

Fourth Quarter 2004



PAN FISH
www.panfish.com

Following its major restructuring operation, Pan Fish focused strongly on reducing production costs in 2004, and market developments through the year clearly underlined the importance of this effort. The board of directors is pleased to see that costs are falling steadily, and is optimistic that Pan Fish will reach the long-term goals that have been set. The refinancing package and negotiations with the company's banks and major shareholders were also important events in 2004. Pan Fish has adopted a detailed business plan based on the vision of becoming the lowest-cost supplier of quality salmon and, not least, a firm resolve from the company's main lenders and shareholders to restore Pan Fish to its position as a leading global supplier of Atlantic salmon. The company's long-term production and cost targets remain in effect, and the board will seek to secure the funding needed to give Pan Fish adequate financial solidity and freedom of action.

Highlights from the fourth quarter 2004

- **Pan Fish ASA achieved gross operating revenues of NOK 550.0 million in the fourth quarter 2004, compared with NOK 808.6 million in the corresponding period in 2003. Gross revenues for 2004 as a whole totalled NOK 2,336.4 million, compared with NOK 3,013.7 million in 2003.**
- **Pan Fish made an operating result before depreciation (EBITDA) of NOK 6.6 million in the fourth quarter 2004, compared with an operating profit of NOK 19.0 million in the corresponding period in 2003. EBITDA for 2004 as a whole totalled NOK 171.3 million, compared with a loss of NOK 277.8 million in 2003.**
- **Pan Fish harvested 13,017 tonnes gutted weight (tgw) in the fourth quarter 2004, compared with 17,648 tgw in the corresponding period 2003 (a drop of 26.2%). The company harvested 54,763 tgw in 2004 as a whole, compared with 77,211 tgw in 2003 (a drop of 29.1%).**
- **Total production costs per kg (gutted and packed, but excluding finance costs) in 2004 amounted to NOK 20.35 in Norway, GBP 1.95 in Scotland and CAD 4.88 in North America. Production costs are continuing to fall steadily.**
- **Pan Fish ASA had a total equity of NOK 454.4 million at the end of 2004. Since this is less than 50 per cent of the company's share capital, the board has a duty to act.**
- **The board feels that new capital may realistically be raised within a sensible timescale, and the assessment of the balance sheet at year-end was made on the basis that such a capital increase is feasible.**

Financial results and operations for the Pan Fish group in the fourth quarter 2004¹

Gross operating revenues amounted to NOK 550.0 million in the fourth quarter 2004, compared with NOK 808.6 million in the corresponding period in 2003. The fall in revenues is due, among other things, to a 4,631 tgw (26.2%) reduction in the volume of fish harvested, compared with the same quarter the year before. The figures for the fourth quarter 2003 also include revenues from Norsk Sjømat and Vestsalmon in the Faeroes, which were not longer part of the group in the fourth quarter 2004.

Pan Fish made an operating result before depreciation (EBITDA) of NOK 6.6 million in the fourth quarter 2004, compared with an operating profit of NOK 19.0 million in the corresponding period in 2003. The group made an operating loss including depreciation (EBIT) of NOK 106.6 million in the

¹ Businesses which have been sold, or which the company had decided to dispose of before the presentation of its financial results, including Pan Pelagic and Norsk Sjømat, have been excluded from the figures and are presented as a net figure under profit/loss for non-ongoing businesses.

fourth quarter 2004, compared with a loss of NOK 210.3 million in the same quarter in 2003. The figures for the fourth quarter 2004 include provisions and write-downs totalling NOK 63.0 million related to Pan Fish USA, compared with NOK 169.2 million in the fourth quarter 2003.

Net financial items amounted to NOK –35.6 million in the fourth quarter 2004, compared with NOK –106.4 million in the same period 2003. Write-downs and provisions in respect of financial assets amounted to NOK 34.1 million in 2003. Net interest costs totalled NOK 42.0 million in the fourth quarter 2004, compared with NOK 96.1 million in the same period the year before.

Pan Fish made a loss before tax of NOK 142.2 million in the fourth quarter, compared with a loss of NOK 316.7 million in the corresponding quarter in 2003. The group's loss after tax in the fourth quarter 2004 was NOK 145.3 million, compared with a loss of NOK 402.4 million in the corresponding period the year before.

