PAN FISH ASA ANNUAL REPORT 1999

Pan Fish asa

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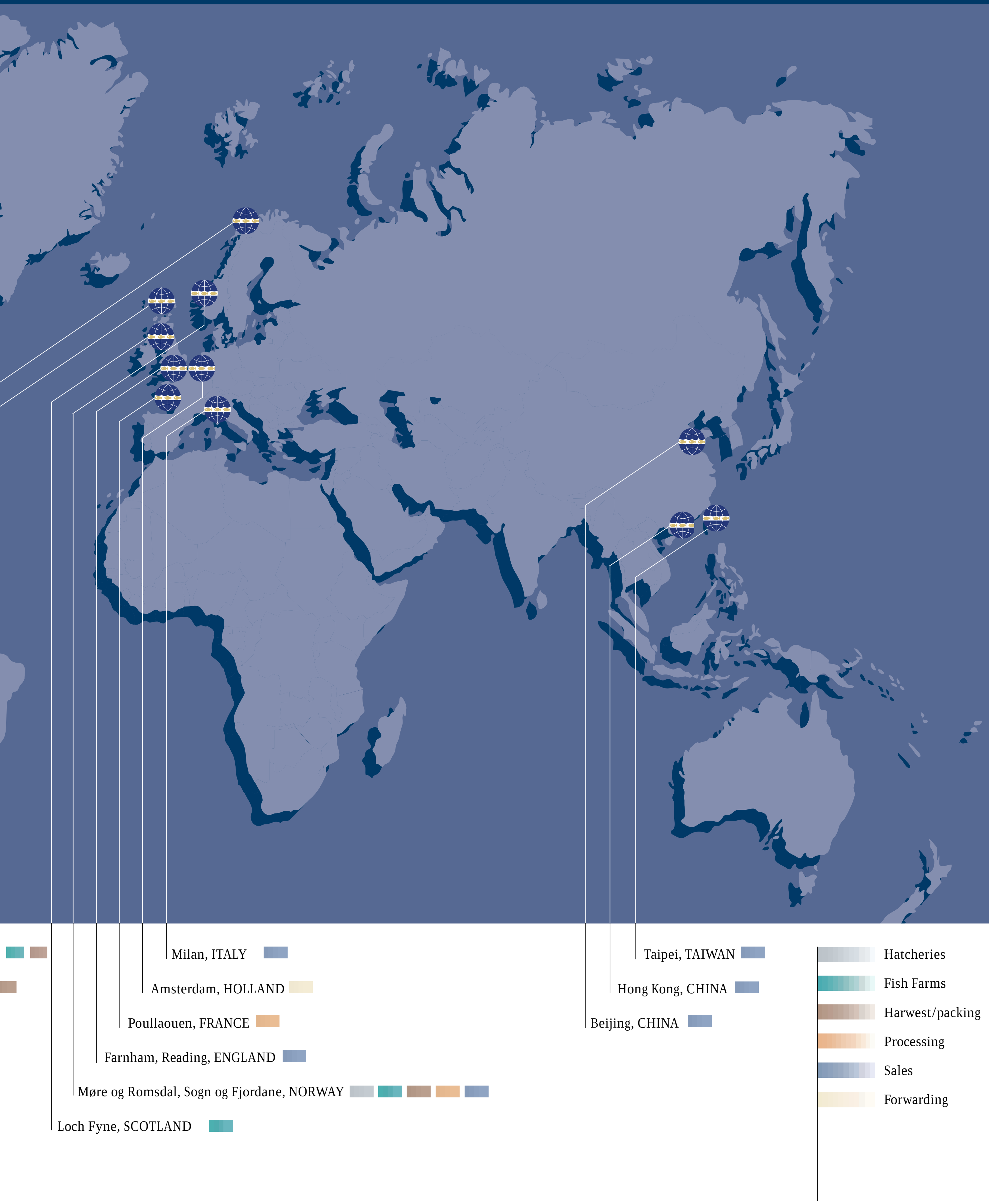
Milan, ITALY
Amsterdam, HOLLAND
Poullaouen, FRANCE
Farnham, Reading, ENGLAND
Møre og Romsdal, Sogn og Fjordane, NORWAY
Loch Fyne, SCOTLAND
Taipei, TAIWAN
Hong Kong, CHINA
Beijing, CHINA
Hatcheries
Fish Farms
Harwest/packing
Processing
Sales
Forwarding

<table>
<tr><th>Hatcheries</th><th>Fish Farms</th><th>Harwes and packing</th><th>Processing</th><th>Sales</th><th>Forwarding</th></tr>
<tr><td colspan="6">NORWAY</td></tr>
<tr><td></td><td></td><td></td><td></td><td>Pan Fish Sales</td><td></td></tr>
<tr><td colspan="5">Aukra Seafood</td><td>AviAir</td></tr>
<tr><td colspan="4">Norway Seafarms</td><td>Kinn Salmon</td><td></td></tr>
<tr><td colspan="2">Seafood Farmers</td><td>Jørgen Vågsholm</td><td>Seafood Farmers</td><td></td><td></td></tr>
<tr><td></td><td></td><td>Hauge og Furnes</td><td colspan="2">Norsk Sjømat</td><td></td></tr>
<tr><td colspan="2">Delfa AS</td><td></td><td colspan="2">Delfa Norge AS</td><td></td></tr>
<tr><td colspan="6">EU</td></tr>
<tr><td></td><td colspan="2">Lighthouse of Scotland</td><td></td><td>Eurosea</td><td>AviAir</td></tr>
<tr><td></td><td>Mull Salmon</td><td></td><td></td><td>Seafood Products</td><td></td></tr>
<tr><td></td><td>Melfort Salmon</td><td></td><td></td><td>PFS France</td><td></td></tr>
<tr><td></td><td>Connel Fish</td><td></td><td colspan="2">Pan Fish France</td><td></td></tr>
<tr><td></td><td></td><td></td><td></td><td>PFF Italy</td><td></td></tr>
<tr><td colspan="6">THE FAROE ISLAND</td></tr>
<tr><td colspan="3">Laksaaling</td><td></td><td></td><td></td></tr>
<tr><td colspan="6">NORTH-AMERICA</td></tr>
<tr><td></td><td></td><td></td><td></td><td>PFS Seattle</td><td>AviAir Transport</td></tr>
<tr><td colspan="3">Omega Salmon Group / Pan Fish Aquafarms</td><td>Wood Bay Seafood</td><td>PFS Boston</td><td></td></tr>
<tr><td></td><td>Cypress Island</td><td>Alpha Processing</td><td></td><td>Starfish</td><td></td></tr>
<tr><td colspan="2">Northwest Sea Farms</td><td></td><td></td><td>TC Trading</td><td></td></tr>
<tr><td colspan="6">ASIA</td></tr>
<tr><td></td><td></td><td></td><td></td><td>PFS Hong Kong</td><td></td></tr>
<tr><td></td><td></td><td></td><td></td><td>PFS Beijing</td><td></td></tr>
<tr><td></td><td></td><td></td><td></td><td>TC Trading Taiwan</td><td></td></tr>
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PAN FISH is a vertically integrated group, engaged in the farming, processing, sale and forwarding of Atlantic salmon. The group operates in 12 countries on three continents.

BUSINESS CONCEPT

PAN FISH's aim is to control a considerable share of the world's salmon production through ownership of the production stage, because:

- salmon is the key to the modern distribution of seafood,
- there will be a continued strong demand for Atlantic salmon,
- restrictions on the production of Atlantic salmon are increasing.

The production potential for wild fish from the world's oceans is exhausted. It is now up to the worldwide aquaculture industry to produce the additional volumes of fresh fish needed to meet global demand in the years to come.

Towards the end of the last century farmed salmon and trout began to provide an additional volume to the global production of wild fish. The potential for producing salmon and trout has not yet been fully exploited, but we are well underway. Pan Fish is positioning itself to become one of the world's major producers and exporters of salmon and trout, based on the idea that we wish to participate in producing for the global market for fresh fish. We are positioning ourselves with the aim of producing, processing and selling worldwide.

Pan Fish believes that the market for salmon and trout will continue to develop for some years to come. There are indications however, that marine wild fish will become even scarcer than anticipated. Consumption is currently rising faster than it is possible for production from the fisheries and aquaculture to meet. This has put pressure on the aquaculture community to produce more, without the framework conditions having been changed to this end, thus resulting in rising prices for all species of white fish which, in this market context, include salmon and trout. The industry has experienced a considerable growth in earnings. This will continue for some time, until salmon and trout are fully priced.

Pan Fish intends to use some of its earnings to develop farming of other species. We have already started this process, and are participating in the production of other species. We have been collaborating for a long time with the fresh-fish industry in the shellfish and white fish areas. Pan Fish will focus more on these areas in the years to come, in Norway as well as other countries.

Pan Fish now has adequate manning in all areas to handle integrated production from fry and smolt to ready-processed products for the market. We now have the skilled experts we need to be a fully integrated aquaculture company in the global context.

Arne Nore
Managing Director

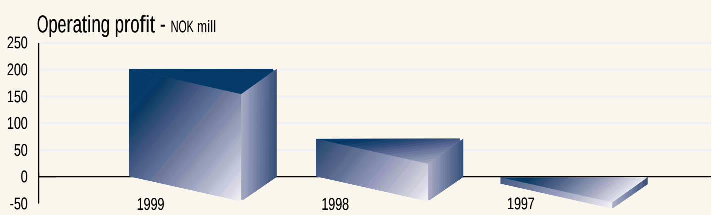
1999

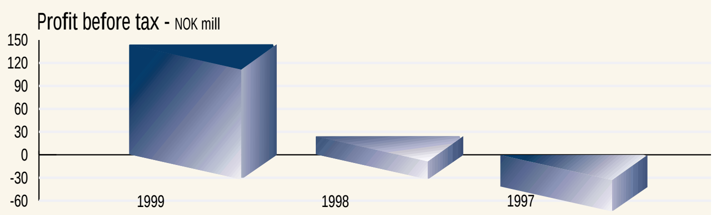
Key figures

The strong growth continued in 1999. Sales went up almost 70 % from 1998 to 1999 and since 1995 sales have increased more than 18 times. Our strategy has been the right one and the result for 1999 was the best in Pan Fish's history.

A summary overview of the group's accounts for the last three years is set out below:

	1999	1998	1997
Income statement (NOK million)			
Operating revenues	2 210	1 310	722
Operating expenses	2 008	1 238	736
Operating profit/loss	202	72	-14
Net financial items	-57	-47	-28
Pre-tax profit/loss	145	25	-42
Profit/Loss for the year	97	15	-34
Balance sheet (NOK million)			
Fixed assets	1 003	329	260.4
Current assets	1 474	738	633
Total assets	2 477	1 067	893
Equity	303	209	178
Minority interests	79	6	5
Long-term liabilities	1 122	551	469
Current liabilities	973	301	241
Total equity and liabilities	2 477	1 067	893
Key ratios			
Profit/loss per share 1)	4.03	0.65	-1.67
Diluted profit/loss per share 2)	3.61	0.49	-1.67
Average number of shares 3)	23 997 189	23 695 765	20 312 677
Number of shares at 31.12	25 040 881	23 886 000	23 225 060
Market price at 31.12	72	13	30
Market capitalisation at 31 Dec. (NOK million)	1 803	311	697
Net operating margin 4)	9.2 %	5.5 %	-1.9 %
Return on equity 5)	33.8 %	8.4 %	-25.5 %
Return on total assets 6)	9.5 %	7.9 %	-0.1 %
Cash flow from operating activities (NOK million)	19	-30	-216
Net investments (NOK million)	449	97	172
Equity ratio	15.4 %	20.2 %	20.5 %
Adjusted equity ratio 7)	27.5 %	20.2 %	20.5 %





1) Profit/loss for the year/Average number of outstanding shares

2) The number of shares has been adjusted by 7.5 million shares relating to an issue of convertible bonds with a conversion price of NOK 40. Profit/loss for the year has been adjusted for interest expenses relating to this loan.

3) Adjusted for own shares

4) Operating profit/loss/Operating revenues

5) Profit/loss for the year + Profit/loss from minority interests /Average (Equity + Minority interests)

6) Profit/loss for the year + Financial expenses/Average total assets

7) Equity adjusted at 31 Dec. 1999 for convertible bond issue of NOK 300 million. The conversion price is NOK 40. The market price at 31 Dec. 1999 was NOK 72 per share.

Business activities

A year of strong growth

Pan Fish grew considerably last year. Growth was particularly strong in Norway, where a number of companies producing smolt and salmon and processing companies have become part of Pan Fish. The group has also expanded its operations considerably in the USA and France. This growth has enhanced Pan Fish's position as an integrated aquaculture group, in which production and processing in particular have been strengthened since January 1999.

Norway

In the course of 1999 and the first quarter of 2000, Pan Fish ASA has acquired 100 % of the shares in the aquaculture companies Seafood Farmers AS, Aukra Seafood AS and Delfa AS, and 80 % of the shares in Norway Seafarms AS. Pan Fish has an option to acquire just over 18 % of the remaining shares in this company. Taken together these companies have at their disposal broodstock production licence, 11 smolt production licences, 37 salmon production licences and four harvesting/ packing stations in Møre og Romsdal, Sogn og Fjordane and Troms.

