

Annual Report 2007

# Delivering on Our Strategy

# Food safety and traceability in the aquaculture value chain

- 1 The first link in the value chain is catching industrial fish and harvesting vegetable raw materials. Small pelagic fish which are unattractive for human consumption are primarily used as industrial fish, such as anchovies, jack mackerel and sardines.
- 2 The second link is manufacture of fishmeal and oil from the industrial fish. 1 kg industrial fish yields an average of around 3-5 % fish oil and 20-25 % fishmeal, the rest is water. The main producers are Peru, Chile, Norway, Iceland and Denmark, which combined accounted for a little over half of world production of marine raw materials in 2006.
- 3 The third link in the chain is development and production of fish feeds, described in detail elsewhere in this report. The manufacturing process is illustrated in the back of this report.



Traceability for raw materials used in the production of fishmeal and oils is good. A series of data on the catch is recorded, including area, boat, catch date and temperature until it reaches the factory.

The meal/oil producer analyses the raw materials for undesirable substances such as dioxins and similar PCBs to ensure they fulfil official standards for maximum permitted values.

BioMar has documented procedures and instructions to ensure traceability up and down the value chain. When raw materials are purchased, details of the vendor and all documents related to the product are recorded (e.g. transport documents, analysis certificates, certificate of origin etc). Each batch of materials received is given a unique reference number. During production, each ingredient used is recorded by a reference number, and the final product is given a production number to ensure that each ingredient in any production process can be traced.

The authorities apply special requirements to the level of undesirable substances in raw materials and finished products, and BioMar has therefore drafted a detailed plan for routine analysis of a range of such substances in raw materials and feeds.

Food safety is a vital aspect of food production, and involves in-depth control and inspection at all stages of production from raw material manufacture to delivery to the consumer to ensure farmed fish are safe to eat.

BioMar applies risk analysis to produce a list of potentially

critical areas in the production and processing of fish feeds in accordance with the principals of the internationally recognised Hazardous Analysis of Critical Control Point (HACCP) standard. BioMar's procedures and records give full traceability up and down the aquaculture value chain.

4 | The fourth link is farming in sea farms, recirculation systems and ponds.

5 | The fifth link is processing the fish to produce fillets, marinated products and convenience foods.

6 | The last link is when the final product is eaten by the consumer after buying it in supermarkets or specialist fishmongers. Fish products are also used by the catering industry and a growing market is farm shops.



The local authorities perform regular tests of farmed fish for undesirable substances to ensure the level is lower than the maximum permitted value.

Fish farmers also have their own analysis programs to measure the levels of dioxin, PCBs, pesticides and heavy metals in their fish.

Processing companies have their own analysis programs to measure the levels of dioxin, PCBs, pesticides and heavy metals. Their analyses are stored in a database for complete evaluation of levels in relation to permitted values.

Carefully devised food safety programs also ensure that the fish produced are healthy and safe to eat.

Food safety is a vital aspect of food production, and involves in-depth control and inspection at all stages of production from raw material manufacture to delivery to the consumer to ensure farmed fish are safe to eat.

## MANAGEMENT REVIEW

### About BioMar and where we are going

Introduction to the BioMar Group	1
Selected main and key figures	3
2007 at a glance	4
Organization of BioMar Group	5
»Delivering on Our Strategy«	6
Mission, values and strategy	8

### The aquaculture industry from BioMar's perspective

Aquaculture - a growth industry	12
BioMar's value chain	16
Description of the competitive situation	20

### The Business Model of BioMar

Provimi Aqua	22
BioMar North Sea	24
BioMar Americas	26
BioMar Continental Europe	28
Research & Development	30
Corporate Responsibility	34
Risk management	36

### Creating shareholder value

Shareholder information	42
Corporate Governance	46
How the Supervisory Board creates value	48
Supervisory Board of BioMar	50

### Management review and expectations

Financial review	52
Expectations for 2008	58

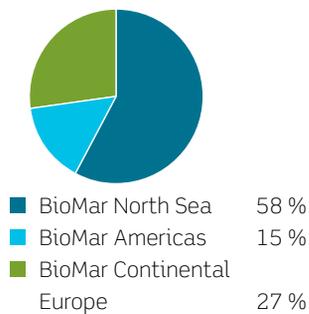
## FINANCIALS

### BioMar in figures

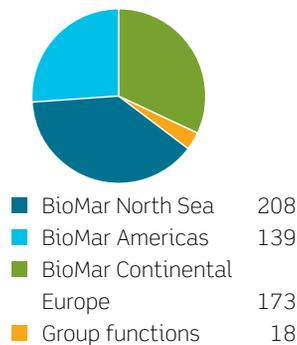
Content of accounting section	59
Accounting policies	60
Financial data	69
Notes	75
Statements	102



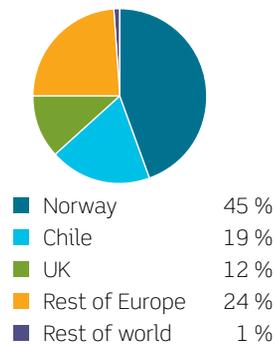
Turnover by region



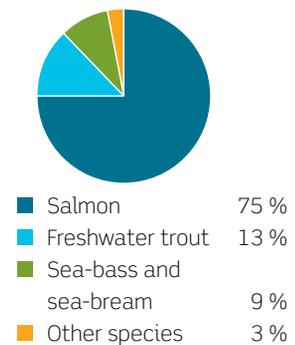
Number of employees



Volume by geographic area



Volume by species



## Introduction to the BioMar Group

### Who is BioMar

The BioMar group is the third largest supplier of fish feed to the aquaculture industry. Our main business areas are feed for salmon and trout in Norway, the UK and Chile, and for fresh-water trout, sea-bass and sea-bream in Continental Europe. The BioMar Group supplies feed to around 50 countries and for over 25 different fish species (Please refer to the backcover of this report), which in addition to the above include organic salmon, organic cod, cod, eel, turbot, halibut and sturgeon.

### BioMar's history

BioMar was established in 1962 under the name Dansk Ørredfoder A/S and taken over by A/S Korn- og Foderstof Kompagniet (KFK) in 1988. In the

1990'ies, BioMar was established in France, Norway and the UK, and at the beginning of the new millennium, also in Greece and Chile. Aktieselskabet Schouw & Co. owns 68.82 % of the shareholding after the acquisition of Norsk Hydro's shareholding in November 2005.

At the beginning of 2008, BioMar took over Provimi Aqua, the world's fourth largest supplier of fish feed.

### Organisation

BioMar Holding A/S is the group's parent company, listed on the Copenhagen Stock Exchange. BioMar is organised with a group function and 3 regions. The group headquarters in Aarhus, Denmark, employs 18 people within finance, accounting, technolo-

gy, raw material sourcing and investor relations.

BioMar North Sea includes activities and factories in Norway and the UK.

BioMar Americas includes activities and factories in Chile.

BioMar Continental Europe includes activities and factories in Continental Europe.

### BioMar key figures

Including Provimi Aqua, the BioMar Group in 2007 has revenue of approx. DKK 5 billion and produce approx. 700,000 tonnes feed using state-of-the-art production facilities in seven countries. The enterprise has approx. 800 employees, thereof approx. 150 in Denmark.



# Selected main and key figures

## BIOMAR HOLDING A/S GROUP

<b>Income statement, DKK million</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Revenue	3,677	3,274	2,622	2,603	2,661
EBITDA	248	313	210	145	(210)
EBIT	163	232	124	27	(424)
Profit/loss from financial items, net	(35)	(21)	3	5	(34)
Profit/loss for the year before tax	128	210	126	32	(458)
Profit from discontinued operations	19	75	49	2	0
Profit for the year	138	241	166	(9)	(390)
<b>Balance sheet, DKK million</b>					
Non-current assets	733	843	756	713	622
Current assets	1,101	1,107	1,005	1,170	1,513
Assets held for sale	1,251	-	-	-	-
Total assets	3,085	1,950	1,761	1,883	2,135
Equity (parent company)	1,138	967	836	1,255	1,275
Average invested capital	973	920	959	1,114	1,682
<b>Financial ratios</b>					
ROIC before tax	16.8 %	25.2 %	12.9 %	2.4 %	(25.2) %
Operating margin (EBIT margin)	4.4 %	7.1 %	4.7 %	1.0 %	(15.9) %
ROIC before tax adjusted for non-recurring items	16.8 %	22.0 %	14.1 %	11.3 %	-
EBIT adjusted for non-recurring items	163	202	135	126	-
EBIT margin adjusted for non-recurring items	4.4 %	6.2 %	5.1 %	4.8 %	-
Volume (tonnes)	547,300	513,067	466,887	440,078	-
Gross profit per kilo (DKK)	1.63	1.69	1.61	1.73	-
EBITDA plus change in working capital	265	307	272	317	-
Acquisition of property, plant and equipment	141	121	49	53	-
Receivables	526	510	470	522	-
Overheads	360	334	311	319	-
Number of employees (year end)	538	497	499	503	517
Equity ratio	62.1 %	49.6 %	47.5 %	66.6 %	59.7 %
Return on equity	13.1 %	26.7 %	15.9 %	(0.7) %	(22.4) %
<b>Financial ratios for shares</b>					
Number of shares, face value of DKK 1,000 each (year end)	10,999	10,999	10,999	10,999	10,999
Market price (year end)	197	246	137	110	93
Net asset value per share	103	88	76	114	116
Price/book value (year end)	1.90	2.80	1.80	0.96	0.80
Earnings per share	11.5	21.9	15.1	(0.8)	(35.5)
Price Earnings Ratio (P/E)	17.1	11.2	9.1	neg.	neg.

Main and key figures for 2004-2007 were prepared in accordance with IFRS. The comparative figures for 2003 have not been restated to the changed accounting policies, but prepared in accordance with the former accounting policies based on the Danish Financial Statements Act and Danish Accounting Standards. We refer to the section »Definition of financial ratios« under »Accounting policies« with the exception of equity ratio for 2007, which has been calculated as »equity excluding minority interests as a percentage of assets of continuing operations«.

## 2007 at a glance

The most important events of the BioMar Holding A/S Group during 2007:

- The first months of 2007 enjoyed a promising start, with favourable water temperatures in Europe. BioMar announces forecast EBIT of approx. DKK 200 million.
- BioMar presents the strategy »Going for Global Growth« focusing on growth through acquisitions, new species, new geographical areas and organic growth.
- In March 2007, BioMar acquired additional 13.7 % of the shares in the Norwegian farming company, Sjøtroll Havbruk AS, allowing BioMar to take majority control with a 50.9 % shareholding. At the same time, BioMar announced the intended disposal of the entire shareholding.
- BioMar was close to full capacity utilisation in the North Sea region and, therefore, expanded the capacity in Grangemouth, Scotland, and in the factories in Karmøy and Myre in Norway during the first half of 2007.
- The capacity expansion in the two Norwegian factories was delayed. In addition, BioMar faced major production problems on production restart. The problems persisted during the peak season producing significantly reduced earnings. Accordingly, in the Q3 Interim Report 2007, BioMar revised its forecast EBIT downwards to approx. DKK 160 million.
- In August 2007, BioMar's new production line at the factory in Pargua, Chile, was ready to be put into service, thereby almost doubling BioMar's capacity in Chile. Practically at the same time, Chilean market growth began to slow down because of fish diseases. The escalating problems with fish diseases produced lower growth, higher mortality rates and culling by farmers.
- Notable fluctuations in raw material prices were seen during the year, and the prices of fish oils and vegetable proteins and oil were heavily on the increase. The major fluctuations in the prices of raw materials and considerable changes in the relative development between the different raw materials make it more complex to deliver high-performing products.
- In November 2007, BioMar reached an important milestone in its strategy »Going for Global Growth« in the form of the agreed acquisition of Provimi Aqua. The acquisition was finalised at the beginning of 2008, allowing BioMar to double its market share in Chile and to become a leading player in Continental Europe.

## Resolving production issues in Norway

BioMar was close to full capacity utilisation and therefore expanded the capacity in the factories in Karmøy and Myre in Norway during the first half of 2007. The capacity expansion was delayed. In addition, BioMar faced major production problems on production restart. The problems persisted during the peak season, producing significantly reduced earnings. Predominantly as a result of this situation, forecast EBIT was revised downwards to approx. DKK 160 million in the Q3 Interim Report 2007.

When he took up his position with BioMar in September 2007, Tore Wikdal immediately became a driving force in restoring production efficiency in Norway. "The problems were motivated by several factors. Initially, identifying the cause of the problems was important to determine the most efficient course of action", says Tore Wikdal.

Tore Wikdal continues "We put additional focus on operational management of the factories and laid down specific target areas with clearly defined milestones and responsible employees. In addition, we defined production performance targets and followed up on the financial ratios. Fairly soon we began to enjoy a notable change."

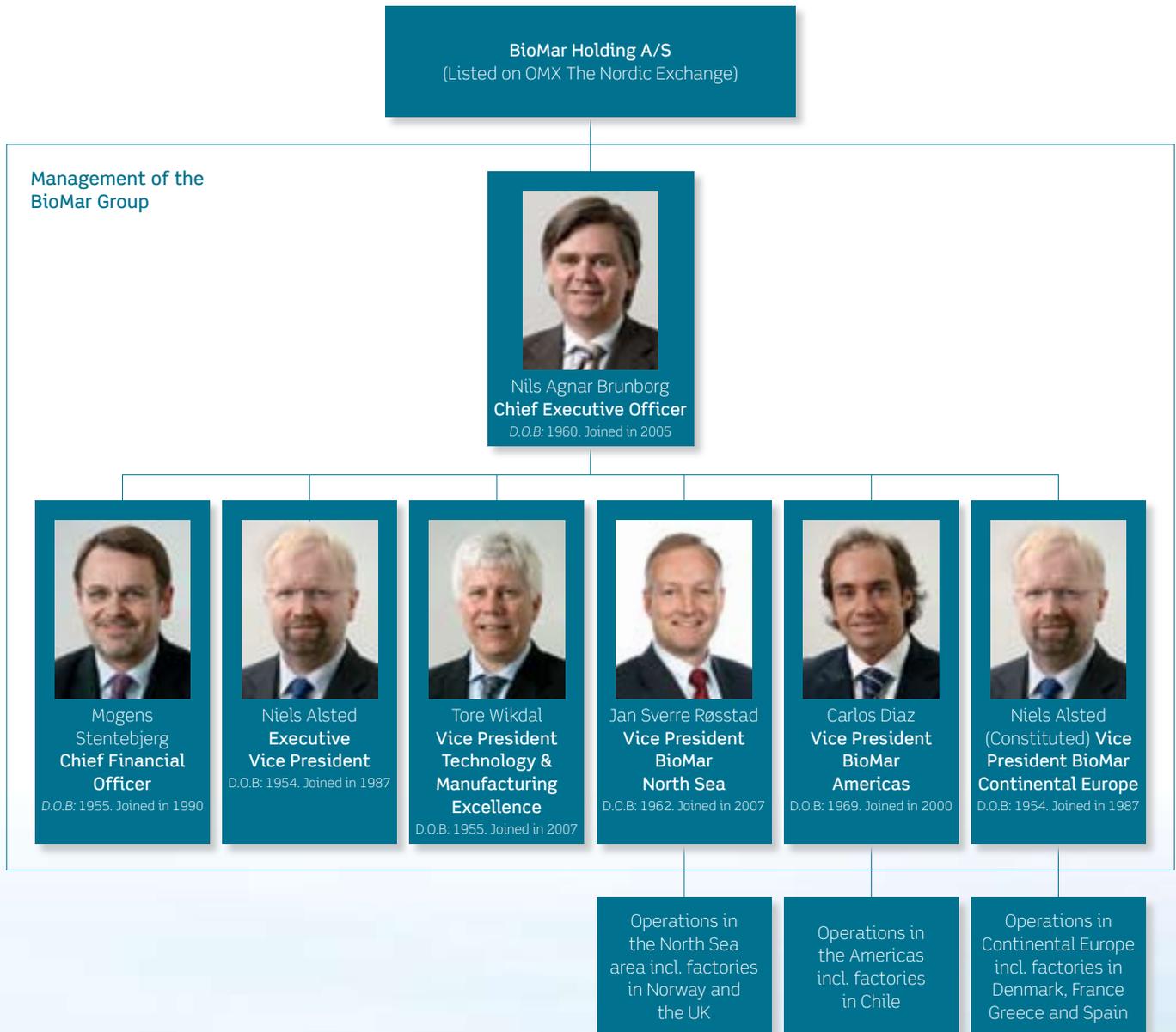
Tore Wikdal concludes "Our customers do no longer encounter any quality problems, and we have come a long way in our production optimization process. We are not quite there yet, but we are well under way to achieve the targeted best-in-class production efficiency."

### Tore Wikdal

Tore Wikdal, Vice President, Technology & Manufacturing Excellence. Tore Wikdal is responsible for the technological development, production and research & development of BioMar at group level. He has been employed with BioMar since September 2007.



# Organization of BioMar Group



## »Delivering on Our Strategy«

In this section, Nils Agnar Brunborg, CEO, comments on the first year with the strategy »Going for Global Growth«.

**Q: »Going for Global Growth« was introduced one year ago – are you satisfied with the outcome of the first year?**

A: In 2007, we reached two important milestones:

- At the beginning of 2007, we implemented a regional organisational structure. Accordingly, the Group Management has strengthened its market relations and holds an operational responsibility promoting prompt decision-making. At the same time, the regional organisational structure allows us to integrate acquired enterprises into our existing organisational structure to derive synergies.
- This is closely related to the most important milestone in 2007, the acquisition of Provimi Aqua, which was finalised at the beginning of 2008. Provimi Aqua will further strengthen BioMar's position as the third largest supplier of fish feed.

**Q: BioMar's strategy »Going for Global Growth« includes financial targets. To what extent have these been met?**

A: »Going for Global Growth« lays down four financial targets:

- The first target is to generate a return on invested capital (ROIC) of more than 15 %. In 2007, we reported a return on invested capital above 15 %, which was down on 2006 with ROIC coming in at 22 %. The decline was mostly accounted for by the less satisfactory development in Norway arising from production problems. This is counterbalanced by a good development in working capital.

- The second target is to report one of the highest EBIT margins within industry, i.e. up on those of Skretting and EWOS. We failed to reach that target in 2007, again primarily arising from the production problems in Norway. EBIT-margin in 2007 is not satisfactory.
- The third target is to generate revenue of DKK 5-6 billion in 2010. Prompted by the acquisition of Provimi Aqua, we stand a good chance of meeting that target in 2008.
- The fourth target is to realise cash flows from operating activities of more than DKK 250 million each year. We met that target in 2007. We define this target as EBITDA plus change in working capital. Despite lower EBITDA we reached the target due to the good development in working capital.

»Reporting the targeted revenue of DKK 5 billion as early as two years ahead of schedule gives us great satisfaction.«

**Q: If BioMar reports the targeted revenue as early as in 2008, is the target to be revised then?**

A: Reporting the targeted revenue of DKK 5 billion as early as two years ahead of schedule gives us great satisfaction. The short-term approach

would be not to revise that target. We will instead focus on meeting the other financial targets – mostly by increasing earnings in Norway and by deriving the benefits from the acquisition of Provimi Aqua.

