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	**2007**	2006
AquaGen AS (12.35%)	**70 000**	11 497
Norway Royal Salmon AS (0.00%)	**-**	18 502
Marine Farms ASA (16.19%)	**171 966**	67 883
Other	**7 632**	8 135
Total investments in other companies	**249 598**	106 017

Investments in other companies are classified as available-for-sale and are measured at fair value. The estimated fair values are based on quoted share prices where these are available or fair value has been estimated using other methods of estimation.

The difference between the fair value of the shares in Marine Farms and the price paid for the shares was NOK 90.0 million. The difference between the fair values of the shares in AquaGen and the cost price of the shares was NOK 58.5 million. Changes in the fair value of these shares (above cost) are recognised directly in equity.

In 2007 a gain of NOK 838 thousand was recorded in the financial statements following the sale of shares in Norway Royal Salmon AS.

NOTE 16 OTHER RECEIVABLES

Amounts in NOK 1 000	**2007**	2006
Other short term receivables	**115 054**	106 273
Long-term loans	**79 800**	14 854
Other long term receivables	**5 716**	2 592
Total other receivables	**200 570**	123 719

Other receivables are classified as loans and receivables and measured at amortised cost using the effective interest method, less any impairment. Due to immaterial transaction costs and the short credit period, the amortised cost equals the nominal value less any allowance for credit losses.

Other short term receivables are mainly prepayments.

The groups exposure to credit risks related to other receivables is disclosed in note 23. The increase in other receivables is due to additional loan funding provided to Uniol, an associate company, (an increase of NOK 11.8 million), the consolidation of Norgrain (NOK 25.0 million), and a short term receivable from the Chilean tax authorities (an increase of NOK 30.7 million).

NOTE 17 INVENTORY

Amounts in NOK 1 000	**2007**	2006
Raw materials	**401 560**	430 110
Work in progress	**5 022**	7 172
Finished goods	**239 923**	235 099
Inventory provisions	**-34 850**	-14 634
Total inventory	**611 655**	657 747

The total cost of materials in the year was NOK 5 096 million (2006: NOK 4 490 million, 2005: NOK 3 232 million). The cost of stock written down in the period was NOK 25.5 million (2006: NOK 1.7 million, 2005: NOK 6.2 million). The increase in the cost of inventory written down is due to the production problems in Chile. Finished goods include feed within the feed division, valued at cost, and within farming; processed fish and frozen inventory recorded at fair value at point of harvest.

Norgrain AS has inventory pledged as security for liabilities, reference is made to note 26.

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	**2007**	2006
Immature fish	**47 265**	52 736
Mature fish	**26 630**	16 574
Total	**73 894**	69 310

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 >3.8 kg for Atlantics and >2.5 kg 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	**2007**	2006
Cost of Biological assets	**1 373 041**	1 148 446
Fair value adjustment	**102 030**	336 891
Total biological assets	**1 475 071**	1 485 338

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

Amounts in NOK 1 000	**2007**	2006
Biological assets at 1 January	**1 485 338**	1 245 741
Impact of acquisitions	**70 702**	71 920
Fair value adjustments	**-279 566**	-23 744
Foreign currency effect	**-101 411**	-74 629
Net harvesting / purchases	**300 008**	266 050
Biological assets at 31 December	**1 475 071**	1 485 338

Tonnes	**2007**	2006
Biological assets at 1 January	**69 310**	64 104
Acquisitions	**3 487**	3 658
Harvested	**-115 934**	-125 815
Biological transformation and purchases	**117 031**	127 363
Biological assets at 31 December	**73 894**	69 310

The decrease in the fair value adjustment on inventory in 2007 is due to a combination of lower prices and higher costs in the farming division.

Valuation

The valuation of biomass is carried out for each operating region. Estimated biomass (kg) is multiplied by estimated prices; prices 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.

The fair value less estimated point of sale costs of volumes harvested during the year was approximately NOK 2 199 million.
In total 125 209 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 -279.6 million (2006: NOK -23.7 million, 2005: NOK 222.5 million).

Sensitivities

The estimate of unrealised fair value adjustment is based on assumptions. Changes in these assumptions will impact the fair value calculation. In practice, the realised profit which is achieved on the sale of inventory will differ from the calculations of fair value because of changes in the final market destinations of sold fish, changes in price levels, changes in cost levels, differences in quality etc. A 10 percent increase in sales prices would increase fair value of biomass by NOK 68.6 million.

NOTE 19 ACCOUNTS RECEIVABLE FROM CUSTOMERS

Amounts in NOK 1 000	**2007**	2006
Receivables from customers	**906 671**	887 895
Provisions for doubtful receivables	**-41 445**	-44 879
Total accounts receivable	**865 226**	843 016

The group's exposure to credit risk related to accounts receivables is disclosed in note 23.

NOTE 20 LIQUID ASSETS

Amounts in NOK 1 000	**2007**	2006
Bank and cash in hand [1)]	**232 666**	264 883
Total bank deposits and cash in hand	**232 666**	264 883

1) The group had no restricted bank deposits at the end of the year

The group's exposure to interest rate risk is disclosed in note 23.

NOTE 21 SHARE INFORMATION

20 largest shareholders at 31 December 2007

Shareholders	Nationality	Number of shares held	Ownership
NORWEGIAN MINISTRY OF TRADE AND INDUSTRY	NOR	40 271 600	43.54%
MORGAN STANLEY & CO	GBR	3 900 964	4.22%
BANK OF NEW YORK, BRÜSSEL BRANCH	USA	3 630 328	3.92%
STATE STREET BANK	USA	3 239 902	3.50%
STATE STREET BANK	USA	3 228 348	3.49%
MELLON BANK AS	USA	3 054 787	3.30%
STATE STREET BANK	USA	2 931 550	3.17%
FIDELITY FUNDS	LUX	2 566 000	2.77%
FOLKETRYGDFONDET	NOR	1 546 000	1.67%
FIDELITY FUNDS	USA	1 134 600	1.23%
SKANDINAVISKA ENSKILDA	SWE	1 090 121	1.18%
CITIBANK	USA	1 074 500	1.16%
JP MORGAN CHASE BANK	GBR	876 052	0.95%
CITIBANK	NLD	803 018	0.87%
BROWN BROTHERS HARRIAMAN & CO	USA	660 100	0.71%
VITAL FORSIKRING ASA	NOR	654 741	0.71%
CLEARSTREAM BANKING	LUX	585 726	0.63%
BANK OF NEW YORK	LUX	582 684	0.63%
SVENSKA HANDELSBANKEN	SWE	573 560	0.62%
MORGAN STANLEY & CO.	GBR	556 858	0.60%
Total 20 largest shareholders		**72 961 439**	**78.88%**
Total other shareholders		19 538 561	21.12%
Total number of shares		**92 500 000**	

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

	2007 Number of shares	2006 Number of shares
Outstanding shares at 1 January	**92 474 744**	92 004 404
Purchase of own shares to cover the employee share program	**-20 200**	
Sale of own shares to employees as part of employee share program	**45 400**	80 340
Purchase of own shares to cover redemption of options	**-50 000**	
Sale of own shares to cover redemption of options	**-**	390 000
Outstanding shares at 31 December	**92 449 944**	92 474 744
Own shares at 31 December	**50 056**	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.

In 2007, treasury shares have been acquired for the employee share program at share prices between NOK 105.3 to 105.6 per share. The shares were purchased under the authorisation given by the general assembly. Divestment of treasury shares was related to employee share program, with share price on date of sale of NOK 104.2. The employee discount of NOK 946 000 is recognised as a cost within personnel cost.

Dividend

The board has proposed a dividend per share of NOK 2.25 (2006: NOK 4.25: 2005: NOK 1.85 per share).
The dividend proposed is to be approved at the annual general meeting (not accounted for as a liability at 31 December 2007), and if approved, the total dividend payment will be NOK 208 million (2006: NOK 393 million: 2005: NOK 176.4 million).

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

Name	Position	2007 No of shares held	2006 No of shares held
Sigbjørn Johnsen	Chairman of the board	**800**	400
Finn Jebsen [1)]	Deputy chairman of the board	**20 000**	20 000
Astrid Sørgaard [1)]	Board member	**3 000**	3 000
Kjell Frøyslid	Board member	**1 000**	1 000
Wenche Kjølås	Board member	**6 000**	6 000
Jan-Helge Førde	Board member	**627**	427
Ingrid Kassen	Board member	**200**	-
Kent Inge Eliassen	Board member	**-**	-
Geir Isaksen	CEO	**70 627**	70 427
Geir Sjaastad	Deputy CEO	**43 627**	43 427
Peter Williams [1)]	CFO	**50 627**	50 427
Francisco Ariztia [1)]	COO Farming America	**188 675**	188 675
Kjell Bjordal 1)	COO Feed	**220 700**	180 000
Tarald Sivertsen	COO Farming Europe	**627**	427
Synne Homble	Chief legal counsel	**200**	-
Endre Witzø	Chief strategy officer	**-**	-

[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)

Basic earnings per share

Basic EPS is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the company and held as treasury shares.

Diluted earnings per share

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The dilutive potential is share options.

Adjusted earnings per share

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.

	2007	2006	2005
Net result majority interest	**477 834**	937 513	735 926
IAS 41 fair value adjustments	**279 566**	23 744	-222 456
Financial instruments fair value adjustment	**-962**	-173	-15 502
Financial assets fair value adjustment	**-**	-6	4 973
Tax impact of fair value adjustment	**-59 493**	-3 959	56 716
Adjusted result	**696 945**	957 119	559 657
Shares issued at 1 January	**92 500 000**	92 500 000	87 500 000
Effect of own shares held	**-38 362**	-185 907	-527 469
Effect of share issue	**-**	-	945 206
Average number of outstanding shares	**92 461 638**	92 314 093	87 917 737
Adjusted for share options	**16 869**	204 004	42 935
Average diluted number of outstanding shares	**92 478 507**	92 518 097	87 960 672
Earnings per share			
Basic	**5.17**	10.16	8.37
Diluted	**5.17**	10.13	8.37
Adjusted EPS			
Basic	**7.54**	10.37	6.37
Diluted	**7.54**	10.35	6.36

NOTE 22 INTEREST BEARING DEBT

The group's interest bearing debt is classified as financial liabilities measured at amortised cost.

This note provides information about the contractual terms of the group's interest-bearing loans and borrowings, for an analysis of the group's exposure to interest rates, foreign currency and liquidity risk see note 23 .For information about secured debt and book value of pledged assets see note 26.

Amounts in NOK 1 000	**2007**	2006
Credit facility 1)	**1 123 768**	894 477
Long-term financial leases 2)	**37 530**	29 259
Other long-term liabilities 3)	**8 039**	5 021
Total interest bearing long-term liabilities	**1 169 337**	928 757
Short-term financial leases 4)	**46 913**	-
Short-term liabilities 5)	**274 196**	74 209
Total interest bearing liabilities	**1 490 445**	1 002 966

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. 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. As of 31 December 2007 USD 143 million (NOK 774 million) and NOK 350 million of the facility was utilised. The interest rate is variable and 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 45 percent this covenant does not apply. At 31 December 2007 the groups equity ratio was 57.2 percent and the adjusted EBITDA ratio to interest payable was 13.7:1

2) Long term financial leases are related to buildings and machinery and equipment with NOK 15.3 million and NOK 22.2 million, respectively

3) Other long-term liabilities are primarily related to long-term loans from other sources than the group's syndicated credit facility

4) Short-term financial leases are related to machinery and equipment

5) Short-term liabilities comprise net bank overdrafts of NOK 128.2 million, a money market loan of NOK 40.0 million and NOK 101.7 million of loans in Arctic Seafood which are due to be paid as a result of Cermaq's acquisition of the shares in Arctic Seafood

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

Amounts in NOK 1 000	**2007**	2008	2009	2010	2011	2012	After 2012
Credit facility	**1 123 768**	-	-	-	1 123 768	-	-
Long-term financial leasing	**37 530**	-	12 164	6 955	6 496	2 477	9 441
Other long-term liabilities	**8 039**	-	6 985	635	185	185	46
Short-term liabilities	**321 109**	321 109	-	-	-	-	-
Gross interest bearing debt	**1 490 445**	321 109	19 149	7 590	1 130 448	2 662	9 487
Available credit lines of the credit facility	**499 521**	-	-	-	-	-	-
Other available credit lines	**1 071 143**	-	-	-	-	-	-
Total available credit lines	**1 570 664**						

NOTE 23 FINANCIAL RISK MANAGEMENT

Overview

The group has exposure to the following risks from its use of financial instruments; market risk, liquidity risk and credit risk. This note presents information about the group's exposure to each of these risks, the group's objectives, policies and procedures for measuring and managing risk, and the group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The main objective of the group's financial risk management policies is to ensure 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 financial covenants on group debt under normal circumstances.