In January 1999 Pan Fish acquired Atlantic King Stranda AS and in November Delfa Norway AS. These processing plants are both located at Stranda and have become part of Norsk Sjømat AS. In addition, three processing plants belonging to Seafood Farmers and Aukra Seafood have become part of Pan Fish through the acquisition of these two companies. Norway Seafarms' processing plant in Florø, in which Pan Fish had an owner interest of 49 %, was closed down at the end of February/beginning of March 2000 due to poor financial performance and unsatisfactory premises.

In Norway Pan Fish operates the sales company Pan Fish Sales AS, and in the summer of 1999 Pan Fish acquired the sales company Kinn Salmon AS from Norway Seafarms. Aukra Seafood sells some of its production volume through a separate sales company.

The Faroe islands

Through its owner interest in Norway Seafarms AS Pan Fish became involved in fish farming on the Faroe islands in 1999. Norway Seafarms has owner interests in three smolt production licences and six salmon production licences on the Faroe islands.

Great Britain

Lighthouse of Scotland Ltd. is Pan Fish's salmon production company in Scotland, with 20 sites and its own harvesting and packing station in Loch Fyne to the north-west of Glasgow. Two of these sites were bought in March 1999. In England the sales companies Seafood Products Ltd. in Farnham and Eurosea Ltd. in Reading are associates of Pan Fish.

France/Italy/the Netherlands

In April 1999 Pan Fish acquired Saumon P. Chevance in Bretagne, a long-standing French salmon smoke-house. This smoke-house has been operated by Pan Fish France SA since 1997. It produces different types of portion-packed salmon products under its own brand name and under the brand names of chain stores in France, Italy and Japan. Pan Fish has its own sales offices in Manosque in the South of France and in Milano in Italy. Pan Fish has its own forwarding company in Amsterdam in the Netherlands.

Canada

Near Vancouver Island, British Columbia, the Omega Salmon Group Ltd. has three production sites for smolt and 18 for salmon. The fish is harvested by the Pan Fish company Alpha Processing Ltd. and at Omega's own harvesting station at Vancouver Island. Pan Fish owns 49 % of Wood Bay Seafood Ltd., whose production includes marinated and smoked salmon products for the North-American market. Pan Fish is the majority shareholder in the sales company T. C. Trading Ltd. in Vancouver, whose sales include Atlantic salmon for the Chinese-speaking market. Pan Fish also has a forwarding company in Vancouver.

USA

In the second quarter of 1999 Pan Fish acquired Northwest Seafarms LLC in Seattle, which resulted in a significant increase in the group's salmon production in North-America. Pan Fish already owned the aquaculture company Cypress Island Ltd. and two smolt-producing facilities, also in the vicinity of Seattle in the state of Washington. Starfish, Inc. in Seattle supply frozen seafood products to major distributors on the west coast of the USA. The sales company Pan Fish Sales, Inc. in Seattle primarily sells salmon produced by the group in the USA and Canada. The sales of Pan Fish Sales, Inc. in Boston include salmon from the group's sites in Norway and Scotland.

Asia

In the spring of 1999 Pan Fish established a new representative office in Taipei on Taiwan. Pan Fish already had a sales office in Hong Kong and a representative office in Beijing.

Going concern assumption

The annual accounts are based on the going concern assumption, since the Board of Directors find no reason to assume otherwise.

The working environment

After having acquired several companies in different locations, with different operating systems and environments, the group has spent some time preparing and implementing a joint quality assurance system. The system focuses on all the working processes involved in the production of smolt and salmon, harvesting and processing within the group. The work is being conducted in accordance with the (Norwegian) Regulation on systematic health, safety and environment (HSE) work and has among other things resulted in a Quality Manual. For some parts of the group the Quality Manual includes a separate chapter containing instructions, procedures, checklists and forms which meet the requirements of the authorities as well as Pan Fish's own HSE requirements. The implementation of health, safety and environment measures is a priority area in which focus on equipment and safe working conditions is emphasised.

Absence due to illness is non-existent in Pan Fish ASA. At group level absence due to illness was less than three per cent of total working hours in 1999. No personnel injuries and no significant damage to the group's property and equipment were recorded in 1999.

Employment at year end 1999 corresponded to 1,134 man-years, of which 12 were in Pan Fish ASA.

External environment

The company's impact on the external environment can be considered from different angles, depending on how deeply one wishes to discuss the issues. Some of the most important factors are listed below:

Load on recipient (the immediate environment, i.e. the marine areas surrounding the sites):
The operation of the company's production sites is at all times within the limits that nature can sustain. The company keeps a check on discharges to the recipient by regularly analysing the seabed sediments below the sites and by controlled feeding.

Use of substances that are alien to nature, including medicines:
The use of substances that are alien to nature, such as antibiotics, is kept at an extremely low level. Measured in terms of the consumption of active antibiotic substances per kilo meat produced, salmon and trout farming is cleaner than the land-based meat production with which it is natural to compare. The further development of this trend is a strategic aim for the company. (Moreover, antibiotics are only used where the need to combat disease and consider fish welfare is greater than the negative impact on the environment.)

Regard for wild stocks of salmon and trout
Regard for the wild stocks of salmon and trout is a major consideration in the work to combat sea lice and eliminate the escape of fish from the company's sites.
Resource utilisation, including protein sources and protein accounts

On buying fish feed, the company emphasises that the raw material of the feed must not include threatened wild fish stocks.

Fish welfare
The company emphasises fish welfare in aquaculture production.

Annual accounts

Profitability

Pan Fish showed record high results in 1999 with a pre-tax profit of NOK 145 million compared with NOK 25,2 million in 1998. Sales increased from NOK 1,309.8 mill to NOK 2,210.3 million. The result was strongly influenced by cost reductions and production increases. The steep rise in the price of salmon towards the end of 1999 had only a minor influence on the result. The result includes a gain of NOK 26.6 million on the sale of shares in aquaculture facilities in the first quarter of 1999. A corresponding gain of NOK 15.6 million resulted from the sale of shares in aquaculture facilities in the fourth quarter of 1998. The Board of Directors finds the improvement in profit from 1998 to 1999 highly satisfactory.

Fish farming

Pan Fish produced just over 26,000 tonnes and sold just under 22,000 tonnes of salmon from its own fish farms in 1999. If we include the farms in which Pan Fish had minority interests, sales totalled 47,000 tonnes round weight in 1999.

Norway and The Faroe islands

During the first quarter of 1999 Pan Fish sold its fish farms in Norway in order to form strategic alliances that would supply the group's sales companies with greater quantities of farmed salmon than Pan Fish's own farms were able to produce. During the fourth quarter Pan Fish again invested in fish farms in Norway and indirectly also on the Faroe islands through its owner interest in Norway Seafarms AS. Pan Fish had a total operating profit of NOK 53 million in Norway and the Faroe islands in 1999, on a turnover of NOK 147.1 million. In 1998 operations in Norway resulted in a profit of NOK 19.3 million on a turnover of NOK 102.3 million. Included in the results are gains on the sale of shares in fish farms. The accounts for 1998 and 1999 for this business area are not comparable.

Scotland

Pan Fish produced just over 10,000 tonnes in Scotland in 1999 compared with 7,000 tonnes in 1998. The volume harvested increased from 3,200 tonnes in 1998 to 9,000 tonnes in 1999. This resulted in an operating profit of NOK 27.7 million on a turnover of NOK 266.3 million, corresponding to an operating margin of 10.4 %. In 1998 the operating profit was NOK 15.7 million on a turnover of NOK 124.7 million, corresponding to an operating margin of 12.5 %. The high operating margin in 1998 was the result of a considerable reduction in the value of live fish in the sea at the end of 1997. In the opinion of the Board the operating margin has developed very satisfactorily from 1998 to 1999, when corrected for the change in the value of stocks. The strong currency is impeding the company's ability to compete.

North America

Pan Fish amounted to more than 15,000 tonnes of salmon in North America in 1999 compared with just over 9,000 in the previous year. 12,000 tonnes was harvested in 1999 compared with 9,300 tonnes in 1998. The operating profit for 1999 was NOK 97.3 million, compared with NOK 46.5 million in 1998. Sales revenues increased from NOK 298.7 million to NOK 372.4 million from 1998 to 1999. This corresponds to an operating margin for 1999 of 26.1 %, compared with 15.6 % in 1998. This considerable increase is mainly due to the particularly low costs associated with a specific group of fish.

Processing

Processed products represented around 1/3 of the group's sales, or NOK 700 million, in 1999, of which the value of products processed in our own processing plants was NOK 502.3 million. The remaining products were processed by contract producers. Operating profit from this business area is disproportionate to the sales. In 1999 this area experienced a loss of NOK 1.7 million, compared with a loss of NOK 10.7 million the year before when sales totalled NOK 216.8 million. Better utilisation of capacity will reduce costs and improve profitability. So far in 2000 the price of salmon has been considerably higher than during the same period in 1999. Given current prices, it will be difficult to operate profitably in this area until the market accepts higher prices for processed products.

Sales and logistics

In addition to the sale of salmon from our own sites, Pan Fish sold about 18,000 tonnes of salmon produced by external producers. This business area had an operating profit of NOK 30.1 million on a turnover of NOK 1,570 million in 1999. The operating profit for the previous year was NOK 7.2 million on a turnover of NOK 1,118.2 million. The operating margin increased from 0.6 % in 1998 to 1.9 % in 1999, and the Board finds this development satisfactory. Pan Fish has attained a strong market position since it established its own separate sales company in 1996. This has resulted in higher prices and hence better margins. With the passage of time sales activities have become global, and Pan Fish is now established in all the most important salmon markets.




Capital and shareholders

The group's total assets increased steeply during 1999, from NOK 1,067.4 million at 31 Dec. 1998 to NOK 2,476.7 million at 31 Dec. 1999. The increase was due to increased activity and new acquisitions. At the turn of the year Pan Fish ASA held own shares of 1.8 million. The acquisition price of the shares is set off against equity, reducing it accordingly. A considerable part of the holding of own shares was used as settlement for shares in other companies which are now part of the group. Pan Fish also had a holding of own bonds with a nominal value of NOK 137 million These were likewise set off against the convertible loan. On this basis book equity was 12.2 % at year end. Including the convertible loan and the value of own shares agreed as settlement for shares in acquired companies, equity at year end was NOK 650 million, or 26 %. The group's aquaculture licences are carried at NOK 285.8 million. Translated into Norwegian licence equivalents, Pan Fish owns and controls 150 licences on a global basis. Based on the current market value of licences, Pan Fish's production licences have a value of approx. NOK 2.7 billion in excess of the book value.

Pan Fish ASA had a share capital of NOK 2.504.088 at 31 Dec. 1999, divided between 25.040.881 shares, all with voting rights. The price of the Pan Fish share rose steeply 1999. The closing price in December 1999 was NOK 72, compared with NOK 13 at the end of December 1998. This represents an increase of 562 %. By comparison, the all-share index of the Oslo Stock Exchange rose by 45.5 % during the same period. The price of the Pan Fish share has continued to rise so far in 2000 and the closing price at 3 May was NOK 125. The 10 largest shareholders at that date were:

Alpha Salmon AS	15.2 %
Arne Nore	11.0 %
Pan Fish ASA	7.8 %
North Sea Partners Ltd.	5.2 %
Storebrand Livsforsikring	2.7 %
Verdipapirfondet Skagen	2.2 %
Bjarte Tunold	2.1 %
Harald Skaar	1.9 %
Sabinum AS	1.8 %
Veslik AS	1.8 %

Future prospects

Activities in 2000 will be characterised by greater volume, lower costs and apparently higher prices than Pan Fish was able to realise in 1999. Pan Fish will experience its biggest increase in volume in Norway, where the company was directly involved in fish farming for only part of last year. Through the acquisition of Norway Seafarms AS, Pan Fish has also acquired considerable interests in fish farming on the Faroe islands. Salmon produced by Norway Seafarms AS and Seafood Farmers AS was also previously sold by Pan Fish, but 2000 will be the first full operating year in which the previously allied companies are fully incorporated in the Pan Fish accounts. Growth in North America will also be considerable in 2000 compared with 1999. Access to newer and better sites to replace previous and less favourable ones will also boost growth in the long term. In Scotland, Pan Fish is approaching the optimum production level, but we still expect to grow by around 20 % from 1999 to 2000.
Pan Fish has lately invested in high-quality fish-farming equipment. The equipment has been installed on sites that are especially exposed to the weather. These investments have already resulted in lower operating expenses by increasing the volume of salmon produced. We also expect a general reduction in the group's production costs as a result of improved smolt quality and the lower cost of input factors. Good-quality smolt is more resistant and has a better chance of survival. The average export price during the first quarter was NOK 32.13, compared with NOK 27.71 during the same period last year. The development of marine salmon stocks (biomass) indicates that prices will remain at a higher level in 2000 compared with 1999. Lower quotas for most species of whitefish will have a positive effect on the demand for salmon. Based on these prospects, 2000 promises to be a significantly better year for Pan Fish than 1999.
This assumption is further strengthened by Pan Fish ASA's realisation of gains of NOK 164 million on the sale of own bonds during the first quarter.

Pan Fish ASA

The pre-tax profit of the parent company Pan Fish ASA was NOK 15.2 million in 1999, compared with a loss of NOK 6.2 million in 1998. Profit for the year was NOK 8 million in 1999, compared with a loss of NOK 4.4 million in 1998. The Board will submit a proposal to the General Meeting for the allocation of NOK 1.3 million to the reserve for valuation variances and NOK 6.7 million to other equity/ uncovered loss.
At year end the company had 1.8 mill own shares (see note 22/23). These shares are largely used to acquire other companies. At 31 Dec. 1999 the company's holding of own shares was in excess of that which is permitted under the free equity provision of the Public Limited Companies Act, but these will be sold within the 3-month deadline.
The latent gain on own shares based on the share price at. 31 Dec. 1999 was NOK 67 million.
Øyvind Aasbø resigned from the Board at his own request in June 1999. He represented Norsk Vekst ASA, which sold its position in the company in 1999.
In the opinion of the Board, the annual accounts give a satisfactory picture of the position of the company and the group at year end.