**Q: What benefits do the acquisition of Provimi Aqua offer?**

A: Our acquisition of Provimi Aqua was motivated by several factors:

- Firstly, BioMar will double its market share in Chile and become an important player on the Chilean market. In addition, BioMar will enjoy close co-operation with the world's third largest farming company, AquaChile.
- Secondly, we are at the forefront with the required integration on the fairly fragmented Continental European market. The production in the Horsens factory will, to a less extent, be directed towards the Continental European market and, to a higher degree, will be directed towards the Norwegian market. Accordingly, BioMar will have additional capacity to keep pace with the projected growth on the Norwegian market and at same time reduce the overcapacity on the Continental European market.
- Thirdly, the employees from Provimi Aqua possess major specialised business insight and competencies. Provimi Aqua has demonstrated major excellence within e.g. feed for eel and new species such as cod and has strong product programmes for the larvae stages. These areas are complementary to BioMar's existing business areas, allowing BioMar to offer a wide product

»The employees from Provimi Aqua possess major specialised business insight and competencies.«

programme to its customers. In the coming years, BioMar will invest heavily in strengthening its leading position within these areas, in particular within larvae feed in Chile.

- BioMar and Provimi Aqua's locations in Denmark and Chile are in close proximity, allowing BioMar and Provimi Aqua to integrate their administrative facilities in Denmark and Chile. Finally, a substantially increased volume will promote a more efficient business approach in the form of economies of scale within sourcing, Research & Development and more efficient utilisation of the production facilities.

**Q: Provimi Aqua is a major company compared with BioMar – a successful integration may pose a major challenge?**

A: BioMar has more than 500 employees and Provimi Aqua slightly below 300 employees. The integration of the two companies poses a major challenge. The companies have different cultures, and acquisitions generally foster uncertainty among the employees. The focal point of such a process is to focus on customer service and persistently to supply high-quality products.

**Q: Triggered by its acquisition of Provimi Aqua's activities in Chile, BioMar doubles its market share – what is the outlook for fish disease in Chile?**

A: Fish farming involves biological production, which may entail disease, stress or mortality among the fish. This may have the outcome that the fish do not eat the expected

feed quantity or that the farming companies make use of culling. This has previously been the scenario in Canada, Scotland, Ireland, the Faroe Islands and Norway and now also in Chile. Chile persistently offers excellent biological conditions for fish farming. The Humboldt Current facilitates optimum year-round water temperatures. In addition, Chile has large areas in region XI with major long-term fish farming potential. BioMar's investments in Chile underpin our faith in the long-term outlook for Chile.

**Q: With Provimi Aqua's two factories in Continental Europe, BioMar will become a market leader – what are the consequences thereof?**

A: In its capacity as market leader, BioMar is under an obligation to set the market standards. This applies to areas such as the use of alternative raw materials and sustainability where BioMar, prompted by its resources within Research & Development, may take a forefront position. During the years, BioMar has been reputed for its high product performance, efficient logistics and technical service to the customers. As market leader, we should, of course, strive to raise the standards within these areas.

**Nils Agnar Brunborg**

In his capacity as CEO of BioMar, Nils Agnar Brunborg has the overall responsibility for strategy, organisation and the acquisition of Provimi Aqua. Nils Agnar holds a Master in Business Science. He joined BioMar in 2005.



# Mission, values and strategy

## The strategy execution

The strategy may be written on paper, but it is worth nothing unless it is brought to life by the actions of the employees of BioMar. The illustration shows the steps involved in translating the overall Mission and Values of BioMar into Financial Targets, Strategy Map and ultimately into our Performance Management system.



## Mission

We believe the Mission of BioMar provides a meaningful description of "why we exist" as a company. The Mission will remain relatively stable over time even as the world around us may change significantly.

### Mission of BioMar

The people of BioMar provide healthy and sustainable growth for customers and shareholders by creating innovative feed solutions to develop aquaculture world-wide

## Values of BioMar

The Values of BioMar describes "what we believe in" as employees of BioMar. The management of the BioMar Group seeks to conduct a management style that is open and honest. We value personal responsibility and initiative, which is made possible by the Values of BioMar that provide guidelines for our behaviour.

Respect	Courage	Innovation	Execution	Openness
<p>We act with integrity based on mutual trust and recognize the inherent value of all people and the environment.</p> <p>We take pride in developing people and teams.</p>	<p>We like challenges and take measured risks.</p> <p>We drive change and improvement.</p> <p>We strive for being winners.</p>	<p>We seek opportunities and strive for innovative business solutions internally and externally on behalf of our customers.</p>	<p>Based on skills and insights we act and get things done.</p> <p>We value personal responsibility and initiative.</p>	<p>We work with others in an open and inclusive way.</p> <p>We are reliable and trustworthy.</p> <p>We work and act global.</p>



## Financial Targets and Strategy Map

The Financial Targets of BioMar describe what "we want to achieve" and the Strategy Map provides an illustration of "how the strategy links together".

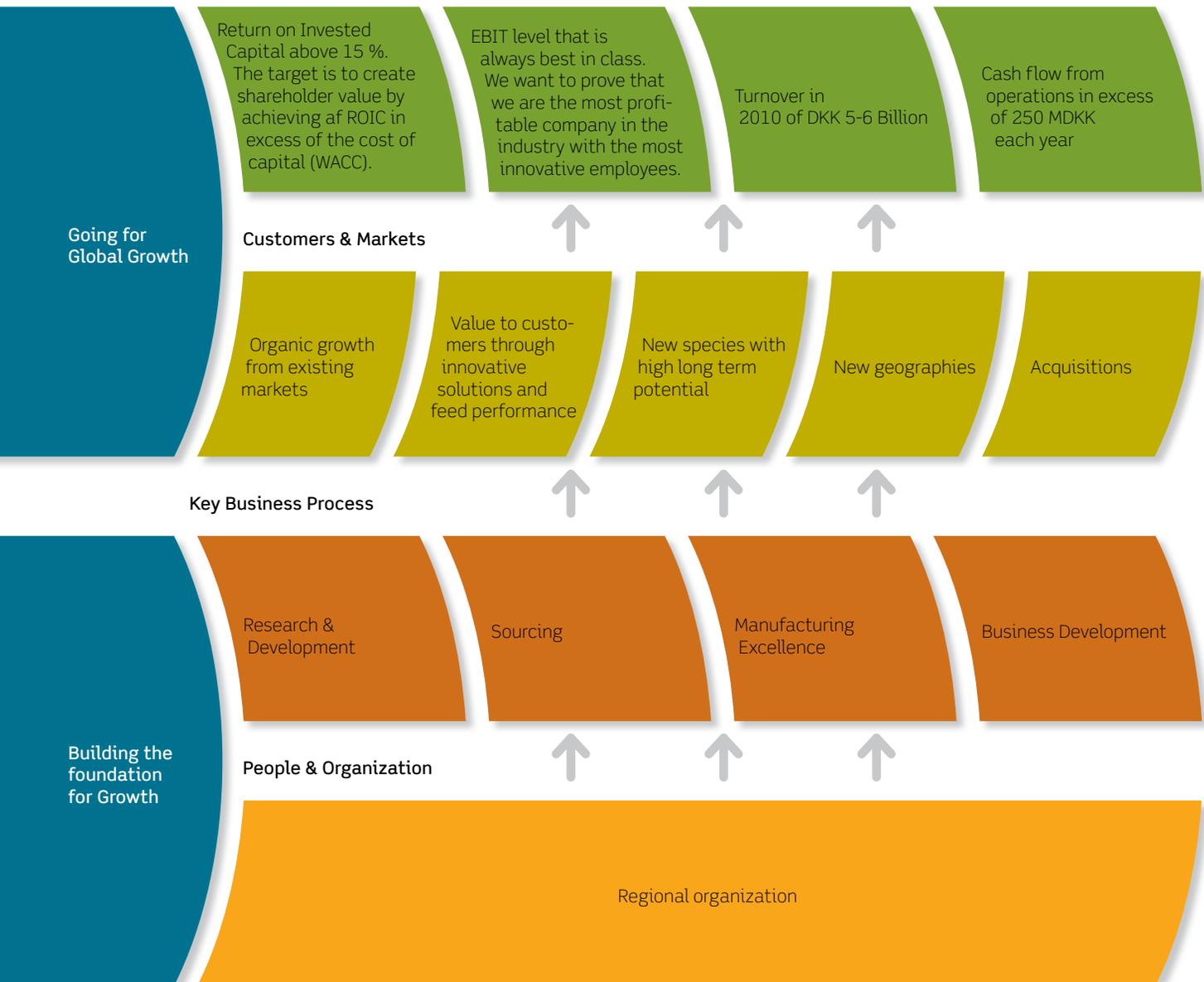
The Strategy Map illustrates a cause and effect relationship between the Financial Targets at the top that is driven by development in

Customers & Markets, the driver of which are key business processes that again is driven by the People & Organization of BioMar.

The foundation for growth is the regional organization and key business processes: Business Development, R&D, manufacturing excellence and sourcing.

This is the driver of »Going for Global Growth« which involves putting increased focus and resources to R&D in order to enhance competitiveness of the BioMar and unleashing the growth potential of the BioMar Group by organic growth and growth from new species and geographies and through acquisitions.

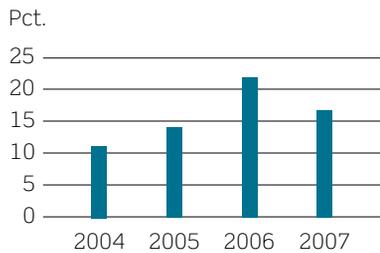
### Financial Targets



## Performance Management

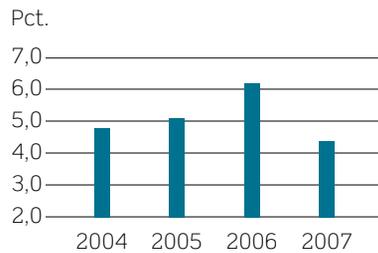
Performance Management is about "how we measure success" of the new strategy. We will use the existing Performance Management system of BioMar to measure the success of the new strategy, but additional measures may be implemented over time. The Performance Management system of BioMar includes the measures, listed in the table below.

### ROIC before tax



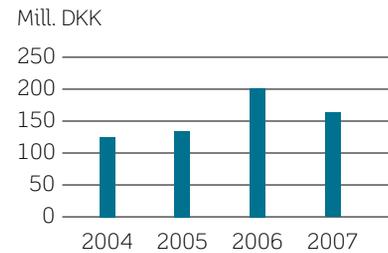
In the stock market ROIC is considered one of the most important indicators of whether a company create shareholder value.

### EBIT-margin



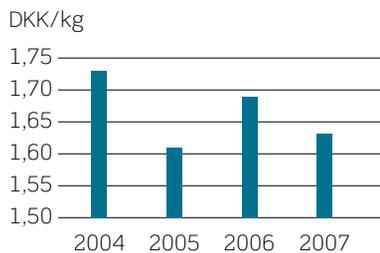
EBIT-margin shows how efficient BioMar is run

### EBIT



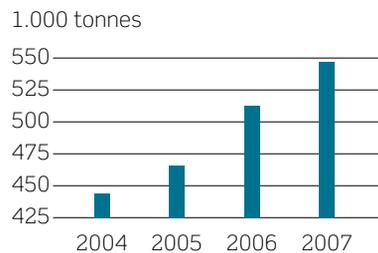
EBIT is important because it constitutes an important part of ROIC, where ROIC is defined as EBIT divided by invested capital.

### Gross profit per kilo



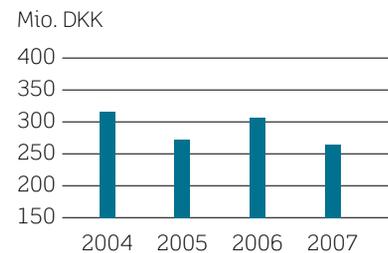
Gross profit per kilo is very important because it is a key driver of EBIT.

### Volume



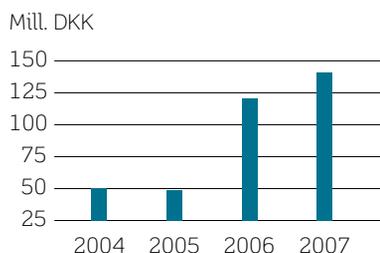
Volume sold is important because it is another key driver of EBIT.

### Cash flow before financing



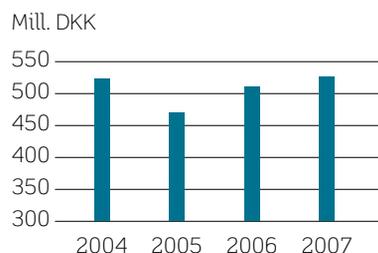
High cash flow from existing operations (defined as EBITDA plus change in working capital) will enable investments to make acquisitions

### Purchase of tangible fixed assets



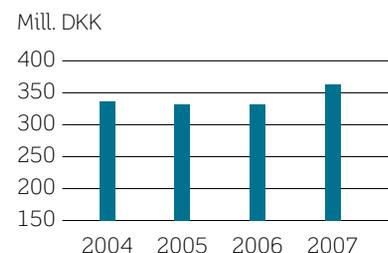
Growth will partly be driven by capital expenditure.

### Receivables



Receivables is a key driver of net working capital that again is an important part of cash flow.

### Fixed Cost



To build the foundation for growth we will build functional expertise within areas such as Business Development etc. as a consequence fixed cost will increase.

# Aquaculture – a growth industry

## Fish is healthy and trendy

It has become trendy to eat fish in recent years, thanks to its reputation for being healthy and an important part of low-fat diets. Fish restaurants all over the world are experiencing rapid growth as a result.

## Fish is a vital source of protein

Fish is a vital source of protein, and represents around 5 % of protein intake in the EU and USA. However, it is a significantly smaller source of protein than others, as can be seen on the next page.

In recent years, fish and shellfish have begun to increase in significance as a source of protein, due partly to the health-related benefits they give thanks to their content

of Omega 3 fatty acids, vitamin D, iodine and selenium.

## Aquaculture provides efficient production of proteins for humans

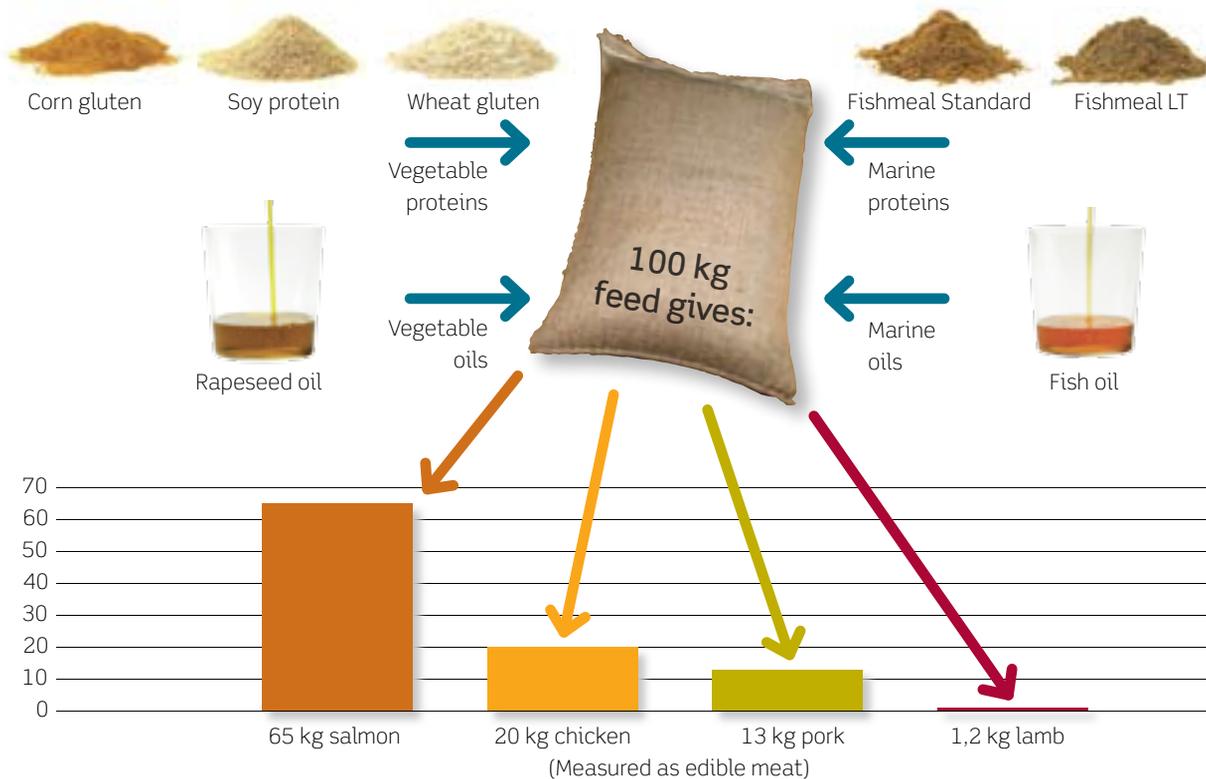
Aquaculture is a very efficient way of manufacturing proteins for human nutrition for several reasons, including:

- **A low Feed Conversion Ratio.** The feed conversion ratio is defined as the amount of feed needed to produce a kilo of fish. The ratio is relatively low in the aquaculture industry, e.g. for salmon and trout it is around 1.0-1.2 - i.e., an average of around 11 kg feed to produce 10 kg of fish. Please note that the ratio varies from species to species and farmer to farmer.

- **Efficient energy use.** Farming in water means that fish use less energy to counter the effects of gravity than animals that breed on the land. Fish are also heat-adaptable animals, which is why they do not use energy to regulate their own temperature, but can adapt efficiently to the water temperature.

- **High yield.** As there is a relatively high amount of meat and relatively little bone and fins in fish, the yield in relation to weight is high; this is in contrast to farm animals where the yield of edible meat is sharply reduced by bones, hooves, coat, feathers, etc.

## Efficient production of proteins



Source: Kontali

### The aquaculture industry in growth

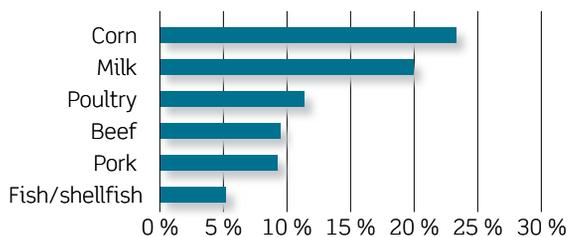
Aquaculture is an industry on the way up. And this escalation is due to a range of circumstances, such as:

- **Stable supplies.** Supplies of farmed fish are stable and predictable, in sharp contrast to those of wild catch fish, where supplies are affected by such aspects as weather

and quotas. The predictability of supplies is vital for major buyers of fish, such as restaurants and the catering industry.

- **Quotas for wild catch fish.** Quotas have been imposed on catching various species of fish in different areas. This is because stocks of several species have fallen below the level at which reproduction can naturally counterbalance catches. The catch of many wild species has consequently been sharply reduced over many years, and demand for fish cannot be catered for from wild sources.