Loss per share amounted to NOK 0.29 in the fourth quarter 2004, compared with a loss of NOK 0.02 in the same quarter the year before². The diluted loss per share amounted to NOK 0.28 for the fourth quarter 2004, compared with a loss of NOK 0.02 in the fourth quarter of 2003³.

Financial results and operations for the Pan Fish group in 2004 as a whole

Pan Fish achieved gross operating revenues of NOK 2,336.4 million in 2004, compared with NOK 3,013.7 million in 2003. The reduction in revenues is largely due to a 22,448 tgv (29.1%) drop in the volume of harvested fish compared with the year before. Operating revenues in 2004 do not include Norsk Sjømat, while Vestsalmon in the Faeroes is included for the first nine months of the year.

Pan Fish made an operating profit before depreciation (EBITDA) of NOK 171.3 million in 2004, compared with an operating loss of NOK 277.8 million in 2003. However, the group made an operating loss after depreciation (EBIT) of NOK 78.2 million in 2004, compared with a loss NOK 1,360.0 million in 2003. EBIT for 2003 includes write-downs and provisions totalling NOK 859.0 million, while these amounted to NOK 63.0 million in 2004.

Net financial items totalled NOK –154.2 million in 2004, compared with NOK –464.3 million in 2003. Write-downs and provisions in respect of financial assets amounted to NOK 79.3 million in 2003. Net interest costs totalled NOK 179.9 million in 2004, compared with NOK 289.1 million the year before.

Pan Fish made a loss before tax of NOK 232.3 million in 2004, compared with a loss of NOK 1,824.3 million in 2003. The group's loss after tax for the year as a whole totalled NOK 235,3 million, compared with a loss of NOK 2,258.5 million in 2003.

Loss per share amounted to NOK 0.47 for 2004, compared with a loss of NOK 0.11 the year before². The diluted loss per share amounted to NOK 0.45 in 2004, compared with a loss of NOK 0.11 in 2003³.

Balance sheet for the Pan Fish group

The group's total balance sheet stood at NOK 3,007.9 million at the end of the fourth quarter 2004, compared with NOK 3,435.4 million at the same point in 2003. The group's net interest-bearing debt has been cut by 30 per cent during 2004, from NOK 2,838.5 million at the start of the year to NOK

² 299,575,640 new shares were issued during 2004 in connection with debt conversion and the cash issue (adjusted for the consolidation of shares at a ratio 100:1).

³ At the end of 2004 Nordea Bank Norge ASA's subordinated convertible loan amounted to NOK 45,908,705.25. The loan is interest-free and may be converted up until 19 August 2009 at the rate of NOK 2.25 per share, corresponding to 20,403,869 new shares.

2,000.9 million at the end of the fourth quarter 2004. The reduction is primarily due to the refinancing package implemented in August 2004.

Interest-bearing debt/Net interest-bearing debt (NOK million)	31.12.2004
Long-term interest-bearing debt to financial institutions	1,821,206
Bond loan (interest-free until 2008)	78,248
Capitalised leasing obligations	233,091
Other short-term interest-bearing debt	36,050
Total interest-bearing debt	2,168,595
Cash & cash equivalents	167,727
Net interest-bearing debt	2,000,869

At the end of 2004 the Pan Fish group had book equity amounting to NOK 339.3 million. The group had an equity ratio (including NOK 45.9 million in subordinated loans) of 12.8 percent at the end of the fourth quarter 2004.

Equity reconciliation (NOK million)	4Q (01.10 – 31.12.04)	Whole year (01.01 – 31.12.04)
Equity at start of period	510.5	-163.4
Net loss after minority interests	-145.3	-235.3
Debt conversion/share issue	0.0	749.2
Foreign exchange and other adjustments	-25.9	-11.2
Equity at close of period	339.3	339.3

Pan Fish ASA had NOK 454.4 million in equity at the end of 2004. Since this is less than 50 per cent of the company's share capital, the board has a duty to act. Given the dialogue which the board has been engaged in with the company's banks and largest shareholders, it is felt that new capital may realistically be raised within a reasonable timescale. The assessment of balance sheet assets at year-end was made on the basis that such a capital increase is feasible.