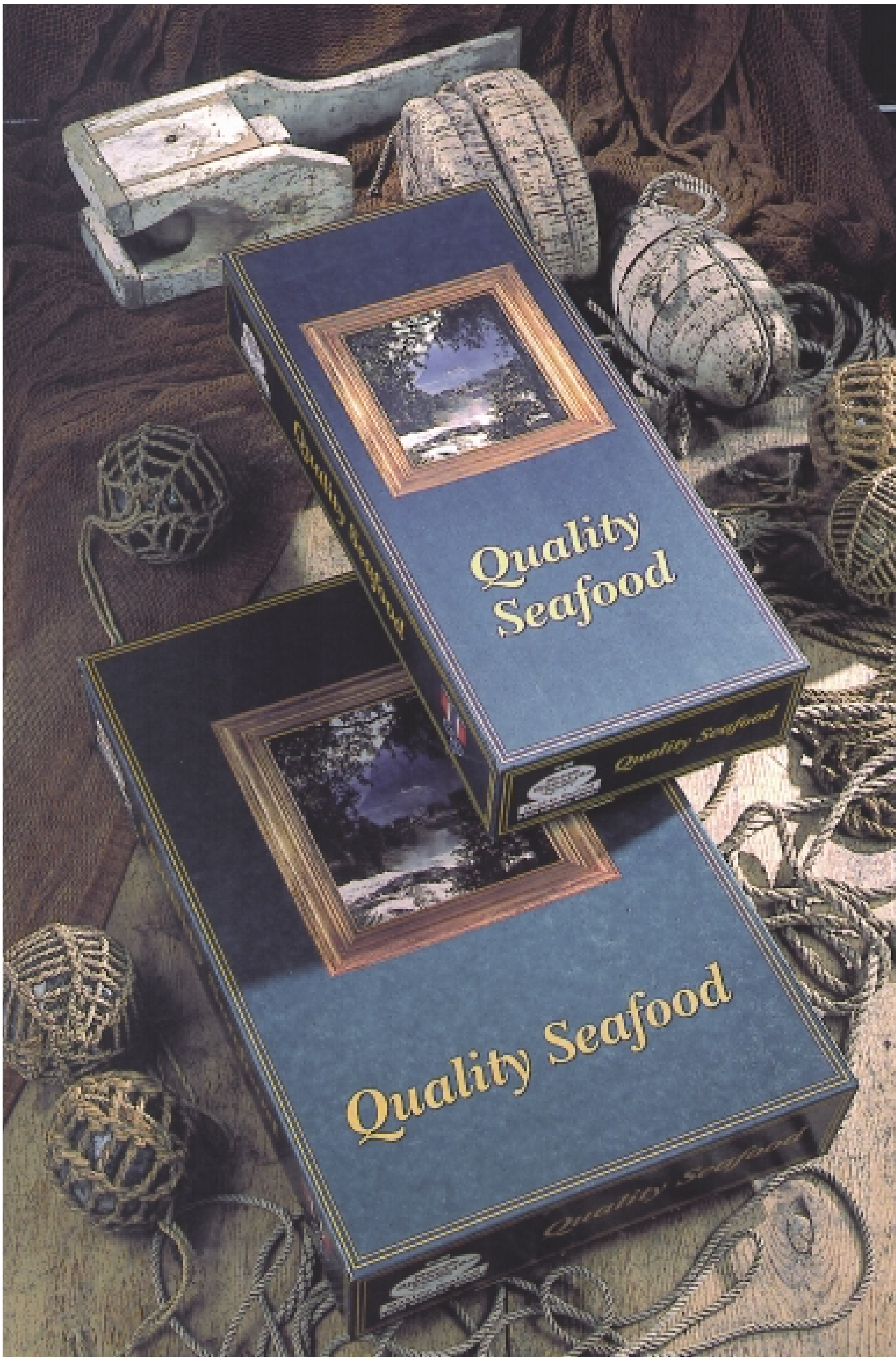
Ålesund, 28 February 2000
the Board of Pan Fish ASA

Erik Ramm,
Chairman of the Board

Bjarte Tunold

Arne Nore,
Managing Director

1999



Income statement at 31 Dec. 1999

1999	1998	Note	Operating revenues and operating expenses	Note	1999	1998	1997
17 620 716	3 101 696	2	Operating revenues	3	2 210 306 140	1 309 777 432	721 982 546
0	0		Cost of raw materials and consumables	8	1 604 689 820	1 000 407 268	622 330 632
0	0		Change in stocks of finished goods	8	-95 963 114	-76 507 946	-89 913 872
8 963 746	7 780 898	3	Payroll expenses	5	228 913 332	160 714 898	104 700 456
605 306	522 422	4	Depreciation of fixed assets	6	58 632 925	33 067 426	21 996 431
8 294 446	4 961 385	3,19	Other operating expenses	4	211 585 454	119 806 836	76 852 459
17 863 498	**13 264 705**		**Total operating expenses**		**2 007 858 417**	**1 237 488 482**	**735 966 106**
-242 782	**-10 163 009**		**Operating profit/loss**		**202 447 723**	**72 288 950**	**-13 983 560**
			Financial income and financial expenses				
34 543 200	1 552 000	13	Income from investments in subsidiaries		0	0	0
1 263 866	341 358	14	Income from investments in associates	16	3 511 906	-83 219	-77 721
13 559 552	8 907 259		Interest income from group companies		0	0	0
3 201 606	6 118 993		Other interest income		3 963 825	15 364 096	5 316 480
-569 475	16 968	8	Currency gains/losses	11	6 178 432	-4 173 503	-3 018 537
0	18 227 014		Gain on repayment of preference shares		0	0	0
4 316 000	0		Write-down of shares		0	0	0
32 263 707	31 269 562	20	Interest expense		-71 151 173	-58 169 192	-30 588 580
15 419 042	**3 894 030**		**Net financial items**		**-57 497 010**	**-47 061 818**	**-28 368 358**
15 176 260	**-6 268 979**		**Profit/loss before tax**		**144 950 713**	**25 227 132**	**-42 351 918**
-7 199 537	1 844 648	10	Tax on ordinary profit/loss	12	-43 995 546	-8 552 278	10 097 392
			Profit/loss from minority interests	2	-4 261 010	-1 250 568	-1 757 156
7 976 723	**-4 424 331**		**Profit/loss for the year**		**96 694 157**	**15 424 287**	**-34 011 682**

Balance sheet at 31 Dec. 1999

1999	1998	Note	ASSETS	Note	1999	1998
			Fixed assets			
			Intangible assets			
0	0		Licences	6	330 351 634	22 342 032
6 815 694	14 002 519	10	Deferred tax benefit	12	0	500 246
0	0		Goodwill	6	39 990 332	66 260 332
6 815 694	**14 002 519**		**Total intangible assets**		**370 341 966**	**89 102 610**
			Tangible fixed assets			
3 086 000	3 272 800	4	Land buildings etc.	6	151 665 853	56 955 371
1 251 500	1 056 500	4	Machinery and plant fixtures etc.	6	349 634 297	139 769 047
0	0		Ships	6	36 731 433	20 321 187
4 337 500	**4 329 300**		**Total tangible fixed assets**		**538 031 583**	**217 045 605**
			Financial fixed assets			
426 738 318	261 066 949	13	Investments in subsidiaries		0	0
283 869 205	212 842 081	5,9	Loans to group companies		0	0
1 605 225	341 359	14	Investments in associates	16	59 110 216	3 399 321
495 000	495 000	5	Loans to associates		0	0
10 501	110 001	15	Investments in shares and units	15	2 216 046	86 817
565 169	432 124	16	Pension assets	17	0	432 124
11 013 506	9 775 000	20	Long-term accruals	21	33 099 945	19 189 511
724 296 924	**485 062 514**		**Total financial fixed assets**		**94 426 207**	**23 107 773**
735 450 118	**503 394 333**		**Total fixed assets**		**1 002 799 756**	**329 255 988**
			Current assets			
3 000	3 000		Stocks	8	865 206 691	415 367 694
852 010	52 829	5	Trade receivables	7	445 105 445	237 784 244
74 020 340	11 284 269	5	Receivables from group companies		0	0
9 765 419	2 351 796	17	Other receivables	7	107 666 649	54 918 207
84 637 769	**13 688 895**		**Total receivables**		**552 772 094**	**292 702 451**
227 632	34 154 677	18	Bank deposits cash etc.	19	55 899 527	30 103 097
84 868 402	47 846 572		Total current assets		1 473 878 312	738 173 242
820 318 520	**551 240 905**		**Total assets**		**2 476 678 068**	**1 067 429 230**

Balance sheet at 31 Dec. 1999

1999	1998	Note	EQUITY AND LIABILITIES	Note	1999	1998
			Equity			
			Share capital 25 040 881 shares			
2 504 088	2 388 600	12	of NOK 0.10 each	14	2 504 088	2 388 600
-184 165	0	12,22	Own shares	23	-184 165	0
209 113 565	178 225 953	11	Premium reserve		209 113 565	178 225 953
-28 289 953	18 179 545	11,22	Other equity		91 558 519	28 088 569
183 143 535	**198 794 098**	**11**	**Total equity**	**13**	**302 992 007**	**208 703 122**
0	**0**		**Profit/loss from minority interests**	**2**	**78 515 836**	**6 505 101**
			LIABILITIES			
			Provisions			
0	0		Pension liabilities	17	685 902	0
			Other long-term liabilities			
167 742 050	300 000 000	6	Convertible loans	9	167 742 050	300 000 000
305 425 000	39 648 263	6,7	Debt to credit institutions	10	826 920 676	238 701 351
0	0		Deferred tax	12	15 986 603	0
0	4 041 366		Other long-term liabilities		111 149 954	11 931 034
473 167 050	**343 689 629**		**Total other long-term liabilities**		**1 121 799 283**	**550 632 385**
			Current liabilities			
87 115 644	0	7	Debt to credit institutions	10	459 539 598	69 821 614
16 352 096	777 401		Trade payables		389 670 045	169 615 275
54 508 248	1 682 358	9	Debt to group companies		0	0
0	0		Unpaid tax	12	9 980 027	2 303 961
1 041 511	987 181		Unpaid salaries and nat. insurance contributions		34 533 793	19 093 345
4 990 436	5 310 238		Other current liabilities		78 961 577	40 754 427
164 007 935	**8 757 178**		**Total current liabilities**		**972 685 040**	**301 588 622**
637 174 985	**352 446 807**		**Total liabilities**		**2 095 170 225**	**852 221 007**
820 318 520	**551 240 905**		**Total equity and liabilities**		**2 476 678 068**	**1 067 429 230**

Ålesund, 28 February 2000
the Board of Directors of Pan Fish ASA

Erik Ramm,
Chairman of the Board

Bjarte Tunold

Arne Nore,
Managing Director

Cash-flow statement

1999	1998		1999	1998
		Cash flows from operating activities		
15 176 260	-6 268 979	Profit/loss before tax	144 950 713	24 488 052
-12 712	0	Tax paid for the period	-2 355 134	-2 545 881
-595 000	-18 227 014	Gain/loss on sale of fixed assets	-949 508	-16 584 048
605 306	522 422	Ordinary depreciation	58 632 925	33 067 426
4 316 000	0	Write-down of shares	0	0
-1 263 866	-341 358	Profit/loss from associates	-3 511 906	83 219
0	0	Change in stocks	-166 501 944	-66 647 174
-10 751 000	-36 646	Change in trade receivables	-39 088 597	-82 244 013
15 574 695	-16 453	Change in trade payables	60 174 468	83 941 795
-13 092 012	462 896	Change in other accruals	-32 633 726	-3 477 379
9 957 671	**-23 905 132**	**Net cash flow from operating activities**	**18 717 291**	**-29 918 003**
		Cash flows from investment activities		
0	0	Proceeds from sale of tangible fixed assets	4 117 878	1 138 891
-613 506	-473 522	Purchase of tangible fixed assets	-195 101 516	-113 698 922
30 522 884	0	Proceeds from sale of shares and units	41 616 394	15 873 176
-195 153 039	-7 350 000	Purchase of shares and units	-299 925 777	-2 944 800
0	27 375 880	Proceeds from sale of other investments	0	2 693 314
-102 605 176	0	Purchase of other investments	0	-154 962
-267 848 838	**19 552 358**	**Net cash flow from other investment activities**	**-449 293 021**	**-97 093 303**
		Cash flows from financing activities		
300 000 000	0	Proceeds from new long-term liabilities	421 925 341	120 506 848
2 032 691	-141 385	Proceeds from new current liabilities	0	0
-166 481 213	-8 106 463	Repayment of long-term liabilities	-200 399 789	-29 862 066
0	0	Repayment of current liabilities	0	-10 266 520
87 115 644	-59 498 740	Net change in overdraft facility	231 679 602	-17 096 603
0	0	Paid-in equity	0	3 633 650
1 297 000	0	Group contributions and dividends received 0	0	
223 964 122	**-67 746 588**	**Net cash flow from financing activities**	**453 205 154**	**66 915 309**
0	0	Effect of exchange-rate differences	3 167 006	6 194 855
0	685 646	Changes due to mergers	0	0
-33 927 045	-71 413 716	Net change in cash and cash equivalent	25 796 430	-53 901 142
34 154 677	105 568 393	Cash and cash equivalents at beginning of period	30 103 097	84 004 239
227 632	34 154 677	Cash and cash equivalents at end of period	55 899 527	30 103 097

Acquisitions are included in the cost price corrected for liquid assets.