Breakdown of nutrition by protein sources



Source: FAO and Kontali (Protein intake in the 15 EU countries and the USA in 2002)

## Feed for organic fish

### Increasing demand for organic fish reaches supermarkets

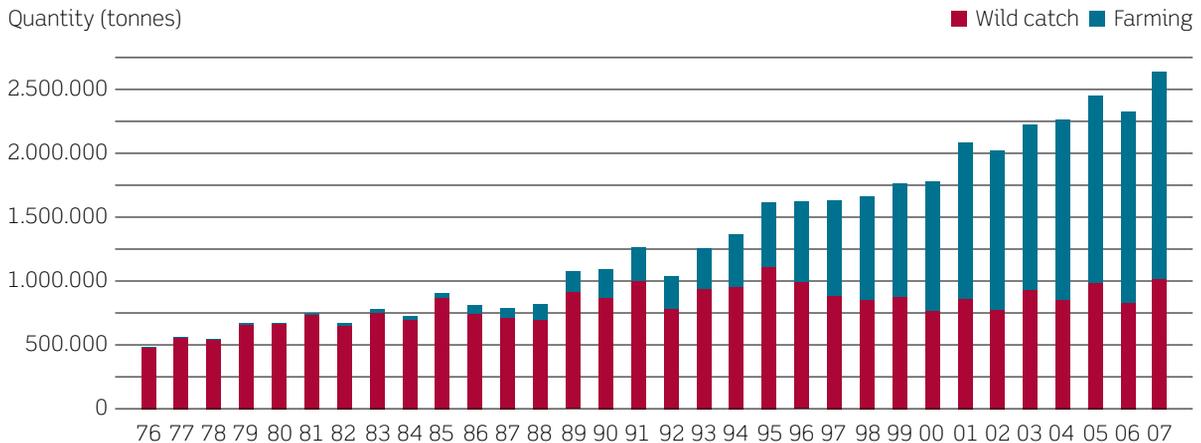
On individual markets, the sale of feed for organic fish still represents a minor niche, but the cross-market demand is now of such scope, enabling profitable production on BioMar's factory in Grangemouth, Scotland. This factory produces Ecolife Pearl initially for the North European customers, but farmers all over Europe show an increasing interest in this segment as the consumers begin to appreciate organic fish.

"The production of feed for organic fish requires separate warehouse facilities for organic raw materials, and the reconfiguration of production equipment to organic production is a time-consuming process. Therefore, it makes sense to centralise production at one of our factories", says Peter Bell Jensen, Product Manager of BioMar Baltic. "Over the past three years, we have run a test production, which initially was to meet the demand in Denmark. However, prompted by the increasing demand from Germany and other countries, we were forced to find an alternative solution. Accordingly, we approached our Scottish colleagues, who were already producing feed for organic cod, to examine the possibility of any co-operation".

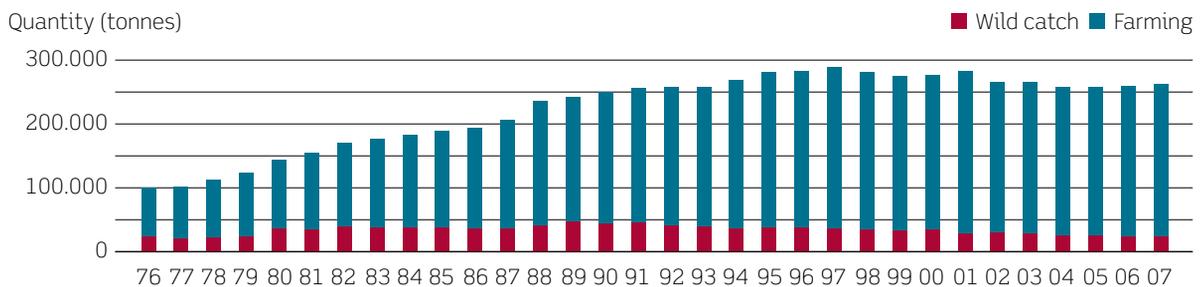
However, one of the challenges of selling feed for organic fish is the differentiated, required certifications on the individual markets. "As a result of the differentiated requirements, feed containing certain raw materials may be certified on one market, but not certified on another market if just one raw material fails to meet the requirements in question. Consequently, we need to find a solution meeting the required nutritional contents in feed and at the same time complying with the requirements for certification across all markets. Following a minor adjustments by the Scotsmen, Ecolife Pearl represents the desired solution", concludes Peter Bell Jensen.



### Global wild catch and farming of salmonids



### Global wild catch and farming of freshwater trout



- Aquaculture replacing wild catch fish.** As demand for fish cannot be adequately met by wild catch fish, the aquaculture industry makes up market needs. The figures above and on the opposite page show how farming has replaced wild catch fish within a range of different species.

Farmed *salmon* (incl. Pacific salmon and trout) represented less than 10 % of the global catch 20 years ago, whereas they now account for over 60 % of the salmon market.

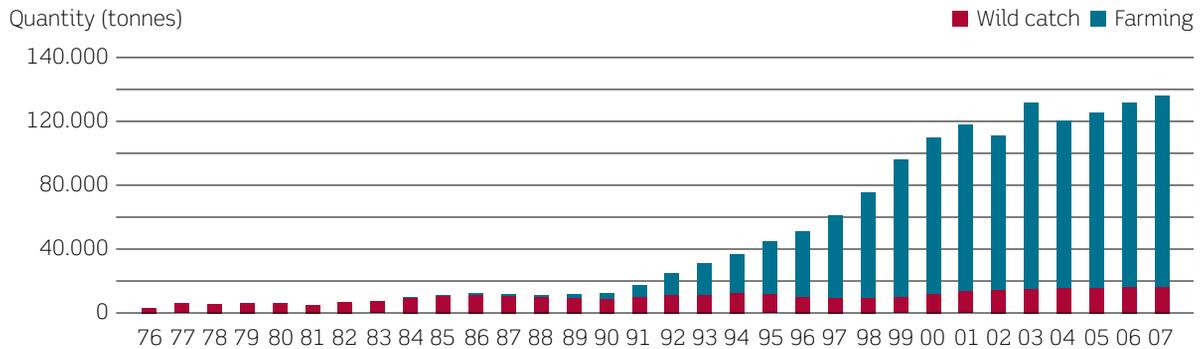
During this period, wild catch salmon has stagnated, and growth has been achieved by farming salmon, reaching a volume of around 1,500,000 tonnes.

The farming of *freshwater trout* has been common since the early 1950s, yet the total volume in 2007 was still less than 250,000 tonnes.

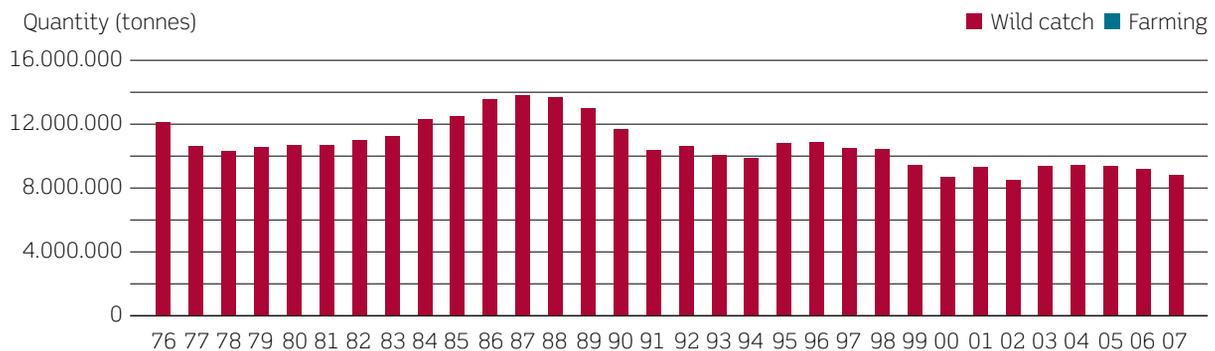
The farming of *sea-bass* and *sea-bream* has become commercialised over the last 15 years, with volume exceeding 100,000 tonnes in 2007.

Many fish farming companies are investing heavily in the commercialisation of farmed *cod*. However, farmed *cod* only accounted for an insignificant part of the very large market for wild catch *cod* species in 2007, which was around 10,000,000 tonnes.

### Global wild catch and farming of sea-bass and sea-bream



### Global wild catch and farming of cod

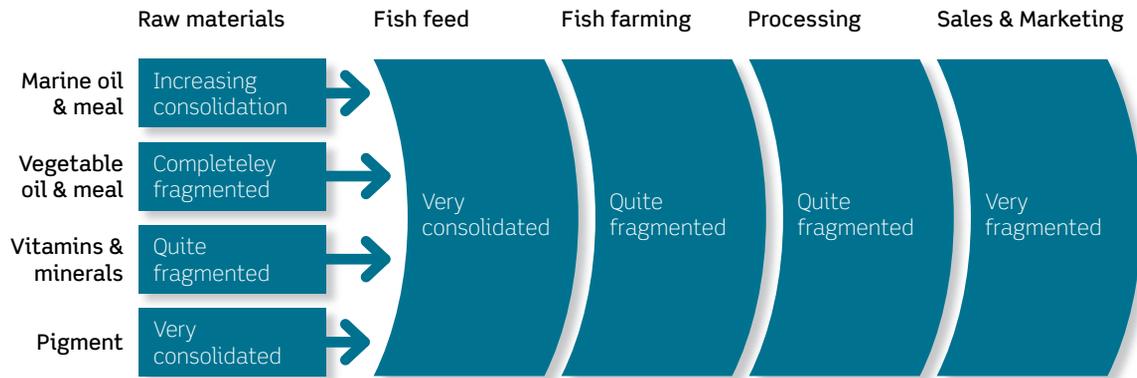


Source: FAO og BioMar

## Brief facts on aquaculture – efficient production with major potential

- 70 % of the surface of the world is water - there is massive unexploited potential in aquaculture.
- Within industrialised aquaculture, Norway and Chile are the two largest producers in the world, with combined production of around 600,000 tonnes fish per year.
- The fjords of these two countries enable efficient use of deep water for fish farming. The nets used for fish farming are on average 20 metres deep.
- Around 900 concessions have been granted in Norway for salmon and trout farming. Each concession has an average volume of 10,000 m<sup>3</sup>. 9 million m<sup>3</sup> is therefore used by Norwegian fish farmers.
- Annual farming output in Norway can be produced within an area of 450,000 m<sup>2</sup>. This is equivalent to a square of less than 700 x 700 metres, corresponding to around 65 football pitches. A very small area for annual production of around 600,000 tonnes!

## BioMar's value chain



### The value chain

Production of fish feed is part of a value chain, which includes raw materials, production of fish feed, fish farming, processing, sales and marketing.

### Raw materials – major price fluctuations

BioMar uses a wide range of raw materials for the production of optimum fish feed. Pictures of the main raw materials are shown on the inside back cover of this report.

Costs for the various types of raw materials break down roughly as shown below. Fish meal's share of raw material costs decreased from 2006 to 2007, whereas alternative proteins' share increased; partly due to increased substitution of fish meal with alternative proteins and partly due to a decrease in the price of fish meal, whereas it increased considerably for most vegetable proteins. The increased substitution of marine ingredients with alternative raw materials is elaborated on in the sec-

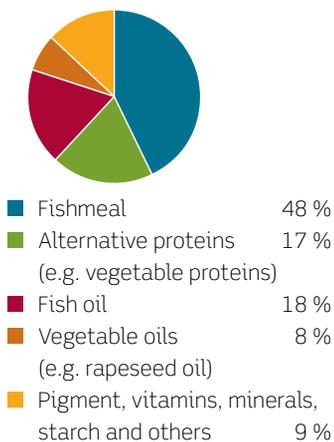
tions on "Research & Development" and "Corporate Responsibility".

Traditionally, the most important raw materials have been marine raw materials (fish meal and oil). Marine raw materials are derived from the small-boned pelagic fish species which are rarely used for human consumption. Further marine raw materials come from parting fish used for human consumption.

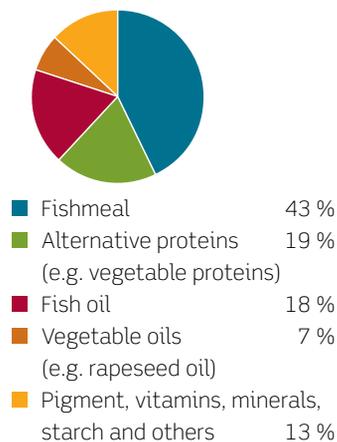
Marine raw materials represent around 61 % of total raw material costs. Increasing consolidation is occurring amongst suppliers of marine raw materials, primarily based in Peru, Chile, Denmark, Norway and Iceland.

One of BioMar's long-term objectives is to have the most flexible selection of raw materials in order to, at any time, to deliver products with the best performance. If alternative raw materials like e.g. vegetable proteins and oils are used, the dependency of marine raw materials is reduced, and the sustainable development of the aquaculture industry is supported. Many resources are used and we have succeeded in reducing the content of marine raw materials in our fish feed without affecting fish growth and health, feed performance or – most important – quality.

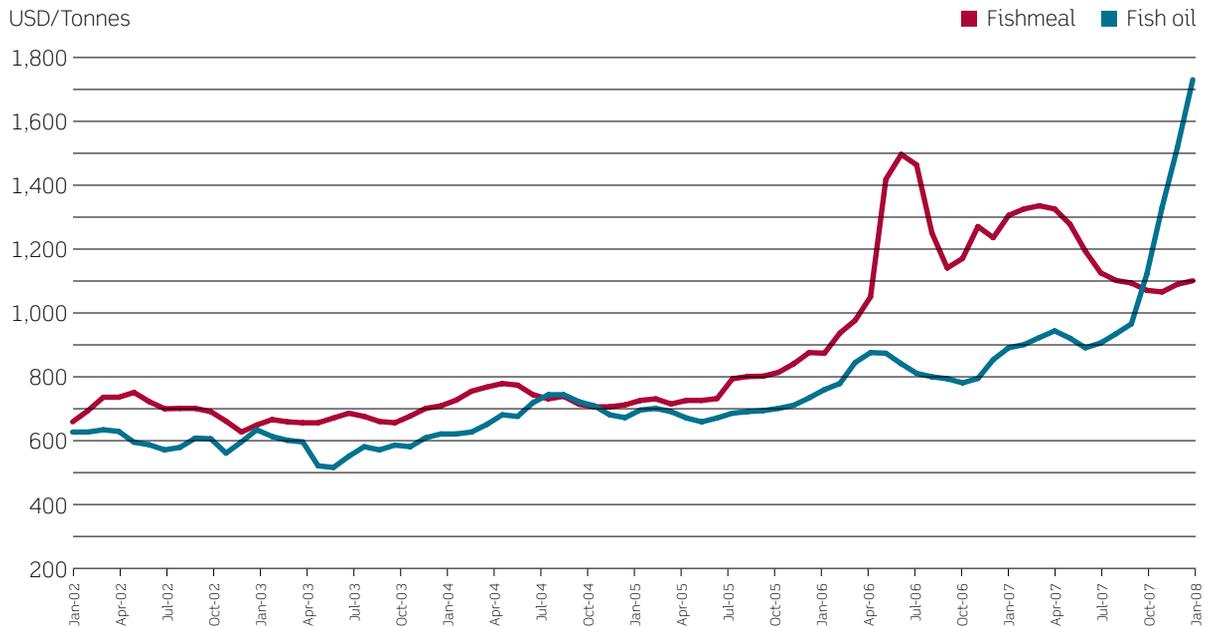
Breakdown of costs, 2006



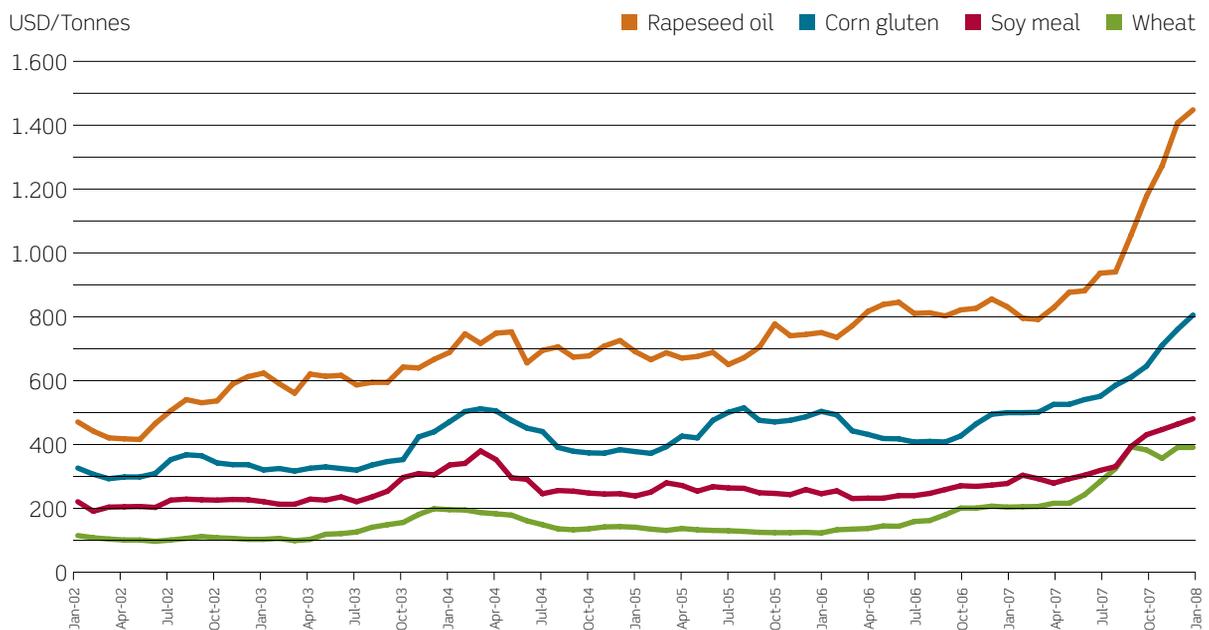
Breakdown of costs, 2007



Price development of Fish oil and meal (2002-2008)



Price development of selected vegetable raw materials (2002-2008)



Alternative raw materials like e.g. vegetable proteins and oils today account for around 26 % of the raw material costs.

The considerable price fluctuations in raw materials and major changes in the relative development between the various raw materials entail increased complexity in delivering the best performing products. The price fluctuations in raw materials increase the need for a business model with a flexible raw material basis in the recipes, which are supported by flexible sourcing and inbound logistics as well as adaptability in production. A flexible business model is therefore a necessity to be able to deliver high-performance products to the customers.

Fish derive pigment in nature mainly from eating animal plankton and invertebrates as they cannot produce pigment themselves. Feed for salmon, coho and trout includes varying amounts of pigment to ensure the red colour of the flesh. The pigment is synthetically produced but is chemi-

cally identical with naturally-occurring pigment. There are some suppliers of synthetic pigment in the world.

Vitamins, minerals and starch are also added.

#### Farming – a cyclic industry

BioMar's customers are fish farmers and in Norway, the UK and Chile our feed is primarily used for farming salmon, whilst in the rest of Europe they are primarily used for freshwater trout, sea-bass and sea-bream. Salmon farming in Norway, the UK and Chile, plus sea-bass and sea-bream in the Mediterranean takes place at sea, whilst farming of freshwater trout uses traditional fish ponds. The BioMar Group supplies feed to around 50 countries and for more than 25 different fish species, which in addition to the above include organic salmon, organic cod, cod, eel, turbot, halibut, sturgeon, etc. Over the years, there have been major fluctuations in the prices paid to farmers for the fish they sell.

Salmon price fluctuations are illustrated on the next page. Salmon feed represents 75 % of BioMar's volume sold in 2007.

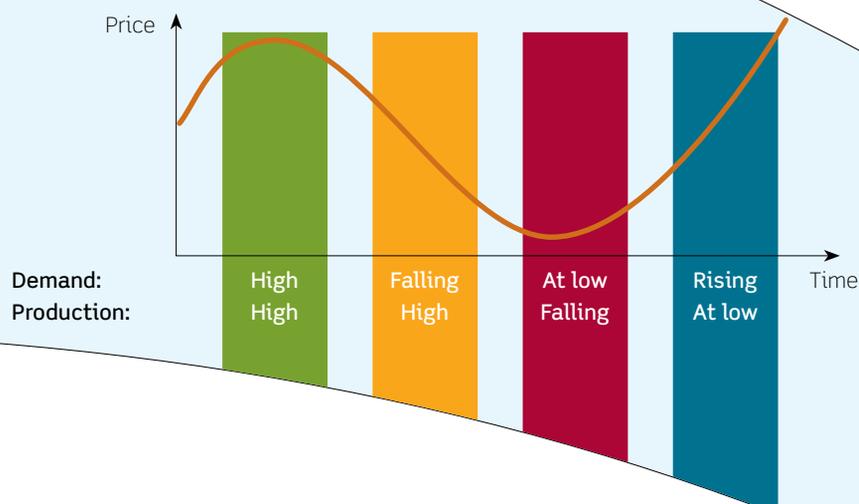
The huge fluctuations is due to the lack of balance between supply and demand which often occur because fish farming is basically a biological production process, which makes short term adjustment of fish supply difficult. For example, it takes approx. 6-9 months to breed a small salmon of around 100 grams (smolt). The smolt is released into the sea nets and after around 14-18 months harvested with a weight of 4 kg or more. The supply of salmon is thus determined 18-24 months in advance. Production and release of smolt is not necessarily based on projected demand, and demand cannot always be predicted with accuracy. For instance, it can be affected by new regulations, consumer and retail perceptions of food safety, and by any one of the general economic factors, such as developments within the catering and restaurant industries, which account for a large part of the demand.

