First Quarter 2005

PAN FISH
www.panfish.com

The first quarter 2005 was yet another successful quarter for Pan Fish, and its Norwegian fish farming industry has made a particularly strong contribution to the positive results. The efforts to bring down the production costs remain undiminished, and results from the analyses of the current live fish stock show falling costs in all production regions compared with previous generations. The board of directors is pleased to see that a plan for refinancing is in place and adopted by the general meeting of shareholders. The plan will secure a capital increase of NOK 700 million. This will significantly strengthen the company's balance sheet and secure Pan Fish the liquidity that it needs to reclaim its position as a globally leading fish farming company. The salmon market, particularly the EU market, is characterised by the situation relating to the EU's introduction of anti-dumping measures on imports of Norwegian salmon. This situation emphasises how critically important it is to produce and supply at the lowest possible cost within the scope permitted by a strong balance sheet.

Highlights from the first quarter 2005

- **The Pan Fish group achieved gross operating revenues of NOK 459.3 million in the first quarter 2005, compared with NOK 641.7 million in the corresponding period in 2004. The reduced harvest volumes, with a corresponding reduction of revenues is a natural consequence of the comprehensive restructuring and the temporary down-sizing of the company.**

- **Production costs per kg (gutted and packed, but excluding finance costs) amounted to NOK 19.85 in Norway, GBP 2.10 in Scotland and CAD 4.56 in North America in the first quarter 2005. The production costs of the biomass which is currently in the sea, shows that the reduction of production costs continues in all regions, when compared with 2004.**

- **Pan Fish harvested 13,891 tonnes round weight (trw) in the first quarter 2005, compared with 18,294 trw in the corresponding period 2004, which constitutes a drop of 24%. In spite of the reduced volume of harvested salmon, the company generated a positive EBIT of NOK 12.4 million in first quarter 2005 (adjusted for the effects of IFRS).**

- **The board has signed a refinancing agreement designed to supply the company with NOK 700 million through debt conversion and share issues during May/June 2005.**

Financial results and operations for the Pan Fish group in the first quarter 2005

Gross operating revenues amounted to NOK 459.3 million in the first quarter 2005, compared with NOK 641.7 million in the corresponding period 2004. The fall in revenues is primarily due to a 4,403 trw (24%) reduction in the volume of fish harvested, compared with the first quarter 2004. The figures for the first quarter 2004 also included revenues from Vestsalmon in the Faeroe Islands, which is no longer part of the Pan Fish group. This amounted to approximately NOK 67 million in the first quarter 2004, when internal eliminations are taken into consideration. The operating revenues within the VAP business (Value Added Products) were reduced by approximately 35 million in the first quarter 2005 compared with the corresponding period in 2004. This is primarily due to a strategic reorganisation within the company's Danish operations.

Pan Fish made an operating result before depreciation (EBITDA) of NOK 59.2 million in the first quarter 2005, compared with NOK 100.4 million in the corresponding period 2004. Operating results after depreciations (EBIT) in the first quarter 2005 amounted to NOK 19.7 million compared with NOK 54.2 million in the first quarter 2004.

In connection with the transition to IFRS (International Financial Reporting Standard) unrealized income from biomass will be treated continuously. In the first quarter 2005, this had a positive impact on the result amounting to NOK 7.3 million, compared with NOK 39.0 million in the corresponding quarter 2004. As illustrated in the table below, the results from the operations following adjustment for unrealized income from biomass, are only marginally lower in the first quarter 2005 compared with the first quarter 2004, despite a considerably smaller volume of fish harvested.

(NOK mill)	**1Q-05**	**1Q-04**	**Change**
Unrealized imcome from biomass	***7.3***	***39.0***	
Reported EBITDA	59.2	100.4	-41.2
EBITDA adjusted for unrealized income, biomass	51.9	61.4	-9.5
Reported EBIT	19.7	54.2	-34.5
EBIT adjusted for unrealized income, biomass	12.4	15.2	-2.8

Net financial items amounted to NOK -27.1 million in the first quarter 2005, compared with -73.3 million in the corresponding period 2004. Interest costs totalled NOK -38.8 million in the first quarter 2005, compared with NOK -50.9 million in the first quarter 2004. Furthermore, for the first quarter 2005, NOK 9.5 million is posted as income derived from long-term fixed-rate contracts, compared with NOK -3.5 in the corresponding period in 2004. Any reduction in net financial items which can not be ascribed to the above, stems from exchange rate losses in the first quarter 2004.

Pan Fish made a loss before tax of NOK 7.3 million in the first quarter 2005, compared with a loss of NOK 19.1 million in the corresponding quarter in 2004. The group’s loss after tax in the first quarter 2005 was NOK 7.3 million, compared with a loss of NOK 18.8 million in the corresponding period the year before.

Loss per share amounted to NOK 0.01 in the first quarter 2005, compared with NOK 0.00 in the first quarter 2004. The diluted loss per share amounted to NOK 0.28 in the first quarter 2005, compared with a loss of NOK 0.02 in the corresponding period the year before[1].

Balance sheet for the Pan Fish group

The group’s total balance sheet stood at NOK 2945.5 million at the end of the first quarter 2005, compared with NOK 3295.3 million at the same point in 2004.