Financial risk management is carried out by group treasury under financial risk management policies approved by the board of directors. These 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.

The board of directors believes 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 policies and procedures are reviewed regularly to reflect changes in market conditions and the group's activities. There were no material changes to these policies and procedures during the year.

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the group's income, future cash flow or the value of financial instruments held.

The main objective of market risk management is to minimize the risk of a breach of debt covenants. Often, the use of derivative financial instruments would give less flexibility to reap favourable cost developments in the market. This opportunity cost represents an "insurance premium" Cermaq would not be willing to pay under normal circumstances. Derivative financial instruments will therefore normally not be used to hedge market risk unless there is a significant risk of breach of debt covenants.

As a result of this policy, only a limited number of derivative financial instruments transactions were carried out during 2007.

Currency risk
Transaction risk and currency management
As stated above, the overall objective of the group's currency policy is to minimise the risk of a breach of our debt covenants.

Further, it is an objective to reduce long term currency exposure arising from the cash flows of the operating companies. These cash flows are generally hedged by having borrowings in the same currencies (or proxy currencies). Cermaq will externally hedge long term exposure exceeding USD 5 million to the extent there is no offset.

Cermaq Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the group entities. The most important foreign currencies to the group are US dollar, Canadian dollar, Euros, Chilean pesos and Japanese Yen. Subsidiaries in Chile use the US dollar as their functional currency, but certain assets and liabilities are denominated in Chilean pesos. 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, Euros and Japanese yen.

In many cases exposure to an exchange rate is effectively hedged by price adjustment clauses in contracts with customers, where the contracted price is typically adjusted on a quarterly basis to take into account the expected changes in raw material costs during the coming quarter. In addition, revenues and costs in the same currency are netted on a group basis where this is considered feasible. The net remaining exposure is reviewed by group treasury, who will authorise any hedging requirement. The hedging period is limited to 12 months.

From time to time, the group enters into forward exchange contracts to hedge against foreign currency exchange risks associated with certain firm commitments and forecast exposures.

Forward contracts for hedging of future commercial transactions at 31 December 2007

Amounts in 1 000 (local currency)

Cermaq Group buys		Cermaq Group sells	
DKK	644	USD	127
NOK	1 557	USD	288
CLP	8 607 809	USD	17 050
EUR	11	USD	17

The fair value of currency hedging derivatives as at 31 December 2007 was positive and valued at NOK 15 000 (2006: NOK 195.000 negative). There has been no effect of cash flow hedges recognised directly in equity. Financial instruments have not been accounted for using hedge accounting.

Exposure to foreign currency risk based on notional amounts:
The table below summarises the foreign exchange exposure on the net monetary position of all group entities against their functional currency. The table does not show the monetary items that are denominated in the functional currency of the group's entities, as they do not represent any foreign exchange exposure.

The exposure on translating the financial statements of subsidiaries into the presentation currency is not included in the analysis.

Exposure to currency risk [1)]
31.12.2007

Amounts in NOK 1 000	NOK/USD	NOK/EUR	GBP/DKK	USD/CLP	USD/EUR	CAD/USD
Cash and cash equivalents	-	7 196	-	14 557	8 924	-
Accounts receivables	6 730	29 225	-	21 590	12 781	40 184
Trade payables	-62 431	-18 519	-16 231	-196 166	-460	-15 738
Interest bearing debt	-1 097	-2 938	313	-	-	2 201
Forward contracts	-	-	-	94 529	-	-
Net exposure	-56 798	14 965	-15 918	-65 490	21 246	26 647

31.12.2006

Amounts in NOK 1 000	NOK/USD	NOK/EUR	GBP/DKK	USD/CLP	USD/EUR	CAD/USD
Cash and cash equivalents	-16 441	11 282	135	5 728	10 162	1 261
Accounts receivables	-	-	-	50 681	-	23 093
Trade payables	15 265	48 975	-9 288	-158 435	-1 758	-20 310
Interest bearing debt	-	-	-	-	-	-
Forward contracts	-	-	-	101 253	-75 402	-
Net exposure	-1 176	60 257	-9 153	-773	-66 998	4 044

[1)] The loan portfolio by currency is specified below; under interest rate risk

The following significant exchange rates applied during the year:

	Average rate		Reporting rate mid-spot rate	
Currency	**2007**	2006	**2007**	2006
USD/NOK	**0.171**	0.156	**0.185**	0.160
GBP/NOK	**0.085**	0.085	**0.093**	0.082
CLP/NOK	**0.011**	0.012	**0.011**	0.012
EUR/NOK	**0.125**	0.124	**0.126**	0.121
CAD/NOK	**0.183**	0.177	**0.181**	0.185
DKK/NOK	**0.930**	0.926	**0.937**	0.905

Sensitivities

2007

Amounts in NOK 1 000	NOK/USD	NOK/EUR	GBP/DKK	USD/CLP	USD/EUR	CAD/USD	Profit & loss
Net exposure	-56 798	14 965	-15 918	-65 490	21 246	26 647	n/a
Reasonable shift	**11%**	**4%**	**4%**	**12%**	**12%**	**14%**	n/a
Total effect on profit of + movements	-6 293	613	-595	-8 113	2 503	3 638	-8 247
Total effect on profit of - movements	6 293	-613	595	8 113	-2 503	-3 638	8 247

2006

Amounts in NOK 1 000	NOK/USD	NOK/EUR	GBP/DKK	USD/CLP	USD/EUR	CAD/USD	Profit & loss
Net exposure	-1 176	60 257	-9 153	-773	-66 998	4 044	n/a
Reasonable shift	**11%**	**4%**	**4%**	**12%**	**12%**	**14%**	n/a
Total effect on profit of + movements	-130	2 468	-342	-96	-7 894	552	-5 442
Total effect on profit of - movements	130	-2 468	342	96	7 894	-552	5 442

The reasonable shifts in exchange rates in the table above are based on five years historical volatility. If the relevant cross foreign exchange rates moved by the amounts showed in the table above, the effect on the group's profit and loss would be NOK 8 million (2006: NOK 5 million).

Effects of currency translation

As stated above, the overall objective with the group's currency policy is to minimise the risk of a breach of financial covenants. Most of Cermaq's subsidiaries are located outside Norway. The group reporting currency is NOK, therefore the financial statements of these subsidiaries are translated into NOK upon consolidation. To consider risk management related to the effects of foreign exchange translation risk, the assumption is that investments in foreign-based operations are permanent and that reinvestment is continuous. If a divestment of a particular asset or entity occurs, the value of this transaction risk is included in the sensitivity analyses outlined above. According to Cermaq policy, the principal method of dealing with translation risk is to have borrowings in the same currency (or proxy currencies) as assets. However, assessing the currency exposure on a continuous basis, the debt may be repaid or moved to other currencies to optimise overall finance cost, but within the overall objective as stated above. The exposure related to equity of foreign subsidiaries is generally not hedged. Effects from currency fluctuations on the translation of equity of foreign subsidiaries are reflected in Cermaq's consolidated equity.

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, 56 percent (2006: 94 percent) of the group's interest bearing debt was denominated in US dollar which provided a hedge against investments in Chile. 42 percent (2006: 6 percent) of the group's interest bearing debt was in Norwegian kroner. The remaining 2 percent was in other currencies.

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.

Amounts in NOK 1 000	**2007**	2006	**Average fixing of interest rates**	**Average interest rates**
USD	**828 633**	945 800	2 months	5.44%
NOK	**619 884**	57 062	1 month	6.19%
CAD	**18 343**	-	1 month	6.00%
GBP	**23 586**	104	1 month	5.89%
Interest bearing debt	**1 490 445**	1 002 966	**1 month**	**5.80%**
Cash and bank	**232 666**	264 883		
Net interest bearing debt	**1 257 779**	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.

Interest rate swaps
The group holds no interest rate swaps as of 31 December 2007. The fair value of the interest swap as of 31 December 2006 was positive and fair valued at NOK 114 000. The swap matured in October 2007 and was not renewed. Movements in the fair value of hedges are recorded in the profit and loss account (2007: expense of NOK 114 000, 2006: income of MNOK 1.3 million).

Sensitivities
A change of 100 basis points in interest rate at the reporting date would have increased (decreased) profit and loss by NOK 14.9 million (2006: NOK 9.3 million). This analysis assumes that all other variables remain constant.

Loan portfolio by currency	**Profit and loss**		**Equity**	
2007	**100 BP increase**	**100BP decrease**	**100BP decrease**	**100BP decrease**
Variable rate instruments	-14 904	14 904	-	-
Interest rate swap	-	-	-	-
Cash flow sensitivity (net)	**-14 904**	**14 904**		
2006				
Variable rate instruments	-10 030	10 030	-	-
Interest rate swap	754	-754	-	-
Cash flow sensitivity (net)	**-9 276**	**9 276**		

Liquidity risk
Liquidity risk arises from Cermaq group's potential inability to meet its financial obligations of settlement of financial debt and financial lease obligations and paying its suppliers. 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. The five year committed credit facility is supplemented by short term overdrafts and borrowing lines in the local companies. These lines are generally callable on demand, so while they are useful for flexibility, they cannot be relied upon in times of financial difficulties. Management monitors rolling forecasts of the group's liquidity reserve on the basis of expected cash flow. Please also refer to note 22 for available credit lines.

The maturity of interest bearing debt is shown in note 22. Other short term liabilities are specified in note 24 and are all due within 12 months.

In addition to the above described sources of liquidity, Cermaq monitors funding options available in the capital markets, as well as trends in the availability and cost of such funding, with a view to maintaining financial flexibility and limiting repayment risk. Cermaq's overall liquidity as of 31 December 2007 and 2006, see note 20, included NOK 232.7 million and NOK 264.9 million, respectively, cash and cash equivalents held in various currencies. In addition as of 31 December 2007 and 2006, see note 15, overall liquidity included NOK 249.6 million and NOK 106 million, respectively, in available-for-sale financial assets.

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 other receivables and derivative financial instruments.

Cermaq has implemented a group-wide cash management policy where the objective is to minimise cash holdings, but have sufficient cash to meet business needs, avoid shortage and minimise the need for borrowing. The policy accept cash management investments in securities having a credit rating equal to or better than A+/A1 or equivalent rating level, with a limit to how much that can be invested in each security.

The board of Cermaq has approved a group-wide credit management policy governed by Cermaq Credit Committee. Cermaq Credit Committee is responsible for granting credits to international customers, defined as customers domiciled in more than one country. Cermaq Credit Committee is also responsible for approving credit limits to other large customers with credit limits above certain defined limits. Below the authorisation level of Cermaq Credit Committee, chief operating officers of each division are responsible for granting credit limits to the individual operating units. Loans or guarantees to customers can only be granted by Cermaq Credit Committee.

Concentration of credit risk is at the outset not considered significant since the group's customers represent various industries and geographic areas. Credit risk in Chile has however increased recently as a result of the demanding situation for Chilean farmers. The share of feed customers that utilise contractual rights to longer credit terms is increasing, and total receivables related to these customers may represent a considerable exposure to the group. The group does not have any material exposure to any individual customer or any other party at 31 December 2007.

The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date was

Amounts in NOK 1 000	Note	**2007**	2006
Accounts receivables	19	**865 226**	843 016
Other receivables	16	**200 570**	123 719
Cash and cash equivalents	20	**232 666**	264 883
Total		**1 298 462**	1 231 618

Other receivables mainly relate to prepayments, including VAT and taxes.

The ageing of accounts receivables at year end was

Amounts in NOK 1 000	**2007**	2006
Current	**723 035**	731 117
Overdue	**142 191**	111 899
0-3 months	**132 441**	107 215
more than 3 months	**6 692**	3 468
more than 1 year	**3 059**	1 215
Total accounts receivables	**865 226**	843 016

The movement in allowance for credit losses in the year was

Amounts in NOK 1 000	**2007**	2006
Balance 1 January	**-44 879**	-66 924
Change in bad debt provision	**3 434**	22 045
Balance 31 December	**-41 445**	-44 879

The movement in allowance for credit losses is reflected in the profit and loss accounts. Bad debt in the profit and loss is not impacted by any other items.

To mitigate credit risk, a policy has been implemented under which operating units may sell part of their receivables on a non-recourse basis. Some of the feed companies have credit insurance, other guarantees or mortgages/pledges reducing the actual risk on outstanding receivables significantly. Recoverable VAT included in the balance also reduces the risk.