Due to the discrepancy between demand and supply, fish farming can be regarded as a cyclic industry, as illustrated below.

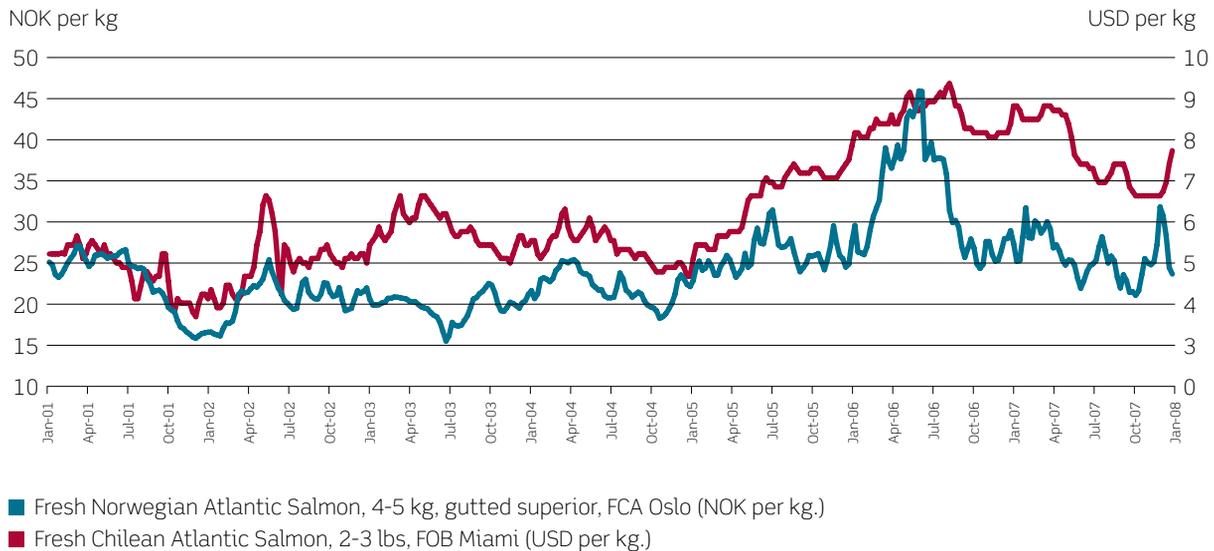
#### Fish feed – stable link in the value chain

Despite the cyclic nature of fish farming, sales of fish feed are not correspondingly cyclic. This is because BioMar's gross profit is not significantly affected by short term and minor

Illustration of  
cyclic industry



### Salmon prices (2001-2008)



changes to fish prices. Extended periods of low fish prices and poor profitability can however affect our customers' ability to service debt and their solidity, causing BioMar's credit risk to increase. Furthermore, our customers' ability to finance operations and growth can also be negatively affected.

#### The balance between sourcing of raw materials and selling feed

BioMar's ability to strike a balance between sourcing of raw materials and selling feed is thus vital to gross profit per tonne. The balance between sourcing and use must be seen in relation to the availability of raw materials and their price.

- **The balance with regard to availability.** The fish used for marine raw materials are subject to quota, and caught in limited periods. Availability of marine raw materials is thus unevenly spread through the year. The same applies to several vegetable raw materials with limited availability at some times of the year.

- **The balance with regard to prices.**

BioMar tries to strike a balance between the price of raw materials and sales prices by adjusting list prices and building-in price regulation mechanisms into major contracts. In our Continental Europe region, standard price lists are used to a wide extent. Traditionally prices are adjusted in relation to fluctuations in raw material prices. In the North Sea and Americas regions, individual contracts with major customers are common. Individual contracts are typically for a period of 1 to 2 years, but often include price regulation mechanisms that lead to price adjustment every 3 months for example. BioMar tries to minimise its exposure to fluctuations in raw material prices by setting the purchase price at the same time as the price to customers is set. By doing so, we can reduce our exposure to fluctuations in raw material prices by linking them wholly or partly to the sales price in customer contracts.

Furthermore, BioMar focuses strategically on reducing dependence on marine raw materials by continuing its efforts within Research & Development, where one of our central objectives is substitution of marine ingredients by alternatives, such as vegetable proteins and oils.

Gross profit per tonne is to a large degree governed by our ability to achieve a balance between purchase of raw materials and sales of feed. The gross profit we earn per ton is vital to the profitability of the BioMar Group and is used instead of gross margin (in %), as the latter is affected by fluctuations in raw material prices without affecting BioMar's profitability - all things being equal. For example; if the price of raw materials rises and is passed on to our customers, BioMar's revenue will increase, but the gross profit will remain unchanged whilst gross margin (in %) will fall. Rising raw material prices will result in lower gross margins (in %), but not necessarily affect our gross profit, per tonne - and BioMar's underlying profitability.

# Description of the competitive situation

BioMar is the world's third largest producer of feed for the aquaculture industry, with a market share of approx. 17 % of the markets we address.

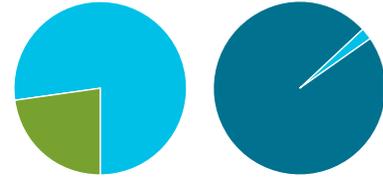
The largest producer - Skretting - has a market share of approx. 34 % and is a subsidiary of Nutreco, a listed Dutch company. Nutreco also produces feed for other animals, such as pigs, cattle, poultry, horses, sheep and pets. Skretting is active on all the major markets where industrial aquaculture takes place, including those in North America, Asia and Australia. The second largest producer - EWOS - has a market share of approx. 23 % and is a subsidiary of Cermaq, a listed Norwegian company. Cermaq also owns Mainstream, one of the world's biggest fish farming companies. EWOS is only active on the salmon-producing markets in Norway, the UK, North America and Chile.

The three largest suppliers have a combined market share of approx. 74 % of the overall market we address. The other producers are primarily active within limited national or regional areas.

The structures of the various markets we are active in vary enormously. The next few pages contain a review of each of the three regions in the BioMar group and as an example of the difference between markets, the consolidation of each region is shown to the right in the form of market share for the four largest producers along with BioMar's estimated market share.

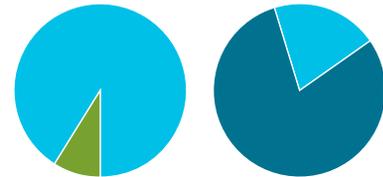
Despite the relative consolidation of the feed producers' link in the value chain - in relation to the suppliers of raw materials and fish farmers - competition is intense between them. BioMar's strategic response is continued focus on Research & Development. Pressure on BioMar's margins from competition can be reduced in the long term by improving product performance and recipe optimisation to achieve higher gross profit per tonne. Please see the explanatory comments in "Research & Development". The three largest producers allocate more resources to Research & Development every year - resources the minor producers do not have.

## BioMar's market share and combined market share of the 4 largest producers



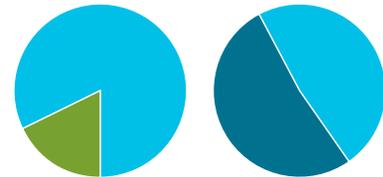
### Region North Sea

- BioMar market share: approx. 23 %
- Combined market share of the 4 largest producers: approx. 98 %



### Region Americas

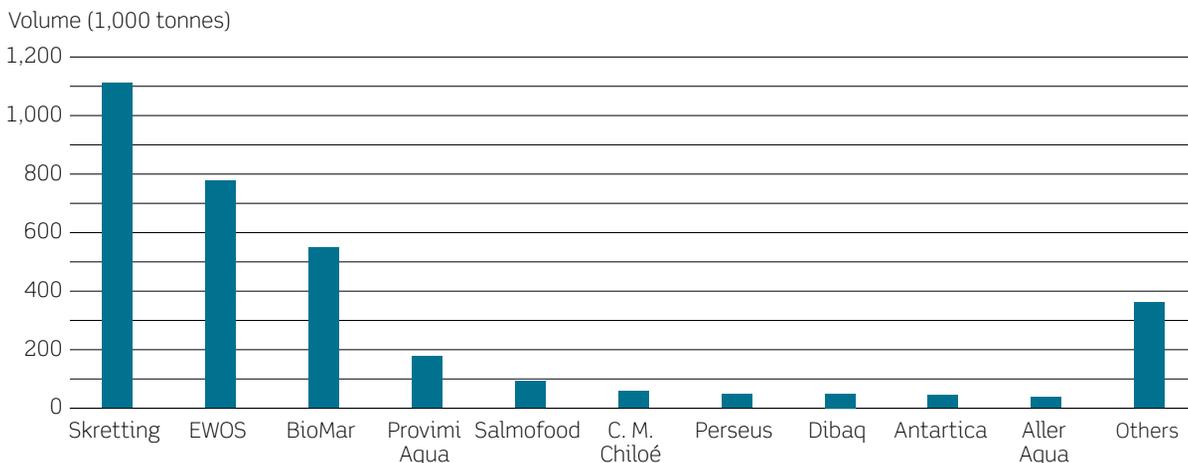
- BioMar market share: approx. 9 %
- Combined market share of the 4 largest producers: approx. 80 %



### Region Continental Europe

- BioMar market share: approx. 18 %
- Combined market share of the 4 largest producers: approx. 52 %

## Volume of feed producing companies in markets addressed by BioMar



Source: BioMar



The three major producers are thus constantly increasing their lead with regard to feed performance and use of more cost-effective raw material compositions.

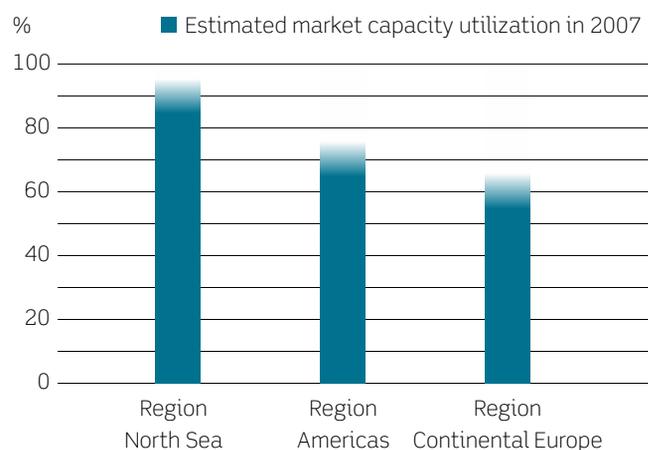
The high costs of Research & Development represent a high barrier to entry into the industry which will get higher each year, as feed performance is constantly improved.

Seasonally adjusted capacity utilisation in the region shows how much of production capacity for the whole region is used in relation to BioMar's estimates. Seasonally adjusted capacity utilisation is highly significant when there is intense competition in the market. Low capacity utilisation can often lead to pressure on prices and margins in a given market. Seasonally adjusted capacity utilisation is relatively low in the Continental Europe region, as illustrated to the right. This applies even more pressure to the minor producers and on some markets can lead to the need for consolidation in the course of the next few years. Capacity is generally

expanded (or reduced) by one factory or one production line at a time, i.e. capacity will typically be adjusted in relatively large jumps. If one producer on a given market expands capacity,

it can have a relatively large impact on that of the rest of the industry, which in turn can have a major impact on the competitive situation.

**Estimated seasonally adjusted market capacity utilization**



Source: BioMar

# Provimi Aqua

In November 2007, BioMar concluded an agreement with Provimi Holding on the acquisition of their fish feed activities, Provimi Aqua. The acquisition was finalised at the beginning of 2008. Provimi Aqua comprises fish feed activities in Denmark, Spain and Chile. The acquisition includes a 50 % stake in a joint venture with AquaChile. The acquisition price represented EUR 90.5 million (DKK 674 million) on a cash-and-debt-free basis. The acquisition was financed by means of credit facilities. Provimi Aqua will be consolidated into BioMar's financial statements as from 1 February 2008.

## Horsens, Denmark

The factory in Horsens is situated approx. 60 kms from BioMar's factory in Brande. In 2007, the factory produced approx. 45,000 tonnes of feed for, for instance, eel and freshwater trout covering the vast part of Europe and salmon and cod for Norway. The factory has a strong position within feed for the earliest stages of the fish life cycle, see the article on page 32.



## Duenas, Spain

In 2007, the factory in Duenas produced approx. 28,000 tonnes of feed for freshwater trout, sea-bass and sea-bream.



## Castro, Chile

The factory in Castro primarily produces fry feed and specialised products with high value added for Atlantic salmon, coho and trout. Sales and administration are located in the "farming capital" of Chile, Puerto Montt, a few kilometres from the similar functions of BioMar. In 2007, sales accounted for approx. 95,000 tonnes of feed.



## Pargua, Chile

The factory in Pargua is a joint venture with the third largest farming company in the world, AquaChile, where each of the parties takes 50 % of production.





## Strong position within fry feed in Chile

With its acquisition of Provimi Aqua, BioMar gains a strong position on the Chilean market, becoming market leader within fry feed.

The factory in Castro, Chile, produces fry feed and other specialised products with high value added. The fry feed from Castro is reputed for its high quality. In the coming years, BioMar will invest further in retaining and strengthening its market position within these areas.

Mauricio Toirkens (formerly employed with Provimi Aqua, locally referred to as Alitec), Sales Manager of BioMar Chile states "I am enthusiastic about combining the strengths of BioMar and Alitec. BioMar has a strong position within feed for farming in sea farms and Alitec has its strength within fry feed, in daily talk we refer to this as freshwater feed. The companies will complement each other, offering a wider and stronger product range to the customers."

Mauricio Toirkens continues "Alitec's customers show a high degree of loyalty. Since 1995, we have enjoyed a leading position within fry feed, underpinning the superiority of our products, services, logistics services in Chile. The integration of BioMar and Alitec is expected to strengthen our technical customer support. BioMar clearly has major global insight into fish nutrition, reflected in the high level of technical support and research & development."

"BioMar has the ability to further strengthen the market position developed by Alitec through many years" concludes Mauricio Toirkens.

# BioMar North Sea

## Production locations

The North Sea region includes BioMar's factory in Scotland and two in Norway.

## Regional markets

BioMar's largest markets in the region are Norway and the UK, plus minor markets in Ireland and the Faroe Islands.

## Fish species in the region

The major fish species in the region for which BioMar produces feed are Atlantic salmon and trout. We also produce feed for the fast-growing new species such as halibut and cod.

## Development in fish prices

In geographical terms, Norway is close to the main EU market and the important Russian market. Norwegian salmon and trout are primarily sold fresh and whole for processing in countries within the EU.

The majority of Scots production goes to the domestic market in the UK, where the industry has managed to position its products as high quality. The British retail industry is often regarded as one of the best-developed in Europe, which is why UK farmers concentrate increasingly on niche segments, such as cod and organic fish farming.

The price for salmon and trout in 2007 was at a relatively high level although the prices were considerably down on 2006.

## Biological conditions for farming

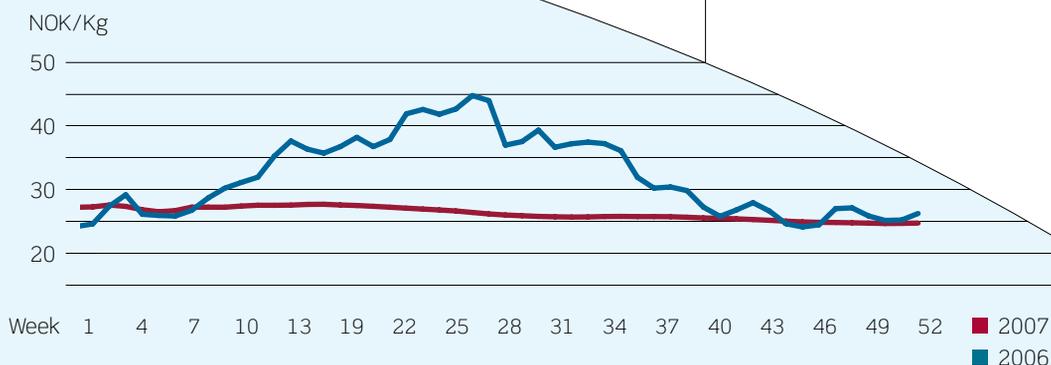
Atlantic salmon is the primary fish farmed in Norway and the UK, with trout to a lesser extent in the Norwegian and Scottish fjords, the Shetland and Orkney islands. The biological conditions for farming salmon, trout and cod are particularly good here, as the deepwater fjords are ideal for these types of fish. Optimum water temperature for intake of feed and growth for salmon and trout is around 12-15 degrees Celsius, and a little lower for cod, at around 6-12 degrees.

The water temperatures in the region can generally be categorised as good, but not optimum, as summer temperatures can be too high and winter/spring too low for salmon and trout. The water temperature is often too warm for cod in the summer, with the exception of the northern part of Norway.

It takes an average of 16-18 months from releasing Atlantic salmon and trout in a fish farm until they reach a typical harvesting weight of 4-6 kg. The feed conversion ratio (the number of kilos of feed needed to produce one kilo of fish) is typically 1.0-1.2.

It takes an average of 18-24 months from releasing cod in a fish farm until they reach a typical harvesting weight of 3-3.5 kg. The feed conversion ratio is typically 1.1-1.3.

### Fish prices Atlantic Salmon from Norway



Source: Kontali/FHL

Fresh Norwegian Atlantic Salmon, 4-5 kg, gutted superior, FCA Oslo (NOK per kg)

### Industry structure amongst farmers

Significant consolidation in Norway has been a feature of recent years amongst the fish farming companies, and is a trend expected to continue. There are over 200 companies in Norway. Major consolidation has taken place in the UK, resulting in only around 15 companies left on the market.

### Customer concentration

The five largest customers supplied from the two factories in Norway and the one in the UK account for approx. 61 % and 95 % of volume, respectively.

### Market growth

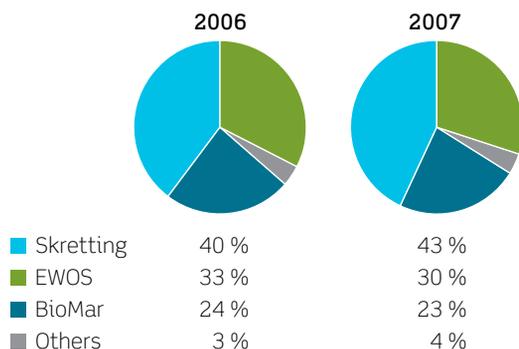
Growth in feed consumption in the region was approx. 10 % in 2007, with growth between 5-8 % expected in 2008. The highest growth is expected in Norway. The Pancreas disease resulted in lower than expected growth in the Western part of Norway where BioMar's market share is relatively large. If the disease spreads also in 2008, growth may be hampered.