Debts

The group’s net interest-bearing debt has been cut by 27 per cent since the first quarter 2004, from NOK 2675.6 million to NOK 1950.5 million at the end of the first quarter 2005. This reduction is primarily due to the refinancing package implemented in August/September 2004, which included converting a total of NOK 500 million in debts and conducting a share issue of NOK 188 million. As part of the refinancing package implemented in August 2004,

[1] Adjusted for subordinate loan to Nordea Bank Norge ASA amounting to NOK 45,908,705.25, convertible at NOK 2.25 per share, dorresponding to 20,403,869 new shares. Also liquidity loan of NOK 61,839,872 to Nordea and DnB NOR convertible at NOK 2.00 per share, corresponding to 30,919,936 new shares.

Pan Fish entered into a loan contract with Nordea and DnB NOR in March 2005. This short-term convertible liquidity loan amounts to NOK 62 million.

Interest-bearing debt/Net interest-bearing debt (NOK mill)	**31.03.2005**
Long-term interest-bearing debt to financial institutions	1,841,354
Bond loan (interest free until 2008) *	70,342
Capitalised leasing obligations	218,407
Total interest-bearing debt	**2,130,103**
Cash and cash equivalents	181,777
Net interest-bearing debt	**1,948,326**

**) The value of the loan is NOK 78,248. This will be treated in compliance with IFRS*

Equity

At the end of the first quarter 2005, the Pan Fish group had book equity amounting to NOK 371.0 million. Pan Fish ASA's equity amounted to NOK 473 million at the same point 2004. The group had an equity ratio (including NOK 45.9 million in subordinated loans) of 14 per cent at the end of the first quarter 2005.

Equity reconciliation (NOK mill)	**1st quarter 2005** (01.01 – 31.03.05)
Equity at start of period	**366.8**
Net loss after minority interests	-7.3
Debt conversion/share issue	0.0
Foreign exchange and other adjustment	11.5
Equity at close of period	**371.0**

Refinancing

The board of directors has reached an agreement with the company's main shareholders and bank relations concerning a final refinancing package for the Pan Fish group. As stated in the refinancing package agreement implemented in the autumn of 2004, an extended clean-up operation in the balance sheet and a liquidity increase may be deemed necessary if the price level for salmon and the market conditions fail to improve. The present agreement will enable Pan Fish to endure a period of very difficult market conditions without having to resort to arrangements that have a negative effect on the company's long-term position. At the same time, the refinancing package represents a considerable advantage should the price level and market conditions improve. The agreement was presented at the company's ordinary general meeting of shareholders on 9 May 2005, and includes the following main elements (reference should also be made to the share issue prospectus):

- Write downs of the company's share capital through a reduction in the share quotation from NOK 2.00 to NOK 0.75, in settlement of losses and transfer to other equity.
- Increase of capital through a public share issue amounting to NOK 200 million at a market-related subscription rate to be determined by the board, with price range between NOK 1.00 and NOK 2.50 per share.
- Increase of capital through a process whereby Nordea and DnB NOR convert NOK 500 million of Pan Fish's debt into equity. The conversion process presupposes that Pan Fish succeeds at conducting the NOK 200 million share issue.

Provided the company succeeds at conducting its share issue plans, this refinancing package will significantly improve the company's balance sheet and liquidity, and provide a solid financial basis for implementing the plans for future production increase, which in itself is a prerequisite for fulfilment of the vision of becoming the lowest-cost supplier of quality salmon. The equity will amount to 30-35 per cent immediately after implementation of the refinancing package. The company has experienced a comprehensive and continuous operational and financial restructuring process over the past few years, and the board is pleased to have a financial framework in place that enables Pan Fish to operate as an independent fish farming company with the required means to increase production to targeted levels.

Events following the balance sheet date

Sale of Pan Fish USA

At the end of 2004, the Pan Fish board of directors adopted to withdraw from the fish faming industry in the US and concentrate its North American resources in the Canadian part of the company, primarily through a sale of the business in part or in full. Following negotiations with several possible buyers, Pan Fish succeeded in drawing up an acquisition contract with its long-standing partner Smoki Foods, operating from Seattle. According to this contract, Smoki Foods will take over the biomass and continue the company operations at a total price of USD 8.35 million, or NOK 52.6 million. The agreement stipulates that the purchaser will retain the right to, within a three-year period, buy additional equipment at a value of USD 7,8 million, or NOK 49.1 million. If this right is not exercised, Pan Fish will transfer the equipment to other specific farming sites, with a corresponding reduction in planned investments at those sites. The cash value of the sale of Pan Fish USA, either with Smoki exercising the option or with a reduction in future capital investments, is thus USD 16.15 million, or NOK 101.7 million over a three year period. In connection with the presentation of the annual report, provisions amounting to NOK 63 million were made toward the discontinuation of activities in the US. The transaction, which will yield a minor profit, will be accounted for in the report for the second quarter 2005.

Divestment of Østerbris

In the beginning of April 2005, Pan Fish entered into an agreement with Austfisk AS regarding the divestment of all shares in Østerbris AS. Østerbris AS owns and operates the combined ring net and blue whiting vessel Østerbris, based in Austevoll outside Bergen.

The sales amount is NOK 42.5 million. The book value of the shares amounted to NOK 23.9 million per 31 December 2004. The transaction therefore yields a profit of NOK 18.6 million for Pan Fish, and this profit will be treated in the report for the second quarter 2005. Following the implementation of the restructuring package in 2003, this component has been defined as sideline operation for Pan Fish, and divestment represents another step towards turning Pan Fish into an integrated and focused fish farming company for salmon and ready-processed salmon products.