Cash flow for the Pan Fish group

Pan Fish had a negative cash flow during the fourth quarter 2004 of NOK 170.6 million. Operating activities during the quarter gave a negative cash flow of NOK 127.3 million. Cash and cash equivalents totalled NOK 167.8 million at the end of the fourth quarter 2004.

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. In the annual report for 2003 all non-core businesses, including VAP, were reported as a net result under "Profit/loss for non-ongoing businesses". The figures presented in this quarterly report include VAP, which is consistent with previous quarterly reports.

Production and sale of farmed fish

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

Key figures 4Q Fish farming (NOK million)	Norway		Faeroes		Scotland		North America		Total fish farming*	
	4Q04	4Q03	4Q04	4Q03	4Q04	4Q03	4Q04	4Q03	4Q04	4Q03
Gross operating revenues	211.5	303.2	-1.0	153.2	82.6	91.3	74.4	139.8	363.9	675.7
EBITDA	26.1	29.8	-3.3	-38.0	-10.9	-8.9	-29.8	-1.0	-12.4	-18.9
EBIT	9.9	-10.9	-9.6	-43.7	-19.1	-16.9	-129.4	-30.7	-145.9	-102.2
Harvesting, tonnes round weight	8 971	9 780	0	4 521	3 943	4 212	2 864	2 879	15 778	21 392
Production, tonnes round weight	7 996	8 418	0	213	5 688	4 507	3 190	4 268	16 874	17 406
Fixed assets	760.3	998.5	130.3	217.0	134.1	142.3	555.5	687.7	1577.1	2042.1
Stocks**	307.9	326.1	6.7	51.3	207.0	207.9	177.0	208.4	698.7	793.7
Total balance sheet	1175.9	1552.3	138.2	334.4	377.3	395.2	788.5	1008.7	2469.2	3215.3

*) After eliminations

**) Stocks are valued at the lowest of production cost and expected sales price

Key figures 2004 Fish farming (NOK million)	Norway		Faeroes		Scotland		North America		Total fish farming*	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Gross operating revenues	950.4	1149.4	220.2	407.8	349.1	440.4	430.3	840.9	1920.8	2755.6
EBITDA	106.2	-44.1	10.9	-65.6	15.1	-56.6	-2.5	-31.2	157.1	-198.3
EBIT	46.1	-679.4	-8.4	-207.3	-4.4	-77.0	-128.5	-133.2	-93.9	-1097.0
Harvesting, tonnes round weight	33 140	35 402	1 970	14 701	15 910	22 202	15 359	21 283	66 379	93 589
Production, tonnes round weight	31 250	33 247	0	8 406	16 961	16 711	13 110	13 759	61 321	72 124
Fixed assets	760.3	998.5	130.3	217.0	134.1	142.3	555.5	687.7	1577.1	2042.1
Stocks**	307.9	326.1	6.7	51.3	207.0	207.9	177.0	208.4	698.7	793.7
Total balance sheet	1175.9	1552.3	138.2	334.4	377.3	395.2	788.5	1008.7	2469.2	3215.3

*) After eliminations

**) Stocks are valued at the lowest of production cost and expected sales price

The fish farming business generated gross operating revenues of NOK 363.9 million in the fourth quarter 2004, compared with NOK 675.7 million in the corresponding quarter in 2003. A total of 15,778 tonnes round weight (trw) of fish was harvested during the quarter, compared with 21,392 trw in the corresponding period in 2003. The 4,631 trw difference corresponds to a drop of 26.2 per cent. Excluding the Faeroes-based business, production was only marginally lower in the fourth quarter 2004 than in the corresponding period in 2003.

Revenues were lower in all regions in 2004 primarily due to the smaller volume of fish harvested, but also because trading in third-party fish has been discontinued. There is no business activity in the Faeroes, and since Vestsalmon is no longer part of the group, no revenues were generated in the Faeroe Islands during the fourth quarter 2004.

The fish farming business made an operating loss (EBIT) during the fourth quarter 2004 of NOK 145.9 million, compared with a loss of NOK 102.2 million in the corresponding quarter in 2003. As indicated previously, the fourth quarter results include NOK 63 million in write-downs and provisions relating to Pan Fish USA.