Capital management

The group's objective when managing capital is to safeguard the group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

There were no changes in the group's approach to capital management during the year. Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

NOTE 24 OTHER NON-INTEREST BEARING SHORT-TERM LIABILITIES

Other non interest bearing short term liabilities are classified as financial liabilities measured at amortised cost.

Amounts in NOK 1 000	**2007**	2006
Unpaid taxes and holiday pay	**33 757**	19 624
Taxes payable	**48 513**	133 782
Other short-term liabilities	**201 499**	190 376
Total other short-term liabilities	**283 769**	343 782

The group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 23.

NOTE 25 OPERATIONAL LEASE

At 31 December 2007 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 2007.

Amounts in NOK 1 000

Lessee	**Asset**	**Rent charged proft and loss**	**Duration of agreement**
Cermaq ASA	Rent offices	1 520	01.10.2009
EWOS Canada Ltd. - group	Machinery and equipment	404	30.11.2008
EWOS Ltd.	Machinery and equipment	1 913	31.12.2008
EWOS AS	Machinery and equipment	4 409	31.12.2012
EWOS AS	Rent buildings	711	31.12.2012
EWOS AS	Rent offices	3 081	31.12.2011
EWOS Innovation	Machinery and equipment	1 342	31.12.2008
Mainstream Canada	Machinery and equipment	1 720	31.12.2009
Mainstream Canada	Machinery and equipment	658	31.12.2009
Mainstream Canada	Machinery and equipment	376	31.12.2010
Mainstream Canada	Rent buildings	431	31.12.2008
Mainstream Canada	Rent buildings	72	31.12.2009
Mainstream Norway	Machinery and equipment	4 618	31.12.2011
Mainstream Norway	Rent land	540	30.06.2031
Mainstream Scotland	Machinery and equipment	324	08.10.2012
Total		**22 119**	

NOTE 26 MORTGAGES AND GUARANTEES

The group's credit facility, see note 22, is based on a negative pledge, which allows only limited potential to mortgage assets as security for 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	**2007**	2006
Guarantee liabilities		
Guaranties	**613 520**	353 523
Total guarantee liabilities	**613 520**	353 523
Secured debt	**189 498**	-
secured in the following assets, book value:		
Inventories	**72 194**	-
Accounts Receivable	**51 269**	-
Shares in Associate companies	**95 017**	-
Fixed assets	**44 077**	-
Total book value of secured assets	**262 557**	-

NOTE 27 EVENTS AFTER THE BALANCE SHEET DATE

No material events have occured between the balance sheet date and the date when the consolidated financial statements of Cermaq ASA were authorised for issue. This applies to events that provide evidence of conditions that existed at the balance sheet date, and those that are indicative of conditions that arose after the balance sheet date. The consolidated financial statements were authorised for issue in accordance with a resolution of the board of directors on 26 March 2008.

Cermaq ASA:

INCOME STATEMENT 1.1 - 31.12

Amounts in NOK 1 000	*Note*	**2007**	2006
Operating revenues		**13 551**	4 345
Personnel expenses	*2*	**36 384**	27 595
Depreciation	*8*	**3 154**	2 989
Other operating expenses	*4*	**7 269**	9 746
Result of operations		**-33 256**	-35 985
Income from subsidiaries	*5*	**-**	10 606
Interest income	*6*	**66 421**	69 374
Other financial income	*6*	**158**	8 391
Interest expenses	*6*	**15 205**	15 130
Other financial expenses	*6*	**745**	926
Net foreign exchange gains/losses	*6*	**-13 700**	6 730
Financial items, net	*6*	**36 928**	68 439
Ordinary result before tax		**3 672**	43 060
Tax on ordinary result	*7*	**152**	1 737
Result for the year		**3 520**	41 323
Proposed dividend		**208 012**	393 018
Allocated to/ from (-) other equity		**-204 493**	-351 695
Total allocation of result for the year		**3 520**	41 323
Received group contribution after tax		-	7 636

Cermaq ASA:
BALANCE SHEET AT 31 DECEMBER

Amounts in NOK 1 000	*Note*	**2007**	2006
ASSETS			
Tangible fixed assets	*8*	**18 055**	17 607
Investments in subsidiaries	*9*	**1 357 833**	1 355 606
Loans to group companies	*13*	**1 320 095**	1 296 612
Investments in associates	*10*	**4 000**	-
Investments in shares	*11*	**134 860**	11 557
Other long-term receivables	*3, 12*	**13 756**	6 475
Total financial fixed assets		**2 830 544**	2 670 250
Total fixed assets		**2 848 599**	2 687 857
Accounts receivable from customers	*14*	**725**	1 530
Other short-term receivables		**7 997**	7 711
Short-term intercompany receivables		**14 177**	27 636
Bank deposits, cash in hand, etc.	*15*	**-116 012**	2 644
Total current assets		**-93 113**	39 521
TOTAL ASSETS		**2 755 486**	2 727 378
EQUITY AND LIABILITIES			
Share capital	*16*	**925 000**	925 000
Company's own shares	*16*	**-501**	-253
Share premium reserve	*16*	**-**	935 535
Total paid-in capital		**924 499**	1 860 282
Other equity	*16*	**1 209 954**	418 435
Total equity		**2 134 453**	2 278 717
Deferred tax	*7*	**5 071**	3 892
Interest bearing long-term debt	*17*	**350 000**	-
Total long-term liabilities		**355 071**	3 892
Interest bearing short-term debt	*17*	**40 000**	40 000
Other short-term liabilities	*19*	**225 000**	404 402
Short-term intercompany liabilities		**961**	368
Total current liabilities		**265 962**	444 770
TOTAL EQUITY AND LIABILITIES		**2 755 486**	2 727 378

Oslo, 26 March 2008

Sigbjørn Johnsen
Chair

Finn Jebsen
Deputy chair

Astrid Sørgaard
Director

Wenche Kjølås
Director

Kjell Frøyslid
Director

Jan-Helge Førde
Employee representative

Ingrid Kassen
Employee representative

Kent Inge Eliassen
Employee representative

Geir Isaksen
Chief executive officer

Cermaq ASA:
CASH FLOW STATEMENT 1.1 - 31.12

Amounts in NOK 1 000	**2007**	2006
Cash flows from operating activities		
Ordinary result before tax	**3 672**	43 060
Gain/loss on tangible and intangible assets	**-8 979**	-8 391
Depreciation	**3 154**	2 989
Taxes paid, net	**1 027**	-
Difference between pension premiums paid and pension expense	**3 447**	-5 780
Change in stock, accounts receivable and accounts payable	**-4 625**	-8 638
Change in other short-term operating assets and liabilities	**14 816**	7 489
Net cash flows from operating activities	**12 511**	30 729
Cash flows from investing activities		
Purchase of tangible fixed assets	**-3 944**	-404
Proceeds received from sale of tangible fixed assets	**9 343**	16 417
Purchase of shares and investments in associated undertakings	**-67 368**	-
Change in loans to group companies	**-23 483**	400 452
Net cash flows from investing activities	**-85 452**	416 465
Cash flows from financing activities		
Changes in long-term debt	**350 000**	-
Change in short-term interest bearing debt /loans	**-**	-261 412
Payment of dividends and group contribution (incl. payments to minorities)	**-393 018**	-170 446
Redemption of option program	**-24**	-32 030
Sale of own shares/net proceeds from issuance of common shares	**-2 674**	20 750
Net cash flows from financing activities	**-45 715**	-443 138
Net change in cash and cash equivalents for the year	**-118 656**	4 055
Cash and cash equivalents at the beginning of the year	**2 644**	-1 411
Cash and cash equivalents at the end of the year	**-116 012**	2 644

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	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%

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 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. Cermaq ASA is required to have a pension plan according to the mandatory occupational pensions act, and the plans are compliant with the act. In 2007, the Norwegian companies in the group transferred from funded to unfunded defined benefit plans for top-hat schemes (salary above 12G) for employees in the scheme at 31 December 2007. New employees/employees with salaries over 12 G after 1 January have a defined contribution scheme.

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 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 and to the options is 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	**2007**	2006
Wages, salaries incl. holiday pay	**26 012**	21 170
National insurance contributions	**4 082**	5 806
Pension costs	**1 544**	-3 689
Option cost	**764**	1 708
Other staff expenses	**3 981**	2 600
Total wages and other personnel costs	**36 384**	27 595

Number of employees at year end and man years employed in Cermaq ASA in 2007 was 30 persons (2006: 24)

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

NOTE 3 PENSION COSTS AND OBLIGATIONS

At 1 November 2006, the company switched from a defined benefit plan to a defined contribution plan for active members. The pension premiums are expensed when paid, and there is no additional obligation for the group beyond the yearly payment. Cermaq ASA is required to have a pension plan according to the mandatory occupational pensions act, and the plans are compliant with the act. Contributions are given in steps of nil, three and six percent of salary. Early retirement schemes and schemes for pensioners are still defined benefit schemes. Top-hat schemes (benefits for salary above 12 G) are defined benefit schemes for employees in the scheme at 31 December 2006. New employees/employees with salaries over 12 G after 1 January have a defined contribution scheme.

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 funded will be sufficient to meet the company's pension liabilities. At 31 December 2007, there was a surplus of NOK 0.2 million related to the funding of the pension obligations.

In addition Cermaq ASA has responsibility for 43 pensioners. These were transferred to Cermaq as an element in the final clarification of the sale of Stormøllen to Felleskjøpet in 1999.

Assumptions:

	2007	**2006**
Discount rate	**4.7%**	4.5%
Expected return on pension funds	**5.8%**	5.0%
Wage adjustment	**4.0%**	3.0%
Basic amount adjust/inflation	**4.0%**	3.0%
Pension adjustment	**2.0%**	3.0%

Pension cost:

Amounts in NOK 1 000	**2007**	**2006**
Net present value of current year's pension benefit earned	**1 097**	3 224
Interest cost of pension liability	**622**	1 808
Expected return on pension funds	**-856**	-2 013
Amortisation of discrepancies	**-284**	254
Effect of closing general company pension scheme [1)]	**-92**	-6 912
Employee contributions deducted	**-**	-250
Administrative expenses	**15**	109
Accrued national insurance contributions	**132**	-
Net accrued pension costs	**634**	-3 780
Pension expense for the defined contribution plan	**863**	91
Other pension cost	**46**	-
Total pension cost	**1 544**	-3 689

1) Closing of defined benefit scheme

Pension liability:

Amounts in NOK 1 000	**2007**	**2006**
Projected benefit liabilities	**3 661**	-32 226
Estimated pension funds	**-697**	31 069
Estimated net pension funds/liabilities(-)	**-2 749**	-1 156
Net pension funds/liabilities (-)	**-**	4 818
Pension funds/obligations(-)	**215**	3 661

NOTE 4 OTHER OPERATING EXPENSES

Auditor

The company's auditor, KPMG has invoiced the following fees in 2007 for Cermaq ASA:

Amounts in NOK 1 000	**2007**	**2006**
Audit fees [1]	**615**	762
Other services	**9**	21
Total fees	**624**	**783**

[1] Audit fees for 2007 also include an audit fee of NOK 171 000 and NOK 13 000 in other services to Ernst & Young, the company's auditor to May 2007

NOTE 5 INCOME ON INVESTMENTS IN SUBSIDIARIES

In 2007, Cermaq ASA has not received income on investments in subsidiaries. (2006: 10.6 million).