### Capacity utilisation amongst feed producers

Seasonally adjusted capacity utilisation is estimated to be around 90 % in 2007, with the highest degree of utilisation on the Norwegian market. Skretting and EWOS have both announced that they will expand their production capacity in the next two years, corresponding to approx. 10 - 15 % of the current total capacity in the market.

### Market share and size

The market for fish feed in the region is relatively consolidated, with Skretting, EWOS and BioMar as the major suppliers. The four largest suppliers have a combined market share of approx. 98 %.



Estimated market size 1,375,000 tonnes in 2007.



#### Jan Sverre Røsstad

Jan Sverre Røsstad, Vice President of BioMar North Sea. Jan Sverre is a business economics graduate and holds a MBA. He has been employed with BioMar since October 2007.

#### Key figures for BioMar North Sea

Number of employees	208
Volume (external sales)	308,000 tonnes
Proportion of group volume in 2007	56 %
Revenue	DKK 2,151 million
Proportion of group revenue in 2007	58 %

# BioMar Americas

## Production locations

BioMar's Americas region includes two factories in Chile.

## Regional markets

BioMar's largest market in the region is Chile itself, with minor export sales to China.

## Fish species in the region

The major fish species in the region which BioMar produces feed for, are atlantic salmon, coho and trout, plus to a lesser extent turbot.

## Fish price trends

Chilean fish farming companies are generally perceived as being very market-oriented with focus on meeting market demand in large scale. The Chilean aquaculture industry has therefore built up a strong market position in the form of fresh fillets, flown to the USA, and the very popular red Pacific salmon and trout for the Japanese sushi industry. The price for salmon and trout in 2007 was significantly lower than in 2006, in particular in the second half of the year.

## Biological conditions for farming

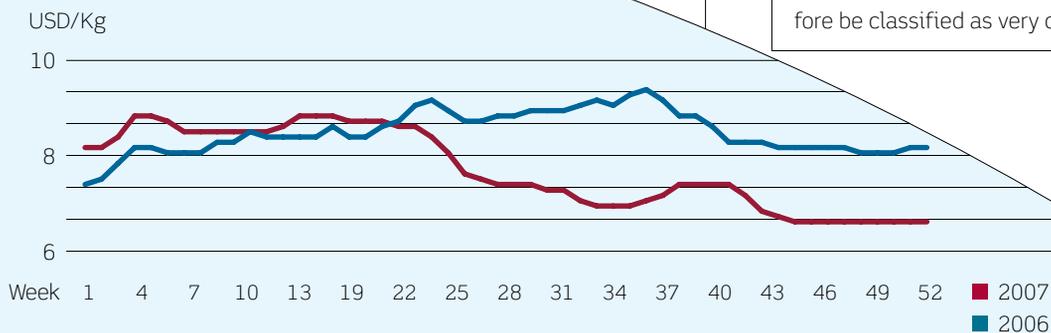
In Chile, the primary species are atlantic salmon, pacific coho salmon and trout. The biological conditions are very good for farming salmon, with sheltered areas and significant tidewater which provide healthy conditions for the fish. Water temperature in the fjords are relatively stable all year round at approx. 12-15 degrees Celsius - the optimum for farming salmon. And due to the excellent biological conditions, a generally low level of wages and low logistics costs for the purchasing of marine raw materials, the total costs for production of salmon in Chile are the lowest in the world.

It takes an average of 14-16 months from releasing Atlantic salmon and trout in a fish farm until they reach a typical harvesting weight of 4-5 kg. The feed conversion ratio (the number of kilos of feed needed to produce one kilo of fish) is typically 1.0-1.2.

## Industry structure amongst farmers

Chilean farming is often performed by large companies, which integrate the entire process from farming, through processing to sales and marketing. There are around 20 companies running fish farming operations in Chile, of which 10 account for approx. 80 % of the total market. The Chilean market can therefore be classified as very consolidated.

## Fish prices Salmon from Chile



Source: Kontali/Urner Barry

Fresh Chilean Atlantic salmon, 2-3 lbs, FOB Miami (USD per kg)

## Customer concentration

The 5 biggest customers supplied from the two factories in Chile account for approx. 91 % of the volume.

## Market growth

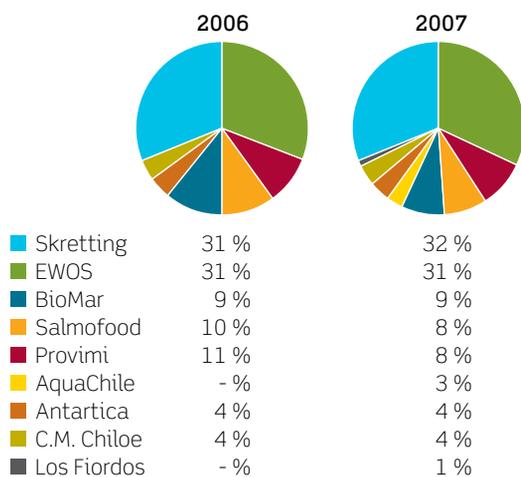
Growth in feed consumption in the region was approx. 8 % in 2007. In 2008 up to 5 % growth is expected, however significant uncertainty exist in the market as diseases in fish farms has caused slower growth of the fish, increased mortality and culling by farmers. Salmon Rickettsial Septicemia (SRS) and sea lice has been around for years, but had a significantly negative effect on feed growth in 2007. Infectious Salmon Anaemia (ISA) became an increasing problem during 2007, and had a significant negative effect on feed growth. The negative effect on feed growth from ISA is expected to continue into 2008.

## Capacity utilisation amongst feed producers

Seasonally adjusted capacity utilisation was estimated to be around 75 % in 2007. In 2008 capacity utilization is expected to decline slightly as new capacity introduced in 2007 will be in full production in 2008.

## Market share and size

The Chilean market for feed is dominated by Skretting and EWOS, each with a market share of over 30 %, whilst Salmofood and BioMar each have a market share just below 10 %. The structure of the market means that gross profit per ton is relatively low in Chile. The 4 biggest suppliers have a combined market share of approx. 80 %.



Estimated market size 1,075,000 tonnes in 2007.



### Carlos Diaz

Carlos Diaz, Vice President of BioMar Americas. Carlos was initially educated as veterinarian and holds a MBA (specialised in marketing). Since 2000, Carlos has been employed by the Chilean company which BioMar acquired in 2001.

## Main figures for BioMar Americas

Number of employees	139
Volume (external sales)	102,000 tonnes
Proportion of group volume in 2007	19 %
Revenue	547 mill. DKK
Proportion of group revenue in 2007	15 %

# BioMar Continental Europe

## Production locations

BioMar's three factories located in Denmark, France and Greece are part of the Continental Europe region.

## Fish species in the region

The major fish species in the region for which BioMar produces feed are freshwater trout, trout, sea-bass and sea-bream.

We also produce feed for many other species, including perch, pohan, turbot, red drum, pike-perch, sturgeon, sole and eel.

## Regional markets

BioMar's most important markets in the region are Denmark, Finland, France, Greece, Italy, Poland, Spain, Sweden and Germany.

The region also services other markets in Australia, Bosnia-Herzegovina, Bulgaria, Estonia, Iran, Israel, Korea, Kosovo, Croatia, Latvia, Lithuania, Macedonia, Morocco, Mauritius, Romania, Russia, Switzerland, Serbia, Slovakia, Slovenia, Taiwan, the Czech Republic, Tunisia, Turkey and Austria.

## Biological conditions for farming

The biological conditions for farming vary significantly from area to area in the region.

Around the Mediterranean, sea-bass and sea-bream are primarily farmed along the coasts and on the many islands in the area. Fish farming in the Mediterranean has become highly industrialised over the last 10 years. Sea-bass and sea-bream generally prefer a water temperature of around 25 degrees. The water temperature in the Mediterranean is colder in the winter and spring, which is why feed sales are generally lower in this period. It takes 16-18 months on average from when sea-bass and sea-bream are released until they achieve a harvesting weight of approx. 400 gram. The feed conversion ratio (the number of kilos of feed needed to produce one kilo of fish) is typically 1.4-2.0.

Freshwater trout are primarily farmed in the northern, western and eastern market areas in fish ponds and recirculation ponds on land, plus trout in sea farms. There are decades of tradition in several countries of fish farming in fish ponds, which has traditionally taken place where supplies of fresh water could be found - such as springs or rivers. Over the years, the environmental demands applied to fish ponds have been tightened considerably, causing costs to rise significantly.

BioMar's feed is constantly developed to meet environmental standards for fish ponds and recirculation systems by low emission of nitrogen and phosphates for example.

Trout prefer a water temperature of around 12-15 degrees Celsius, and since it can be lower in the winter and spring, feed sales are generally lower during these times. It takes 16-18 months on average for freshwater trout to reach a harvesting weight of around 400 gram. The feed conversion ratio is typically 0.8 - 1.0.

## Development in fish prices

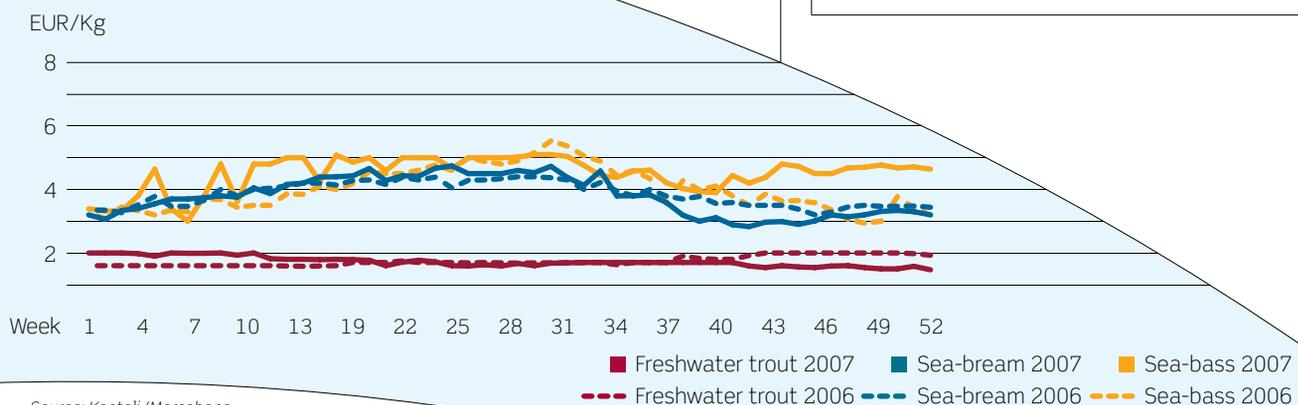
Sea-bass and sea-bream are primarily sold as fresh fish to the markets around the Mediterranean, including Italy, Spain, Greece, Turkey and France.

Freshwater trout are primarily sold as fresh fish, with a growing proportion processed into products such as smoked trout. Primary markets are Germany, France, Italy and Spain.

The prices of freshwater trout at the end of 2007 were considerably down on 2006. The prices of sea-bass and sea-bream were generally in line with 2006, although the prices of sea-bass at the end of 2007 were up on 2006.

Fish prices have generally been satisfactory in relation to the farmers' production costs. Profitability and financial position amongst the majority of farmers has therefore been reasonable, even though there have been major variations from one market area to another and between companies.

## Fish prices Freshwater trout, sea-bream and sea-bass



Source: Kontali/Mercabana

## Industry structure amongst farmers

The industry structure amongst farmers varies greatly from one area to another in the region.

The major part of the Eastern Mediterranean market is dominated by large farms and can therefore be classified as fairly consolidated.

There are several hundred farmers in the northern, western and eastern market areas, of which most are small scale. The market can therefore be classified as very fragmented.

## Customer concentration

The five largest customers supplied from the factories in Denmark, France and Greece account for approx. 25 %, 42 % and 81 % of volume in the factories respectively.

## Market growth

Growth in feed consumption in the region was approx. 7 % in 2007, with growth between 2-5 % expected in 2008. The highest growth is expected in the Mediterranean area.

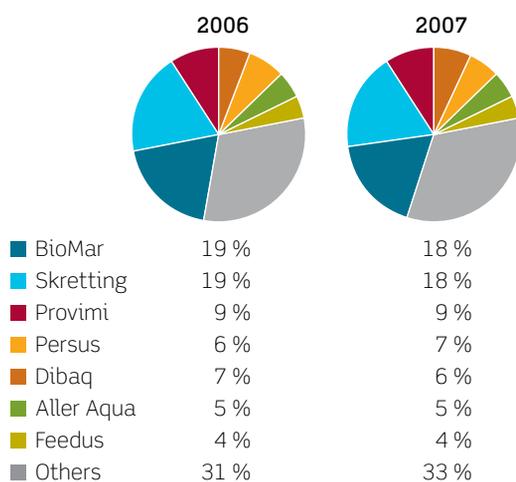
## Capacity utilisation amongst feed producers

Seasonally adjusted capacity utilisation was estimated to be around 60 % in 2007. Capacity will continue to be expanded in the eastern end of the Mediterranean.

## Market share and size

BioMar and Skretting are the two largest vendors in the region. BioMar has a strong market position in the northern part of the area, whilst Skretting dominates the western, south-western and central part.

The area around the Mediterranean is much more fragmented, with over 20 producers. Several farmers have their own feed production. The four largest suppliers have a combined market share of approx. 52 %.



Estimated market size 725,000 tonnes in 2007.



### Niels Alsted

Niels Alsted is constituted Vice President of BioMar Continental Europe. Niels has a Master in Fishery Science from Norway and holds an industrial PhD from the Technical University of Denmark (DTU). Niels also serves as Executive Vice President, and he is responsible for group sourcing and business development. Niels Alsted has been employed with BioMar for more than 20 years.

### Key figures for BioMar Continental Europe

Number of employees	173
Volume (external sales)	137,000 tonnes
Proportion of group volume in 2007	25 %
Revenue	DKK 979 million
Proportion of group revenue in 2007	27 %

# Research & Development

BioMar intends to be recognised as an innovative company supplying competitive products and related technical services to its customers through Research & Development. BioMar invests around 3 % of value-added (research and development costs/gross profit) on Research & Development, a proportion expected to be increased over the next few years. This is expected to boost BioMar's competitiveness and support sustainable development of the aquaculture industry.

Our overall goal is for Research & Development to achieve:

## • Improved product performance

BioMar constantly seeks to improve the economics of fish farming by improving product performance. Feed costs often account for 50-60 % of the production cost of fish, which is why feed performance is a major competitive parameter for BioMar. The feed conversion ratio, defined as the amount of feed needed to produce a kilo of fish, is a major aspect of feed performance. We also put a lot of emphasis on whether the fish are attracted to the feed (e.g. measured as rate of growth), the products' effect on the environment, fish quality and health, improved technical aspects (e.g. sinking speed and how much the pellets crumble).

## • Recipe optimisation

Recipe optimisation is closely related to product performance, as it can improve performance in relation to raw material costs. As around 75 % of the feed price stems from raw material costs, recipe optimisation plays a major role in achieving the most cost-effective raw material composition. Testing and implementation of

new raw materials are therefore vital aspects.

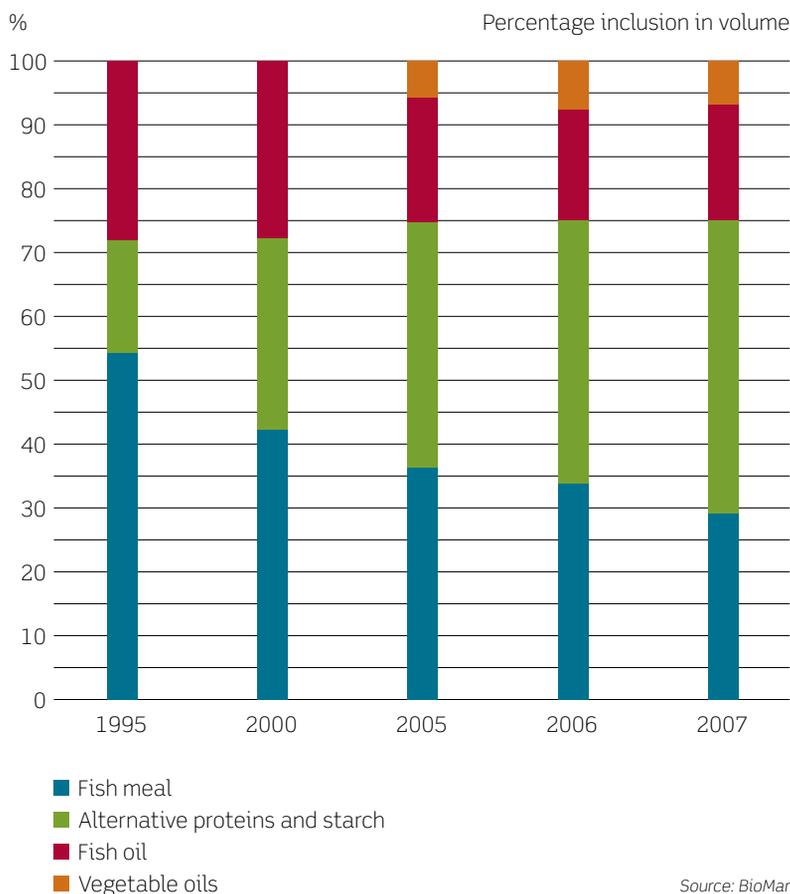
## • Sustainability

Sustainability is closely related to recipe optimisation, which often involves substitution of marine ingredients with alternatives, such as vegetable proteins and oils. By reducing our dependence on marine ingredients, and using alternatives, we will support the sustainability of the industry – see "Corporate Responsibility – BioMar and our surroundings".

The illustration below shows how

BioMar has substituted the content of fish meal and oils with alternatives, such as vegetable proteins and oils by focused Research & Development. From 2006 to 2007, BioMar's volume sold increased by approx. 7 %, but BioMar nevertheless succeeded in reducing the use of fish meal by approx. 9 %. The content of fish oil still increased, however, by approx. 10 %, which is partly caused by the price of fish oil being lower than the price of rapeseed oil, which is often used as an alternative.

## Increased substitution of marine raw materials



### **BioMar's organisation of Research & Development**

BioMar has around 20 highly-qualified specialists employed within Research & Development backed by our long tradition of working closely with research institutions in several countries, and the active involvement of fish farmers. Research & Development identifies targets and the overall strategies needed for the development of new feed types, and testing of potential new raw materials in consultation with our management and account managers. The procedures for development work are laid down in a quality assurance system in accordance with the international ISO 9001:2000 standard. This means that there is extensive documentation of the properties of not only new feed types taken into use, but also new raw materials, helping to reassure the fish farmers. The development of feed normally starts at a desk, where desk research and international databases create the foundation for the design of a new product. The aim is to test the effect of different levels of such elements as new raw materials to find the optimum composition. The next step is the manufacture of prototype feed.

### **Tech-Center**

BioMar has its own facility for the production of prototype feed – the Tech-Center. This is a fully-equipped mini-factory at a scale of 1:10 compared to a normal feed factory. The Tech-Center has the same equipment as BioMar's other production facilities, but can handle small quantities making it much cheaper to produce prototypes, and it can therefore try out many different recipes – A total of around 450 different recipes

were tried out at the Tech-Center in 2007. The Tech-Center can be also be used for much more than producing prototype feeds; e.g. testing new production technology on a small, and therefore cheap scale. Doing so means that investment in new technology yielding the expected benefits can be assured, and the risk of expensive mistakes is minimised. This relatively cheap form of experiment also gives us the chance to try out more technical solutions than we would otherwise be able to do. Last but not least, the Tech-Center is used as a training centre where production personnel from all BioMar factories can take part in courses on which they can learn how to run commercial production facilities. The small scale allows experimentation without costing a fortune in unusable products and raw materials. When prototype feed is produced, it will be tested.