YTD production costs (gutted weight, local currency)	Norway (NOK)	Scotland (GBP)	North America (CAD)	Faeroes** (DKK)
Biological cost	15.73	1.61	3.65	n/m
Harvesting/transport	3.66	0.20	1.02	n/m
SG&A expenses	0.96	0.15	0.21	n/m
Total EBIT cost*	20.35	1.95	4.88	n/m
Of which depreciation	1.75	0.08	0.86	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 currently no production in the Faeroes.

The board is satisfied with the trend in production costs, and registers a major improvement in the 2004G, the first generation for which the new management has had full responsibility. In addition to the steady improvement in the underlying biological output, both depreciation and

interest expenses per kg will fall sharply as the production volume is brought into line with the company's existing infrastructure.

Value Added Products (VAP)

The VAP business comprises Pan Fish France and Vestlax Hirtshals in Denmark.

Key figures VAP 4Q / 2004 (NOK million)	VAP Total		VAP Total	
	4Q04	4Q03	2004	2003
Gross operating revenues	208.3	369.3	641.9	1023.7
EBITDA	25.2	50.5	18.1	76.8
EBIT	19.4	34.7	-5.4	33.7
Fixed assets	135.6	158.2	135.6	158.2
Stocks**	29.3	42.4	29.3	42.4
Total balance sheet	330.3	397.9	330.3	397.9

The VAP business generated gross operating revenues of NOK 208.3 million in the fourth quarter 2004, compared with NOK 369.3 million in the corresponding period the year before. The reduction is mainly due to the fact that Norsk Sjømat is not included in the figures for 2004. The VAP businesses made total operating profits (EBIT) of NOK 19.4 million in the fourth quarter 2004, compared with NOK 34.7 million in the corresponding period in 2003. This is mainly due to the fact that Norsk Sjømat is no longer part of the Pan Fish group, and that Vestlax Hirtshals did not produce satisfactory results in 2004.

Strategy, organisation and development

The cornerstone of Pan Fish's strategy is its vision of supplying 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 biological production has been placed on the agenda, with particular attention being paid to the smolt 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 in the production cycle is a crucial element in these efforts. There is also a strong focus on staff training.

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. 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 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.

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, and at the start of 2005, both are more robust and cost-effective than they have previously been. However, significant cost benefits can still be achieved from a further streamlining of their sales activities.

Market and outlook⁴

The market for Atlantic salmon saw its lowest growth for a decade in 2004, with an increase in the global supply of around 50,000 tonnes round weight, or four per cent. Prices in the EU market grew steadily through 2004 compared with the previous year, particularly in the third and fourth quarters.

⁴ Source Kontali Analyse and Pan Fish.

The average price of fresh salmon exported from Norway in the fourth quarter was NOK 21.3/kg, which is more or less on a par with the fourth quarter 2003. However, the price was higher in December than in the same month the year before. The rising trend started in November 2004 and has continued into the first quarter of 2005 with good volumes.

On 5 February 2005 the EU imposed measures under the so-called Safeguard rules. The measures comprise quotas and a minimum import price (MIP) on salmon entering the EU from external producers. The quotas will be set on the basis of the average for the past three years, with an increase of 10 per cent per year. The MIP has been set at EUR 2.70/kg round weight (rising to EUR 2.85/kg round weight on 16 April). Regulations have been introduced requiring importers to put up payment guarantees equal to around NOK 50,000 per truckload of round fish exported. This is intended to prevent cheating by stipulating that the guarantee will only be repaid when the importer can document that the fish has been sold at least on at the MIP. The solution that has been selected will limit the import of salmon from Chile.

There was a fall in sales volumes in the USA in 2004, with prices coming under heavy pressure all year. The supply of fresh Atlantic salmon, which is in volume terms the largest segment in the USA, and which is dominated by Chilean salmon, showed signs of falling in November 2004 compared with the year before. The situation was the same for gutted Atlantic salmon, a market in which Canada is the largest exporter. The biggest uncertainty ahead on the market side is the actual size of the growth in Chilean production, what proportion of this volume will be channelled into the American market, and how much will go to the EU market now that the Safeguard regulations have come into force. The American market has shown signs of reaching saturation point, and an increase in volumes entering this market will probably not contribute to a rise in prices.