NOTE 6 FINANCIAL INCOME/EXPENSES

Amounts in NOK 1 000	**2007**	2006
Interest income	**66 421**	69 374
Other financial income [1]	**158**	8 391
Total financial Income	**66 578**	77 765
Of which are related to group items	**63 711**	67 453
Interest expenses	**-15 205**	-15 130
Write down of financial assets	**-**	-
Other financial expenses	**-745**	-926
Total financial expenses	**-15 950**	-16 056
Net foreign exchange gains/losses, external	**-56**	2 219
Net foreign exchange gains/losses, Group	**-13 644**	4 511
Net financial items	**36 928**	68 439

[1] In 2006, Cermaq ASA sold its shares in Seastar Salmon Farms Holding AS with a profit of NOK 8.4 million

NOTE 7 TAXATION

Amounts in NOK 1 000	**2007**	2006
Change in Deferred Tax	**1 179**	1 737
Repayment of tax NOKUS	**-1 027**	-
Tax on ordinary result	**152**	**1 737**
Deferred tax-tax effect of temporary differences		
Total Short Term Items	**-470**	-164
Total Long Term Items	**7 909**	8 241
Tax loss carried forward and other tax credits	**-2 369**	-4 186
Deferred tax/deferred tax assets (-)	**5 071**	3 892
Reconciliation of the tax of the year		
28% tax on profit before tax for the year	**1 028**	12 057
28% tax effect on permanent differences [1]	**151**	-10 320
Other differences [2]	**-1 027**	-
Tax on ordinary result	**152**	1 737

[1] Tax impact of permanent differences in 2007 is primarily related to non deductible option cost and non taxable interest income.
In 2006, the differences are related to non taxable gain on sale of shares and tax deduction related to cash settlement of option scheme
[2] Repayment of tax related to NOKUS

NOTE 8 TANGIBLE FIXED ASSETS

Amounts in NOK 1 000	Machinery, fixtures, vehicles, etc.	Buildings	Land	Total
Historical cost at 1 January	**16 781**	**21 549**	**1 381**	**39 711**
Additions, cost price	3 735	209	-	3 944
Disposals, cost price	-616	-	-24	-639
Historical cost at 31 December	**19 900**	**21 758**	**1 357**	**43 016**
Accumulated depreciation as at 1 January	-11 170	-10 933	-	-22 103
Ordinary depreciation for the year	-2 255	-899	-	-3 154
Accumulated depreciation on disposals in the year	299	-	-	299
Accumulated depreciation at 31 December	**-13 127**	**-11 832**	**-**	**-24 960**
Book value at 1 January	**5 611**	**10 616**	**1 381**	**17 607**
Book value at 31 December	**6 773**	**9 925**	**1 357**	**18 055**

Leasing
Note 20 include details of leases related to fixed assets.

NOTE 9 INVESTMENTS IN SUBSIDIARIES

Amounts in NOK 1 000	Ownership interest at 31.12.2007	Equity 31.12.2007	Profits/loss for 2007	Book value at 31.12.2007	Office location
Statkorn Aqua AS	100.0%	415 160	15 016	425 249	Oslo
EWOS AS	62.0% 1)	587 773	67 603	354 083	Bergen
EWOS Ltd.	100.0%	202 816	48 757	326 336	Westfield, Scotland
NorAqua AS	100.0%	3 146	123	13 102	Bergen
EWOS Chile Ltda.	1.0% 1)	211 933	89 298	1 580	Coronel, Chile
Mainstream Norway	100.0%	316 906	59 903	227 653	Steigen
Sharebased remuneration 2)				9 830	
Total investment in subsidiaries				**1 357 833**	

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 10 INVESTMENTS IN ASSOCIATED COMPANIES

Amounts in NOK 1 000	Ownership interest at 31.12.2007	Voting share at 31.12.2007	Book value at 31.12.2006	Additions/ deductions	Book value at 31.12.2007
Uniol	12.90% 1)	12.90%	-	4 000	4 000
Total			**-**	**4 000**	**4 000**

1) The ownership interest above applies to Cermaq ASA. The group owns a total of 32.76 percent

NOTE 11 INVESTMENTS IN OTHER COMPANIES

Amounts in NOK 1 000	Ownership interest at 31.12.2007	Number of shares owned 31.12.2007	Total par value	Share capital	Book value at 31.12.2007
AquaGen AS [1]	11.75%	311 068	3 111	26 478	70 000
Marine Farms ASA [2]	6.01%	2 200 000	4 400	73 200	63 800
Røding	12.3%	1 000	1 000	8 100	1 000
Other companies					60
Total investments in shares					**134 860**

[1] At 31 December, the shares in AquaGen AS were assessed at fair value. The assessment resulted in a write up of NOK 58 million
[2] The shares in Marine Farms ASA are valued at share price at 31.12.2007. The ownership percentage given above, applies to Cermaq ASA.
The Cermaq-Group owns a total of 16.2 percent

NOTE 12 OTHER LONG-TERM RECEIVABLES

Amounts in NOK 1 000	**2007**	2006
Long-term loans	**11 788**	1 260
Net pension funds [1]	**1 968**	5 215
Total other long-term receivables	**13 756**	6 475

[1] Includes defined contribution fund of NOK 1.8 million

NOTE 13 LONG TERM INTER-COMPANY LOAN

Amounts in NOK 1 000	Currency	Curreny amount	2007	2006
EWOS UK Ltd	GBP	4 708	**50 893**	57 757
Mainstream Scotland Ltd	GBP	4 947	**53 476**	60 689
Receivables from Norwegian companies	NOK	1 215 727	**1 215 727**	1 185 235
Total loans to group companies			**1 320 095**	1 303 681

NOTE 14 ACCOUNTS RECEIVABLE FROM CUSTOMERS

Amounts in NOK 1 000	**2007**	2006
Receivables from customers	**725**	1 530
Total accounts receivable	**725**	1 530

NOTE 15 LIQUID ASSETS

Amounts in NOK 1 000	**2007**	2006
Bank and cash in hand/bank overdraft	**-116 012**	2 644
Total bank deposits and cash in hand	**-116 012**	2 644

As of December 2007 there were no restricted deposits included within liquid assets.

NOTE 16 EQUITY

Amounts in NOK 1 000	Share capital	Treasury shares	Share premium reserve	Other reserves	Total equity
Equity at 1 January 2007	925 000	-253	935 535	418 435	2 278 717
Sharebased remuneration	-	-	-	2 968	2 968
Change in own shares/redemption	-	-248	-	-2 425	-2 673
Share premium reserves	-	-	-935 535	935 535	-
Fair value fund	-	-	-	59 934	59 934
Result for the year	-	-	-	3 520	3 520
Proposed dividend	-	-	-	-208 012	-208 012
Equity at 31 December 2007	925 000	-501	-	1 209 954	2 134 453

Number of shares in the company is 92 500 000. The shares have a face of NOK 10. All the shares in the company have equal status.

Free equity after accrual for dividend payment is NOK 1 149 519 000.

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 (2006: NOK 40 million). Cermag ASA has also drawn NOK 350 million on the group's long term loan facility (2006: 0)

NOTE 18 FINANCIAL 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	**2007**	2006
Unpaid taxes and holiday pay	**1 476**	1 297
Accounts payable	**5 430**	3 878
Taxes payable	**1 764**	1 764
Dividend	**208 012**	393 018
Other short-term liabilities	**8 319**	4 445
Total other short-term liabilities	**225 000**	404 402

NOTE 20 OFF-BALANCE SHEET LEASES

Amounts in NOK 1 000	Lessee	Asset	Annual rent	Duration of agreement
	Cermaq ASA	Rent	1 520	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	**2007**	2006
Guarantee liabilities		
Guaranties	**613 520**	353 523
Total guarantee liabilities	**613 520**	353 523

AUDITOR'S REPORT

KPMG AS
P.O. Box 7000 Majorstuen
Sørkedalsveien 6
N-0306 Oslo

Telephone +47 04063
Fax +47 22 60 96 01
Internet www.kpmg.no
Enterprise 935 174 627MVA

To the Annual Shareholders' Meeting of Cermaq ASA

AUDITOR'S REPORT FOR 2007

Respective Responsibilities of Directors and Auditors
We have audited the annual financial statements of the Cermaq ASA as of 31 December 2007, showing a profit of NOK 3 520 thousand for the parent company and a profit of NOK 479 321 thousand for the group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit. The annual financial statements comprise the parent company's financial statements and the group accounts. The parent company's financial statements comprise the balance sheet, the statements of income and cash flows and the accompanying notes. The group accounts comprise the balance sheet, the statements of income and cash flows, the statement of changes in equity and the accompanying notes. The rules of the Norwegian accounting act and good accounting practice in Norway have been applied to prepare the parent company's financial statement. The rules of the Norwegian accounting act and International Financial Reporting Standards as adopted by the EU have been applied to prepare the group accounts. These financial statements and the Board of Directors' report are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on the other information according to the requirements of the Norwegian Act on Auditing and Auditors.

Basis of Opinion
We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and good auditing practice in Norway, including standards on auditing adopted by Den norske Revisorforening. These 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 good auditing practice 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.

Opinion
In our opinion,

- the parent company's financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the parent Company as of 31 December 2007, the results of its operations and its cash flows for the year then ended, in accordance with the rules of the Norwegian accounting act and good accounting practice in Norway
- the group accounts are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Group as of 31 December 2007, the results of its operations, its cash flows and the changes in equity for the year then ended, in accordance with the rules of the Norwegian accounting act and International Financial Reporting Standards as adopted by the EU
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information
- the information in the Board of 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 comply with the law and regulations.

Oslo, 26 March 2008
KPMG AS

Vegard Tangerud
State Authorised Public Accountant
Note: This translation from Norwegian has been prepared for information purposes only

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Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Offices in:

Oslo, Bodø, Alta, Arendal, Bergen, Elverum, Finnsnes, Hamar, Haugesund, Kristiansand, Larvik, Lillehammer, Mo i Rana, Molde, Narvik, Røros, Sandefjord, Sandnessjøen, Stavanger, Stord, Tromsø, Trondheim, Tønsberg, Ålesund

CORPORATE GOVERNANCE

Corporate goverance in Cermaq is intended to support the company's goal of creating shareholder value. Sustainable aquaculture requires confidence from investors, employees and others who are affected by our business.

The board has prepared this annual corporate governance statement in accordance with the Norwegian code of practice for corporate governance, which was issued on November 28th 2006 , and is applicable for company reporting for 2007. The structure of this statement follows the code, using the same section headings and numbering. Deviations from the recommendation will be indicated clearly.

1 IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

Deviations: None

Cermaq's board of directors has adopted guidelines for corporate governance in Cermaq ASA. The guidelines are available on the company's homepage www.cermaq.com.

The board has laid down ethical guidelines that apply to all the companies within the Cermaq Group. The ethical guidelines are available on the company's homepage www.cermaq.com. The guidelines explain the values underlying the work of employees and the way that work is carried out. The guidelines were modified in 2007 and a provision was added prohibiting the purchase of sexual services in connection with work or assignments for Cermaq. Further, a reference to new routines for whistle-blowing applying for all the companies in the group has been included. The new routines for whistle-blowing reflect the message that whistle-blowing is positive for Cermaq because it can provide opportunities to make improvements in the organisation.

2 BUSINESS

Deviations: None

Cermaq ASA's core activity has been described in § 3 of the company's articles of association. The articles of association are available on the company's homepage www.cermaq.com.

The company's vision, goal and main strategies have been discussed on page 6 in the annual report. The vision, goal and core values have been laid down in the company's adopted guidelines for corporate governance, see www.cermaq.com.

3 EQUITY AND DIVIDENDS

Deviations: None

Equity

Cermaq's registered share capital is 925 million NOK, distributed on 92.5 million shares, each with a face value of NOK 10. At 31 December 2007 total equity was 4 246 million NOK, giving an equity ratio of 57.2 percent. It is the board's goal that the group is to maintain an equity ratio of at least 45 percent over time in order to secure the Company's stability and negotiating position.

Dividend

Cermaq's policy for paying out dividends was presented in the prospectus published with the stock exchange listing of the company in 2005. The dividend policy has not been modified. The policy states that the share dividend as an average over several years is to make up 30 percent of the company's results after tax (adjusted for the effects of fair value). The share dividend for 2006 was about 40 percent of the company's adjusted result after tax. For 2007, the board proposes for the general meeting a share dividend of 2.25 NOK per share (208 million NOK), which equates to around 30 percent of the company's adjusted result after tax.

Board authority

The annual meeting in May 2007 granted the board of directors authority, on behalf of the company, to acquire own shares in the company. However the authority was given in such a way, that at any one time no more than five percent of the outstanding shares may be acquired. The authority is valid until June 30th 2008. The company has acquired 70 200 own shares under this authority during 2007. The shares have been acquired as a part of the implementation of a share acquisition programme for all employees in the company, as well as to be able to meet the commitments arising from the option programme for senior management that was adopted in the general meeting in May 2006.

The board is not authorised to increase share capital.

4 EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

Deviations: One deviation (see the next section)

The company has one share class and every share has one vote. No capital increases have been made in the company during 2007.

The company's acquisition of own shares in 2007 was carried out as a trade on the Oslo Stock Exchange at the market rate. The sale of own shares has been carried out only in connection with the implementation of the employee share acquisition programme that applies to all employees in the company.

In 2007, no significant transactions have taken place between the company and any shareholder, member of the board, senior management, close associates, with companies in the same group, or minority shareholders.

The company's instructions to the board sets out that the members of the board are required to provide information on any ownership or board positions they hold in companies that work in the same industry as the Cermaq Group, as well as other personal business that may affect their ability to act independently. Further, members of the board must report to the board if they directly, or indirectly, have a material interest in an agreement that is being entered into by the company.