Pan Fish Denmark

The company has resolved to temporarily lay off all production staff at the company’s value added production site Pan Fish Denmark in Hirtshals. For further details, see separate stock exchange notice of 10 May 2005.

Cash flow for the Pan Fish group

Pan Fish had a cash flow during the first quarter 2005 of NOK 14.1 million. Operating activities during the quarter gave a cash flow of NOK 17.4 million compared with NOK 81.4 the year before. Cash and cash equivalents totalled NOK 181.8 million at the end of the first quarter 2005.

Segment information

Pan Fish reports segment information for the production, harvesting and sale of farmed fish as a whole and for its four geographic regions separately. Information on value added products (VAP) is also reported separately, as is information on other businesses where this is deemed relevant.

Production and sale of farmed fish

The fish farming industry is currently organised into four regions: Pan Fish Norway, Pan Fish Fareoe Islands, Pan Fish Scotland and Pan Fish North America.

Key figures 1Q-05 Fish farming	**Norway**		**Faeroes**		**Scotland**		**North America**		**Total fish farming**	
(NOKm)	**1Q-05**	**1Q-04**	**1Q-05**	**1Q-04**	**1Q-05**	**1Q-04**	**1Q-05**	**1Q-04**	**1Q-05**	**1Q-04**
Gross operating revenues	177.9	232.2	0.3	122.7	85.3	77.8	96.4	137.5	359.9	570.2
Of this, unrealized income, biomass	*-5.9*	*25.0*	*0.0*	*0.0*	*4.0*	*-1.3*	*9.3*	*15.3*	*7.3*	*39.0*
EBITDA	30.4	47.7	0.2	6.8	8.5	7.6	22.9	40.4	62.0	102.5
EBIT	16.4	32.9	-2.7	2.7	4.8	3.9	9.0	23.9	27.5	63.4
Harvesting, tonnes round weight	6 697	8 049	0	1 970	3 730	3 544	3 464	4 731	13 891	18 294
Production, tonnes round weight	4 712	4 799	0	0	2 469	3 362	3 219	3 833	10 400	11 994
Fixed assets	746.3	843.3	126.9	218.8	134.4	151.2	559.6	681.9	1567.2	1895.2
Stocks *	308.9	347.4	10.2	20.4	209.6	225.8	204.2	238.1	732.9	831.7
Total balance sheet	1172.6	1350.5	139.0	314.7	385.6	414.6	812.0	1037.1	2509.2	3116.9

**) Biomass estimated in accordance with IAS 41*

The fish farming business generated gross operating revenues of NOK 359.9 million in the first quarter 2005, compared with NOK 570.2 million in the corresponding quarter 2004. A total of 13,891 tonnes round weight (trw) was harvested during the quarter, compared with 18,294 trw in the same quarter 2004. The 4,403 trw difference corresponds to a drop of 24 per cent. Production in the first quarter 2005 was 13 per cent lower than the production in the corresponding period in 2004. This is particularly due to a lower biomass level in Scotland and North America at the start of the year compared with the start of 2004. However, the production is expected to grow steadily in the future.

Revenues were lower in all regions except for Scotland with an increase of 200 tonnes in the volume of fish harvested in the first quarter 2005 compared with the first quarter 2004. The drop in revenues is mainly related to a smaller volume of fish harvested, but this has been partly compensated for through a price increase in the EU. There is no business activity in the Faeroes in the first quarter 2005, and since Vestsalmon is no longer part of the Pan Fish group, no revenues were generated from the Faeroe Islands during the first quarter 2005. The fish farming business made an operating loss (EBIT) during the first quarter 2005 of NOK 27.5 million, compared with NOK 63.4 million in the corresponding quarter 2004. Following adjustment for unrealized income derived from biomass, in accordance with IFRS, the gross operating revenue is only marginally lower despite a drop in the volume of fish harvested.

Production costs 1Q-05 (gutted weight, local currency)	**Norway** (NOK)		**Scotland** (GBP)		**North America** (CAD)		**Faeroes**** (DKK)	
	1Q05	**2004**	**1Q05**	**2004**	**1Q05**	**2004**	**1Q05**	**2004**
Biological costs	15.21	15.73	1.75	1.61	3.59	3.65	n/m	n/m
Harvesting/transport	3.68	3.66	0.24	0.20	0.72	1.02	n/m	n/m
SG&A expenses	0.96	0.96	0.11	0.15	0.24	0.21	n/m	n/m
Total EBIT cost*	**19.85**	**20.35**	**2.10**	**1.95**	**4.56**	**4.88**	**n/m**	**n/m**
Of which depreciations	1.62	1.75	0.10	0.08	0.74	0.86	n/m	n/m
2007/2008 cost target	**15.50 – 16.00**		**1.37 – 1.45**		**3.33 – 3.53**		**14.50 – 15.50**	

**) Total production cost, including depreciation, of fish delivered to the customer gutted and packed in boxes*
***) There is no production in the Faeroes in this period*

Production costs are lower in all regions in the first quarter 2005 compared with 2004, and the costs are expected to drop further during 2005. Production costs for the biomass which is still in the sea continue to drop when compared to previous generations. This gives grounds for optimism with regards to the cost level at the time this fish is ready for harvesting.