NOTES

Note 1 Basic principles – valuation and classification - Other matters

The annual accounts comprise the income statement, balance sheet, cash-flow statement and notes, and are presented in accordance with the Companies Act, the Accounting Act and Norwegian GAAP as applicable at 31 December 1999. To make the annual accounts more readable, they have been edited so that the financial statements are in a summary form. The necessary specifications are made in the notes. This means that the notes are an integrated part of the annual accounts.

The annual accounts are based on basic principles relating to historical cost, comparability, the going concern assumption, the all-inclusive income concept and prudence. Transactions are entered at the value of the consideration on the date of the transaction. Income is recognised when it is earned and expenses are recognised in the same period as the related income. These accounting principles are described in further detail below. Where the actual figures are not available at the time of preparing the accounts, the management has complied with good accounting practice and presented best estimates in the income statement and balance sheet. There may be variances between the estimated and actual figures.

Assets/liabilities relating to the stock cycle and items due for payment within a year of the balance-sheet date are classified as current assets/current liabilities. Current assets/current liabilities are valued at the lower/higher of their acquisition value and net realisable value. Net realisable value is defined as the anticipated future sales price minus expected sales expenses. Other assets are classified as fixed assets. Fixed assets are entered at their acquisition cost. Fixed assets subject to deterioration are depreciated. Where a change in value is not temporary, the fixed asset is written down. Corresponding principles are normally applied to liability items.

1) Consolidation of subsidiaries and associates

Subsidiaries

The consolidated accounts include the parent company and those companies in which Pan Fish ASA owns/ controls more than 50 % of the shares/votes. This applies to the companies listed in note 2 to the accounts. On consolidation, the cost price paid by the parent company for shares in subsidiaries has been eliminated against the book equity of the subsidiaries on the date of acquisition (acquisition method). Excess values paid for are divided between the identifiable assets in the company's balance sheet. Additional excess values are entered under Licences (for aquaculture companies) and under Goodwill (for other companies). Short-falls are entered as a reduction of tangible fixed assets.

The exchange rate at 31 December 1999 in the respective countries' currencies has been used for translating the balance sheets of foreign subsidiaries, while the income statements for foreign subsidiaries have been translated at the average exchange rate for the year. Translation differences in connection with the consolidation of foreign subsidiaries have been entered directly against equity.

Intra-group sales and profits have been eliminated. The same also applies to receivables and liabilities at 31 December 1999.

Minority interests

The share of profit/loss and equity from minority interests is calculated and presented in the consolidated accounts. Minority interests are limited to positive equity in subsidiaries.

Associates

Companies in which Pan Fish ASA owns 18-50 %, and also has a significant influence on operational and financial decisions, are defined as associates. Such companies are consolidated according to the equity method. The group's share in the profit/loss after tax of associates is presented as a separate item under financial items. In the balance sheet, owner interests are included as financial fixed assets.

Investments in shares and units, classified as fixed assets, are valued at cost. If the market value is lower than the cost price, and if this is regarded as not being of a temporary nature, the investments are written down accordingly.

2) Accounting principles for significant items in the accounts

The earned income principle

Income is recognised when it is earned. Income is normally earned on the date of delivery of the goods and services sold. Operating revenues are entered minus value-added tax, discounts, bonuses etc.

The sale of subsidiaries is regarded as a part of ordinary operations. Gains on such sales are therefore included in operating revenues. The same applies to gains on the sale of operating assets (losses are included in Other operating expenses).

Expenses/ the matching principle

Costs are to be matched with and recognised as expenses in the same period as the related income. Where there is no clear connection between expense and income, expenses must be charged to income as they accrue. On restructuring and winding up of activities, all the related expenses are charged against income from the date the decision was made. Charges relating to the establishment of long-term loans are entered under financial operating assets and accrued over the loan period.

Intangible assets

The distribution of excess values relating to the acquisition of companies is described in a separate paragraph under Shares in subsidiaries. That part of the excess value defined as Licences and Goodwill is included under Intangible assets and depreciated as follows:

Licences in Norway:
In Norway, licences are of unlimited duration and transferable, subject to approval by the authorities. Hence there is no ordinary depreciation on Norwegian licences.

Licences in Canada:
In accordance with current practice, licences in Canada are renewed automatically. They are not, however, transferable, and their technical life has therefore been set to 30 years in the accounts. Ordinary depreciation is based on the technical life.

Other licences:
Other licences are depreciated over the life of the licence.

Goodwill:
For the acquisition of companies without licences, excess value that cannot be assigned to specific operating assets is defined as Goodwill. The depreciation rate for the individual Goodwill item is determined on the basis of its economic life when entered in the accounts.

Tangible fixed assets

Tangible fixed assets are carried at acquisition cost, minus accumulated depreciation and write-downs. If the net realisable value of the asset is lower than the book value, and this is not for reasons expected to be temporary in nature, the asset is written down to its net realisable value. Costs relating to normal maintenance and repairs are expensed as incurred. The costs of major replacements and renewals that substantially increase the life of assets are capitalised. An operating asset is regarded as fixed when it has an economic life of three years or more and the cost exceeds NOK 15,000. Operating assets which are leased on terms whereby the financial

NOTES

rights and liabilities relating to the asset are largely transferred to Pan Fish ASA (financial leasing), are capitalised as operating assets and included as liabilities under interest-bearing liabilities. Operational leasing is expensed as normal hire expenses and classified as an ordinary operating expense.

Ordinary depreciation is calculated according to the straight-line method over the economic life of the asset, on the basis of its original cost. Similar principles are applied to intangible assets. Depreciation is classified under ordinary operating expenses.

Stocks and cost of raw materials and consumables

For stocks of live fish at marine sites, each generation is valued at the lower of full cost of production and net realisable value (expected sales value minus indirect sales costs). The cost of production consists of direct variable costs, indirect variable costs and fixed costs (excluding administrative expenses). Due to the lengthy production period, interest expenses are included.

Raw materials consist of feed, packaging materials and products bought for further processing. These are valued at the lower of acquisition cost and net realisable value.

Work in progress and finished goods comprise self-produced goods such as salmon fillets and smoked salmon etc., and are valued at the lower of production cost and net realisable value. Except for interest expenses, the production cost is calculated in the same manner as for live fish at marine sites.

Commodities consist of purchased goods intended for direct resale. These are valued in the same manner as raw materials.

Receivables and liabilities in foreign currencies

Forward contracts are used continuously to hedge exposed currency items. All receivables and liabilities hedged in this manner are translated at the forward rate. Other currency items are translated at the exchange rate on the balance-sheet date.

Net currency gains and losses are entered under financial items in the income statement.

Receivables

Receivables are carried at their nominal value, minus a provision for losses on accounts receivable.

Pension liabilities and pension expenses

The company's pension schemes entitling the employees to agreed future pension benefits, called benefit schemes. Pension liabilities are calculated on a straight-line earnings basis, based on assumptions relating to the number of contribution years, discount rates, future returns on pension assets, future adjustment of wages, pensions and benefits from the National Insurance Fund and actuarial assumptions relating to mortality, voluntary redundancy etc. Pension assets are valued at net realisable value. Net pension liabilities consist of gross pension liabilities minus the net realisable value of pension assets. The group has signed several pension agreements. Some of these were over-financed at 31 December 1999. The surplus amount is included in the balance sheet in those cases where utilisation is regarded as probable. Pension liabilities are carried at net value.

Changes in pension liabilities due to changes in the pension schemes, are distributed over the expected average remaining contribution period. Changes in pension liabilities and pension assets due to changes in and variances from the assumptions on which the calculations were made (estimate changes), are distributed over the expected average remaining contribution period, where such deviation constitutes more than 10 % of the gross pension liabilities/pension assets.

Net pension expenses, i.e. gross pension expenses minus the estimated return on pension assets, corrected for the distributed effect of changes in estimates and pension schemes, are classified as ordinary operating expenses and presented together with payroll expenses and other remuneration.

Tax/ deferred tax

As of 1 January 1999 the deferred tax benefit was linked to tax-reducing temporary differences and tax-related loss to be carried forward. Only negative differences having a probable future tax-reducing effect are included. See also note 12.

Deferred tax is computed on the basis of temporary differences between financial and tax-related values at the end of the accounting year. The computation is based on the nominal tax rate. Positive and negative differences are set off against each other within the same period. A deferred tax benefit arises where temporary differences will give rise to future tax deductions. Tax for the year consists of changes in deferred tax and deferred tax benefits, together with tax payable for the financial year corrected for any computing errors relating to previous years.

As described above, excess values on the acquisition of subsidiaries are classified as Goodwill and Licences. In accordance with current accounting practice, deferred tax is not computed on assigning items to Goodwill. The same also applies to Licences. This is because the cost price of shares is included in the company accounts. If licences are sold, this will always happen through the sale of the company owning such licences. So, in practice the question of deferred tax on the value of licences will not arise.

Cash-flow statement

The cash-flow statement is prepared using the indirect method. Cash and cash equivalents also include bank deposits.

Classification and valuation of balance-sheet items

Assets linked to the stock cycle are classified as current assets. The same rules apply to current liabilities. Receivables and liabilities not linked to the stock cycle are classified as current assets/ current liabilities if they fall due for payment within a year. Other assets are classified as fixed assets, while other liabilities are classified as long-term.

The effect of changes in accounting principles and comparable figures

The introduction of the new Accounting Act involved some changes in accounting principles. This applies to the incorporation of deferred tax benefit, and to the inclusion of interest expenses as part of the production costs for fish at marine sites. The net effects are set off against equity at 1 January 1999.

Note 13 shows the effect of changes in accounting principles.

3) Additional information

Pro forma accounts

Where the comparable figures from previous years are not sufficient to evaluate the company's earning capacity, additional information is provided in the form of pro forma accounts. This is relevant for instance when acquisitions are made in the course of the financial year. The pro forma accounts will then present the accounting figures as if the acquisition had taken place at 1 January. In such cases any goodwill depreciation etc. is calculated from the same date.

Pro forma accounts have been prepared for both 1998 and 1999.

Earnings per share

Earnings per share is based on the weighted average of outstanding shares for the period. Diluted earnings per share takes account of the diluting effect of convertible loans, and of option issues.

NOTES

Note 2 Business activities and geographical distribution

Pan Fish ASA is the parent company of the Pan Fish group. Its operating revenue consists mainly of administration fees from subsidiaries (see note 13)

Note 3 Payroll expenses / Number of employees / Remuneration

Payroll expenses mm.	**1999**	**1998**
Salaries	6 972 146	6 156 616
National insurance contribution	856 038	784 171
Pension expenses	28 223	27 501
Other payments	1 107 338	812 610
Payroll expenses	**8 963 745**	**7 780 898**
Average number of employees in 1999	12	8

Payments to executive personnel	**General Manager**	**Board of Directors**
Salaries	1 026 963	318 750
Other remuneration	111 549	0

There have been no loans/ furnishing of security to executive personnel, Directors or their close relatives.

Loans to other employees total NOK 250,000. The interest rate is estimated at 5 %.

No executive personnel of the company have contracts involving special severance pay, bonuses, options etc.

Auditor

Auditors' fees amounted to NOK 248,851. Additional fees for consultancy amounted to NOK 177.175.

Note 4 Tangible fixed assets

	Office machinery, fixtures and fittings	Means of- transport	Buildings	Total tangible fixed assets
Acquisition value at 1 Jan. 99	1 089 813	527 234	3 817 849	5 434 896
Additions, operating assets	613 506	-	-	613 506
Disposals, operating assets	-	-		-
Acquisition value at 31 Dec. 1999	1 703 319	527 234	3 817 849	6 048 402
Accumulated depr. 31 Dec. 1999	-711 819	-267 234	-731 849	-1 710 902
Reversed write-downs 31 Dec. 1999	-			-
Book value at 31 Dec. 1999	991 500	260 000	3 086 000	4 337 500
Depreciation for the year	313 006	105 500	186 800	605 306
Economic life	3 - 5 years	5 years	20 years	
Depreciation plan	Straight-line	Straight-line	Straight-line	

Note 5 Receivables

The company's receivables are valued at nominal value. For the translation of receivables in foreign currencies, see note 8. All receivables relating to the stock cycle are due for payment within one year.