The company has no spesific guidelines requiring senior management to report to the board if they have directly, or indirectly, a material interest in an agreement being entered into by the company. The company's ethical guidelines, applying to all employees, contain guidelines for the handling of possible conflicts of interest. Furthermore, the ethical guidelines establish that the employees and the members of the board of Cermaq should avoid ownership interests or participating in the boards of other enterprises if this is likely to affect their loyalty to Cermaq. Matters related to participation on boards or to the holding of investments in companies that compete with, or are business associates of, Cermaq, should be cleared with the emloyees closest supperior, according to the guidelines.

5 FREELY NEGOTIABLE SHARES

Deviations: One deviation

In accordance with the company's articles of association, Cermaq's board of directors may not agree to a transfer of shares that will result in the ownership interest of the Norwegian government falling below 34 percent.

For all other purposes, the company's shares are freely negotiable.

6 GENERAL MEETINGS

Deviations: Two deviations (see the two final sections below)

Cermaq held its ordinary general meeting on 22 May 2007. There were no extraordinary general meetings in 2007.

The notice of the ordinary general meeting in 2007 was distributed to all shareholders with known address two weeks before the general meeting. Simultaneously, the notice with attachments was published through the messaging system of the Oslo Stock Exchange and on the company's homepage. The nominating committee's recommendations were distributed together with the notice.

The notice contained a description of the cases that were to be discussed as well as the board's recommendations for resolutions. The case documents were prepared with the aim of providing shareholders with an opportunity to form an opinion on the cases on the agenda. The registration deadline was set three days before the general meeting; see also the provisions in the company's articles of association. The notice also contained information to the effect that voting by proxy was allowed and a letter of attorney was attached.

The Norwegian code of practice for corporate governance recommends that the board of directors, the nominating committee and the auditor are present during the general meeting. The ordinary general meeting in 2007 was chaired by the chairman of the board. In addition, one Board member was present. The chairman of the nominating committee was present on behalf of the nominating committee. The company auditor was present, as was the new auditor that was proposed for election in the general meeting.

The Norwegian code of practice for corporate governance recommends that the company is to have routines to secure an independent leadership of the general meeting. Cermaq's articles of association lay down that the ordinary general meeting is to be chaired by the chairman of the board, or in his absence, by the board's deputy chairman. Cermaq has no experience that indicates that it is necessary nor desirable to appoint a chairman for the general meeting who is independent of the board.

7 NOMINATION COMMITTEE

Deviations: None

The company's nomination committee is regulated by § of the articles of association. Pursuant to the articles of association, the general meeting has adopted instructions for the nominating committee. The instructions were modified in the ordinary general meeting in 2007 and are available on the company's homepage www.cermaq.com.

The nominating committee consists of three to four members. The existing committee has four members. The members are elected by the general meeting which also elects the committee's chairman and decides on the remuneration of the committee.

Pursuant to Cermaq ASA's articles of association, the members of the nominating committee must be shareholders or shareholders' representatives and the committee should be composed to represent a wide range of shareholders´ interests. Further, both sexes should be represented in the committee. The members of the committee are elected for two years. In accordance with the instructions for the nominating committee, the committee itself proposes new members of the committee.

The nominating committee recommends candidates for election to the board of directors in the general meeting as well as recommending remuneration levels for members of the board. The nominating committee's should provide reasons for their recommendations.

As part of the nominating committee's work in 2007, information was published on the company's homepage about the nominating committee's activities, the membership of the committee as well as the deadline for submitting proposals to the committee. Furthermore, a letter was distributed to the company's 10 biggest owners containing an invitation to present input or proposals.

The current nominating committee consist of:
- Reier Søberg,
  the Norwegian state represented by the Ministry of Trade and Indusrty, chair
- Jarl Ulvin,
  Odin Forvaltning
- Gunnar Bjørkavåg,
  Norges Handels- og Sjøfartstidende
- Lise Lindbäck,
  Vital Forsikring

All the members of the committee are independent of the board and the senior management.

8 THE CORPORATE ASSEMBLY AND BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

Deviations: None

Cermaq has no corporate assembly.

Cermaq's board of directors consists of eight members, of which three are elected from and by the employees in the Norwegian companies.

None of the company's board members have special interests that prevent them from acting independently. All the board members are independent of the company's management and material business associates.

The Norwegian code of practice for corporate governance recommends that at least two of the members elected by the shareholders are to be independent of the company's main shareholders. All members of the board of Cermaq are independent of the company's main shareholders, although the chairman of the board is the county governor of Hedmark. The county governors are administratively subordinate to. The arbeids- og administrasjonsdepartementet (the Ministry of Labour and Administration), whereas the Norwegian government's ownership share in Cermaq is managed through the nærings- og handelsdepartementet (the Ministry of Trade and Industry).

The board elects its own chairman. This is a legal requirement as the company does not have a corporate assembly by an agreement with the employees.

In the company's annual report, information about the year of birth, education, worklife experience and current position of the members of the board has been included. No explicit indication is given as to which members of the board are to be considered independent as all members of the board are considered independent.

All members of the board own shares in the company. There is no formal requirement to own shares in the company in order to serve on the Board.

9 THE WORK OF THE BOARD OF DIRECTORS

Deviations: None

The board prepares an annual meeting schedule and has regular discussions about the company's strategy and the execution of this strategy.

Instructions related to the board of directors have been prepared, which contain directions as to the board's functions, tasks and responsibilities, in addition to the CEO's tasks and obligations to the board. The instructions related to the board of directors are available on the company's homepage www.cermaq.com.

A deputy chairman of the board has been elected who deputises when the chairman of the board cannot or should not direct the board's work.

The board has established an audit committee as a sub-committee under the board. Separate instructions have been prepared for the committee and the instructions are available on the company's homepage www.cermaq.com. The audit committee consists of three members of the board who are all independent of the company's management. The committee held four meetings in 2007.

Until 1 December 2006, the company had a compensation committee appointed by the board. Based on the experience related to this committee, the board decided that the board as a body would attend to the compensation committee's tasks.

The board carries out an assessment of it's work and competence each year. During the board's self assessment in 2007, a questionnaire was used as a basis for the board's assessment in the meeting.

10 RISK MANAGEMENT AND INTERNAL CONTROL

Deviations: None

The board ensures the company has good internal control and suitable systems for risk management appropriate to the scope and the nature of the company's activities. As a part of the supervision process, the board makes an annual review of the development in the company's most important risk areas and the changes in the established framework for risk management and internal control.

The audit committee has a particular responsibility to supervise the risk management and the internal control. The audit committee's tasks in this context have been defined precisely in the instructions for the committee, see www.cermaq.com.

In his area of responsibility, the auditor plays a central part in the mapping and assessment of risk and internal control related to the execution of the activities and financial reporting. The auditor also participates in the audit committee and meetings of the board of directors in connection with the auditors report to management on issues that have been uncovered during the audit process (the management letter).

Management has a strong focus on good controls in areas of material importance for financial reporting. The control environment is based on an authority structure that defines roles and responsibility for the individual management levels as well as guidelines as to how to secure good internal control, for example through adequate distribution of work. The group's finance policy is to safeguard management of the most material financial risks that the company is facing and this is monitored up by a central unit in the head office. Principles in other areas have also been prepared, for example principles for entering long term contracts and financial hedging of salmon prices. Routines and control procedures related to budgeting, quarterly estimates and monthly accounts reporting from the operative units have been established and these reports are reviewed and analysed by the central finance staff. Accounting issues are analysed continuously and the auditor is consulted when required. A review of current accounting issues is presented to the board in connection with the quarterly accounts.

11 REMUNERATION OF THE BOARD OF DIRECTORS

Deviations: None

The remuneration of the board is decided each year by the general meeting. The nominating committee submits its recommendations as to the remuneration to the general meeting.

The remuneration to the board is independent of the company's performance and the members of the board do not have options in the company.

Information about the remuneration of the board for 2007 has been included in note 6 to the accounts. No board members have carried out work or projects for the company beyond directorship and participation in the audit committee.

12 REMUNERATION OF THE EXECUTIVE MANAGEMENT

Deviations: None

In 2007, the board of directors laid down guidelines for the remuneration of the senior management, in accordance with the provisions in the allmennaksjeloven (the joint stock public companies act). The board's statement on senior management remuneration has been included in the annual report for 2006 and was discussed by the general meeting in accordance with the allmennaksjeloven (the joint stock public companies act). The board's statement was adopted by the board on 26 March 2008 and is included on page 83 in the annual report.

The CEO's salary for 2007 was decided by the board. In advance of the determination of salary, the board conducted an analysis of manager compensation for a group of comparable companies.

Procedures and authorities for the determination of compensation to the group executive management is regulated in the instructions for the work of the board; see the company's homepage www.cermaq.com. In the board instructions and in the statement on executive pay there are, provisions to the effect that all schemes that include the awarding of shares, subscription rights, options or other forms of remuneration related to shares or the development of the share price are to be determined by the company's general meeting.

Information about the remuneration to the CEO and the senior management for 2007 is available in note 6 to the accounts.

13 INFORMATION AND COMMUNICATIONS

Deviations: One deviation (see the final section)

As a consequence of the company's guidelines for corporate governance, the board is to safeguard that the quarterly reports provide a fair and true picture of the group's financial and business related position, as well as information on progress towards the company's operative and strategic objectives . Financial reporting will include management's realistic expectations on business and performance development.

Further, guidelines on corporate governance ensure that reporting and other types of public information is based on openness and equal treatment for interested parties. All information is published in both Norwegian and English.

Cermaq publishes annually the dates for important events such as the general meeting and the publication of the quarterly reports.

Information that is distributed to the shareholders or is made public as stock exchange reports are also presented on the company's homepage.

The Norwegian code of practice for corporate governance recommends that the company should establish guidelines for the company's contact with the shareholders outside of the general meeting. The board has not established special guidelines for such contact, but communication with the shareholders is carried out with due consideration to the principle of equal treatment of the shareholders.

14 TAKE-OVERS

Deviations: None

In accordance with the company's articles of association, the board of directors may not agree to a transfer of shares that will reduce the ownership share of the Norwegian government below 34 percent.

Corporate governance guidelines contain provisions to the effect that in case of a potential takeover or restructuring situation, the board is to exercise special care to safeguard that all shareholders' values and interests are attended to. Moreover, the corporate governance guidelines in Cermaq ASA establishes that the Norwegian code of practice for corporate governance is to be adhered to, and the board will follow recommendations in this document if a potential takeover situation were to occur. No offers of takeover have been presented to Cermaq or to the company's shareholders during 2007.

15 AUDITOR

Deviations: One deviation (see the final section)

In 2007, Cermaq changed auditor from Ernst & Young to KPMG. The company's new auditors, KPMG, presented the audit plan in a board meeting. The board has decided that audit services, are to be sent out to tender every fifth year as a minimum.

The auditor participates in the board meeting in connection with the annual accounts and most of the meetings of the board's audit committee. At least once every year, a meeting is to be held between the auditor and the board without the CEO or anyone else from the senior management present.

Following the code of practice for corporate governance, the auditor is to provide the board with an annual statement confirming that he fulfils the requirements of independence and objectivity. Further, the guidelines establish that assignments beyond the audit, and related work, must be reviewed by the board or the audit committee before being granted.

The auditor has submitted a summary to the board of non-audit services provided to the group during 2007.

In the ordinary general meeting, information was provided about the auditor's remuneration split between auditing and other services through information in the notes to the accounts. No oral presentation of this information was made in the 2006 general meeting.

The auditor's remuneration for 2007 is presented in note 8 to the group accounts.

MANAGEMENT REMUNERATION

The executive salaries in Cermaq should be competitive and motivating, but should also be understandable, acceptable and flexible. The board's declaration on salaries and other remuneration for the management is stated below.

1 MAIN PRINCIPLES FOR THE COMPANY'S EXECUTIVE REMUNERATION POLICY

Executive remuneration in Cermaq is set following the main principles below:

Executive remuneration should be competitive – we want to attract and keep good managers.

The total of the remuneration received should, as a general rule, be at a level around the average of the remuneration for similar managers in comparable enterprises in the country where the manager is living.

Executive remuneration should be motivating – remuneration should be structured in such a way that it motivates indiviuals to deliver continuous improvement in the performance of the company.