Implementation of the IFRS (International Financial Reporting Standard)

With effect from 1 January 2005, the International Financial Reporting Standards (IFRS) will be adopted as the applicable accounting principles for publicly listed companies in Norway and Europe. Pan Fish's report for the first quarter 2005 will be the first financial statement prepared in accordance with the IFRS. The first complete annual report to be produced in accordance with the IFRS will be the annual report for 2005. The comparable figures for 2004 are outlined below. 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, 14 February 2005

Board of Directors of
Pan Fish ASA

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

	1.10.-31.12.	1.10.-31.12.	1.1.-31.12.	1.1.-31.12.
	2004	2003	2004	2003
Resultatregnskap/Profit and Loss Account				
Driftsinntekter/ Operating income	550,0	808,6	2 336,4	3 013,7
Driftskostnader/ Operating expenses	-543,4	-789,6	-2 165,1	-3 291,5
Driftsresultat før avskrivninger/Operating profit before depreciation (EBITDA)	6,6	19,0	171,3	-277,8
Avskrivning/ Depreciation	-50,2	-60,1	-186,5	-223,2
Nedskrivninger og avsetninger/ Write downs and provisions	-63,0	-169,2	-63,0	-859,0
Driftsresultat/Operating profit (EBIT)	-106,6	-210,3	-78,3	-1 360,0
Resultat tilknyttede selskap/ Income from associates	2,3	-3,5	1,8	-8,8
Netto finansposter/ Net financial items	-37,9	-68,8	-156,0	-376,2
Nedskrivninger og avsetninger finansielle poster/ Write downs and provisions financial items	0,0	-34,1	0,0	-79,3
Sum finansposter/Total financial items	-35,6	-106,4	-154,2	-464,3
Resultat før skatt/Profit before taxes	-142,2	-316,7	-232,5	-1 824,3
Skattekostnad/ Taxes	-3,1	-95,1	-3,1	-112,3
Resultat for videreført virksomhet/Net income for ongoing operations	-145,3	-411,8	-235,6	-1 936,6
Resultat for ikke videreført virksomhet*/ Income non-ongoing operations*	0,0	9,4	0,2	-321,9
Konsernets resultat/Net profit	-145,3	-402,4	-235,3	-2 258,5
Minoritetsinteresser/ Minority interest	-2,4	1,4	-16,5	-6,7

*) 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.

		31.12.	31.12.
		2004	2003
Balanse/Balance Sheet			
Anleggsmidler/Fixed assets			
Konsesjoner/ Licences		575,6	651,9
Utsatt skattefordel/ Deferred tax asset		0,0	0,0
Goodwill		0,0	0,0
Maskiner, bygninger/ Machinery, buildings etc.		1 110,9	1 294,7
Aksjer, andre eiendeler/ Shares, other assets		97,1	86,5
Sum anleggsmidler/Total fixed assets		1 783,5	2 033,1
Omløpsmidler/Current assets			
Varebeholdning/ Inventory		727,8	836,2
Fordringer/ Receivables		328,8	429,5
Likvider/ Cash and equivalents		167,8	136,6
Sum omløpsmidler/Total current assets		1 224,4	1 402,3
Sum eiendeler/Total assets		3 007,9	3 435,4
Egenkapital/Equity			
Aksjekapital/ Share capital		1 004,6	810,9
Egne aksjer/ Own share		0,0	0,0
Annen egenkapital/ Other equity		-687,7	-1 009,8
Minoritetsinteresser/ Minority interest		22,4	35,4
Sum egenkapital/Total equity		339,3	-163,4
Gjeld/Liabilities			
Ansvarlig lån/ Subordinated loan		45,9	18,4
Konvertible lån/ Convertible loan		78,2	78,2
Annen langsiktig gjeld/ Other long-term liabilities		2 086,1	2 536,3
Kortsiktig gjeld/ Short-term liabilities		458,4	965,9
Sum gjeld/Total liabilities		2 668,6	3 598,8
Sum EK og gjeld/Total Equity and Liabilities		3 007,9	3 435,4