Value added products (VAP)

The VAP business consists of Pan Fish France and Pan Fish Denmark (formerly Vestlax Hirtshals). Pan Fish France specialises in the production of smoked salmon for the French market, while Pan Fish Denmark produces both smoked salmon and packages of frozen fish products, primarily for the German market.

Key figures 1Q-05 VAP	**VAP Total**	
(NOKm)	**1Q-05**	**1Q-04**
Gross operating revenues	109.3	144.5
EBITDA	-5.7	0.2
EBIT	-10.4	-5.5
Fixed assets	133.1	154.1
Stocks	26.1	45.5
Total balance sheet	268.0	328.3

The VAP business generated gross operating revenues of NOK 109.3 million in the first quarter 2005, compared with NOK 144.5 million in the corresponding period 2004. In the first quarter 2005, the VAP businesses made total operating profits (EBIT) of NOK -10.4 million, compared with NOK -5.5 million in the corresponding period last year. The results for the VAP business are not satisfactory. Pan Fish is therefore currently in a process to optimise costs for both business units, and this work is expected to yield results during the year.

These results are and will be affected by the implementation of a comprehensive reorganisation of the strategy within the VAP business. It is necessary for some parts of the business to introduce changes within the customer and product strategies. This work will lead to a sharp reduction in the operating revenues in the period starting with the departure from the previous strategy and lasting until the company is fully operational with its new customer and product strategy in place. It has been established that with the current political government in the EU, some of the products that have been produced in Denmark up until now can no longer be produced within the EU. The cost structure for this part of the business makes it very difficult to generate profits from a low volume while the restructuring is in process. The reason for this is the need for a continuous investment in efforts relating to product and market development during low-volume periods as well.

Strategy, organisation and development

Pan Fish shall supply the global market with quality salmon at the lowest cost in the industry. The goal of cost leadership is firmly rooted throughout the organisation, and will be achieved through sustainable operations and a firm focus on fish health. Every aspect of the biological production cycle has been placed on the agenda and specific targets and actions have been implemented to ensure the best possible performance throughout the value chain. Particular attention is being paid to the smolt quality and the day-to-day operating routines at the individual fish farm. Creating and developing adequate systems to identify and correct any non-conformances as early as possible is a crucial element in these efforts. The fish farm staff make critical decisions every day, and Pan Fish focuses on providing adequate training of all members of staff to ensure a high level of technical skills where the main part of the company's value is created.

The other cornerstone of the company's strategy is based on the requirement that Pan Fish should produce and supply a product that meets the stringent quality, food safety and traceability standards set by the world's leading salmon buyers, both with regard to whole fish or ready-processed products. Pan Fish intends to continue developing its long-term partnerships with the major professional salmon buyers, so that the company can always supply the quality required with the accuracy expected, which is imperative in order to enable our partners to supply the consumers with salmon of the highest quality.

The long-term objective for the fish farming business is to raise production to a level commensurate with the capacity available in the company's existing infrastructure. This implies a production between 76,000 and 95,000 tonnes gutted weight. However, the board would like to point out that production growth will always be at a rate that is deemed prudent with regard to good fish health and biological safety on the one hand and the fact that Pan Fish, as a leading global player, must contribute to maintaining a healthy market balance on the other. The board is pleased to have settled on a financing package that enables the company to reclaim its position as one of the leading global players within the production of Atlantic salmon.

The group is also heavily involved within the VAP business for salmon. Pan Fish's VAP businesses in Denmark and France are the largest processing units for salmon products in Europe, and Pan Fish is therefore among the leading vertically integrated salmon companies in the world. 2004 was a year of restructuring for both these businesses. However, significant cost benefits can still be achieved from a further streamlining of their sales activities, particularly through better coordination of the marketing efforts for the two businesses. This work will be pursued at full force in 2005.

Market and outlook

The exports of Norwegian fresh salmon were higher in all the first three months of 2005 than in the previous year. For the first quarter as a whole, exports were up 12 percent from the corresponding quarter of 2004. The average export price also increased in first quarter 2005 compared with first quarter 2004 and has trended positive since the middle of fourth quarter 2004. According to the government's export statistics, the EU share of Norwegian exports was marginally lower at the end of March than in the previous year. One important contributing factor is an increase in exports to Russia by as much as 127 per cent in the first quarter compared with the corresponding period of last year. However, the EU is still by far the most important marked for Norwegian farmed salmon, with a share of total exports of close to 80 percent.

So far in 2005, the situation surrounding the Safeguard initiatives and punitive duties on Norwegian salmon has made a strong mark on the EU market. In April, the EU resolved to replace the temporary Safeguard initiatives, which comprised a minimum price and import quotas, with a unilateral punitive duty for Norwegian producers of salmon, starting 27 April and effective for 6–9 months from implementation. The consequences for Pan Fish and for the Norwegian fish farming industry will only be evident when it is clear whether the temporary punitive duty is replaced with other temporary initiatives and whether the EU decides to make the initiatives permanent. Pan Fish is convinced that no dumping has taken place and that the damage to the EU seafood industry will be considerable. It is also a fact that a number of fish farming companies, including those behind the dumping accusations against Norway, run operations with very high profits.