The main element in remuneration is the basic salary, but there are variable additional elements of remuneration of such a nature that they work to motivate higher levels of performance in the interests of the company. The variable elements of remuneration should be reasonable on the basis of the company's performance in the year in question. In order that the variable elements of remuneration are to act as an incentive for extra effort, the criteria set are related to factors on which the individual manager exertan influence. Cermaq wants remuneration policy to contribute to creating a team spirit and to stimulate efforts that provide results beyond the individual manager's area of responsibility.

Remuneration should be understandable and acceptable both internally in the Cermaq Group as well as externally.

Also, remuneration should be clearly explicable to the public and should not entail disproportionately complicated administration.

The remuneration systems should be flexible – we must change when the requirements change.

In order to be able to offer competitive salaries, we must have a flexible salary system with room for special adaptations. Hiring of managers that are located outside Norway raises particular issues. Cermaq should have a remuneration sysem that is competitive, in view of local market conditions, and reasonable in comparision with group policy. Remuneration must also have the necessary flexibility to accommodate the special circumstances of individual managers.

2 PRINCIPLES FOR REMUNERATION THAT MAY BE GIVEN IN ADDITION TO THE BASIC SALARIES

2.1 Starting point: The basic salary

The starting point for the remuneration is the total level of basic salary and other remuneration. The basic salary is, as a general rule, to be the main element in the managers' salaries. There are no fixed grades determining basic salary.

The individual elements of remuneration to be employed are commented on in detail below. Unless specifically mentioned below - no special conditions, frames or allocation criteria for the remuneration at hand are to apply.

2.2 Additional renumeration elements

Bonus scheme

The company has established a bonus scheme for group management and this has been determined by the board of directors.

In the current bonus scheme, the full variable supplementary payment can be a maximum of 30 percent of fixed salary. For 2008, the board has determined that 50 percent of the bonus is related to group return on employed capital (ROCE – return on capital employed), with maximum bonus at a ROCE reaches of 13 percent. 25 percent of the bonus is based on growth within the group's fish farming activity, whereas the final 25 percent is based on the operational margin of the group's fish feed activity. If ROCE falls below seven percent, no bonus is paid, even if the two other criteria are wholly or partly fulfilled. If the global market share in fish feed is reduced, the bonus element based on the percentage profitability in the fish feed division does not apply.

The board intends to use a similar scheme for 2009, following a review of available alternatives.

Options

The ordinary general meeting in Cermaq adopted the following motion on May 3rd 2006:

"An option scheme for the senior management in the Cermaq Group is to be established. This plan may include up to 65 individuals in managerial positions or key personnel in the company. The maximum number of options in the programme may not exceed NOK 1 100 000. The upper limit of the maximum profit that may be obtained for the individual participant in this programme is NOK 50 per awarded option. The total accounting cost of the programme is calculated to be maximum NOK 15 million.

The board is granted authority to prepare guidelines for the schemes within the frames that have been provided."

The board has determined guidelines for the option programme. A total of 846 666 options have been granted, which give the right to subscribe to a total of 846 666 shares in Cermaq ASA. Option agreements that have been entered into will be fulfilled, but no new option agreements have been signed, nor has any new options been awarded under the adopted option programme.

In accordance with the signed option agreements, the options will be transferred in three equally sized tranches on 26 October 2006, 1 June 2007 and 1 June 2008 respectively. The excercise price is to be the average price on the Oslo Stock Exchange on the date of transfer as well as the day before and the day after, with an addition of ten percent, however so that the exercise price for the options that were awarded on 26 October 2006 was determined to be NOK 92.93 per share. The exercise price for the options that were awarded on 1 June 2007 is NOK 113.76 per share. The awarded options may be exercised between 26 and 72 months after vesting.

On excercise of the options, the board may choose whether to redeem giving the option holder shares, or by paying the option holder the value of the option (the profit) in cash. The maximum profit is limited in accordance with the decision of the general meeting on 3 May 2006.

Other allocation of shares, subscription rights or other forms of remuneration that are related to shares or the development of the share price

The ordinary general meeting in 2006 adopted a programme for the purchase of shares that applies to all employees in the Cermaq Group and thus also includes the managers of the group. The scheme entails that all employees each year receives an offer to buy 200 shares with a discount of 20 percent. The company also offers financing assistance in connection with the purchase of shares.

Moreover, no other remuneration related to shares or share prices is employed.

Pension schemes

Agreements relating to early retirement have been signed and may be entered into. However, the company plans to reduce the employment of such agreements.

Group pension schemes for senior management pension schemes are intended to provide that pension payments to individuals are in accordance with salary levels. The company's pension scheme is based on the assumption of a retirement age at 67 years, an accumulated rate of compensation not exceeding 66 percent of the salary and that any reduction in retirement age will lead to a lower pension level.

Moreover, there are no specific provisions for early retirement.

Pay after termination of employment

The chief executive officer has an agreement relating to pay after termination of employment which provides payment for 12 months of salary and remuneration in the term of notice, if he is dismissed by the company. Any other income in the period after termination of employment will reduce such payment. The contract with the CEO is intended to allow for the immediate replacement of the CEO if this is considered to be in the company's best interest. The payment after termination of employment scheme must therefore be sufficiently favourable so as to secure that the CEO will accept an agreement that reduces his job protection rights.

Agreements relative to payment after termination of employment have been signed and may be entered into for others in the senior management in order to secure the company's requirement to, at any time, secure that the composition of managers is in accordance with the company's requirements at all times. Such agreements will, in accordance with the employment protection act, not be binding for other managers than the CEO.

Schemes relating to payment after termination of employment should be prepared in such a way that they will be viewed as acceptable internally and externally.

Payment after termination agreements are based on ensuring that the payments should not exceed 12 months fixed salary in addition to salary and remuneration in the notice period.

Payment in kind

Managers will typically receive payments in kind at a level considered normafor comparable positions, such as free telephone, computer at home, free broadband connection, participation in the company's insurance schemes, papers, company car and parking. There are no particular limitations as to what kind of payment in kind may be agreed.

Other supplementary payment

Other variable elements of remuneration may be employed or other special supplementary payment may be awarded if this is considered appropriate in order to attract and retain managers. There are no particular limitations as to what kind of supplementary payment may be agreed.

3 STATEMENT REGARDING EXECUTIVE REMUNERATION POLICY IN 2007

3.1 Executive remuneration policy and the execution of the board's statement regarding executive remuneration for 2007

The executive remuneration policy for 2007 was implemented in accordance with the board's executive statement for 2007 that was included in the annual report for 2007. The board has not made any decisions that have deviated from the executive remuneration statement.

For 2007, the bonus scheme will provide the group executive management the right to a bonus amounting to 15 percent of agreed fixed salary for 2007.

In accordance with the decision made by the general meeting in 2006, new options were awarded on 1 June 2007 in accordance with the option agreements. The exercise rate for the new options is NOK 113.76 per share. No new option agreements have been signed after March 2007 and new managers have no option schemes.

When the board determined the statement as to the salaries of the senior management in 2007, Cermaq was in the process of preparing a new pension scheme for the senior management. The new scheme was adopted by the board on 7 May 2007, and the chair of the board presented the main items in the scheme in the general meeting 22 May 2007. The new scheme is based on the fact that the retirement age in the company is 67 years, that the accumulated rate of compensation is not to exceed 66 percent of the salary and that any reduction in retirement age will lead to a lower pension level.

As indicated in the senior management salary statement of 2007, all employees in the Cermaq group, hereunder the management received an offer in June 2007 of buying 200 shares with a 20 percent discount.

3.2 The effect of the senior management salary agreements that were modified or signed in 2007

Three new managers were appointed to the group senior management of Cermaq in 2007. In addition, work agreement with a new person was signed in 2007, who will be included in the senior management team in the head office. The new managers participate in the company's management bonus scheme and the management pension scheme. All payment in kind is within what is customary in the company; compare the presentation of payment in kind under item 2.2. None of the persons have been awarded options as a consequence of the appointment, as the option programme, as stated in item two, has been closed for allocation of new options. One person had an option agreement based on his former position in Cermaq, and this option agreement has been continued without modifications. The same person received payment after termination of employment in the existing working agreement with Cermaq and will still maintain this right in the new position. The agreement relating to payment after termination of employment provides the person a right to payment in the term of notice (three months), as well as a supplement equalling six months fixed salary. Any income from a new employer will be deducted.

For the other managers in Cermaq, no changes in excess of the adjustment of the fixed salary have been agreed.

No conditions that deviate from the board's management salary statement of 2007 have been agreed.

The board holds the opinion that the effect for the company and the shareholders with respect to the senior management agreements or any modifications of such agreements in 2007 is limited.

4 PROCEDURE FOR THE STIPULATION OF SENIOR MANAGEMENT SALARY

4.2 Stipulation of the salary of the group chief executive officer

The compensation awarded to the group CEO is determined by the board in a meeting.

4.3 Stipulation of the salary of the group senior management

Compensation for the individual member of the group senior management is decided by the group CEO. Before the compensation is decided, the group CEO is to discuss his proposal for compensation with the chair of the board. The board is to be informed about the salaries after they have been decided.

4.4 Stipulation of incentive schemes

The general schemes for award of variable supplementary payment, hereunder bonus schemes, are determined by the board. The general manager awards variable supplementary payment to the company's senior management within the frames of the schemes the board has determined.

Schemes that include awarding of shares, subscription rights, options or other forms of remuneration that is related to shares or the development of the share price are to be determined by the company's general meeting. Within the frame of the decisions made by the general meeting, the board will make more detailed decisions with reference to implementation, execution and any detailing of the schemes. Alternatively, the board may decide to delegate such authority to the group CEO. No-one may be awarded supplementary payment as detailed in this section unless such payment is within the frame of the decisions made by the general meeting.

5 STIPULATION OF SENIOR MANAGEMENT SALARY IN OTHER COMPANIES IN THE CERMAQ GROUP

Other companies in the Cermaq group are to follow the main principles for Cermaq's senior management salary policy as this is described in section one. It is a goal to coordinate the salary policy in the group and the schemes that are employed for variable supplementary payment.

Oslo, 26 March 2008
The board of directors of Cermaq ASA

SHAREHOLDER INFORMATION

Cermaq values an ongoing dialogue with shareholders and with the financial markets in general. It is the Group's objective that the share price should reflect underlying values in the company and that this is achieved by disclosing all relevant information to the market

Cermaq ASA had 1 967 shareholders at 31 December 2007 (2006: 2 212). 46.7 percent of the shares were held outside Norway (2006: 44.5 percent).

The 20 largest shareholders owned 79 percent of the shares at 31 December (2006: 76 percent), with foreigners accounting for 33 percent (2006: 40 percent).

SHARE CAPITAL

Cermaq ASA had 92 500 000 ordinary shares with a nominal value of NOK 10 per share at 31 December 2007. 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 22 May 2007, 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 2008.

OPTION SCHEMES

The board has concluded option agreements with employees in management positions. Information about these can be found in note 6.

STOCK MARKET LISTING

Cermaq was listed on the Oslo Stock Exchange on 24 October 2005. The company's shares are listed on the main list on the Oslo Stock Exchange with the ticker code CEQ. The shares are registered with the Norwegian Central Security Depository, and DnBNOR is registrar and issuer. The shares have securities number ISIN NO 0010003882.

SHARE PRICE DEVELOPMENT AND LIQUIDITY

As of 31 December 2007, the share price was NOK 75.50 per share (closing price). In 2007, 105 637 359 shares were traded. This corresponded to 114 percent of the company's shares. (2006: 125 850 134 shares corresponding to 136 percent).

The Cermaq share dropped 17.0 percent during 2007. The main index at the Oslo Stock Exchange gained 11.5 percent in the same period. The Cermaq share is along with the other listed aquaculture companies included in industry index OSE30 Consumer staples. This industry index declined 14.9 percent in 2007.

The company's total market capitalisation was NOK 6.98 billion at the end of 2007. The share was traded 250 days of 250 possible trading days, compared to 251 days of 251 trading days in 2006. Total traded volume was reduced from 125 850 134 shares in 2006 to 105 637 359 shares in 2007. Average number of shares traded per trading day were 422 549 shares in 2007. In 2006 on average 501 395 shares were traded per trading day. The Cermaq share is categorised in the liquidity segment OB Match (shares with, on average, minimum 10 trades per day or less provided approved liquidity guarantor agreement).