Note 2 Consolidation of subsidiaries and associates

The group accounts comprise the following companies:

	Country:	Owning company:	Owner interest in %
Pan Fish ASA	Norway	Parent company	
Lighthouse of Scotland Ltd.	Scotland	Pan Fish ASA	100.00
Eurosea Ltd.	England	Lighthouse of Scotland Ltd.	100.00
Cypress Island Inc.	USA	Pan Fish ASA	100.00
Northwest Seafarms LLC	USA	Pan Fish ASA	100.00
Omega Salmon Group Ltd.	Canada	Pan Fish ASA	100.00
Omega Pacific Transporter Ltd.	Canada	Omega Salmon Group Ltd.	100.00
Royal American Services Inc.	Canada	Omega Salmon Group Ltd.	100.00
Seven Hills Aquafarms Ltd.	Canada	Omega Salmon Group Ltd.	100.00
406623 British Columbia Ltd.	Canada	Omega Salmon Group Ltd.	100.00
420857 British Columbia Ltd.	Canada	Omega Salmon Group Ltd.	100.00
343513 British Columbia Ltd.	Canada	Omega Salmon Group Ltd.	100.00
444498 British Columbia Ltd.	Canada	Omega Salmon Group Ltd.	100.00
491119 British Columbia Ltd.	Canada	Omega Salmon Group Ltd.	100.00
503852 British Columbia Ltd.	Canada	Omega Salmon Group Ltd.	100.00
531643 British Columbia Ltd.	Canada	Omega Salmon Group Ltd.	100.00
Pan Fish France SA	France	Pan Fish ASA	100.00
Pan Fish Norway AS	Norway	Pan Fish ASA	98.78
Borgundvåg Fiskeindustri AS	Norway	Pan Fish Norway AS	100.00
Barmøy Havbruk AS (sold 1 Apr.99)	Norway	Pan Fish Norway AS	-
Herøy Fiskefarm AS (sold 1 Apr.99)	Norway	Pan Fish Norway AS	-
Wood Bay Salmon Farms AS	Norway	Pan Fish ASA	100.00
Aviair AS	Norway	Pan Fish ASA	91.00
Norway Seafarms AS*	Norway	Pan Fish ASA	39.71
Kinn Fiskeindustri AS	Norway	Norway Seafarms AS	100.00
Davik Fiskeindustri AS	Norway	Norway Seafarms AS	100.00
Vestkapp Havbruk AS	Norway	Norway Seafarms AS	100.00
Vanylven Stam- og Settefisk AS	Norway	Norway Seafarms AS	100.00
Øyra salmon AS	Norway	Norway Seafarms AS	51.00
Flatøy Fiskeoppdrett AS	Norway	Øyra salmon AS	100.00
Troms Seafarms As	Norway	Norway Seafarms AS	100.00
Troms Sjøfarmer AS	Norway	Troms Seafarms As	100.00
PF Laksaling	Faroe islands	Norway Seafarms AS	100.00
PF Nordex	Faroe islands	PF Laksaling	100.00
Kinn Seafood AS*	Norway	Norway Seafarms AS	100.00
Kinn Edelfisk II AS	Norway	Pan Fish ASA	63.00
Aukra Seafood AS	Norway	Pan Fish ASA	100.00
Vicenco AS	Norway	Aukra Seafood AS	100.00
Tolafisk AS	Norway	Aukra Seafood AS	100.00
Vicomar AS	Norway	Aukra Seafood AS	100.00
AS Sagafisk	Norway	Aukra Seafood AS	95.00
Delfa AS	Norway	Aukra Seafood AS	100.00
Delfa Seafarm AS	Norway	Aukra Seafood AS	100.00
Høvik Fiskeanlegg AS	Norway	Aukra Seafood AS	98.00
Pan Fish Sales AS	Norway	Pan Fish ASA	100.00
Pan Fish Sales USA AS	Norway	Pan Fish Sales AS	100.00
Pan Fish Sales Inc. (Seattle and Boston)	USA	Pan Fish Sales USA AS	100.00
T.C.Trading Inc.	Canada	Pan Fish Sales AS	51.00
Aviair Transport Inc.	Canada	Pan Fish Sales AS	51.00
Aviair B.V.	The Netherlands	Pan Fish Sales AS	51.00
Seafood Products Ltd.	England	Pan Fish Sales AS	50.50
Strafish Inc.	USA	Pan Fish Sales AS	51.00
PF Investments B.V.	The Netherlands	Pan Fish Sales AS	100.00
Pan Fish Sales HK Ltd.	Hong Kong	Pan Fish Sales AS	100.00
Pan Fish Sales France SA	France	Pan Fish Sales AS	100.00
Kinn Salmon AS	Norway	Pan Fish Sales AS	100.00
Alpha Processing Ltd.	Canada	Pan Fish ASA	100.00
Jørgen Vågsholm AS	Norway	Pan Fish ASA	51.00
Norsk Sjømat AS	Norway	Pan Fish ASA	92.50
Delfa Norway AS	Norway	Pan Fish ASA	100.00

NOTES

Note 6 Liabilities and bonds

Pan Fish ASA has a convertible subordinated loan which entitles the lenders to convert the loan into shares during the loan period. In 1999 part of the loan was repurchased. The bonds will in whole or in part be resold to the market in 2000. The remaining debt is carried at net value in the balance sheet:

	Interest rate:	Maturity:	Conv. price:	Remaining debt:
Bond issue 1997/2002	6 30 %	31 Dec. 02	40	300 000 000
Re-purchased 1999				
(nominal value 136 921 000)				132 257 950
Remaining liability at 31 December 1999				**167 742 050**

Pan Fish ASA has a long-term loan with more than 5 years to maturity. Remaining debt at 31 December 1999 NOK 300 000 000. The instalment profile is as follows (1 000):

	2000 - 2002	2003	2004	2005 - 2007	Total:
Debt to credit institutions	0	75 000	75 000	150 000	**300 000**

The interest rate is based on 3-month NIBOR + 1.5 %.

Note 7 Security and guarantees

Pan Fish ASA participates in a group account system that the group has with Kreditkassen (limit NOK 150,000,000) and the Sparebank1 group (limit NOK 200,000,000) and is jointly and severally liable for any outstanding accounts with these banks. In addition to this, the company's debt to credit institutions totals NOK 305,425,000. For the translation of borrowings in foreign currencies, see note 8.

Assets pledged as security for liabilities:

1) Operating movable assets, buildings, trade receivables, stocks etc. in all subsidiaries (see note 13).
2) Pan Fish ASA's shares in all subsidiaries (see note 13).
3) Pan Fish ASA's external and intra-group receivables (see note 9))

Balance-sheet liabilities secured by mortgages etc.	31 Dec. 1999	31 Dec. 98
Current debt to credit institutions	87 115 644	0
Long-term debt to credit institutions	305 425 000	75 518 028
Total	**392 540 644**	**75 518 028**

Guarantee liabilities:

Pan Fish ASA has also furnished guarantees for a total of NOK 503,960,733 for loans and other credits to subsidiaries. This is substantially secured by mortgages in fixed assets. The guarantees are given in different currencies and translated into NOK on the basis of the exchange rate at 31 December 1999. The corresponding figure for 1998 was NOK 182,759,000.

The balance-sheet value of assets furnished as security for mortgage debt:

Receivables from group companies	355 113 545	224 126 349
Other receivables	1 347 010	2 169 989
Bank deposits	0	2 000 000
Stocks	3 000	3 000
Shares in subsidiaries	426 738 318	168 968 800
Total	**783 201 873**	**397 268 138**

Norway Seafood AS owns 51 % of Kinn Seafood AS, Pan Fish ASA the remaining 49 %.

Aviair B.V owns 25 % of TC Trading Inc., so that the group in effect owns 63.75 % of the company.

The company owns 39.71 % of Norway Seafarms AS. Pan Fish ASA nevertheless controls the votes pertaining to more than 50 % of the shares. Moreover, an agreement has been signed to buy more shares in the first quarter of 2000, which will bring our owner interest up to more than 80 %. The company is therefore treated as a subsidiary in the accounts.

The cost price of shares in subsidiaries is eliminated against the equity of the company on the date of acquisition. For a description of the treatment of excess values on the acquisition of companies, see note 1 (Accounting principles).

All intra-group transactions and accounts have been eliminated in the group accounts.

Breakdown of minority interests at 31 Dec. 1999:

	Profit/loss:	Total value:
Jørgen Vågsholm AS	166 943	1 118 271
Norsk Sjømat AS	56 178	617 298
Pan Fish Norway AS	71 958	550 053
Norway Seafarm AS	4 820 919	68 254 097
From the Norway Seafarm AS group	-391 229	1 356 932
From the Pan Fish Norway AS group	11 179	0
From the Pan Fish Sales AS group	-481 639	5 699 942
From the Aukra Seafood AS group	6 701	919 243
Total	**4 261 010**	**78 515 836**

Associates are incorporated using the equity method. This is described in more detail in note 1. Note 16 lists all associates at 31 December 1999 including owner interest, share of profit/loss and balance-sheet value.

Note 3 Business activities and geographical distribution

Pan Fish ASA is a globally integrated group engaged in the farming, processing, logistics and sale of Atlantic salmon. Our activities are run by companies in which we are the majority shareholder, in Norway, the EU, North America/Canada and Asia.

Sales can be broken down as follows:

	1999
Norway	190 027
The rest of Europe	849 143
USA/Canada	733 699
Asia	437 438
Total	**2 210 306**

Note 4 Other operating expenses

This accounting item comprises a total loss on trade receivables of NOK 8,163,581

Note 5 Number of employees / Remunerations

Average number of employees in the group Pan Fish ASA in 1999: **1 134**

Payments to executive personnel	General Manager	Board of Directors
Salaries	1 026 963	318 750
Other remuneration	111 549	0

There have been no loans/ furnishing of security to executive personnel, Directors or their close relatives. Loans to other employees total NOK 2,444,350. The interest rate for most of this amount is calculated at 5 %. No executive personnel of the company have contracts involving special severance pay, bonuses, options etc.

Auditor

Auditors' fees amounted to 248,851. Additional fees for consultancy amounted to NOK 177,175.

NOTES

Note 8 Currency, forward contracts etc.

Receivables in foreign currencies are hedged using forward contracts or by drawing on the corresponding currency account. Where forward contracts are used, the receivable is translated at the forward rate.

The exchange rate at 31 December 1999 is used in all other cases. A total currency loss of NOK 569,465 has been charged to the 1999 accounts.

Forward contracts at 31 December 1999:

Bank:	Currency:	Maturity:	Purchase/ sale:	Amount in currency:	Forward rate:
Kredtikassen	USD	6 March 00	Sale	2 550 000	7.3310
Kreditkassen	GBP	24 March 00	Sale	2 400 000	12.6675
Kreditkassen	FRF	28.04.00	Sale	17 716 000	1.2980
Kreditkassen	USD	25 May 00	Sale	115 000	7.7650
Kreditkassen	FRF	25 May 00	Sale	2 760 000	1.2925
Kreditkassen	CAD	25 May 00	Purchase	825 000	5.3480
Kreditkassen	GBP	25 May 00	Sale	35 000	12.5340
Kreditkassen	FRF	7 Jul. 00	Sale	5 000 000	1.2620
Kreditkassen	CAD	2 Oct. 00	Sale	16 958 000	5.0518
Kreditkassen	CAD	2 Oct. 00	Purchase	-12 533 091	5.0164 – 5.3630

Note 9 Intra-group accounts etc.

	Trade receivables		Other receivables	
	31 Dec. 1999	**1 Jan. 1999**	**31 Dec. 1999**	**1 Jan. 1999**
Group companies	11 320 270	1 368 451	346 569 275	222 757 899
Associates	0	0	495 000	495 000
Total	**11 320 270**	1 368 451	**347 064 275**	223 252 899

	Trade creditors		Other liabilities	
	31.12.1999	01.01.1999	**31.12.1999**	01.01.1999
Group companies	1 592 248	9 564	52 916 000	1 672 794
Associates	0	0	0	0
Total	**1 592 248**	9 564	**52 916 000**	1 672 794

Note 6 Tangible fixed assets

	Licences	Goodwill	Buildings and land	Machinery, fixtures and fittings etc.	Ships	Total tangible fixed assets
Acquisition value at 1 Jan. 99	79 060 603	25 617 025	63 008 999	227 604 517	27 633 346	**422 924 490**
Additions, operating assets	277 859 485	22 027 060	100 896 761	236 347 706	18 213 031	**655 344 044**
Disposals, operating assets	-11 626 963	-964 953	-573 717	-20 490 232	-58 443	**-33 714 307**
Acquisition value 31 Dec. -99	345 293 125	46 679 132	163 332 043	443 461 991	45 787 935	**1 044 554 227**
Accumulated depreciation 31 Dec. 1999	-14 941 491	-6 688 800	-11 666 190	-93 827 694	-9 056 502	**-136 180 678**
Book value at 31 Dec. -99	**330 351 634**	**39 990 332**	**151 665 853**	**349 634 297**	**36 731 433**	**908 373 549**
Depreciation for the year	5 541 435	3 542 602	4 391 553	41 450 949	3 706 385	**58 632 925**
Depreciation rates	0-10%	10%	0-10%	5-33%	6,67-20%	
Depreciation plan	Straight-line	Straight-line	Straight-line	Straight-line	Straight-line	

Note 7 Receivables

The companies receivables are valued at nominal value, with a deduction of approx. NOK 12,000,000 to cover possible losses.

The principle used for translating receivables in foreign currencies is described in note 11. All receivables relating to the stock cycle are due for payment within one year.

Note 8 Stocks

Stocks at 31 December 1999:	
Raw materials	47 579 496
Live fish at marine sites	750 953 985
Work in progress and finished goods	46 232 780
Commodities	20 440 430
Total	**865 206 691**

For stocks of live fish, each generation is valued at the lower of full cost of production and net realisable value.

As of 1 January 1999 the valuation principle for stocks was changed to include financial expenses. Application of the same principle to the 1998 accounts would have improved the result by NOK 739,000.

Work in progress and finished goods consist of processed goods and are valued at cost of production.

Where the cost of production exceeds net realisable value, the necessary write-down has been made. Raw materials and commodities are valued at the lowest of acquisition cost and net realisable value.