	1.10.-31.12.	1.10.-31.12.	1.1.-31.12.	1.1.-31.12.
	2004	2003	2004	2003
Kontantstrømsanalyse/Cash flow statement				
Kontantstrøm fra operasjonelle aktiviteter/ Cash flow from operating activities	-127,3	164,9	-17,0	-366,0
Kontantstrøm fra investeringsaktiviteter/ Cash flow from investing activities	-63,8	-146,0	-35,8	-224,5
Kontantstrøm fra finansieringsaktiviteter/ Cash flow from financing activities	32,1	-90,5	92,2	615,4
Valutakurseffekter/ Effects of changes in exchange rates	-11,6	34,4	-8,2	46,5
Netto endring i likvider/Net change in cash and cash equivalents	-170,6	-37,2	31,2	71,4
Inngående likviditetsbeholdning/ Cash and equivalents start of period	338,4	173,8	136,6	65,2
Utgående likviditetsbeholdning/Cash and equivalents end of period	167,8	136,6	167,8	136,6

	1.10.-31.12.	1.10.-31.12.	1.1.-31.12.	1.1.-31.12.
	2004	2003	2004	2003
Nøkkeltall/Key Figures				
Antall aksjer pr. 31.12/ Number of shares per 31.12 (mill)	502	20 272	502	20 272
Resultat pr. aksje/ Earnings per share	-0,29	-0,02	-0,47	-0,11
Utvannet resultat pr. aksje/ Diluted earnings per share	-0,28	-0,02	-0,45	-0,11
Driftsmargin før avskrivninger/ EBITDA margin	1,2 %	2,4 %	7,3 %	neg.
Driftsmargin/ EBIT margin	neg.	neg.	neg.	neg.
Egenkapitalandel/ Equity ratio	neg.	neg.	11,3 %	neg.
Netto rentebærende gjeld/ Net interest bearing debt			2 000,9	2 838,5

Figures comparable with the annual report format in which the VAP business is recorded as a net result under "Income non-ongoing operations".

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

	1.10.-31.12. 2004	1.10.-31.12. 2003	1.1.-31.12 2004	1.1.-31.12. 2003
Resultatregnskap/Profit and Loss Account				
Driftsinntekter/ Operating income	375,0	757,3	1 917,2	2 734,6
Driftskostnader/ Operating expenses	-377,8	-766,1	-1 758,8	-3 048,5
Driftsresultat før avskrivninger/Operating profit before depreciation (EBITDA)	-2,9	-8,8	158,3	-313,8
Avskrivning/ Depreciation	-41,6	-52,6	-146,2	-200,7
Nedskrivninger og avsetninger/ Write downs and provisions	-63,0	-169,2	-63,0	-859,0
Driftsresultat/Operating profit (EBIT)	-107,5	-230,6	-50,9	-1 373,5
Netto finansposter før nedskrivninger/ Net financial items before write downs	-32,5	-56,4	-132,1	-363,2
Nedskrivninger og avsetninger finansielle poster/ Write down and provisions financial items	0,0	-33,7	0,0	-78,9
Sum finansposter/Total financial items	-32,5	-90,1	-132,1	-442,1
Resultat før skatter/Profit before taxes	-140,0	-320,7	-182,9	-1 815,6
Skattekostnad/ Taxes	-3,1	-97,9	-3,1	-115,1
Resultat for videreført virksomhet/Net income for ongoing operations	-143,0	-418,6	-186,0	-1 930,6
Resultat for ikke videreført virksomhet*/ Income non-ongoing operations*	-2,2	16,2	-49,2	-327,9
Konsernets resultat/Net profit	-145,3	-402,4	-235,3	-2 258,5
Minoritetsinteresser/ Minority interest	-2,4	1,4	-16,5	-6,7