The US market has proven stronger than there was reason to expect at the outset of the year, and the prices in the first months of the year have been considerably higher than in the last months of 2004. There was also an increase in both Chilean and Canadian exports into the US market in the year’s first months. The heightened Chilean marketing effort into the US market has also softened the anticipated negative effects from the increase in exports into the EU, which partly explains why the salmon price has remained relatively high in Europe so far this year. The Chilean production growth in 2005 also appears to have been less than previously anticipated. This will contribute to a better balance in the US market, which comprises the most important market for Chilean salmon, and in the EU. Towards the end of the year, further harvesting will be required in Chile, because of the large quantities of smolt that were put out in the summer of 2004, but the requirement to harvest is less than previously expected and less than what has been the practice in the past few years.

Implementation of IFRS (International Financial Reporting Standard)
With effect from 1 January 2005, the International Financial Reporting Standards (IFRS) was adopted as the applicable accounting principles for publicly listed companies in Norway and Europe. The quarterly report for the first quarter 2005 has thus been prepared in accordance with the IFRS. Comparable figures for 2004 and the first quarter 2004 have been prepared. The transition to IFRS means that standards applicable as at 31 December 2004 shall be applied. Changes to the standards up until 31 December 2005 or changes in the interpretations may lead to changes in the results. Norwegian accounting principles have in most areas been compatible with the IFRS. But for Pan Fish, the transition to the IFRS will have a particular impact on the valuation of its biomass (ie live fish stocks), since the new rules state that biomass should, as a rule, be reported at market value in the balance sheet.

Oslo, May 10 2005

Board of Directors of Pan Fish AS

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Accounting principles in the quarterly report

This quarterly report is prepared in compliance with IFRS, cf IAS 34 Interim Financial Reporting

Konsernet Pan Fish ASA (tall i mill)/*Pan Fish ASA Group (figures in NOK mill)*

Resultatregnskap/*Profit and Loss Account*	**1.1.-31.03. 2005**	**1.1.-31.03. 2004**	**1.1.-31.12 2004**
Driftsinntekter/ *Operating income*	459,3	641,7	2 335,4
Herav urealisert inntekt biomasse/Of this unrealized income biomass	*7,3*	*39,0*	*-1,0*
Driftskostnader/ *Operating expenses*	-400,1	-541,3	-2 165,1
Driftsresultat før avskrivninger/*Operating profit before depreciation (EBITDA)*	**59,2**	**100,4**	**170,3**
Avskrivning/ *Depreciation*	-39,4	-46,2	-186,5
Nedskrivninger og avsetninger/ *Write downs and provisions*	0,0	0,0	-63,0
Driftsresultat/*Operating profit (EBIT)*	**19,7**	**54,2**	**-79,2**
Resultat tilknyttede selskap/ *Income from associates*	0,0	-0,1	1,8
Netto finansposter/ *Net financial items*	-27,1	-73,2	-156,0
Nedskrivninger og avsetninger finansielle poster/ *Write downs and provisions financial items*	0,0	0,0	0,0
Sum finansposter/*Total financial items*	**-27,1**	**-73,3**	**-154,2**
Resultat før skatt/*Profit before taxes*	**-7,3**	**-19,1**	**-233,5**
Skattekostnad/ *Taxes*	0,0	0,0	-3,1
Resultat for viderført virksomhet/*Net income for ongoing operations*	**-7,3**	**-19,1**	**-236,6**
Resultat for ikke videreført virksomhet*/ *Income non-ongoing operations**	**0,0**	**0,3**	**0,2**
Konsernets resultat/Net profit	**-7,3**	**-18,8**	**-236,3**
Minoritetsinteresser/ *Minority interest*	-0,9	-0,8	-16,5

*) Virksomhet som var avhendet/besluttet avhendet før regnskapsavleggelse, presenteres netto under linjen for Resultat for ikke videreført virksomhet/
Companies that were sold/or were intended to be sold are presented as net amounts under Income non-ongoing operations.

Balanse/*Balance Sheet*	**31.03 2005**	**31.03. 2004**	**31.12 2004**
Anleggsmidler/*Fixed assets*			
Konsesjoner/ *Licences*	575,0	646,8	575,6
Utsatt skattefordel/ *Deferred tax asset*	0,0	0,0	0,0
Goodwill	0,0	0,0	0,0
Maskiner, bygninger/ *Machinery, buildings etc.*	1 094,9	1 245,8	1 110,9
Aksjer, andre eiendeler/ *Shares, other assets*	96,7	77,7	97,1
Sum anleggsmidler/*Total fixed assets*	**1 766,6**	**1 970,3**	**1 783,5**
Omløpsmidler/*Current assets*			
Varebeholdning/ *Inventory*	759,1	878,4	755,3
Fordringer/ *Receivables*	238,0	320,0	328,8
Likvider/ *Cash and equivalents*	181,8	126,6	167,8
Sum omløpsmidler/*Total current assets*	**1 178,9**	**1 325,0**	**1 251,9**
Sum eiendeler/*Total assets*	**2 945,5**	**3 295,3**	**3 035,4**
Egenkapital/*Equity*			
Aksjekapital/ *Share capital*	1 004,6	810,9	1 004,6
Annen egenkapital/ *Other equity*	-655,1	-986,4	-660,2
Minoritetsinteresser/ *Minority interest*	21,4	35,0	22,4
Sum egenkapital/*Total equity*	**371,0**	**-140,4**	**366,8**
Gjeld/*Liabilities*			
Ansvarlig lån/ *Subordinated loan*	45,9	18,4	45,9
Konvertible lån/ *Convertible loan*	70,3	78,2	78,2
Annen langsiktig gjeld/ *Other long-term liabilities*	2 092,3	2 488,2	2 086,1
Kortsiktig gjeld/ *Short-term liabilities*	365,9	851,0	458,4
Sum gjeld/*Total liabilities*	**2 574,5**	**3 435,8**	**2 668,6**
Sum EK og gjeld/*Total Equity and Liabilities*	**2 945,5**	**3 295,3**	**3 035,4**