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 investments. 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 (NOK)
2007 (proposed)	2.25
2006	4.25
2005	1.85
2004	1.20
2003	0.00

INFORMATION POLICY

Cermaq endeavours to provide the market with precise, consistent and relevant information about the company. 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 presentations will be published directly via a webcast. Important information about Cermaq will be continuously presented on the company's web sites – www.cermaq.com and www.cermaq.no

NOMINATION COMMITTEE

The company's nomination committee consists of the following members:

- Reier Sørberg,
  the Norwegian state represented by Ministry of Trade and Industry, chair
- Jarle Ulvin,
  Odin Forvaltning
- Gunnar Bjørkavåg,
  Norges Handels Sjøfartstidende
- Lise Lindbäck,
  Vital forsikring

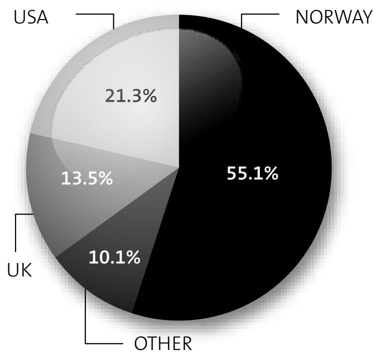
Shareholders wishing to contact the nomination committee may do so by using the e-mail address: cermaq@cermaq.com

GENERAL MEETING

The annual general meeting will take place on 22 May 2008 at Grev Wedels plass 5, 0102 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. In order to vote at the general meeting shareholders must be physically present, either in person or by authorised representative.

SHAREHOLDERS BY NATIONALITY

At 26 March 2008



THE SHARE IN 2007

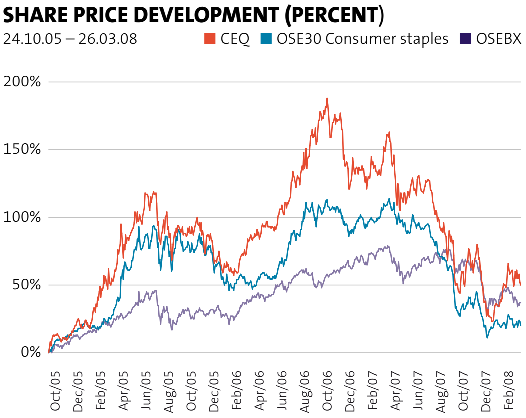
Traded highest	NOK	129.00
Traded lowest	NOK	63.00
Share price 31 December	NOK	75.50
Number of shares issued 31 December	Number	92 500 000
Treasury shares at 31 December	Number	50 056
Shares outstanding at 31 December	Number	92 449 944
Market cap at 31 December	NOK million	6 980.0
Turnover 2007	%	114.2
Proposed dividend per share	NOK/share	2.25

ANALYST COVERAGE

The following brokarage houses cover Cermaq per 31.12.07

Company	Phone
Danske Equities	+47 24 00 84 44
SEB Enskilda ASA	+47 21 00 86 24
Fondsfinans ASA	+47 23 11 30 27
Pareto Securities ASA	+47 22 87 87 45
Goldman, Sachs & Co	+44(0) 2 075 52 04 38
Orion Securities ASA	+37 061 01 66 76
Morgan Stanley	+44(0) 2 074 25 26 06
ABG Sundal Collier	+47 22 01 60 00
Carnegie	+47 22 00 93 00
DnB NOR Markets	+47 22 94 89 65
First Securities ASA	+47 23 23 80 00
Handelsbanken Capital Markets	+47 22 94 08 35
Kaupthing ASA	+47 24 14 742 1

SHARE PRICE DEVELOPMENT (PERCENT)



20 LARGEST SHAREHOLDERS AT 26 MARCH 2008

Name	Holding	Percent
NORWEGIAN MINISTRY OF TRADE AND INDUSTRY	40 271 600	43.54
MORGAN STANLEY & CO	5 612 372	6.07
STATE STREET BANK	4 480 000	4.84
MELLON BANK	2 856 192	3.09
STATE STREET BANK	2 480 483	2.68
MORGAN STANLEY & CO	1 833 705	1.98
BANK OF NEW YORK	1 828 504	1.98
FOLKETRYGDFONDET	1 554 000	1.68
FIDELITY FUNDS	1 443 600	1.56
SKANDINAVISKA ENSKILDA	1 261 921	1.36
STATE STREET BANK	1 235 551	1.34
CITIBANK	1 074 500	1.16
ORKLA ASA	1 000 000	1.08
JP MORGAN CHASE BANK	773 693	0.84
VITAL FORSIKRING ASA	750 234	0.81
BROWN BROTHERS HARRIMAN & CO	728 600	0.79
BROWN BROTHERS HARRIMAN & CO	582 900	0.63
NORTHERN TRUST	575 000	0.62
MORGAN STANLEY & CO.	563 555	0.61
CLEARSTREAM BANKING	555 722	0.60

The names duplicated in the list of shareholders above may represent different shareholders

SHAREHOLDER DISTRIBUTION AT 26 MARCH 2008

No. of shares	No. of owners	Percent
1 - 100	236	0.02
101 - 1 000	1 028	0.53
1 001 - 10 000	437	1.41
10 001 - 100 000	148	5.82
over 100 000	81	92.22
Total	**1 930**	**100.00**

SHAREHOLDERS BY NATIONALITY AT 26 MARCH 2008

Nationality	Holding	Percent
NORWAY	50 988 425	55.12
U.S.A.	19 686 015	21.28
UK	12 512 418	13.53
LUXEMBOURG	2 409 288	2.60
SWEDEN	2 263 565	2.45
SWITZERLAND	1 213 657	1.31
FINLAND	777 600	0.84
JAPAN	726 300	0.79
BELGIUM	327 807	0.35
HONG KONG	312 600	0.34
NETHERLANDS	210 543	0.23
IRELAND	201 501	0.22
AUSTRIA	155 681	0.17
DENMARK	146 050	0.16
CANADA	135 462	0.15
FRANCE	102 291	0.11
AUSTRALIA	93 070	0.10
ITALY	92 500	0.10
CHILE	47 625	0.05
GERMANY	47 366	0.05
LATVIA	24 973	0.03
SINGAPORE	10 934	0.01
OTHER	14 329	0.02

ANALYTICAL INFORMATION

GLOBAL HARVEST OF FARMED SALMON / LARGE TROUT AND CATCH OF WILD SALMON
(Thousand tonnes wfe)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Farmed salmon/trout										
Norway	389	461	471	477	521	579	601	633	656	795
Chile	259	229	342	487	485	494	575	617	620	647
Canada	70	78	89	112	126	109	107	126	125	117
UK	105	119	122	134	143	162	152	123	129	138
Others	127	153	153	173	170	170	146	126	123	132
Total farmed	**950**	**1 039**	**1 178**	**1 383**	**1 445**	**1 514**	**1 580**	**1 624**	**1 653**	**1 829**
Wild caught salmon										
USA	327	411	329	363	283	362	363	407	331	411
Canada	30	17	19	25	33	38	19	27	24	26
Japan	237	204	195	225	238	279	261	239	230	235
Russia	233	233	216	222	156	232	254	259	257	360
Others										
Total wild caught	**827**	**865**	**758**	**834**	**710**	**911**	**896**	**933**	**842**	**1 031**
Total salmon and trout	**1 778**	**1 904**	**1 936**	**2 217**	**2 154**	**2 424**	**2 476**	**2 557**	**2 495**	**2 860**

Source: Kontali Analyse

HARVEST OF FARMED SALMON AND LARGE TROUT BY SPECIES
(Thousand tonnes wfe)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Farmed salmon/trout										
Atlantic salmon	682	788	875	989	1 059	1 145	1 209	1 250	1 269	1 394
Large trout	164	146	177	228	244	227	232	226	242	287
Coho	88	90	108	142	119	118	113	121	123	131
Chinook	17	15	18	24	24	23	27	27	19	17
Total farmed	**951**	**1 039**	**1 178**	**1 383**	**1 445**	**1 514**	**1 580**	**1 624**	**1 653**	**1 829**

Source: Kontali Analyse

SUPPLY DEVELOMENT BY MAIN MARKET - ATLANTIC SALMON
Not adjusted for changes in frozen inventory
(Thousand tonnes wfe)

	2000	2001	2002	2003	2004	2005	2006	2007
Market								
EU-25	464	496	522	579	603	635	651	708
USA	200	250	295	311	301	302	294	307
Japan	56	66	65	50	66	61	52	44
Other markets	139	172	186	197	234	268	273	331
Total	**860**	**985**	**1 069**	**1 137**	**1 204**	**1 265**	**1 270**	**1 390**

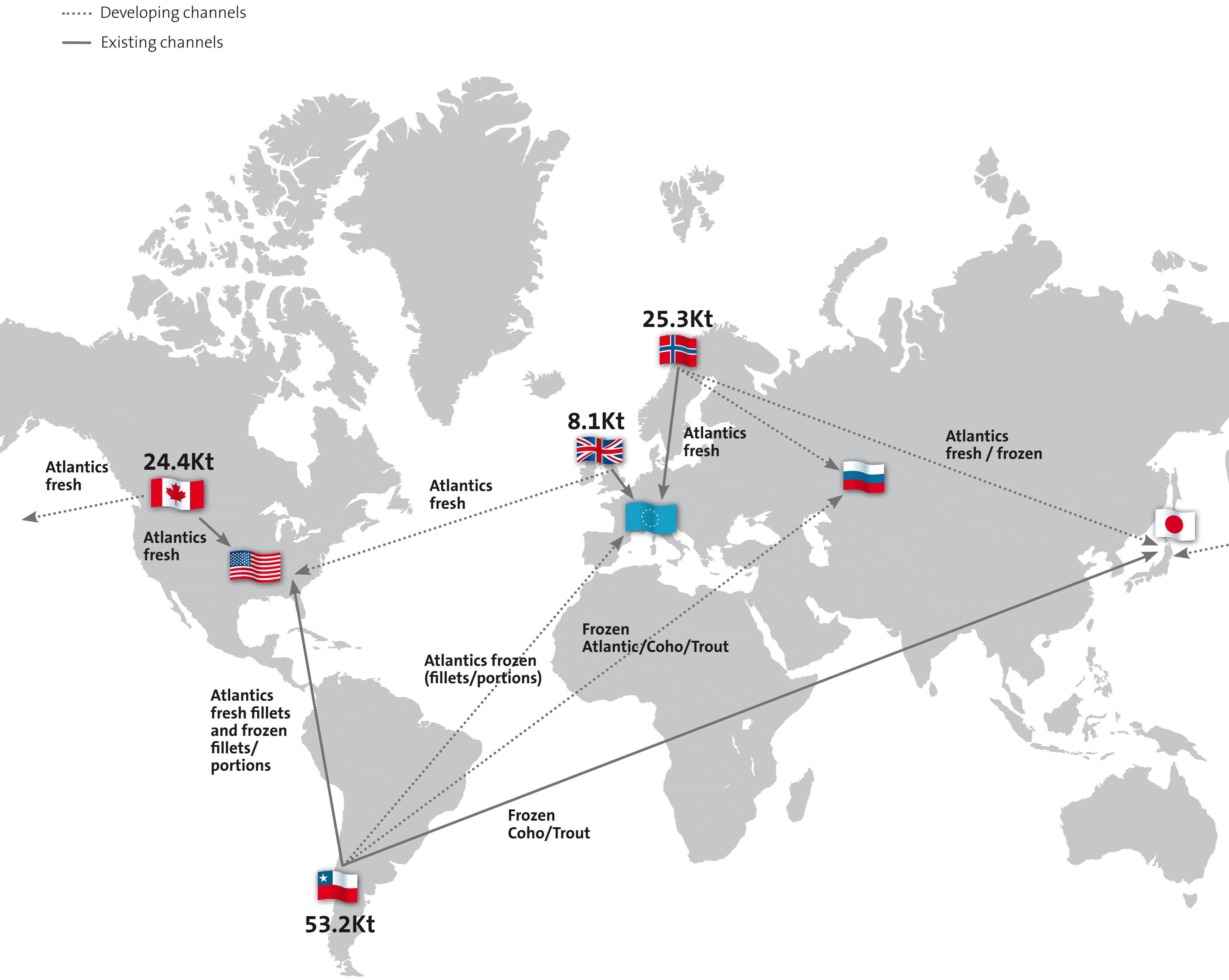
Source: Kontali Analyse

FOREIGN CURRENCY VERSUS NOK

	31.12.07	30.09.07	30.06.07	31.03.07	31.12.06	30.09.06	30.06.06	31.03.06	31.12.05
USD/NOK	5.4110	5.4437	5.9035	6.0964	6.2551	6.5049	6.2426	6.5824	6.7686
CAD/NOK	5.5299	5.4657	5.5968	5.2839	5.3910	5.8258	5.6158	5.6571	5.8179
GBP/NOK	10.8099	11.0771	11.8293	11.9433	12.2680	12.1514	11.4673	11.4408	11.6519