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

Nøkkeltall/Key Figures	1.7.-30.09. 2004	1.7.-30.09. 2003	1.1.-30.09. 2004	1.1.-31.12. 2003
Antall aksjer pr. 30.09 / 31.12 / Number of shares per 30.09 / 31.12 (mill)	502	20 272	502	20 272
Resultat pr. aksje/ Earnings per share	-0,29	-0,02	-0,47	-0,11
Utvannet resultat pr. aksje/ Diluted earnings per share	-0,28	-0,02	-0,45	-0,11
Driftsmargin før avskrivninger/ EBITDA margin	neg.	neg.	8,3 %	neg.
Driftsmargin/ EBIT margin	neg.	neg.	neg.	neg.
Egenkapitalandel/ Equity ratio	neg.	neg.	11,3 %	neg.
Netto rentebærende gjeld/ Net interest bearing debt			2 000,9	2 838,5

Accounting principles in the quarterly report

This quarterly report has been prepared in accordance with good Norwegian accounting practice, cf. NRS 11 Interim Reporting. Pan Fish will change the way it reports its financial results with effect from the first quarter 2005 to comply with the IFRS. Further information regarding the implementation of the IFRS can be found at the end of this report.

Important changes in the financial statements as a result of the IFRS

Valuation of the company's biomass

The company's stocks 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 current accounting practice, in which the biomass is 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. 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 provisional conclusion 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 has calculated comparative quarterly figures for 2004 based on the principle that fish weighing more than 4 kg are treated as being ready for sale and using the price in effect on the balance sheet date.

The first time Pan Fish will apply the biomass valuation principles resulting from IAS 41 will be in the group's balance sheet and profit and loss account for the first quarter 2005. It must be emphasised that no best practice has as yet been established in this area, and that changes in valuation principles may occur during the course of 2005. However, any such changes will be commented upon on the company's quarterly reports. The table below shows the adjustments that will have to be made to the reported results for 2004 when the above-mentioned principles are applied:

<i>(NOK million)</i>	Q1	Q2	Q3	Q4	Total 2004
Norway	25	-32	9	10	12
UK	-1	9	-8	2	2
Canada	6	-9	3	-8	-8
USA	10	-15	-1	0	-6
Total Pan Fish	39	-47	3	5	-1
	47%	26%	38%	26%	34%

The percentage illustrates the proportion of the total biomass with an average size in excess of 4 kg round weight. As at 1 January 2004 the implementation effect is NOK 28 million.

Convertible bonds

Convertible bonds are treated in accordance with IAS 32 and IAS 39 relating to financial instruments. These standards will not be implemented with respect to comparable figures for 2004, and will therefore have no impact on the opening balance as at 1 January 2004. Application of the standards will affect on the opening balance for the first financial year following the transition to the IFRS, ie as at 1 January 2005.

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.

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 will have accrued (of which NOK 3 million has already been distributed in accordance with NGAAP) on the debt

component, such that the net positive effect on equity in the opening balance of 2005 will, according to the IFRS, be an increase of NOK 6.1 million.

Refinancing expenses

According to IAS 39, 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. 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.

Deferred tax on licences

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 1,260 million. These are not included on the balance sheet since the probability requirement in relation to the tax asset has not been met. Application the IFRS will therefore have no impact on Pan Fish in this area.

Impact on equity of the application of the IFRS

<i>(NOK 1000)</i>	NGAAP	Adjustment	IFRS
Book equity 01.01.2004	-163 376	28 000 *	-135 376
Book equity 31.12.2004	345 501	-1 000 **	372 501
Book equity 01.01.2005	i/a	7 600 ***	380 101

*) With respect to equity, the impact of the IFRS on the opening balance as at 1 January 2004 relates entirely to the valuation of the company's biomass.

**) In 2004 the only significant differences between NGAAP and the IFRS are those relating to the valuation of the company's biomass on the balance sheet. The 2004 financial result has been adjusted to reflect changes in the valuation of the biomass at the close of each quarter. The sum of the changes from the quarters represents the impact of the IFRS on the result for 2004.

***) IAS 32 and IAS 39, which deal with the treatment of financial instruments, have not been included as comparable figures under the IFRS for 2004. The impact of the application of these standards is charged directly to the opening balance as at 1 January 2005 in the following way:

Increase in paid-in other equity associated with the convertible bond loan:	17 600
Reduction in other equity as a result of increased amortised costs:	- 11 500
Refinancing expenses treated as an amortised cost:	1 500
Total impact on equity as at 1 January 2005 of financial instruments	7 600