For a more detailed description of the accounting principles for valuation of stocks, see note 1.

Note 9 Liabilities and bonds

Pan Fish ASA has a convertible subordinated loan which entitles the lenders to convert the loan into shares during the loan period. In 1999 part of the loan was repurchased. The bonds will be resold to the market in whole or in part in 2000. The remaining debt is carried at net value in the balance sheet:

	Interest rate:	Maturity:	Conv. rate:	Remaining debt:
Bond issue 1997/2002	6,30 %	31.12.02	40,-	300 000 000
Repurchased 1999 (nominal value 136.921,000)				132 257 950
Remaining debt at 31 December 1999				**167 742 050**

Total loans which fall due more than 5 years after the end of the accounting year	NOK **387 920 192**

The average interest rate for the above loans is 7.5 %.

NOTES

Note 10 Tax

Breakdown of tax for the year:	1999	1998
Tax payable	-	-
Tax deducted at source Canada	12 712	-
Tax on group contribution paid	-	-
Change in deferred tax	7 186 825	1 844 648
Total tax for the year	**7 199 537**	**1 844 648**

Calculation of tax base for the year:		
Profit/loss before tax	15 176 260	-6 610 337
Permanent differences *)	16 528 667	137 296
Reversed book value associates	-815 225	-
Temporary differences own shares	-5 222 471	-
Change in temporary differences	-25 667 231	-2 349 166
Tax base for the year	-	-8 822 207

Temporary differences include:		
Receivables	-	-
Unused tax refund on share dividends	-456 348	-456 348
Fixed assets	-1 327 975	-1 232 822
Shares/units	-9 588 471	-498 641
Provision in accordance with good accounting practices	-	-
Implementation of pension standard	565 169	432 124
Loss to be carried forward	-13 534 143	-48 253 311
Total	**-24 341 768**	**-50 008 998**
28 % deferred tax benefit	-6 815 694	-14 002 519

*) Includes: non-deductible expenses, e.g. entertainment, gifts etc., and also gains on the sale of own shares in the amount of NOK 16,215,399.

Note 11 Restructuring of equity as from 31 Dec. 1998 to 1 Jan. 1999 (figures in NOK 1,000)

	Share capital/ own shares	Statutory reserve/ distributable reserve	Premium reserve	Paid up other equity	Reserve for valuation variances	Other equity	Total
Equity 31 Dec. 98	2 389	182 062					**184 450**
Introduction of equity method *						341	**341**
Introduction of proportional consolidation							**0**
Deferred tax from change in acc. principles						14 003	**14 003**
Distributable reserve		-3 836				3 836	**0**
Premium last 10 years, statutory reserve		–178 226	178 226				**0**
Equity 1 Jan. 99	**2 389**		**178 226**	**0**	**0**	**18 180**	**198 794**
Change in equity for the year:							
Capital increase	115		30 888			0	**31 003**
Purchase of own shares	–184					–65 439	**–65 623**
Sale of own shares				10 993			**10 993**
Reserve for valuation variances transferred to other equity*					-449	449	**0**
Profit/loss for the year	0				1 264	6 713	**7 977**
Equity 31 Dec. 1999	**2 320**		**209 114**	**10 993**	**815**	**–40 097**	**183 144**

*Implementation of associates:	
Book value associates 31 December -98	341
Cost price of shares	–790
Negative reserve for valuation variances is set off against other equity	–449
Profit associates 1999	1 264
Reserve for valuation variances 31 December 1999	815

Note 10 Security and guarantees

For the group as a whole the following group account system has been established with the banks:

	Limit:
Sparebank1 group	200 000 000
Chrisitiania Bank- og Kreditkasse	150 000 000
Sparebanken Møre	36 500 000
Fokus Bank	103 350 000

Assets pledged as security for liabilities:
1) Operating movable assets, buildings, trade receivables, stocks etc.
2) Pan Fish ASA's shares in all subsidiaries (see note 13).
3) Surety for some of the liabilities

Balance-sheet liabilities secured by mortgages etc.	31 Dec. 1999	1 Jan. 99
Liabilities secured by mortgages etc.	87 115 644	381 362 052

The balance-sheet value of assets furnished as security for mortgage debt:

Stocks	865 206 691	350 580 415
Trade receivables etc	445 105 445	361 150 213
Operating assets	908 373 549	192 701 519
Other assets	61 239 742	5 310 096
Total	**2 279 925 427**	**909 742 243**

Guarantee liabilities:
The company's guarantee liabilities are described in note 7 to the parent company's accounts.

Note 11 Currency, forward contracts etc.

Receivables in foreign currencies are hedged using forward contracts or by drawing on the corresponding currency account. Where forward contracts are used, the receivable is translated at the forward rate.
The exchange rate at 31 December 1999 is used in all other cases. A total currency gain of NOK 6,178,432 was taken to income in the 1999 accounts.

At 31 December 1999 the group had signed the following forward contracts to hedge outstanding receivables:

1) Forward contract for the sale of USD 2,665,000 with maturity in March 2000. Forward rate: 7.331.
2) Forward contract for the sale of GBP 2,435,000 with maturity in March 2000. Forward rate: 12.6675
3) Forward contract for the sale of FRF 30,876,000 with maturity in the period January to July 2000. The forward rate varies between 1.2365 and 1.2980.
4) Forward contract for the sale of CAD 16,958,000 with maturity in October 2000. Forward rate: 5.0518.
5) Forward contract for the purchase of CAD 13,358,091 with maturity in October 2000. Forward rate: 5.363.
6) Forward contract for the sale of ITL 21,000,000 with maturity in January 2000. Forward rate: 0.4189.
7) Forward contract for the sale of YEN 186,000,000 with maturity in February 2000. The forward rate varies between 0.0760 and 0.0787.
8) Forward contract for the sale of DEM 5,998,585 with maturity in the period January to March 2000. Forward rate: 4.54.

NOTES

Note 12 Share capital and shareholders:

The share capital at 31 December 1999 consisted of 25.040.881 shares with a nominal value of NOK 0.10 each. Each share has one voting right at the General Meeting and entitles the holder to the same rights in the company.

At 31 December 1999 Pan Fish ASA had a holding of 1,841,651 own shares. These have been set off against equity; the share capital has been reduced by a separate item of NOK 184.651,10 while NOK 65.439.150 has been set off against uncovered loss.

Options for the purchase of 820,000 shares at prices between NOK 25 and NOK 66 have been issued to executive personnel of subsidiaries abroad. In addition the company has a convertible loan of NOK 300,000,000 which can be converted into 7,500,000 shares.

Owner structure:

The largest shareholders in Pan Fish ASA at 31 Dec. 1999:

	Shares	Owner interest	Voting rights
Alpha Salmon AS*	3 501 005	14,0 %	14,0 %
Arne Nore	3 348 842	13.4 %	13.4 %
Odin Norway	1 862 683	7.4 %	7.4 %
North Sea Partners	1 409 000	5.6 %	5.6 %
Pan Fish ASA	1 841 651	7.4 %	7.4 %
Bjarte Tunold	848 013	3.4 %	3.4 %
Industrifinans Aktiv	760 000	3.0 %	3.0 %
Skagen Vekst	650 000	2.6 %	2.6 %
Harald Skaar	511 540	2.0 %	2.0 %
Sabinum AS	500 130	2.0 %	2.0 %
Veslik AS	490 250	2.0 %	2.0 %
Storebrand Livsfors.	475 000	1.9 %	1.9 %
Fokus SMB	398 000	1.6 %	1.6 %
Omega Investments	380 000	1.5 %	1.5 %
Industrifinans	354 830	1.4 %	1.4 %
Akjsefonde Gambak	350 000	1.4 %	1.4 %
Gjensidige NOR	316 500	1.3 %	1.3 %
Ingrid K. Sætren	312 649	1.2 %	1.2 %
Per Hauge	309 765	1.2 %	1.2 %
Kari Anne Slagstad	303 403	1.2 %	1.2 %
Total 20 largest	18 923 261	75.6 %	75.6 %
Total other	6 117 620	24.4 %	24.4 %
Totalt no. of shares	**25 040 881**	**100.0 %**	**100.0 %**

* Arne Nore owns 57.1 % of Alpha Salmon AS.

Shares and options owned by Directors and executive personnel of the company:

Name	Office	Shares	No. of options
Erik Ramm	Chairman of the Board	8 880	0
Arne Nore	Director/Managing Director	5 354 715	0
Bjarte Tunold	Director	848 013	0
Botholf Stolt-Nielsen	Dep. Managing Director	270 300	0

Note 12 Tax

Breakdown of tax for the year:	**1999**	**1998**
Tax payable	13 513 115	2 342 422
Tax deducted at source Canada	12 712	203 459
Change in deferred tax	30 469 720	6 006 397
Total tax	**43 995 546**	**8 552 278**
Computation of tax base for the year:		
Profit before tax	144 950 713	24 488 052
Permanent differences *)	-5 267 460	20 270 758
Utilised loss carried forward	-116 677 321	-69 291 296
Change in temporary differences	-9 038 411	-6 994 591
Tax base for the year	13 967 521	-31 527 077
Breakdown of tax base for the year:		
Taxable profit, companies abroad	39 820 107	6 435 109
Taxable profit, domestic companies	3 907 615	1 034 621
Loss to be carried forward, companies abroad	-9 462 536	-9 440 506
Loss to be carried forward, domestic companies	-20 297 665	-29 556 301
Tax base for the year	13 967 521	-31 527 077
Temporary differences comprise:		
Current assets/current liabilities	339 501 534	210 264 691
Fixed assets/long-term liabilities	-23 535 107	26 133 151
Provision in accordance with good accounting practice	-	-
Loss to be carried forward	-357 910 794	-274 755 140
Total	**-41 944 368**	**-38 357 298**
Deferred tax/tax benefit	**15 986 603**	**-500 246**

Deferred tax benefits relating to tax-reducing temporary differences are only included where it is likely that such benefits will be realised through future earnings.

*) Includes: non-deductible expenses, e.g. entertainment, gifts etc., and also all group items with an effect on the income statement, that do not influence the deferred tax/tax benefit included under permanent differences.

Note 13 - Equity

Breakdown of equity movements:		
Equity 31 December 1998:		189 162 249
Change in equity:		
Deferred tax benefit	500 246	
Interest on stocks	19 040 627	19 540 873
Corrected equity at 1 January 1999		208 703 122
Exch. rate differences etc. on consolidation of subsidiaries		21 222 014
Increase in share capital on purchase of shares in subsidiaries	115 488	
Premium on purchase of shares in subsidiaries	30 887 612	31 003 100
Purchases and sales of own shares		-54 630 386
Profit 1999		96 694 157
Equity at 31 December 1999		302 992 007

NOTES

Note 13 Shares in subsidiaries

	Registered address	Date of acquisition	Owner interest in %	No. of shares	Equity at 31 Dec 99	Profit/loss 1999	Book value
Alpha Processing Ltd. (Canada)	Port Hardy	1 May 96	100,00	210	69 641	1 185 354	1 554 418
Jørgen Vågsholm AS	Fosnavåg	1 Apr. 96	51,00	2 652	2 282 186	340 700	1 041 666
Lighthouse of Scotland Ltd (Scotland)	Cairndow	01 May 96	100,00	7 600 000	65 153 762	11 507 175	87 261 950
Pan Fish Sales AS	Ålesund	6 Feb. 96	100,00	30 000	44 115 663	17 237 825	37 050 000
Norsk Sjømat AS	Stranda	3 Nov. 97	92,50	6 491	8 230 640	2 001 332	21 361 000
Cypress Island Inc. (USA)	Anacortes	7 Nov. 97	100,00	4 600 000	41 106 028	3 846 064	31 983 800
Omega Salmon Group (ord.) Canada	Campbell River	30 Aug. 95	100,00	17 500			29 534 322
Omega Salmon Group (pref.) Canada	Campbell River	30 Aug. 95	100,00	2 700 000	122 711 827	24 051 535	58 108 110
406623 B.C. Ltd. (Canada)	Campbell River	30 Aug. 95	100,00	200	1 106	0	682 200
420857 B.C. Ltd. (Canada)	Campbell River	30 Aug. 95	100,00	300	1 659	0	766 488
Pan Fish France SA (France)	Poullaouen	11 Apr. 97	100,00	200 000	7 763 614	-5 084 821	26 391 175
Pan Fish Norway AS	Måløy	18 May 92	98,78 %	1 975 680	45 234 631	21 279 481	15 048 900
Wood Bay Salmon Farms AS	Måløy	18 May 92	100,00 %	50	-2 701 850	-2 000	0
Aviair AS	Ålesund	04 March 99	91,00 %	91	101 924	1 924	91 000
Norway Seafarms AS*	Florø	01 Nov. 99	39,71 %	410 539	139 236 068	8 898 514	48 547 488
Kinn Edelfisk II AS	Florø	01 Nov. 99	63,00 %	63	-314 079	-414 079	63 000
Aukra Seafood AS	Aukra	01 Oct. 99	100,00 %	100 000	28 948 692	4 845 858	35 999 700
Northwest Seafarms LLC (USA)	Anacortes	30 Apr 99	100,00 %	3 500	46 643 518	17 951 820	27 253 100
Delfa Norway AS	Stranda	01 Dec. 99	100,00 %	12 000	3 286 359	2 949 382	4 000 000
Kinn Seafood AS*	Ålesund	01 Nov. 99	100,00 %	1 000	-13 328 960	-4 059 813	0
Total							**426 738 318**

*Pan Fish ASA owns 49 % of the shares in Kinn Seafood AS. The remaining 51 % are owned by Norway Seafood AS. Kinn Seafood AS is therefore treated as a subsidiary in the group accounts at 31 December 1999. The cost price of the shares was NOK 4,316,000. Due to the company's negative equity the amount is expensed in the 1999 accounts.