Source: Norges Bank

THE WAY TO THE CONSUMER



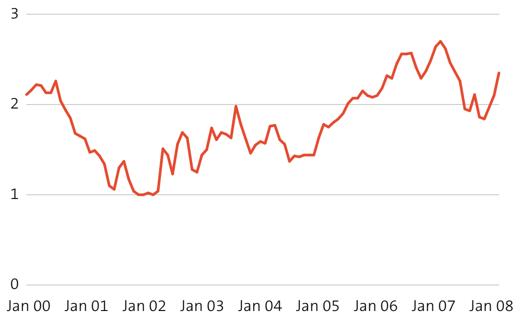
Source: Company data, 2007 sales volume

PRICE DEVELOPMENT BY SPECIES

Chilean atlantic fillet
FOB MIAMI, 3-4 LB, USD/LB

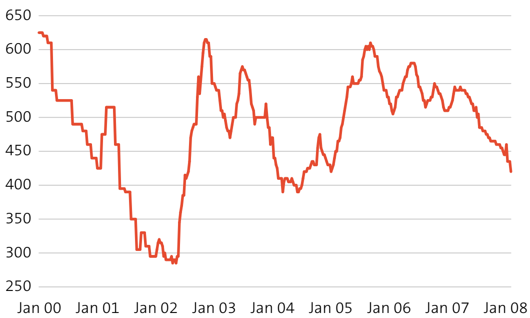
Source: UrnerBarry

West coast whole fish, atlantics
FOB SEATTLE, 8-10 LB, USD/LB



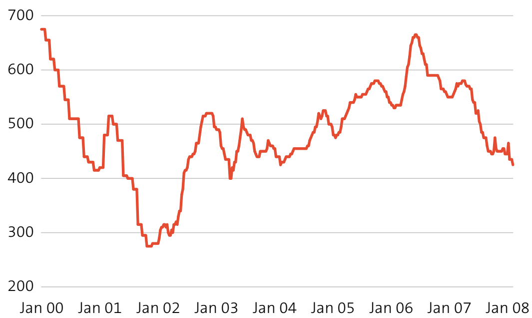
Source: UrnerBarry

Japan - Chile (wholesale price Tusjiki market)
FROZEN COHO 4-6LB, JPY/KG



Source: NMFS

Japan - Chile (wholesale price Tusjiki market)
FROZEN TROUT 4-6LB, JPY/KG

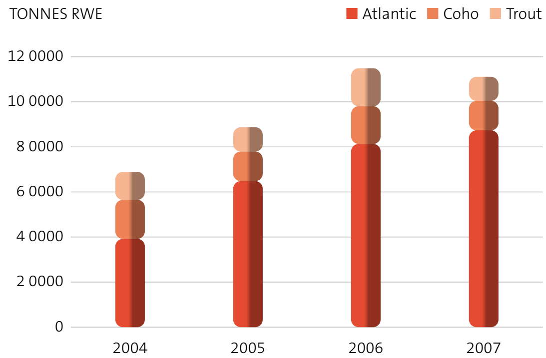


Source: MNFS

Norway
(FHL PRICE / NORWEGIAN SALES PRICE, FCA OSLO) NOK/KG

Source: FHL

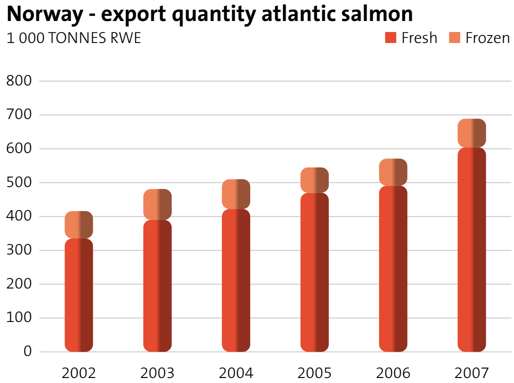
TONNES SOLD BY SPECIES - MAINSTREAM GROUP
TONNES RWE



Source: Company data

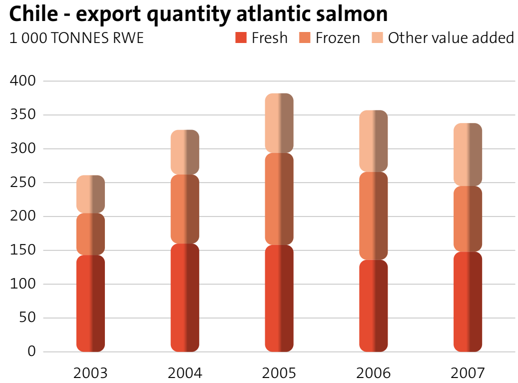
EXPORT QUANTITIES

Norway - export quantity atlantic salmon
1 000 TONNES RWE



Source: Kontali Analyse

Chile - export quantity atlantic salmon
1 000 TONNES RWE



Source: Kontali Analyse

THE BOARD OF DIRECTORS

SIGBJØRN JOHNSEN (1950)
Chair

Mr. Johnsen is a technical graduate with further qualifications from the Norwegian School of Management. He is the county governor of Hedmark County. He has been a member of parliament and minister of finance, and has previous experience as a lecturer and accountant. Mr. Johnsen was a director of Norges Bank (1999 – 2004). He is chair of SOS Children Villages, Norway and member of the executive committee and senate of SOS International. He headed the pension commission, which submitted its report to the government in 2004. Mr. Johnsen was elected chair in 1997 He lives in Ringsaker, Norway.

FINN JEBSEN (1950)
Deputy chair

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. Mr. Jebsen was president and CEO of Orkla from 2001 to 2005. He is chair of Kongsberg Gruppen ASA and Kavli Holding AS, deputy chair of KLP and Board member of Hydro. Mr. Jebsen is a director of Cermaq ASA since May 2005. He lives in Oslo, Norway.

ASTRID 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 ASA 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 CargoNet AS from 2002 to 2006. Mr. 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 1 January 2006, Mr. Frøyslid is working as a consultant and project manager for several companies. Mr. Frøyslid is a director of Cermaq ASA since May 1996. He lives in Skedsmo, 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. Mrs. 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 Sparebankstiftelsen DnBNor. Mrs. Kjølås is a director of Cermaq ASA since May 2003. She lives in Bergen, Norway.

INGRID KASSEN (1962)
Employee representative

Mrs. Kassen works as credit manager in EWOS AS, and she has been working in the accounting department in the company since 1999. She holds a business economist degree from Bankakademiet and BI (Norwegian School of Management), and has 16 years of experience in the private banking sector before joining EWOS AS. Mrs. Kassen has held various political positions for the Venstre party in her hometown Florø. At the moment she is a director in KF Flora Bustad og Eiendom. Mrs. Kassen was first elected as director in Cermaq ASA (employee representative) in June 2007.

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 director of Cermaq ASA since May 2003. He lives in Florø, Norway.

KENT INGE ELIASSEN (1977)
Employee representative

Mr. Eliassen has since 2000 been working as operations manager of one of Mainstream Norway's salmon locations. He joined Mainstream Norway (former Follalaks) in 1998, and he is a certified aquaculture operator. From 2002 to 2007 he was the union leader for all operation managers in Mainstream Norway. Mr. Eliassen was first elected as a director in Cermaq ASA (employee representative) in June 2007.

THE 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 Norwegian University of Life Sciences (1984). Mr. 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 1993-1994. Mr. Isaksen has been a member of a number of official commissions and enquiries. Mr. Isaksen is a director of the Norwegian University of Life Sciences. As of 26.03.2008, Mr. Isaksen holds 70 627 shares in the company, and has 33 334 share options. He lives in Oppegård, Norway.

GEIR SJAASTAD (1953)
Deputy CEO

Mr. Sjaastad joined Cermaq ASA (previously Statkorn Holding ASA) in 1996. He is a business studies graduate from the Norwegian School of Economics and Business Administration and has also pursued legal studies. Mr. 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). As of 26.03.2008, Mr. Sjaastad holds 43 627 shares in the company, and has 23 334 share options. 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 – 1996), Courtaulds Textiles International Fabrics (1990 – 1995), and senior financial positions with BICC plc (1984 – 1990). He trained as a chartered accountant with Coopers & Lybrand (1975 – 1983). As of 26.03.2008, Mr. Williams holds 50 627 shares in the company, and has 23 334 share options. He lives in Oslo, Norway. Peter Williams will resign from his position in April 2008.

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 (1989-1998) and chief financial officer of Glamox Group (1985-1989). As of 26.03.2008, Mr. Bjordal holds 220 700 shares in the company, and has 23 334 share options. He lives in Molde, Norway.

FRANCISCO ARIZTÍA (1961)
Chief operating officer farming America

Mr. Ariztía was appointed COO of Mainstream America in August 2007, following organisational changes. He joined the group in 1997, as managing director of Mainstream Chile and later held the position as global director of the Mainstream Group. Mr. Ariztía holds an engineering degree from Universidad de Chile in Santiago. Mr. Ariztía's previous employment includes managing director of Salmones Ventisqueros (1987-1997) and marketing director of Hatfield International (1984-1987). As of 26.03.2008, Mr. Ariztia holds 188 675 shares in the company, and has 23 334 share options. He lives in Santiago, Chile.

TARALD SIVERTSEN (1961)
Chief operating officer farming Europe

Mr. Sivertsen joined Cermaq and Mainstream in 2005. In August 2007 he was appointed COO of Mainstream Europe and a member of the management team. He has a degree in economy and aquaculture from Bodø University College, and has been holding several leading positions within Norwegian and international aquaculture organizations. Mr. Sivertsen has broad experience from the aquaculture industry, and has been production manager for former Follalaks AS for many years. As of 26.03.2008, Mr. Sivertsen holds 627 shares in the company, and has 8 334 share options. He lives in Steigen, Norway.

SYNNE HOMBLE (1972)
Chief legal counsel

Ms. Homble joined Cermaq ASA as group legal counsel in 2006, and was appointed chief legal counsel and a member of the management team in August 2007. Ms. Homble has her law degree from the University of Oslo, with special classes from Hamline School of Law, Minnesota, USA. From 1998 to 2006 Ms. Homble was employed as attorney at law in the Norwegian law firm Wikborg, Rein & Co, from 2001 as senior associate. As of 26.03.2008, Ms. Homble holds 200 shares in the company, and has 0 share options. She lives in Oslo, Norway.

ENDRE WITZØ (1971)
Chief strategy officer

Mr. Witzø joined Cermaq as chief strategy officer in January 2008. He holds a master of science degree in information and knowledge management from the Norwegian University of Science and Technology and a master of business administration degree in management control from the Norwegian School of Economics and Business Administration. His previous employment includes business development executive with IBM and various senior strategy consulting positions in IBM and PricewaterhouseCoopers. As of 26.03.2008, Mr. Witzø holds 0 shares in the company, and has 0 share options. He lives in Oslo, Norway.

Cermaq ASA

Grev Wedels Plass 5
P O Box 144 Sentrum
0102 OSLO
Telephone: +47 23 68 50 00
Fax: +47 23 68 50 99
Org.nr.: 971647949

EWOS AS

C. Sundtsgt. 17/19
P O Box 4 Sentrum
5803 Bergen
Telephone +47 55 54 84 00
Fax +47 55 54 84 01

EWOS Chile S.A.
Parque Industrial Escuadron
KM 20 Camino a Concepcion
Coronel
Chile
Telephone: +56 41 205 700
Fax: +56 41 751 033

EWOS Canada Limited
7721-132nd Street
Surrey BC
V3W 4M8
Canada
Telephone: +1 604 591 6368
Fax: +1 604 591 7232

EWOS Limited
Westfield, Bathgate
West Lothian
EH48 3BP
Scotland
Telephone: +44 1506 633966
Fax: +44 1506 632730

EWOS Innovation AS
4335 Dirdal
Telephone +47 51 61 17 00
Fax +47 51 61 61 12

Mainstream Chile S.A.
Benavente 550 Piso 11
Puerto Montt
Chile
Telephone: +56 65 270 224
Fax: +56 65 270 223

Mainstream Canada Limited
#203 - 919 Island Highway,
Campbell River,
British Columbia,
V9W 2C2
Canada
Telephone: +1 250 286-0022
Fax: +1 250 286-0042

Mainstream Norway AS
8286 Nordfold
Telephone: +47 75 77 60 20
Fax: +47 75 77 60 40

Mainstream Scotland Limited
Tern House
Crowness Point,
Hatston Industrial Estate,
Kirkwall, Orkney,
KW15 1RG
Scotland
Telephone: +44 1856 876101
Fax: +44 1856 873846

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