### **Testing facilities**

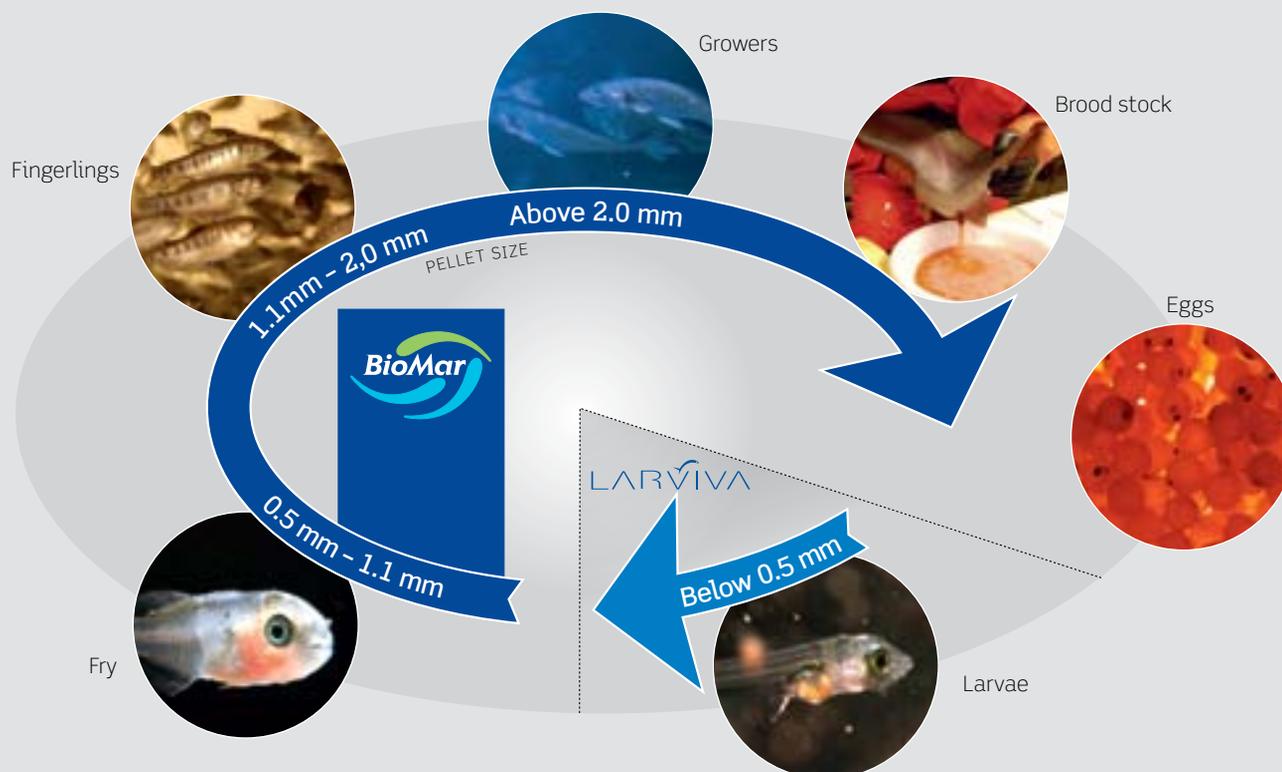
Testing new feed types is carried out at BioMar's own testing facilities and by outsourcing to partners. Our test facility – one of the largest privately-owned in Europe – is on the shores of the North Sea in the fishing port of Hirtshals, in Northern Denmark and is part of the international research environment based at the North Sea Centre. BioMar's facility owns over 98 tanks with 7 separate water systems and a section for performing infection experiments, where the effects of immune-stimulating substances such as vaccines and medicines can be tried out. Finally, there is a section for performing digestion measurements on fish, which is also designed for parallel trials using feeds for recirculation farming systems. Thanks to its location on the shores of the North

Sea, the test facility has access to salt water and makes it ideal for tests on sea fish. Once a feed has been tested in the trial facility, it goes for further tests in a commercial facility.

### **Commercial testing**

Final testing of new feed types is performed in consultation with farmers in commercial farming facilities, where the feed can be tested in practice. When commercial trials are completed, a concluding R&D report is written and the feed is then ready for marketing.

## Feed for all stages in the fish life cycle



## LARVIVA - complementing BioMar product ranges

The acquisition of the activities of Provimi Aqua will add several complementary product ranges to BioMar's existing product programme. One addition is the LARVIVA range produced in the factory in Horsens, Denmark, consisting of feed for the earliest stages in the fish and shrimp life cycles.

Sales Manager for LARVIVA Marleen Dehasque explains: "LARVIVA fills a gap in BioMar's product programme by covering the earliest stages in the fish life cycle right after the egg hatches. This gives BioMar the possibility to serve customers with own hatcheries all through the life cycle of the fish. The LARVIVA feed range covers enrichment feeds and starter diets for the larvae stages to fry feed with pellet sizes up to 0.7 mm, and BioMar has a strong position from 0.5 mm onwards."

Marleen Dehasque continues: "LARVIVA is mainly sold to marine species and in particular to sea bass, sea bream, turbot, cod and halibut. These species differ from fresh water species like trout and salmon as they, in the larvae stage very soon after hatching, start feeding on live zooplankton. In contrast, the larvae of salmonids can start feeding directly on dry pellets after absorption of their yolk sac reserves. This zooplankton for marine larvae is normally grown onsite

in the hatchery, and in the LARVIVA range we have culture - and enrichment feeds to boost the nutritional value of this live feed, which in turn is used to feed the fish larvae."

The LARVIVA hatchery feed range has been commercially on the market since 2003 and is already well accepted by the major producers. It is exported from the factory in Horsens to more than 25 markets. In particular, LARVIVA will reinforce BioMar's position in the fast growing Mediterranean markets by allowing customers to work with BioMar as a unique supplier of feed.

While LARVIVA complements BioMar's existing feed ranges by covering also the initial life stages of the fish, the larger sales organisation and the regional structure of BioMar will leverage the possibilities of bringing LARVIVA to the market, which has been more difficult under the decentralised structure of Provimi Aqua.



# Corporate Responsibility

## - BioMar and our surroundings

Sustainability is decisive to the continuous long-term development of the aquaculture industry. It entails that the industry is run on a commercial basis which meets the needs of the present without compromising the needs of the future.

To produce optimum fish feed, BioMar uses several types of raw materials. Traditionally, the most important raw materials have been marine raw materials (fish meal and fish oil).

BioMar makes an active contribution to sustainability by using ingredients from sustainable resources. This entails that marine ingredients are manufactured from sustainable raw materials, and that BioMar's suppliers of marine raw materials are required to engage in sustainable production. Sustainable fish species are regulated by accredited national and international organisations such as the International Council for the

Exploration of the Sea (ICES) and the Food and Agriculture Organization of the United Nations (FAO).

Total world production of fish meal and fish oil is relatively stable at approx. 6 million tonnes of meal and 1 million tonnes of fish oil, see the figure below.

Marine raw materials are derived from the small-boned pelagic fish species, which are rarely used for human consumption. Further, raw materials come from parting fish used for human consumption, enabling optimum fish utilisation. In all, the by-products from the process industry for human consumption account for approx. 17 % of world production of marine raw materials.

One of BioMar's long-term goals is to reduce our dependence on marine raw materials by switching to alternatives, such as vegetable proteins and oils, thus supporting the sustainability of aquaculture. This

is a very important factor and major challenge to BioMar's employees within Research & Development and to BioMar's external partners. Many resources are needed, but we have succeeded in reducing the content of marine raw materials in our fish feed without compromising fish growth and health, feed performance or - most importantly - quality.

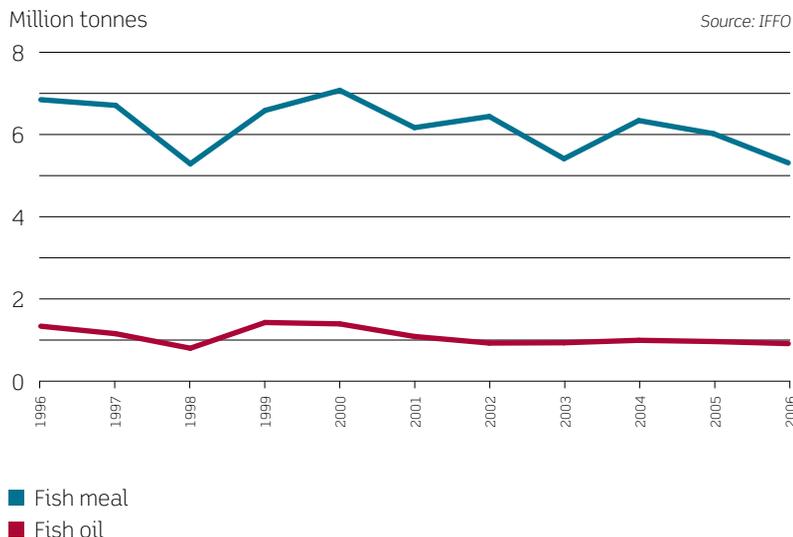
Fish oil is expected to be the first raw material in short supply for the aquaculture industry, as approx. 80 % of world production of fish oil is used in fish feed. By contrast, 50 % of world production of fish meal is used in fish feed, see the figure on the next page.

The continuous sustainable development of the aquaculture industry relies on alternatives to fish oil. BioMar's long-term R&D programme has already achieved much in this field, making it possible to produce feed with the best ratio between fish oils and vegetable oils with the optimum effect for the fish. Several external studies have also shown that even with a mix of fish oils and vegetable oils, salmon and trout retain the beneficial health effect for human consumption through their healthy fatty acid profile.

Increased use of alternative raw materials may supplement the use of marine raw materials and foster a more sustainable aquaculture. Previously, the aquaculture industry was deemed to be in imminent need of more fish oil than on offer, but a higher degree of substitution may contribute to ensuring a sustainable development of the aquaculture industry, see the figure on the next page.

Sustainability is - and will continue to be - a central theme for BioMar, and we are prepared to commit many resources to ensure a healthy and sound aquaculture industry.

### Annual global production of fish meal and fish oil



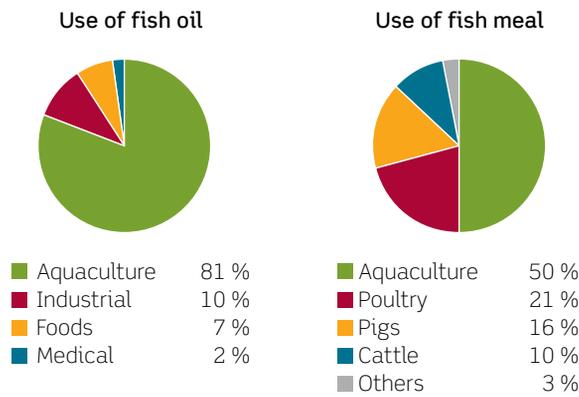
**Food safety**

Much attention has recently been paid by the authorities and consumers to traceability due to the introduction on 1 January 2005 of an EU statute forcing companies produc-

ing feed to take traceability one step forward and one step back in the value chain. As of 1 January 2006, the requirements have been tightened, calling for internal traceability within the company. The new EU rules

ensure that foodstuffs can be traced all the way from soil to table and back again - or from water to table and back again.

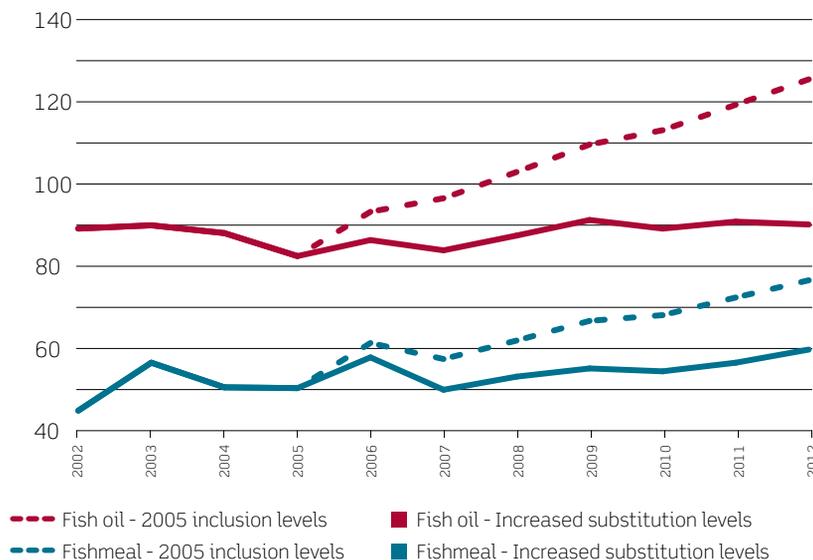
One of BioMar's policies is to ensure food safety throughout the production chain applicable to fish farming. One way of protecting the consumer is to have full traceability, which all group subsidiaries already have, via internal quality assurance procedures. These include ISO 9001:2000 and the HACCP principles. Written procedures and instructions ensure that BioMar can trace right back from fish feed delivered to storage, production, raw materials and their suppliers, allowing us to quickly and easily identify a product's origin at any point in the production flow and at any time, see the flap of the front page.



Source: IFFO (2005)

**Aquaculture usage of marine raw materials**

Source: IFFO (2005)



**Environment and surroundings**

The BioMar Holding Group is eco-conscious and continuously focuses on reducing environmental impact from the production of fish feed. The group has modern production facilities in all countries, meeting all official standards for environmentally-friendly production. Furthermore, BioMar has developed and improved its product ranges over the years to reduce the environmental impact of fish farming.

Health and safety conditions at group factories, offices and other facilities comply with all official requirements, and a high standard is regarded as essential.

# Risk management

The Executive and Supervisory Boards of the BioMar Holding A/S Group regularly review which risk factors the company is exposed to and how to control them. Risk factors are defined as the risk of the company failing to achieve its short and long-term targets. Risk management is defined as the establishment and maintenance of procedures and policies to identify, measure and control risk.

The group is exposed to strategic, operating and financial risks. Strategic risks relate primarily to failure to achieve long-term targets, but can also influence the achievement of short-term targets. Operating and financial risks primarily relate to the risk of failing to achieve the company's short term targets. The group risk profile is defined, and measures introduced to hedge any risks exceeding it where possible and where deemed to be financially advantageous.

Group risks are usually classified by two criteria; the likelihood that a given situation may occur, and the financial consequences if it does. Based on overall assessment of these two criteria, risk factors are prioritised and are described below. The prioritisation below naturally includes subjective evaluations.

## Strategic risks

The most important strategic risks can be broken down into regulative, sustainability, food safety and fish price fluctuations.

### Regulative risks

Regulative risk relates to such aspects as political initiatives designed to regulate supply of and/or demand for farmed fish on BioMar's markets. During the last 25 years of the industrialisation of aquaculture, various authorities have introduced a range of different regulative measures. For example, Norwegian farmers have

from time to time with varying consequences had imposed restrictions on the sale of their fish to the EU, USA and Russia. From time to time, regulative measures – or rumours of them – can occur, which create uncertainty of future trading conditions and their consequences. Regulations can have a negative effect on BioMar and fish farmers, and thus for BioMar's sales and the financial position of customers.

### Sustainability

Sustainability is decisive to the continued long-term development of the aquaculture industry. It entails that the industry is run on a commercial basis which meets the needs of the present without compromising the needs of the future. There are several important aspects for the aquaculture industry, but for feed manufacturers, it is vital that our ingredients come from sustainable resources. This entails that marine ingredients are manufactured from sustainable raw materials, and if sufficient quantities of sustainable raw materials are unobtainable, it can hinder development of the aquaculture industry. In the long term, this will lead to a growing need to substitute marine ingredients with alternatives, such as vegetable proteins and oils. BioMar's strategic focus on sustainability entails continued investment in R&D in which one of the central themes will be substitution of marine ingredients with alternatives, such as vegetable proteins and oils. Please refer to the explanatory notes in

"Research & Development" and "Corporate responsibility".

### Food safety

Food safety is vital to the continuous, long-term development of the aquaculture industry, as demand for farmed fish is influenced by its ac-

ceptance by consumers and retailers. The argument has been put forward on a regular basis – especially in the UK and USA – by scientists, the media and consumer groups that farmed fish are of a poorer quality than wild fish, and in some instances can even be harmful to health. This perception is often due to the fact that farmed carnivorous fish species – such as salmon – are at the top of the food chain, which can mean that contaminants and minerals absorbed by them from raw materials are retained throughout the food chain. This is a specific risk for raw materials caught in polluted waters, which is why ingredients such as fish meal and oil from such areas are increasingly processed to remove toxins and minerals. BioMar has established and maintains a quality assurance system with full traceability throughout the value chain designed to ensure food safety from raw materials right through to the consumer. Please refer to the explanatory notes in "Corporate responsibility".

### Integration of enterprises acquired

Acquisitions are an important element in BioMar's strategy »Going for Global Growth«. Despite diligent assessments of enterprises acquired and the planning of the subsequent integration, there is a risk that acquisitions do not develop as expected. This means that there is a risk that the enterprise taken over achieves lower revenue and earnings than expected and that BioMar is not able to realise expected synergies, if any. Variances in revenue and earnings may, among other things, be prompted by the fact that key employees leave the company, that customers cannot be retained, that products realise lower contribution margins, that the costs of realising synergies are higher than expected

and that costs cannot be reduced to the extent expected.

#### *Biological risk of farmed fish*

BioMar's sale of feed for farmed fish depends on the development of the biomass of farmed fish. Biomass may be affected by various biological factors, including, but not limited to, diseases, stress and mortality. A number of diseases may lead to lower than expected growth, higher mortality or may necessitate culling, which again will reduce biomass. The spreading of diseases may reduce considerably the biomass within large or small areas.

#### *Fluctuations in fish prices*

Over the years, the prices paid to farmers have fluctuated considerably as there is not always a balance between supply and demand, and because fish farming is basically a biological process, which means that it is difficult to adjust the supply of fish at short notice. For example, it takes approx. 6-9 months to breed a small salmon of around 100 grams (smolt). The smolt is released into the sea nets and after around 14-18 months is harvested with a weight of 4 kg or more. The salmon stocks avail-

able will thus be determined 18-24 months in advance. Production and release of smolt is not necessarily based on projected demand, as this cannot be predicted with accuracy. For instance, it can be affected by new regulations, consumer and retailer perception of food safety as described above and the general economic conditions prevailing - e.g. catering and restaurant industry trends, which account for a large share of the demand. Fish farming can therefore be described as a cyclic industry, which means that the profitability of BioMar's customers, farmers, will fluctuate through the economic cycle, affecting their ability to finance their business. Extended periods of low prices and poor profit can affect the ability of our customers to service debt and their solidity, which is why BioMar's credit risk can rise. Thanks to its geographical spread and diversity of fish species, BioMar gains a degree of diversification of the risk of price fluctuations on individual species.