Voting rights correspond to owner interests, except in Norway Seafarm AS, in which the company has 55.16 % of the voting rights.

The shares have been included in the accounts in accordance with the cost method. Group contribution from subsidiaries constitutes NOK 34,543,200.

Note 14 Associates

	Registered address	Date of acquisition	Owner interest	No. of shares	Equity 311299	Profit 1999	Share of profit
W. Køltzow AS	Oslo	01.01.95	44,00 %	490	3 448 236	2 872 422	1 263 866

Associates are included in the accounts in accordance with the equity method. This replaces the cost method used in 1998. The change resulting from the change in accounting principles is deducted directly from equity.

	W. Køltzow AS
Acquisition value/opening balance	1
Change at 1 Jan due to equity method	341 358
Acquired 1999	0
Share of profit for the year	1 263 866
Closing balance 31 Dec 99	1 605 225

Note 15 Owner interests in other companies

	Capital:	Owner interest:	Book value:
Maritim Capital Advisor LLC	113 000	33,33 %	1
Norway Pelagic Fish AL			5 000
Fryserienes foromsetning			5 000
Total owner interests			**10 001**

Note 14 Share capital and shareholders:

The share capital at 31 December 1999 consisted of 25,040,881 shares, each with a nominal value of NOK 0.10. Each share has one voting right at the General Meeting and entitles the holder to the same rights in the company.

At 31 December 1999 Pan Fish ASA had a holding of 1,841,651 own shares. These have been deducted from equity; the share capital has been reduced by a separate item of NOK 184,651.10 while NOK 65,439,150 has been used to provide for uncovered loss.

Options for the purchase of 820,000 shares at prices between NOK 25 and NOK 66 have been issued to executive personnel of subsidiaries abroad. In addition the company has a convertible loan of NOK 300,000,000 which can be converted into 7,500,000 shares.

Owner structure:

The largest shareholders in Pan Fish ASA at 31 Dec. 1999:

	Shares	Owner interest	Voting rights
Alpha Salmon AS*	3 501 005	14.0 %	14.0 %
Arne Nore	3 348 842	13.4 %	13.4 %
Odin Norway	1 862 683	7.4 %	7.4 %
North Sea Partners	1 409 000	5.6 %	5.6 %
Pan Fish ASA	1 841 651	7.4 %	7.4 %
Bjarte Tunold	848 013	3.4 %	3.4 %
Industrifinans Aktiv	760 000	3.0 %	3.0 %
Skagen Vekst	650 000	2.6 %	2.6 %
Harald Skaar	511 540	2.0 %	2.0 %
Sabinum AS	500 130	2.0 %	2.0 %
Veslik AS	490 250	2.0 %	2.0 %
Storebrand Livsfors.	475 000	1.9 %	1.9 %
Fokus SMB	398 000	1.6 %	1.6 %
Omega Investments	380 000	1.5 %	1.5 %
Industrifinans	354 830	1.4 %	1.4 %
Akjsefonde Gambak	350 000	1.4 %	1.4 %
Gjensidige NOR	316 500	1.3 %	1.3 %
Ingrid K. Sætren	312 649	1.2 %	1.2 %
Per Hauge	309 765	1.2 %	1.2 %
Kari Anne Slagstad	303 403	1.2 %	1.2 %
Total 20 largest	18 923 261	75.6 %	75.6 %
Total others	6 117 620	24.4 %	24.4 %
Totalt no. of shares	**25 040 881**	**100.0 %**	**100.0 %**

* Arne Nore owns 57.1 % of Alpha Salmon AS.

Shares and options owned (directly and indirectly) by the company's Directors and executive personnel:

Name	Office	Shares	No. of options
Erik Ramm	Chairman of the Board	8 880	0
Arne Nore	Managing Director	5 354 715	0
Bjarte Tunold	Director	848 013	0
Botholf Stolt-Nielsen	Dep. Managing Director	270 300	0

NOTES

Note 16 Pension liabilities

The company has signed an agreement with Storebrand for a group pension scheme. The agreement covers a total of 13 persons. The pension scheme is treated as a benefit scheme. Calculation of the effect on the profit and loss account and the balance-sheet value of the pension scheme is based on the following assumptions:

Return on pension assets	8.0 %
Discount rate	7.0 %
Annual wage increase	3.0 %
Annual increase in G (nat. ins. multiplier)	3.0 %
Annual pension increase	2.5 %

The year's pension expenses	**1999**	**1998**
The year's pension earnings	186 767	176 945
+Interest expenses relating to pension liabilities	75 087	43 400
-Expected return on pension assets -94 894	-74 317	
Net pension expenses before nat. insurance contributions	166 960	146 028
Estimate changes and variances incl. in incomes statement	29 035	2 377
Accrued nat. insurance contributions	17 892	19 324
Net pension expenses after nat. insurance contributions	213 887	167 729
Premium paid	315 898	301 939

Pension assets at 31 December	**1 999**	**1 998**
Gross pension liability	1 334 527	840 339
-Pension assets (market value)	-1 444 008	-1 154 255
Net pension assets before nat. ins. contribution	-109 481	-313 916
Changes and variances not incl. in income statement	-455 688	-118 208
Net pension assets after nat. ins. contribution	-565 169	-432 124

Note 17 Several and joint liability for value added tax

The company is jointly registered with Pan Fish Sales AS in the VAT register. This means that the two companies are jointly and severally liable for any unpaid value added tax. At 31 December 1999 the companies had value added tax owing to them.

Note 18 Bank deposits

	31 Dec. 1999	**31 Dec. 1998**
Tied up to cover tax withholdings	218 430	275 541
Pledged as security for loans	0	2 000 000
Total	**218 430**	**2 275 541**

Note 19 Leasing and lease agreements

The contract for the lease of office premises is valid until 31 Dec. 2002. The annual expense is approx. NOK 750,000.

A contract has also been signed for the lease of five cars, for a total of NOK 27.200 per month.

Note 20 Expenses relating to the setting-up of long-term loans

Expenses relating to the setting-up of long-term loans are accrued over the loan period. This applies to a listed convertible loan from 1997 and a mortgage loan taken out in 1999. Expenses relating to the setting up of these loans are accrued over a period of 5 and 7 years, respectively. Remaining expenses at 31 December 1999 totalled NOK 11.013.505.

Note 15 Shares and owner interests in other companies

Shares/owner interests:	**No./interest**	**Capital**	**Total nominal value**	**Book value**
Fiskerinæringens Innkjøpsselskap AS	0.64 %	300 000	40 000	40 000
Vigrafor AS	2.86 %	50 000	116 000	116 000
Fivetro AS	7	84 000	7 000	7 000
Romsdal Fellesbank AS	36	104 526 000	1 800	1 390
Bedriftshelsesenteret AS	5	127 000	1 000	5 000
Storhallen in Ålesund AS	100	8 950 000	100 000	100 000
Norsk Lakseavl. AS	102	21 182 000	102 000	102 000
Vest Brønnbåtservice AS	50	100 000	50 000	50 000
Davik Industribygg AS	140	4 250 000	1 400 000	1 400 000
Other				309 360
Total				2 130 750

Shares/owner interests:	**No. /interest**	**Capital**	**Total nominal value**	**Share of profit/loss**	**Book value**
Maritim Capital Advisor LLC	33.33 %	113 000	113 000	0	1
Norway Pelagic Fish AL	1		5 000	0	5 000
Fryserienes Foromsetning AL	1	5 000	0	5 500	
AL Unidos	1		2 500	0	2 500
ANS Sætrengården	5.59 %			40 700	72 295
Total				40 700	85 296
Total shares and owner interests				**40 700**	**2 216 046**

Note 16 Associates

Company	**No of shares/ owner interest in %**	**Share capital**	**Equity at 31 Dec. 99**	**Profit/loss 1999**	**Share of profit/loss**	**Book value**
W. Køltzow AS (Norway)	44.00	1 000 000	3 448 236	2 872 422	1 263 866	1 605 223
LM Trading AS (Norway)					241 191	0
Wood Bay Seafood Ltd. (Canada)	49.00	23 364 709	5 710 768	-209 934	-101 398	2 709 487
Norway Seafarms AS (N)					677 881	0
Seafood Farmers AS (N)	18.22	39 237 000	56 240 542	3 940 111	717 888	35 892 835
Br. Sandøy AS (N)	49.00	470 000	5 956 893	3 403 531	195 119	3 149 177
Oppdrettslaks AS (Norway)	49.90	100 000	7 402 959	291 090	16 994	4 733 001
Sumbalaks PF (Faroe islands)	33.00	DK 100 000			0	1 269 388
Nordaling PF (Faroe islands)	33.00	DK 600 000	DK 2 932 000 approx.	DK 1 355 000 approx.	217 037	5 303 072
Hofsa PF (Faroe islands)	33.00	DK 300 000	DK 3 000 000	DK 6 000 000	1 808 360	5 776 278
Nordex PF (Faroe islands)	33.00	DK 80 000	DK -413 000	DK -863 000	-489 703	0
Vest Brønnbåtservice AS (N)	50.00	100 000	-2 756 490	-2 756 490	-1 007 416	-1 328 245
Depreciated excess values/ shortfall					-27 913	0
Total					3 511 907	59 110 216

LM Trading AS was sold in April 1999. A gain of NOK 241,191 on this sale is included in the accounts. 13.25 % of Norway Seafarms AS was bought on 1 July 1999. The company was treated as an associate until 30 September 1999, after which date Norway Seafarms AS is included as a subsidiary. Br. Sandøy AS and Oppdrettslaks AS were included as associates from 1 October 1999.

Sumbalaks PF is included from 31 December 1999. This company has no effect, therefore, on the group's incomes statement for 1999. The other associates on the Faroe islands were included from 1 October 1999. The company is liable for the loss in Vest Brønnbåtservice AS.

The company's equity was therefore negative at 31 December 1999.

NOTES

Note 21 Changes to the income statement for 1998

As mentioned in note 1, some of the accounting principles were changed as from 31 December -98. This involves the following changes to the income statement for 1998:

Loss as entered in the 1998 accounts		-7 652 337
Income from investments in associates	341 358	
Group contribution received in 1998	1 042 000	
Increase in deferred tax benefit	1 844 648	3 228 006
Corrected loss for 1998		-4 424 331

Note 22 Own shares

The justification for buying back own shares is to use them in connection with the acquisition of new companies. At 31 December 1999 the company held 1,841,651 of its own shares, with a total cost price of NOK 65,613,315. For a description of how own shares are classified in the annual accounts, see note 12.

Where acquisitions are paid for by the use of own shares, the listed price on the date of the agreement for the acquisition is used as the selling price. Total sales in 1999 amounted to NOK 64,132,884.

There have been several rounds of repurchasing of own shares. In accordance with the Accounting Act's section 5-5, which deals with exchangeable assets, the average acquisition value is used for calculating gains in the accounts. Total gains amount to NOK 10,992,928 and are presented as paid-in other equity in the annual accounts.

Note 17 Pension liabilities

Several agreements have been signed for group pension schemes. The agreements cover a total of 193 persons. The pension schemes are treated as benefit plans. Calculation of the effect on the profit and loss account and the balance-sheet value of the pension scheme is based on the following assumptions:

Return on pension assets	8.0 %
Discount rate	7.0 %
Annual wage increase	3.0 %-3.3 %
Annual increase in G (nat. ins. multiplier)	3.0 %-3.3 %
Annual pension increase	2.5 %-3.3 %

The year's pension expenses	**1999**	**1998**
The year's pension earnings	430 222	176 945
+Interest expenses relating to pension liabilities	135 768	43 400
-Expected return on pension assets	-94 894	-74 317
Net pension expenses before nat. insurance contributions	471 096	146 028
Changes and variances not incl. in income statement	93 943	2 377
Accrued nat. insurance contributions	30 536	19 324
Net pension expenses after nat. insurance contributions	595 575	167 729
Premium paid	**380 806**	**301 939**

Pension liabilities/assets at 31 December	**1999**	**1998**
Gross pension liabilities	2 585 598	840 339
-Pension assets (market value)	-1 444 008	-1 154 255
Net pension liabilities/assets before nat. ins. contributions	1 141 590	-313 916
Estimate changes and variances incl. in incomes statement	-455 688	-118 208
Net pension expenses after nat. insurance contributions	685 902	-432 124

In addition, some of the foreign subsidiaries have pension schemes that could be defined as disbursement schemes. Annual disbursements under such schemes are charged to cost in the income statement.

Note 18 Several and joint liability for value added tax

Pan Fish ASA is jointly registered with Pan Fish Sales AS in the VAT register. This means that the two companies are jointly and severally liable for any unpaid value added tax. At 31 December 1999 the companies had value added tax owing to them.

Note 19 Bank deposits

	31 Dec. 1999	**31 Dec. 1998**
Tied up to cover tax withholdings	4 463 545	1 119 412
Pledged as security for loans	0	2 000 000
Total	4 463 545	3 119 412

Note 20 Leasing and lease agreements

All important agreements on the leasing of production equipment are treated in accordance with the rules relating to financial leasing. The operating assets are in such cases capitalised and the related contra entry is included under long-term liabilities. The leasing rental is split between instalments and interest payments. See also note 1 on accounting principles.