Nøkkeltall/*Key Figures*	**1.1.-31.03. 2005**	**1.1.-31.03. 2004**	**1.1.-31.12. 2004**
Utgående antall aksjer / *Number of shares end of period (mill)*	502	20 272	502
Resultat pr. aksje/ *Earnings per share*	-0,01	0,00	-0,47
Utvannet resultat pr. aksje/ Diluted earnings per share	-0,01	0,00	-0,45
Driftsmargin før avskrivninger/ *EBITDA margin*	12,9 %	15,6 %	7,3 %
Driftsmargin/ *EBIT magin*	4,3 %	8,4 %	neg.
Egenkapitalandel/ *Equity ratio*	12,6 %	neg.	12,1 %
Netto rentebærende gjeld/ *Net interest bearing debt*	1 976,3	2 731,7	2 000,9

Cash flow statement, Equity statement and Segment figures

Cash flow statement

Figures in NOK million	1.1.-31.03 2005	1.1.-31.03 2004
Cash flow from operational activities		
Profit before taxes	-7.3	-57.8
Reversal of unrealized income biomass	-7.3	-39.0
Adjustment for depreciations and write-downs	39.4	46.7
Adjustment fro profit/loss from sale of fixed assets	-1.3	-0.1
Adjustment for income from associates	0.0	0.1
Changes to inventory, accounts payable and accounts receivable	23.6	169.5
Changes to other accruals principle records	-29.7	-14.4
Net cash flow from operational principles	**17.4**	**105.0**
Kontantstrøm fra investeringsaktiviteter		
Innbetaling ved salg av varige driftsmidler	8.2	1.5
Utbetalinger ved kjøp av varige driftsmidler	-10.6	-13.8
Innbetalinger ved salg av aksjer og andeler i andre foretak	0.0	2.2
Netto kontantstrøm fra investeringsaktiviteter	**-2.4**	**-10.0**
Cash flow from investing activities		
New interest-bearing debt (short and long term)	61.8	0.0
Payment o finterest bearing debt (short and long term)	-44.7	-97.4
Changes to financial leasing	-16.1	-11.6
Net cash flow from financing activities	**1.1**	**-109.0**
Effects of exchange rate conversions	**-2.0**	**4.1**
Netto endring betalingsmidler	**14.1**	**-10.0**
Means of payment IB	**167.7**	**136.6**
Net change means of payment	14.1	-10.0
Means of payment UB	**181.8**	**126.6**

Equity statement

Figures in NOK million	31.03.2005
Majority's equity 31.12.04	**344.4**
Majority's share of profit	-6.4
Impact of IFRS implementation, financial instruments	13.6
Exhange rate differences	-2.0
Majority's equity 31.03.05	**349.6**
Minority's equity 31.12.05	**22.4**
Minority's share of profit	-0.9
Other changes to minority's interests	-0.1
Minority's equity 31.03.05	**21.4**
Pan Fish group's equity 31.03.05	**371.0**

Segment figures

Per 31.03.05 (IFRS)	Operational revenues	*Of which internal sales*	*Of which, unrealized income, biomass*	EBITDA	EBIT	Investment	Fixed assets	Stocks	Total balance sheet
Farming Norway	177.9	*32.9*	*-5.9*	30.4	16.4	7.2	746.3	308.9	1172.6
Farming Faroes	0.3	*0.0*	*0.0*	0.2	-2.7	0.1	126.9	10.2	139.0
Farming Scotland	85.3	*3.9*	*4.0*	8.5	4.8	1.9	134.4	209.6	385.6
Farming North America	96.4	*0.0*	*9.3*	22.9	9.0	0.0	559.6	204.2	812.0
Total Farming	**359.9**	***36.8***	***7.3***	**62.0**	**27.5**	**9.2**	**1567.2**	**732.9**	**2509.2**
VAP	**109.3**	***0.0***	***0.0***	**-5.8**	**-10.4**	**1.4**	**133.1**	**26.1**	**268.0**
Other	29.7	*2.7*	*0.0*	2.7	2.7	0.0	1965.2	0.9	2134.3
Eliminations	-39.5	*-39.5*	*0.0*	0.0	0.0	0.0	-1898.9	-0.8	-1966.1
Sum	**459.3**	***0.0***	***7.3***	**59.2**	**19.7**	**10.6**	**1766.6**	**759.1**	**2945.5**