#### **Operating risks**

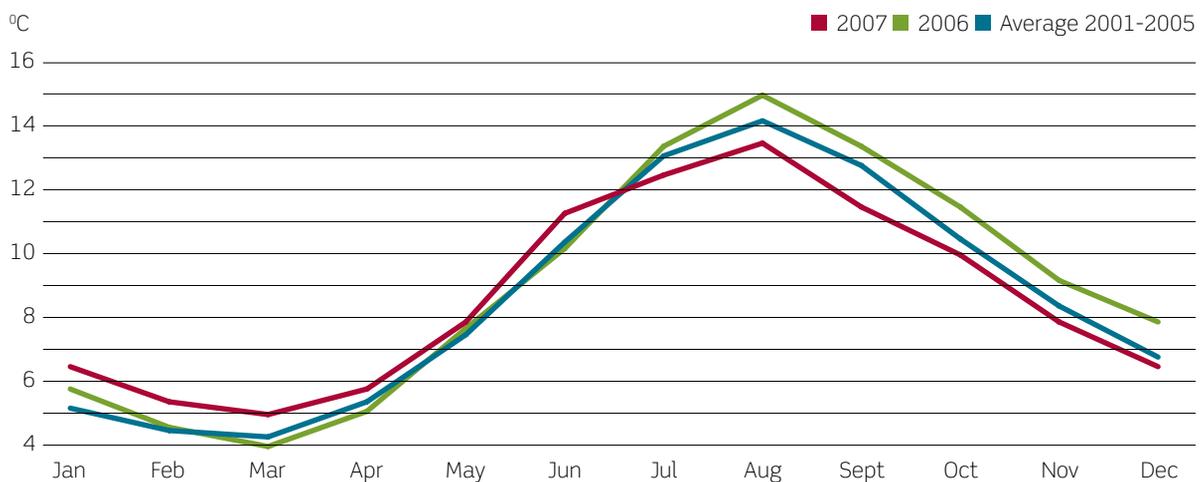
*The competitive situation and its influence on gross profit per tonne*

The likelihood of BioMar achieving its short and long term targets is dependent on the gross profit per tonne, which is particularly sensitive to the competitive situation. Achieving targets is therefore affected by BioMar's ability to retain and expand its market position and profit margins in each country it operates in. Horizontal and vertical integration of various links in the aquaculture chain can also influence the competitive situation. Competition is deemed to be intense on all the company's markets - please refer to the explanatory notes in "Description of the competitive situation". BioMar's strategic response to intense competition is continued focus on Research & Development, where one of the central themes is optimising feed recipe costs.

#### *Climate*

BioMar's short and long-term targets can be highly sensitive to climatic changes, as fish are heat-adaptable, which means their body temperature adjusts to the water they live in. Water temperature therefore determines to a large degree fish health and their food intake. If it is too low, their

#### **Average seawater temperature in Norway**



Source: BioMar and MonAqua

metabolism is naturally reduced and feed consumption is reduced. If it is too high, fish become stressed and feed consumption is also reduced. The optimum water temperature varies from species to species, e.g. salmon prefers a water temperature of 12-15 degrees Celsius.

The water temperature at the coast of Chile is relatively stable at around 12-15 degrees Celsius all year round, whilst it can vary significantly in the Norwegian fjords. Cold winters and hot summers will have a negative effect on fish feeding throughout nearly the whole of Europe, which can have a major impact on BioMar's profit.

During the first half of 2007, water temperatures were advantageous for BioMar throughout most of Europe. During the last four months of the year, temperatures were less advantageous and average water temperatures around Norwegian fish farming areas were approx. 1.5 degree lower than in 2006. The resulting sales of feed were negative.

If water temperatures during the warm months of July, August and September are higher than the optimum, or lower from October to June compared to the average for the previous years, feed sales can be negatively affected.

#### *Availability of - and price fluctuations for raw materials*

BioMar's ability to achieve its short and long-term targets is particularly sensitive to fluctuations in the gross profit per tonne, which in turn is influenced by the company's ability to strike a balance between sourcing of raw materials and their use in the company's products. This balance has to be seen in relation to availability of raw materials and their price.

Marine raw materials (fish meal and oils) comprise approx. 61 % of total raw materials purchases for the BioMar group. The fish used

for marine raw materials are usually subject to quota, and caught in limited periods. Availability of marine raw materials is thus unevenly spread through the year.

BioMar tries to strike a balance between the price of raw materials and sales prices, by regulating list prices and building-in price regulation mechanisms into major contracts. In our Continental Europe region, standard price lists are used to a wide extent, traditionally adjusted in relation to fluctuations in raw material prices. In the North Sea and Americas regions, individual contracts with major customers are common. Individual contracts are typically for a period of 1 to 2 years, but often include price regulation mechanisms that lead to price adjustment every 3 months for example. BioMar tries to minimise its exposure to fluctuations in raw material prices by setting the purchase price at the same time as the price to customers is set. By doing so, we can reduce our exposure to fluctuations in raw material prices by linking them wholly or partly to the sales price in customer contracts.

#### *El Niño*

A special problem related to availability and price fluctuation for raw materials is the weather phenomenon, El Niño. El Niño affects fish catches used for producing marine raw materials in South America by causing the Pacific water temperature to rise off the coast of South America, destroying nutrition in the water and forcing the fish to move away from the area. Catches from South America account for just under half of world production of fish meal, which is strongly reduced by El Niño. The availability of raw materials can thus be seriously restricted and prices can be expected to rise dramatically. El Niño last occurred in 1997/98, and scientists are in general agreement that it occurs every 5-10 years. When it does occur,

it does so suddenly, and it is more or less impossible for feed producers to protect themselves effectively against its negative consequences. BioMar tries to minimise the risk of poor availability in the event of an El Niño by strategic sourcing of some of its marine raw material needs in the Northern Hemisphere. Furthermore, BioMar focuses strategically on reducing dependence on marine raw materials by continuing its efforts within Research & Development, where one of our central aims is substitution of marine ingredients by alternatives, such as vegetable proteins and oils.

#### *Customer concentration*

BioMar is exposed to the loss of individual customers. The loss of one or more of our largest customers would have a major impact on profits. The formulation of our customer contracts varies from market to market and customer to customer. In the Continental Europe region, most customers are small or medium-sized companies, whilst in the North Sea and Americas regions, individual contracts with major customers are common. Individual contracts typically run for 1 to 2 years. The relatively high frequency of renegotiation with major customers means that competition is intense, and represents a recurring risk of losing big contracts and market shares. At group level, the five most important customers account for around 30 % of volume, but in several of the subsidiaries, the five most important customers account for a much larger share of their volume, as shown in the figure on the next page.

#### *Credit risk*

BioMar's risk from losses and provisions for receivables consists of the size of receivables and the credit risk they represent. The company has significantly reduced outstanding

receivables from customers over the last few years. At the end of 2007, net receivables in the form of short- and long-term customer receivables comprise DKK 526 million and 4 million respectively and receivables from the five largest debtors comprise approx. 34 % of net group receivables.

Credit risk is measured as risk of impairment of the value of receivables due to non-payment or late payment. It is actively managed, and there are predetermined policies and procedures for granting credit and follow-up. At portfolio/national level, BioMar tracks developments in fish prices and the fish farming industry. Thanks to its geographical spread and diversity of fish species, BioMar gains a degree of diversification of the credit risk.

At customer level, BioMar evaluates individual debtor's financial situation based on solvency, debt service ability and profitability. The evaluations are used to determine and monitor lines of credit for each country and each customer. Credit risk management is coordinated by a

credit committee which projects market trends and functions as a sparring partner for account managers.

To ensure the value of outstanding amounts, BioMar covers credit risk where possible and beneficial by taking out credit insurance and security on the assets of the fish farm in question. It is generally difficult to achieve effective credit insurance as a result of seasonal variation and unpredictability associated with the biological production of fish farming. Furthermore, it is often difficult to obtain security in assets of which the value is non-correlated to fish prices, as most fish farming companies' assets are in the form of fish stocks and production licenses. This means it is essential to perform thorough credit risk rating of the customer, and to ensure the feed contract is adapted to suit.

BioMar has granted credit limits to several customers, but because their liquidity situation at the end of 2007 was advantageous, they have not made use of the facility. BioMar can thus risk that both the size of receivables and credit risk on receiva-

bles can increase significantly if fish prices develop to the disadvantage of customers, a trend that can be accelerated by concurrent increases in raw material prices.

On a group basis, we evaluate the overall credit risk, and believe that our credit risk throughout 2007 is unchanged at an acceptable level.

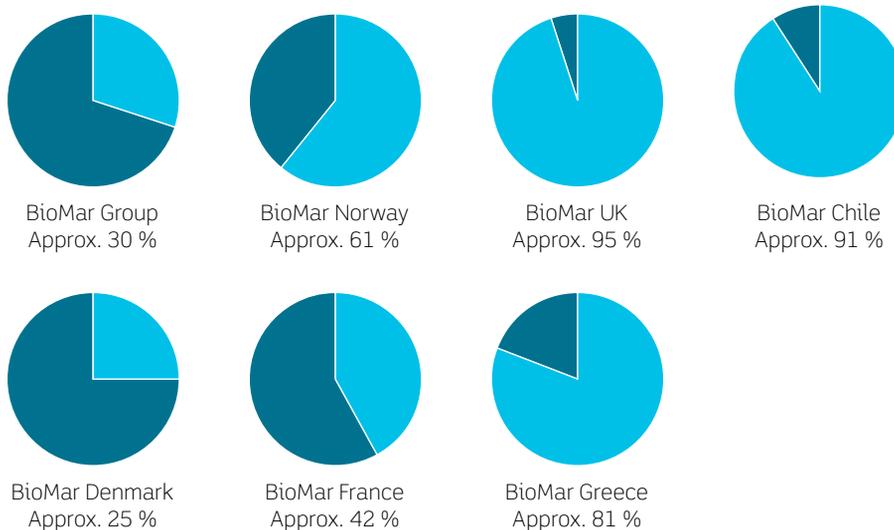
#### *Other operating risks*

The BioMar Holding group is involved in a small number of legal actions, which are not deemed to have any negative consequences on the company's financial circumstances in the event of losing them.

The group is also exposed to risk from other normal commercial activities including, but not limited to, events related to product liability, environmental pollution, distorted financial reporting, fraud, fire, legal disputes, insufficient provisions for pensions etc. The group takes out insurance against operating risk where deemed to be financially beneficial. The Board believes that current insurance cover accords with actual risk exposure.

#### Customer concentration of BioMar

■ Share of volume accounted for by the 5 largest customers



### Financial risks

Financial risk involves factors such as fluctuating energy prices, interest and exchange rates, and liquidity risk.

#### *Fluctuating energy prices*

The group is exposed to fluctuating energy prices (primarily gas, oil, electricity and environmental duties), as energy is used for the production of fish feed, amongst other things. Furthermore, the group is indirectly exposed to fluctuations in energy prices in the form of the effect they would have on group transport costs. Fluctuations in transport costs are expected to be passed on in whole or part to our trade partners. The group is perceived to have a certain risk exposure to fluctuating energy prices.

#### *Currency rate fluctuations*

A large amount of group revenue is generated in currencies which are the functional currency used by its subsidiaries, which means in practice that group exposure to currency risk is limited.

As a rule, the group seeks to hedge currency risk from ingoing and outgoing payments in foreign currencies. For example; currency exposure related to raw materials bought in a foreign currency other than the functional currency for a group subsidiary will usually be hedged.

The group takes a position on financial instruments (primarily forward contracts) to ensure gross currency payments from subsidiaries related to loans taken out. As a rule, currency risk on equity capital investments in foreign subsidiaries is not hedged.

#### *Fluctuating interest rates*

At the end of 2007, the group had gross interest-bearing debt of DKK 559 million and interest-bearing debt less cash at bank and in hand and securities of DKK 321 million. Interest-bearing debt is subject to

variable interest, adjusted quarterly for the majority of the debt. Cash at bank and in hand and securities are usually subject to short-term variable interest rates. After the balance sheet date, interest-bearing debt was additionally increased following the acquisition of Provimi Aqua for an amount of DKK 674 million on a cash-and-debt free basis, which was financed by additional debt. It is therefore expected that a change in the interest rate or the margin that BioMar pays for its debt of 1 % point will change the financial items by approx. DKK 10 million post the acquisition of Provimi Aqua against approx. DKK 5 million before.

#### *Liquidity risk*

Liquidity risk includes the risk of the group becoming short of liquidity and is related to its financial position. There are relatively large seasonal swings in group activities, which can mean periodical fluctuations in group liquidity requirements. Based on past experience, the need for working capital is highest in Q3 and the acquisition of Provimi Aqua is expected to increase working capital additionally. Group interest-bearing debt is DKK 559 million, of which DKK 350 million is due for repayment in over 1 year. Cash at bank and in hand and short-term securities represent DKK 238 million, in addition to which the group had unused credit facilities of DKK 754 million at the end of 2007, valid for over 1 year.

The majority of group credit agreements (loans, credit facilities and other credits) are subject to covenants, which primarily define the limits of net interest-bearing debt in relation to EBITDA and the minimum equity ratio acceptable. Failure to conform to the covenants will entail breach of the credit agreements. At the end of 2007, the group fulfilled all covenants, and its capital resources made up of confirmed credit facili-

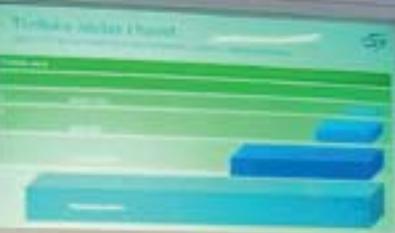
ties plus cash and cash equivalents plus securities comprised approx. DKK 991 million. Of this amount, DKK 671 million has been earmarked for completing the acquisition of Provimi Aqua. Capital resources totalled DKK 320 million at the end of 2007. The group's ownership in Sjøtroll Havbruk AS is also considered to represent a considerable cash reserve. The capital resources are deemed to be sufficient in relation to the current operating and cash situation.



BioMar

BioMar

WORLD CLASS FISH FEED



# Shareholder information

## Why invest in BioMar?

Purchase of shares in BioMar Holding A/S is motivated by various factors, but generally our investors cite the following reasons as those of highest importance:

- The aquaculture industry is one of the fastest-growing segments within the food and beverage industry
- Feeds for the aquaculture industry offer a stable and attractive investment opportunity
- BioMar has a strong position with a clearly defined growth strategy
- BioMar creates value for its shareholders, generating a high return on the invested capital relative to the cost of capital

## BioMar Holding A/S share price development and share trading



## BioMar Holding A/S - share price development

BioMar Holding A/S share price declined from 246 at the end of 2006 to 196.50 at the end of 2007, accounting for a decline of approx. 20%. In April 2007, BioMar Holding A/S distributed dividends of DKK 4 per share.

In 2007, average daily trading in the BioMar share represented approx. DKK 5.2 million. However, the year closed with declining share trading, which is illustrated in the graph on the left.

- Share price (DKK per share)
- Average daily turnover for the month (1,000 DKK)

## BioMar Holding A/S share price development relative to the OMX Nordic MidCap Index



BioMar Holding A/S is admitted for trading under the OMX Nordic MidCap index, comprising comparable Nordic companies.

The OMX Nordic MidCap index was down by approx. 9% in 2007. With a drop of approx. 20%, the BioMar Holding A/S share faced a larger decline than the OMX Nordic MidCap index.

- Share price (DKK per share)
- OMX Nordic MidCap Index

**Financial calendar 2008**

Annual report 2007	12 March 2008
Annual general meeting	15 April 2008
Q1 Interim Report 2008	6 May 2008
Interim report, first half of 2008	12 August 2008
Q3 Interim Report 2008	3 November 2008

**Investor Relations contact**

Investors and analysts should contact:

Investor Relations  
 Jens Michael Haurum  
 BioMar Holding A/S  
 Værkmestergade 25, 6.  
 DK - 8000 Aarhus C  
 Email: investor@biomar.com  
 Tel: +45 23 23 99 90

**Key data for investors in BioMar Holding A/S**

Stock Exchange	The Copenhagen Stock Exchange/OMX The Nordic Exchange
ID code/ISIN code	DK0010215243
Share classes	BioMar has one share class
Voting rights restrictions	No voting right restriction
Index	OMX Nordic MidCap Index
Share price (year end 2007)	DKK 196.50 per share
Total number of shares	10,999,038
Closing market capitalisation	DKK 2,161 million
Market capitalisation of free float *)	DKK 674 million
Free float % *)	31.18 %
Face value, DKK	20
Nominal share capital, DKK	219,980,760

\*) Market capitalisation of shares excluding Schouw & Co.'s shareholding



## Ownership

The BioMar Holding A/S Group is included in the Aktieselskabet Schouw & Co. Group, Chr. Filtenborgs Plads 1, 8000 Aarhus C, Denmark. Neither BioMar Holding A/S nor any of its subsidiaries hold shares in the parent company. At year end 2007, BioMar Holding A/S had just under 1,500 registered shareholders, representing 93.6 % of the total share capital. Shareholders with shareholdings in excess of 5 % comprise:

Shareholder	Ownership	
	Year end 2006	Year end 2007
Aktieselskabet Schouw & Co., Aarhus	68.8 %	68.8 %
ATP, Hillerød	5.4 %	5.5 %
Total	74.2 %	74.3 %

2007 saw a reduction in international investors' stake in BioMar Holding A/S - from 9.5 % to 5.1 %. By contrast, other investors, including private investors, increased their stake, see the table below.

Shareholder	Ownership	
	Year end 2006	Year end 2007
Aktieselskabet Schouw & Co.	68.8 %	68.8 %
Danish institutional investors	13.8 %	13.6 %
International investors	9.5 %	5.1 %
Other investors, incl. private investors	2.9 %	6.1 %
Unregistered shareholders	5.0 %	6.4 %
Total	100.0 %	100.0 %

At the 2007 financial year end, the number of shareholders in BioMar Holding A/S was up by approx. 500 on the 2006 financial year end. Shareholders with a shareholding of less than 1,000 shares accounted for the vast part of the increase. Accordingly, the distribution of shares in BioMar Holding A/S has become more diversified throughout 2007, see the table below.

Number of shares	Year end 2006		Year end 2007	
	Number of shareholders	Percentage owned	Number of shareholders	Percentage owned
More than 550,000 shares	2	74.2 %	2	74.4 %
More than 100,000 and less than 550,000 shares	5	9.6 %	3	6.1 %
More than 10,000 and less than 100,000 shares	29	8.0 %	29	8.4 %
More than 1,000 and less than 10,000 shares	82	1.8 %	129	2.8 %
Less than 1,000 shares	870	1.4 %	1,289	1.9 %
Unregistered shareholders		5.0 %		6.4 %
Total	988	100.0 %	1,452	100.0 %

### Annual general meeting

The company's annual general meeting is to be held at the address: Turbinehallen, Kalkværksvej 19, 8000 Aarhus C, Denmark, on Tuesday 15 April 2008, at 4 pm.

The following is proposed to the general meeting:

- That a dividend for 2007 of DKK 4 per share is paid.



### Stock Exchange Announcements in 2007

Date	No.	Contents
02.03.2007	1	BioMar obtains majority ownership of Sjøtroll Havbruk AS
14.03.2007	2	Introduction to the Annual Report 2006 Announcement of forecast results for 2007: <ul style="list-style-type: none"> <li>• Revenue forecast at approx. DKK 3.6 billion</li> <li>• EBIT forecast at approx. DKK 200 million</li> <li>• Profit from continuing operations before tax forecast at approx. DKK 175 million</li> </ul>
14.03.2007		Annual Report 2006
22.03.2007	3	Summons to AGM
26.03.2007	4	Final acquisition of shareholding in Sjøtroll Havbruk AS and obtaining of majority control
10.04.2007	5	Annual general meeting Jens Bjerg Sørensen, CEO of Schouw & Co., Jørn Ankær Thomsen, Chairman of Schouw & Co., Asbjørn Reinkind, CEO of Rieber & Søn and Per Møller are re-elected for the Supervisory Board
24.04.2007	6	Sjøtroll Havbruk AS divests ownership interest in Hjaltdland Seafarms
07.05.2007	7	Q1 Interim Report 2007 The previously announced forecast for 2007 remains unchanged
04.06.2007	8	Completion of divestment of Sjøtroll Havbruk AS' ownership stake in Hjaltdland Seafarms
08.06.2007	9	Announcement of the total number of voting rights and total share capital of the company
14.08.2007	10	Interim Report, First Half of 2007 The previously announced forecast for 2007 remains unchanged
06.11.2007	11	Q3 Interim Report 2007 Forecast for 2007 is revised as follows: <ul style="list-style-type: none"> <li>• Revenue is forecast at approx. DKK 3.8 billion as against the previous forecast of DKK 3.6 billion.</li> <li>• EBIT is forecast at approx. DKK 160 million as against the previous forecast of approx. DKK 200 million</li> <li>• The profit from continuing operations before tax is forecast at approx. DKK 125 million as against the previous forecast of approx. DKK 175 million.</li> </ul>
06.11.2007	12	BioMar concludes an agreement on the acquisition of Provimi's fish feed activities in Chile, Denmark and Spain
07.11.2007	13	Disclosure of trading by insiders
07.12.2007	14	BioMar concludes an agreement on the disposal of stake in Aqua Gen AS

# Corporate Governance

The Executive and Supervisory Boards of the BioMar Holding Group regularly evaluate the company's Corporate Governance practice seen in relation to recognised principles. In the following an assessment is made in relation to the recommendations made by the Copenhagen Stock Exchange Committee on Corporate Governance. The assessment was based on the "comply-or-explain" principle relating to the eight main areas of the recommendations.