Contracts have also been signed for the lease of five cars and some production equipment, treated according to the rules for operational leasing. A total of 17 cars are leased. The annual rental is approx. NOK 1,000,000. The annual rental for the production equipment is approx. NOK 1,840,000. Most of the contracts expire in 2002 and 2003.

Several agreements have been signed for the lease of office premises. The lease periods vary between 2 and 8 years. Annual rent amounts to approx. NOK 2,800,000.

NOTES

Note 21 Expenses relating to the setting-up of long-term loans

Expenses relating to the setting-up of long-term loans are accrued over the loan period. This applies to a listed convertible loan from 1997 and a mortgage loan taken out in 1999. Expenses relating to the setting up of these loans are accrued over a period of 5 and 7 years respectively. Remaining expenses at 31 December 1999 totalled NOK 11.013.505.

Note 22 Changes to the income statement for 1998

As mentioned in note 1, some of the accounting principles were changed from 31 December -98. This involves the following changes to the income statement for 1998:

Prodit as entered in the 1998 accounts		20 691 603
Interest effect, stocks	739 080	
Change in deferred tax	-6 006 397	-5 267 316
Corrected profit for 1998		15 424 287

Note 23 Own shares

The justification for buying back own shares is to use these in connection with the acquisition of new companies. At 31 December 1999 the company held 1,841,651 own shares, with a total cost price of NOK 65,613,315. For a description of how own shares are classified in the annual accounts, see note 14.

Where acquisitions are paid for by the use of own shares, the listed price on the date of signing the agreement for the acquisition is used as the selling price. Total sales in 1999 amounted to NOK 64,132,884.

There have been several rounds of repurchasing of own shares. In accordance with the Accounting Act's section 5-5, which deals with exchangeable assets, the average acquisition value is used for calculating gains in the accounts. Total gains amount to NOK 10,992,928 and are presented as paid-in other equity in the annual accounts.

Note 24 Pro forma accounts

As mentioned in note 1, the pro forma accounts are prepared in connection with the acquisition of new companies in the course of the financial year. The pro forma accounts show the accounting figures as if the acquisition had taken place on 1 January. This applies to the following companies:

- Kinn Salmon AS (1 July 1999)
- The Norway Seafarms AS group (1 October 1999)
- The Aukra Seafood AS group (1 October 1999)
- The Delfa AS group (1 December 1999)

In addition to the above, the pro forma accounts also include Goodwill depreciation from 1 January for Kinn Salmon AS and Delfa AS.

	1999	**1998**
Operating revenues	2 684 902 298	2 018 672 231
Operating expenses	2 448 840 651	1 947 601 694
Operating profit/loss	236 061 647	71 070 537
Net financial items	106 931 032	105 110 421
Profit/loss before tax	129 130 615	-34 039 884

1999

KPMG

KPMG AS

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To the Annual Shareholders' Meeting of Pan Fish ASA

AUDITOR'S REPORT FOR 1999

Respective Responsibilities of Directors and Auditors

We have audited the annual financial statements of Pan Fish ASA as of 31 December 1999, showing a profit of NOK 7.976.723 for the parent company and a profit of NOK 96.694.157 for the group. We have also audited the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the appropriation of the profit. The financial statements comprise the balance sheet, the statements of income and cash flows, the accompanying notes and the group accounts. These financial statements and the 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 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 auditing standards and practices generally accepted in Norway. Those standards and practices 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 accounting estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards and practices 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 financial statements have been prepared in accordance with law and regulations and present the financial position of the Company and of the Group as of December 31, 1999, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the Company's management has fulfilled its obligation in respect of registration and documentation of accounting information as required by law and accounting standards, principles and practices generally accepted in Norway
- the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the appropriation of the profit is consistent with the financial statements and comply with the law and regulations.

Ålesund 10 May 2000
KPMG AS

Rune T. Grøndal
State Authorised Public Accountant

Note: This translation of the Norwegian statutory Audit Report has been prepared for information purposes only

Supply and demand for salmon

Supply

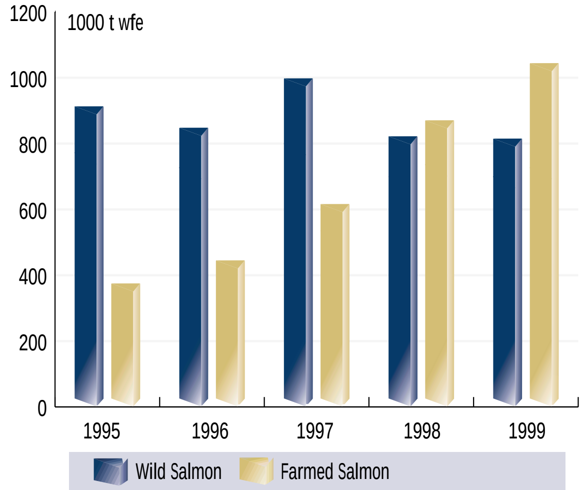
Wild salmon

The global supply of wild salmon has remained relatively stable at between 800,000 and 1,000,000 tonnes round weight annually throughout the 1990s. In 1999 total catches amounted to 816,000 tonnes. In recent years, there has been a trend towards smaller wild salmon catches.

Farmed salmon - Atlantic salmon

The global harvest of farmed salmon and trout was 1,045,000 tonnes round weight in 1999. This is the biggest quantity ever. The beginning of 1999 was characterised by relatively low salmon prices and a building up of marine stocks (biomass). Like overflowing reservoirs in the hydroelectric power industry, large quantities of biomass normally create expectations of price falls. However the supply situation changed as the year progressed. 1999 was characterised by production problems in important producing countries such as Scotland and Chile. In Norway the planned 10 % increase in feed quotas was adjusted down to 5 %, thereby constituting less of a boost to production than anticipated. At the same time there was strong growth in the markets. In 1999, 796,000 tonnes round weight of Atlantic salmon was harvested globally, an increase of 100,000 tonnes on 1998. Norway and The Faroe islands contributed the most to this increase, with 60,000 and 15,000 tonnes respectively. The increase in harvested volume was greater than the increase in the supply of salmon from marine sites in 1999. The situation at the end of 1999 was therefore characterised by a relatively small biomass and a corresponding price rise.

Total Supply

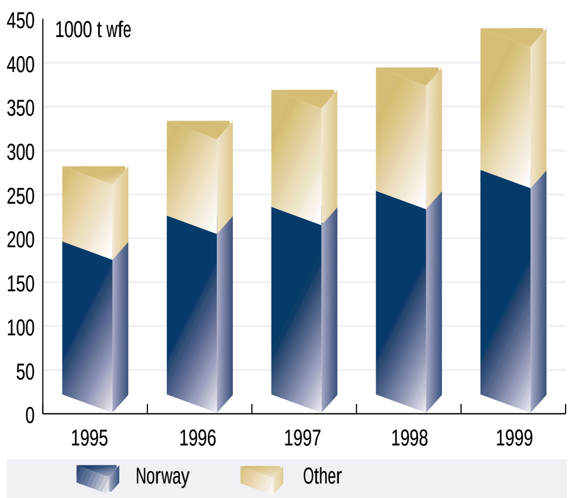


The market

Europe

The EU market is the word's biggest market for Atlantic salmon. According to Kontali Analyse AS, annual growth has been more than 11 % in the period from 1995 until 1999. However, the total value of this market was stable until 1996 as the growth in volume was compensated by corresponding price reductions. The market has only grown in real terms since after 1996, when rising volumes have been coupled with relatively stable prices. From 1998 to 1999 the total value of the market for Atlantic salmon in the EU increased by 10 %.

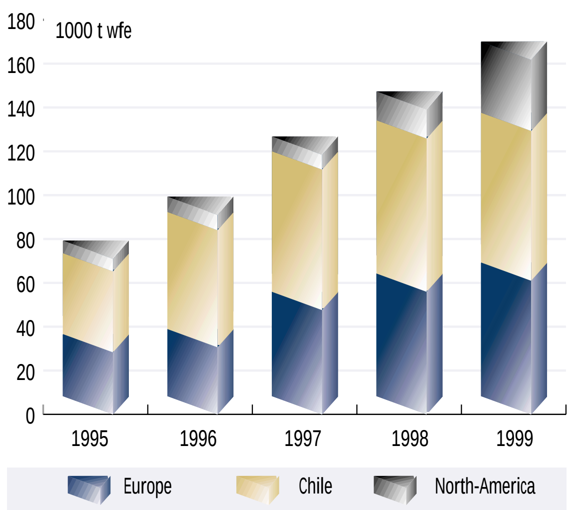
EU consumtion - main supplier



USA

There was a steep growth in volume on the US market from 1998 to 1999. This is primarily a fillet market, since the Americans prefer skin and bone free products. At the start of 1999 sufficient supplies of fresh salmon fillets were not sufficient and prices rose as a result. In general there has been strong growth in the US market. According to Kontali Analyse AS, the US market will be among the fastest growing in the years to come.

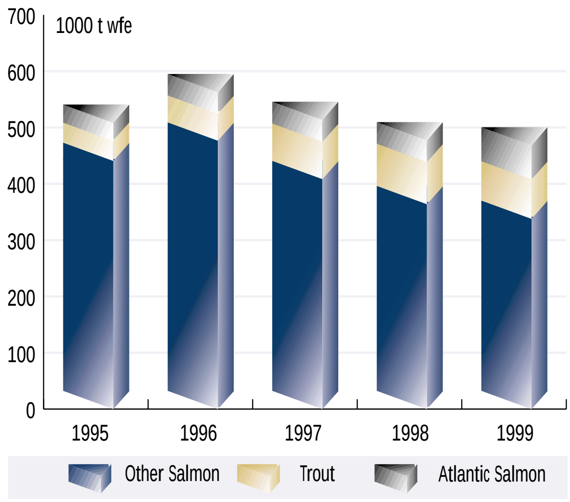
USA consumtion - main supply



Japan

In this, the world's biggest single market for salmon in general, Atlantic salmon constitutes a relatively small share of the total salmon consumption. The Japanese have traditionally preferred species with naturally red meat, such as sockeye, coho and trout. In 1999 the supply of sockeye caught in the wild in Alaska and Chilean farmed coho and trout was less than expected. This opened up for more deliveries of Atlantic salmon to this market.

Japan consumtion - main species



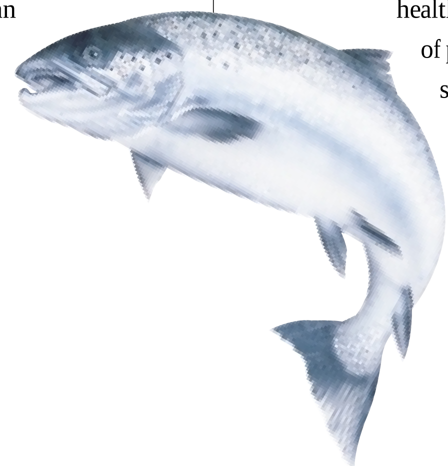
Other markets

In 1999 there was a strong volume growth in markets outside the world's three main traditional markets for salmon. According to Kontali Analyse AS 118,000 tonnes round weight of Atlantic salmon was consumed in these markets in 1999, compared with 104,000 tonnes in 1998. This constitutes an increase of 13 %. Salmon has great potential as food for a growing population of well-to-do people in the developing economies. This is especially true of countries like China, South Korea and Taiwan, but also of Russia and the rest of Eastern Europe.

The year 2000

The biomass situation changed in 1999 with a decline in the supply of salmon ready for harvesting. This boosted the price level and the rising price trend has lasted into the year 2000. So far this year, the market has been strong, as both the supply and prices have increased compared with 1999. Average EU prices in the period from week 48/1999 to week 15/2000 were 17 % higher than during the same period the year before. In the USA and Japan prices were slightly lower. However, with the exception of Great Britain, European producers have been more than compensated by favourable exchange-rates; so far this year the NOK/JPY and NOK/USD rates have both been higher than in 1999.

So far in 2000, fish farmers have attained very good prices, especially in Norway and on the Faroe islands. Not since 1994 have prices been so high in the corresponding period. Lower feed prices, better capacity utilisation and good fish health are contributing to a further reduction of production costs. Even if salmon prices should drop towards the end of the year, the prospects for 2000 are good.



TRADEMARKS

Pan Fish Sales

DELFA NORGE AS

EUROSEA LIMITED

KINN SALMON AS

a member of the Pan Fish Group

Lighthouse OF SCOTLAND LTD

Pan Fish France

SAUMONS & MERVEILLES

Faroe Silver

Norsk Sjømat As

Quality Seafood

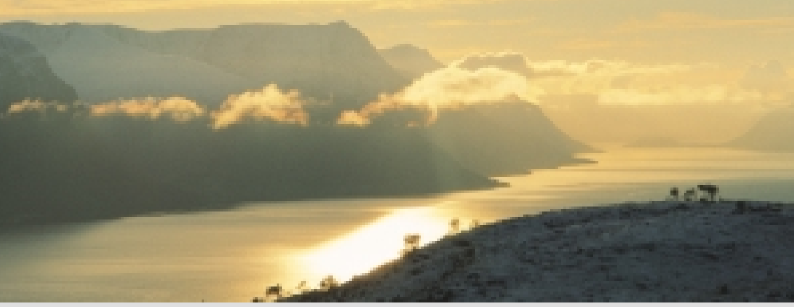
OMEGA

Vikenco a·s

a company in the AUKRA SEAFOOD group

Supreme

Seafood Farmers



Havnevik AS

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