Per 31.03.04 (IFRS)	Operational revenues	*Of which internal sales*	*Of which, unrealized income, biomass*	EBITDA	EBIT	Investment	Fixed assets	Vare-laStocksger	Total balance sheet
Farming Norway	232.2	*38.3*	*25.0*	47.7	32.9	7.5	843.3	347.4	1350.5
Farming Faroes	122.7	*47.7*	*0.0*	6.8	2.7	0.0	218.8	20.4	314.7
Farming Scotland	77.8	*5.4*	*-1.3*	7.6	3.9	3.3	151.2	225.8	414.6
Farming North America	137.5	*0.0*	*15.3*	40.4	23.9	1.7	681.9	238.1	1037.1
Total Farming	**570.2**	***91.4***	***39.0***	**102.5**	**63.3**	**12.5**	**1895.2**	**831.7**	**3116.9**
VAP	**144.5**	***0.0***	***0.0***	**0.2**	**-5.5**	**1.3**	**154.1**	**45.5**	**228.3**
Other	51.6	*33.2*	*0.0*	-2.3	-3.7	0.0	2249.0	2.0	2453.2
Eliminations	-124.6	*-124.6*	*0.0*	0.0	0.0	0.0	-2328.0	-0.8	-2501.1
Sum	**641.7**	***0.0***	***39.0***	**100.4**	**54.2**	**13.8**	**1970.3**	**878.4**	**3 295.3**

Implementation of IFRS – change of accounting principles

With effect from 1 January 2005, the International Financial Reporting Standards (IFRS) was adopted as the applicable accounting principles for publicly listed companies in Norway and Europe. The quarterly report for the first quarter 2005 has thus been prepared in accordance with the IFRS. Comparable figures for 2004 and the first quarter 2004 have been prepared. The transition to IFRS means that standards applicable as at 31 December 2004 shall be applied. Changes to the standards up until 31 December 2005 or changes in the interpretations may lead to changes in the results. Norwegian accounting principles have in most areas been compatible with the IFRS. But for Pan Fish, the transition to the IFRS will have a particular impact on the valuation of its biomass (ie live fish stocks), since the new rules state that biomass should, as a rule, be reported at market value in the balance sheet. The comments below point out the main changes that have been made to the accounting principles.

Valuation of biomass - IAS 41 (implemented per 01.01.2004 in the comparable figures)
The company's stock of live fish will be valued in accordance with IAS 41 and shall, as a rule, be valued at fair value. This represents a significant change in relation to previous accounting practice, in which the biomass was valued in accordance with the lowest value principle (lowest value of acquisition cost and fair value). The new rules laid down in IAS 41 introduce a significant element of volatility to the determination of Pan Fish's financial status since a change in the market price for a period will result in an equivalent change in the gross operating revenues in the period, even for fish that has not yet been sold. However, the standard does permit an exception to the fair value rule if this cannot be reliably measured. In such cases, the lowest value principle shall be applied. Together with several of the largest companies in the industry, Pan Fish has been working for the adoption of a common interpretation of the standard. The adopted principle is that all fish larger than 4 kg shall be valued at fair value, while smolt and fish weighing less than 4 kg shall be valued in accordance with the lowest value principle. Pan Fish refers to these income corrections as unrealized profits derived from biomass on a separate line in the profit and loss statement.

Financial instruments – IAS 32 og IAS 39 (implemented per 01.01.2005. Not included in the comparable figures)

Convertible bonds
Convertible debt instruments shall, at their inception, be deconstructed into an equity instrument and a debt instrument. The debt component shall reflect the contractual obligation to pay over cash. The equity component shall reflect the call option which gives the owner of the obligation the right to convert the debt instrument into equity. Previously, the whole of this instrument was classified as debt, in accordance with the Norwegian accounting principles (NGAAP).

Refinancing expenses
Expenses associated with the refinancing of loans shall be amortised at the effective rate of interest. As a consequence Pan Fish must split all previously accrued refinancing expenses into share issue expenses and loan refinancing expenses. The previous practice was to set off all expenses relating to refinancing processes, including a share issue, against equity.

Investment in shares
Any investments in shares that are not subsidiaries or associated companies are valued at fair value. Pan Fish will classify all investments in shares that come under IAS 39 as "at fair value with value changes over the result." Upon transition to the IFRS, no corrections have been made in the balance sheet with regards to the posted value of shares.

Deferred tax on licenses - IAS 12
According to the IFRS, a deferred tax liability must be calculated at the nominal tax rate on the value of licences held. Deferred tax on licences has previously been calculated at zero, since the effective tax rate is expected to be zero. Pan Fish has net deferred tax assets amounting to NOK 1,258 million before licences. These are not included in the balance sheet since the probability requirement in

relation to the tax asset has not been met. Application of the IFRS will therefore have no impact on Pan Fish in this area. Deferred tax on licences will in the future reduce the net value of the deferred taxes, and this will be included in the balance sheet when the probability requirement in relation to the tax asset has been met.

Impacts relating to the transition to IFRS

Balanse/*Balance Sheet*	NGAAP 31.12 2003	Effekt overgang IFRS (1)	IFRS 01.01 2004	NGAAP 31.03 2004	Effekt overgang IFRS (2)	IFRS 31.03 2004	NGAAP 31.12 2004	Effekt overgang IFRS (3)	IFRS 31.12 2004	Effekt overgang IAS 32 (4)	Effekt overgang IAS 39 (5)	IFRS 01.01 2005
Anleggsmidler/*Fixed assets*												
Konsesjoner/*Licences*	651,9		651,9	646,8		646,8	575,6		575,6			575,6
Utsatt skattefordel/*Deferred tax asset*	0,0		0,0	0,0		0,0	0,0		0,0			0,0
Goodwill	0,0		0,0	0,0		0,0	0,0		0,0			0,0
Maskiner, bygninger/*Machinery, buildings etc.*	1 294,7		1 294,7	1 245,8		1 245,8	1 110,9		1 110,9			1 110,9
Aksjer, andre eiendeler/*Shares, other assets*	86,5		86,5	77,7		77,7	97,1		97,1			97,1
Sum anleggsmidler/*Total fixed assets*	**2 033,1**		**2 033,1**	**1 970,3**		**1 970,3**	**1 783,5**		**1 783,5**			**1 783,5**
Omløpsmidler/*Current assets*												
Varebeholdning/*Inventory*	836,2	**28,0**	864,2	811,4	**39,0**	878,4	727,8	**-1,0**	754,8			754,8
Fordringer/*Receivables*	429,5		429,5	320,0		320,0	328,8		328,8			328,8
Likvider/*Cash and equivalents*	136,6		136,6	126,6		126,6	167,8		167,8			167,8
Sum omløpsmidler/*Total current assets*	**1 402,3**		**1 430,3**	**1 258,0**		**1 325,0**	**1 224,4**		**1 251,4**			**1 251,4**
Sum eiendeler/*Total assets*	**3 435,4**		**3 463,4**	**3 228,3**		**3 295,3**	**3 007,9**		**3 034,9**			**3 034,9**
Egenkapital/*Equity*												
Aksjekapital/*Share capital*	810,9		810,9	810,9		810,9	1 004,6		1 004,6			1 004,6
Annen innskutt egenkapital / *Other paid-in capital*	0,0		0,0	0,0		0,0	0,0		0,0	17,6		17,6
Egne aksjer/*Own share*	0,0		0,0	0,0		0,0	0,0		0,0			0,0
Annen egenkapital/*Other equity*	-1 009,8	**28,0**	-981,8	-1 053,4	**39,0**	-986,4	-687,7	**-1,0**	-660,7	-5,5	1,5	-666,2
Minoritetsinteresser/*Minority interest*	35,4		35,4	35,0		35,0	22,4		22,4			22,4
Sum egenkapital/*Total equity*	**-163,4**		**-135,4**	**-207,4**		**-140,5**	**339,3**		**366,3**			**378,4**
Gjeld/*Liabilities*												
Ansvarlig lån/*Subordinated loan*	18,4		18,4	18,4		18,4	45,9		45,9			45,9
Konvertible lån/*Convertible loan*	78,2		78,2	78,2		78,2	78,2		78,2	-9,1		69,1
Annen langsiktig gjeld/*Other long-term liabilities*	2 536,3		2 536,3	2 488,2		2 488,2	2 086,1		2 086,1	-3,0	-1,5	2 083,1
Kortsiktig gjeld/*Short-term liabilities*	965,9		965,9	851,0		851,0	458,4		458,4			458,4
Sum gjeld/*Total liabilities*	**3 598,8**		**3 598,8**	**3 435,8**		**3 435,8**	**2 668,6**		**2 668,6**			**2 656,5**
Sum EK og gjeld/*Total Equity and Liabilities*	**3 435,4**		**3 463,4**	**3 228,3**		**3 295,3**	**3 007,9**		**3 034,9**			**3 034,9**

(1) Differences as at 1 January 2004
Biomass is valued at NOK 28.0 million higher in the balance sheet in accordance with IFRS. This adjustment is charged directly to the opening balance as at 1 January 2004. The adjustment is distributed across the regions as follows: Pan Fish Norway NOK 9.7 million, Pan Fish Scotland NOK 0.2 million, Pan Fish North America NOK 18.1 million.

(2) Differences as at 31 March 2005
Biomass is valued at NOK 39.0 million higher in the balance sheet in accordance with IFRS. This adjustment is charged to the result as increased operational revenues (unrealized income from biomass) in the first quarter 2004. The adjustment is distributed across the regions as follows: Pan Fish Norway NOK 25.0 million, Pan Fish Scotland NOK -1.3 million, Pan Fish North America NOK 15.3 million.

(3) Differences as at 31 December 2004
Biomass is valued at NOK 1.0 million lower in the balance sheet in accordance with IFRS. This adjustment is charged to the result as a reduction in operational revenues (unrealized income from biomass) for all of 2004. The adjustment is distributed across the regions as follows: Pan Fish Norway NOK 12.2 million, Pan Fish Scotland NOK 1.7 million, Pan Fish North America NOK -14.4 million.

(4) Impacts of the implementation of IAS 32 as at 1 January 2005
Pan Fish has a convertible bond worth NOK 78 million which was issued on 10 January 2003. Until now, the whole of this instrument was classified as debt. According to IAS 32, NOK 17.6 million of this must be classified as paid-up other equity. The remainder of the debt component, NOK 60.2 million, shall then be amortised over the term of the loan, based on an assumed alternative effective rate of interest. In the period up until 1 January 2005 interest of NOK 8.5 million would have accrued (of which NOK 3 million had already been distributed in accordance with NGAAP) on the debt component, such that the net positive effect on equity in the opening balance 2005 will, according to IFRS, be an increase of NOK 12.1 million (i.e. 17.6 – 8.5 + 3.0).

(5) Impact of the implementation of IAS 39 as at 1 January 2005
Expenses associated with the refinancing of loans shall be amortised at the effective rate of interest. For Pan Fish this rule will be relevant for those accrued expenses that can be ascribed to the refinancing undertaken on 10 January 2003. The company estimates the accrued refinancing expenses associated with this transaction to be NOK 3 million. In the opening balance as at 1 January 2005, equity will increase by NOK 1.5 million. The book value of the loan will be reduced correspondingly.