The back row from the left Chairman of the supervisory board Jens Bjerg Sørensen and Asbjørn Reinkind. In the front row from the left Vice-Chairman Per Møller and Jørn Ankær Thomsen.



Recommendations by the Copenhagen Stock Exchange Committee on Corporate Governance	The BioMar Holding Group's assessment according to the "comply-or-explain" principle
<p><b>I. The role of the shareholders and their interaction with the management of the company</b></p> <p><i>The shareholders, the owners of companies and society have a joint interest in the companies always being capably of adjusting to changing demands, which allows the companies to continue to be competitive and continue to create value. Corporate governance implies that the Supervisory and Executive Boards understand that interaction between the management and the shareholders is of vital importance to the company. As owners of the company, the shareholders can actively exercise their rights and use their influence resulting in management protecting the interests of shareholders as best as possible way, and ensuring efficient deployment of the company's funds in the short as well as the long term. Therefore, good corporate governance depends on appropriate frameworks which encourage the shareholders to enter into dialogue with the management of the company and each other. This can be encouraged through a strengthening of the general meeting's role as a forum for communication and decisions.</i></p>	<p>We believe that the BioMar Holding Group complies with this principle. However, the shareholders are unable to address each point on the agenda by proxy to the Supervisory Board.</p>
<p><b>II. The role of stakeholders and their importance to the company</b></p> <p><i>It is essential for a company's prosperity and future possibilities that the company have a good relationship with its stakeholders. Stakeholders are everyone directly affected by the company's decisions and business. Thus, it is desirable that the company's management run and develop the company with due consideration of its stakeholders, and that the management provide an incentive for dialogue with these stakeholders. Successful interaction between the company and its stakeholders implies openness and mutual respect.</i></p>	<p>We believe that the BioMar Holding Group complies with this principle.</p>
<p><b>III. Openness and transparency</b></p> <p><i>To a varying extent, it is necessary to provide shareholders - including potential shareholders - and other stakeholders with information about the company. Understanding and relating to the company depend on the amount of information and the quality of information published or provided by the company. Openness and transparency are essential conditions for ensuring that the company's shareholders and other stakeholders are able to regularly evaluate and relate to the company and its prospects and so to contribute to constructive interaction with the company.</i></p>	<p>We believe that the BioMar Holding Group complies with this principle.</p>

Recommendations by the Copenhagen Stock Exchange Committee on Corporate Governance	The BioMar Holding Group's assessment according to the "comply-or-explain" principle
<p><b>IV. The tasks and responsibilities of the Supervisory Board</b></p> <p><i>The Supervisory Board is responsible for safeguarding the interests of the shareholders with care and due consideration of the other stakeholders. As concerns the managerial division of tasks between the Supervisory and Executive Boards, the Supervisory Board is assigned with, and responsible for, undertaking the overall management of the company as well as establishing guidelines for and supervising the Executive Board's work. One important management task is to develop and establish appropriate strategies for the company. It is essential that the Supervisory Board ensure ongoing development of and follow-up on the necessary strategies in collaboration with the Executive Board.</i></p>	<p>We believe that the BioMar Holding Group complies with this principle.</p>
<p><b>V. The composition of the Supervisory Board</b></p> <p><i>The shareholders, the owners of companies and society have a joint interest in the companies always being capable of adjusting to changing demands, which allows the companies to continue to be competitive and continue to create value. Corporate governance implies that the Supervisory and Executive Boards understand that interaction between the management and the shareholders is of vital importance to the company. As owners of the company, the shareholders can actively exercise their rights and use their influence resulting in management protecting the interests of shareholders as best as possible way, and ensuring efficient deployment of the company's funds in the short as well as the long term. Therefore, good corporate governance depends on appropriate frameworks which encourage the shareholders to enter into dialogue with the management of the company and each other. This can be encouraged through a strengthening of the general meeting's role as a forum for communication and decisions.</i></p>	<p>We believe that the BioMar Holding Group complies with this principle. See the explanatory comments in "How the Supervisory Board creates value". However, three out of four of the Supervisory Board members serve on a higher number of boards than recommended. However, each of them believes that they can devote sufficient time to their duties for BioMar Holding A/S. BioMar has not laid down any retirement age for its supervisory board members.</p>
<p><b>VI. Remuneration of the members of the Supervisory Board and the Executive Board</b></p> <p><i>Competitive remuneration is a prerequisite for attracting and retaining competent members of the Supervisory Board and the Executive Board. The remuneration of the members of the two boards should be reasonable in relation to the tasks assigned and the responsibilities involved in performing these tasks. Performance-related pay may result in a convergence of interests between the shareholders and the management of the company and may cause the management to focus on increasing the company's value creation.</i></p>	<p>We believe that the BioMar Holding Group does not comply with the principle, as the company has chosen not to disclose its remuneration policy. This is because the Supervisory Board does not consider it appropriate to disclose earnings details of individuals.</p>
<p><b>VII. Risk management</b></p> <p><i>Effective risk management is a prerequisite allowing the Supervisory Board to perform its tasks in the best possible way. Therefore, it is essential that the Supervisory Board arrange for appropriate risk management systems to be established and generally ensure that such systems meet the requirements of the company at any time.</i></p>	<p>We believe that the BioMar Holding Group complies with this principle. See the explanatory comments in the section "Risk management".</p>
<p><b>VIII. Audit</b></p> <p><i>Ensuring a competent and independent audit is an essential element of the Supervisory Board's work. The Committee recommends that the contractual basis and thus the framework of the auditor's work be determined between the Supervisory Board and the Executive Board.</i></p>	<p>We believe that the BioMar Holding Group complies with this principle.</p>

# How the Supervisory Board creates value

## Procedures and duties of BioMar's Supervisory Board

The ultimate objective of the Supervisory Board of BioMar Holding A/S is to create value for the shareholders, but it must also ensure that the company observes all regulations and legislation within areas such as risk management and accounting standards. The Supervisory Board continuously strives to ensure the right balance between the time consumption for historical control, discussion of short-term reporting and compliance with regulations and legislation in proportion to the time consumption for strategic development and future performance.

To ensure the right balance and a deliberate prioritisation of their time consumption, the Supervisory Board lays down an annual plan as illus-

trated below, showing the quarterly timetable.

Apart from the aspects illustrated below, the Supervisory Board focuses heavily on the quality of the information received from the company's Management to ensure that the appropriate subjects are thoroughly addressed and structured in an easily accessible way. Similarly, the Supervisory Board encourages constructive and open debate on the subjects addressed, in which everyone concerned is given the opportunity to express their opinion.

## Supervisory board meetings in 2007

The Supervisory Board held 15 meetings in 2007, of which nine were held as telephone conferences. All four supervisory board members took part

in all 15 meetings. The Executive Board attended all supervisory board meetings in 2007.

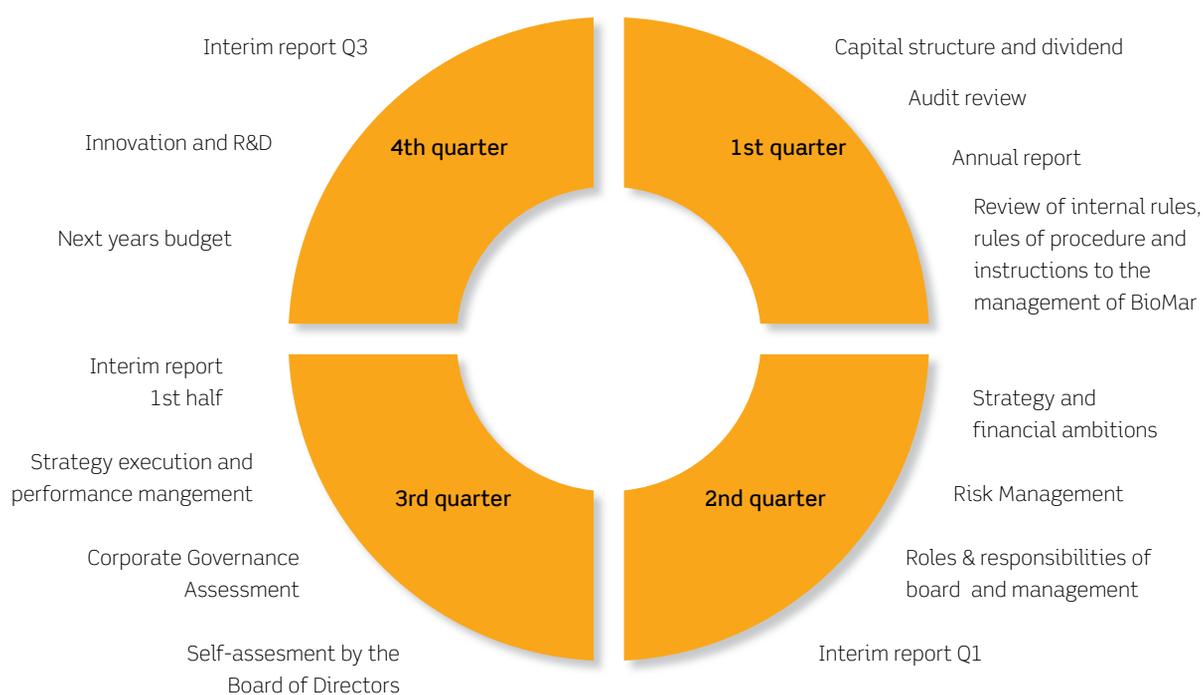
## Independence

Jens Bjerg Sørensen, CEO of Schouw & Co. and Jørn Ankær Thomsen, Chairman of the Supervisory Board of Schouw & Co. are deemed to be closely associated with the majority shareholder, Schouw & Co. Asbjørn Reinkind and Per Møller are deemed to be independent of the majority shareholder, Schouw & Co.

## Assessment of the Supervisory Board's work and of Corporate Governance

The Supervisory Board assesses its work once a year. The Chairman of the Supervisory Board is in charge of this

## Annual plan for the Supervisory Board



work and assesses the competencies of the each supervisory board member and the entire Supervisory Board. In addition, the composition and size of the Supervisory Board is assessed. The self-assessment involves an evaluation by the Chairman of the Supervisory Board's contribution to the development of the BioMar Group within a number of areas, including long-term return to the shareholders, strategic development, strategic planning and execution as well as risk management. The Chairman goes through the assessments with the other supervisory board members. The self-assessment does not involve any external assistance.

#### Competencies

The composition of the Supervisory Board is deemed to allow the supervisory board members to complement each others competencies. The Supervisory Board is deemed to possess the following competencies: International experience, production insight, familiarity with the aquaculture industry, strategic insight, financial understanding and extensive board experience from listed companies.

#### Composition and size

The Supervisory Board regularly assesses its composition, size and results with the objective of improving its work. The composition of the Supervisory Board is deemed to allow the supervisory board members to work efficiently and competently with the ongoing strategic development of the company. The company's interests are best safeguarded if a number of 3-5 members serve on the Supervisory Board. Accordingly, the present number of four supervisory board members is deemed appropriate.

#### Election period

The Supervisory Board is elected for one year of service.



From the left CFO Mogens Stentebjerg, Vice-Chairman Per Møller, EVP Niels Alsted, Chairman Jens Bjerg Sørensen, CEO Nils Agnar Brunborg and members of the board Asbjørn Reinkind and Jørn Ankær Thomsen.

#### Use of supervisory board committees

The size of the Supervisory Board allows duties and decisions in relation to nomination, remuneration and audit to be handled most appropriately by the entire Supervisory Board. Accordingly, the Supervisory Board has not appointed any nomination, remuneration or audit committees.

#### The possibility for the Supervisory Board to purchase shares

It is possible for the Supervisory Board to purchase shares four weeks post publication of interim reports and the annual report, unless otherwise decided by the Supervisory Board.

#### The Supervisory Board's examination of capital structure and dividends

At regular intervals, the Supervisory Board assesses whether the company's capital and share structures persistently serve the interests of the shareholders and the company. BioMar Holding A/S has only one share class with equal voting rights to all shareholders. Accordingly, the share structure is considered appropriate.

The BioMar Holding Group regularly assesses its capital structure and liquidity, including the potential payment of distributable reserves to the shareholders in the form of

dividends and/or share buy-back if facilitated by operations and liquidity. The assessment is, among other things, based on the company's financial position, risk exposure and required liquidity for the company's operations and strategic development derived from the given targets laid down. Should the capital base be in excess of capital requirements, the group will distribute excess capital to the shareholders.

The capital resources of the group stated as affirmed credit facilities with the addition of cash at bank and in hand and securities closed at approx. DKK 991 million at year-end 2007. Of this amount, DKK 671 million has been earmarked for the acquisition of Provimi Aqua. At year-end 2007, capital resources reached DKK 320 million. In addition, the group's stake in Sjøtroll Havbruk AS is deemed to represent significant cash reserves. The capital resources are deemed sufficient based on present operations and liquidity. Group working capital is subject to relatively major seasonal fluctuations. Traditionally, Q3 has the highest working capital requirement. The acquisition of Provimi Aqua is expected to further increase the working capital. Against this background, the Supervisory Board proposes that a dividend of DKK 4 per share is paid for the 2007 financial year.

# Supervisory Board of BioMar



## Jens Bjerg Sørensen, Chairman

Initially elected by the general meeting held in January 2006.

*Shares in BioMar Holding A/S:*  
0 (year end 2007).

*Options in BioMar Holding A/S:*  
none (year end 2007).

*Year of birth:* 1957.

*Position:* CEO of Aktieselskabet Schouw & Co. since 2000.

*Former employment:*  
1995-2000 Group Chief Executive of BioMar A/S.  
1989-1995 General Manager of B-S PET Products A/S,  
1986-1989 CEO of Ancher Iversen A/S.

*Education:*  
Insead Executive Programme (IEP) 1986.  
The HD programme, market economics, Copenhagen, 1984.  
Degree from Niels Brocks Handelsakademi, 1980.

*Management positions in Danish limited liability companies:*  
Chairman of the Supervisory Board of A/S P. Grene, Chr. C. Grene A/S, Hydra-Grene A/S and Xergi A/S.

Vice-Chairman of the Supervisory Board of:  
Fibertex A/S and Martin Professional A/S.

Board member of: Aida A/S, Aktieselskabet af 26. november 1984, Dansk Moler Industri A/S, DB 2001 A/S, FAA Holding A/S, F. M. J. A/S, Incuba A/S, Incuba Venture I K/S and Schouw Finans A/S.



## Per Møller, Vice-Chairman

Initially elected by the general meeting held in April 2005.

*Shares in BioMar Holding A/S:*  
1,350 (year end 2007).

*Options in BioMar Holding A/S:*  
none (year end 2007).

*Year of birth:* 1943.

*Former employment:*  
2002-2006 CEO of Højgaard Holding A/S.  
1999-2001 CEO of Superfos A/S.  
1989-1999 CFO of Superfos A/S.  
1986-1989 Group Chief Executive of FDB.

*Education:*  
MSc, Economics, University of Aarhus, in 1968.

*Management positions in Danish limited liability companies:*  
Chairman of the Supervisory Board: Atrium Partners A/S, Det Danske Klasselotteri A/S, Højgaard Holding A/S and MT Højgaard A/S.

Vice-Chairman of the Supervisory Board:  
RTX Telecom A/S.

Board member of: Glunz & Jensen Fonden



**Jørn Ankær Thomsen, supervisory board member**

Initially elected by the general meeting held in January 2006.

*Shares in BioMar Holding A/S:*

0 (year end 2007).

*Options in BioMar Holding A/S:*

none (year end 2007).

*Year of birth:* 1945.

*Position:* Lawyer at Gorrissen Federspiel Kierkegaard (right of audience in the Danish Supreme Court)

*Education:*

Master of Laws, University of Copenhagen, 1970.

*Management positions in Danish limited liability companies:*

Chairman of the Supervisory Board of: Aida A/S, Aktieselskabet af 26. november 1984, Aktieselskabet Schouw & Co., Holdingselskabet af 25. november 1972 A/S, Carlsen Byggecenter Løgten A/S, Carlsen Supermarked Løgten A/S, Th. C. Carlsen Løgten A/S, Danish Industrial Equipment A/S, Danske Invest Administration A/S, DB 2001 A/S, Fibertex A/S, F. M. J. A/S, GAM Holding A/S, GFKJURA 883 A/S, Ghana Impex A/S, Givesco A/S, Investeringsforeningen Danske Invest, Kildebjerg Ry A/S, Krone Erhvervsinvestering A/S, Krone Kapital A/S, Løgten Midt A/S, Martin Professional A/S, K. E. Mathiasen A/S, Ortopædisk Hospital Aarhus A/S, Pipeline Biotech A/S, Schouw Finans A/S and Søndergaard Give A/S.

Vice-Chairman of the Supervisory Board of:

A/S P. Grene and Carletti A/S.

Board member of the Supervisory Board of: Krone Kapital I A/S, Krone Kapital II A/S, Krone Kapital III A/S, Vestas Wind Systems A/S, Dan Cake A/S, Givesco Bakery A/S, and Ejendomsselskabet Blomstervej 16 A/S.



**Asbjørn Reinkind, supervisory board member**

Initially elected by the general meeting held in January 2006.

*Shares in BioMar Holding A/S:*

2,000 (year end 2007).

*Options in BioMar Holding A/S:*

none (year end 2007).

*Year of birth:* 1960.

*Former employment:*

2002-2007 Group Chief Executive/CEO

Rieber & Søn ASA

1997-2001 CEO of Hydro Seafood.

1995-1997 Divisional Director of TORO.

1985-1995 CEO of DENJA.

*Education:*

INSEAD AMP Program 2001.

MSc business economics, Norges Handelshøyskole

1980-1984.

*Management positions in Danish limited liability*

*companies:*

None

# Financial review

The financial review comments on the consolidated financial statements of the BioMar Holding A/S Group for 2007. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by

the EU and additional Danish disclosure requirements for annual reports of listed companies.

## Review of major factors affecting the 2007 development

The below-mentioned issues pro-

duced a major impact on BioMar's financial development in 2007:

- The first six months of 2007 saw a capacity expansion at three BioMar factories in the North Sea region. The two projects in Norway were

## Income statement

Key figures, DKK million

	2007	2006	Percentage change
<b>Revenue</b>	<b>3.677</b>	<b>3.274</b>	<b>12 %</b>
- Of which North Sea	2.151	1.917	12 %
- Of which Americas	547	483	13 %
- Of which Continental Europe	979	874	12 %
Direct production costs	(2.783)	(2.408)	16 %
<b>Gross profit</b>	<b>894</b>	<b>866</b>	<b>3 %</b>
Other production costs	(371)	(336)	10 %
<b>Gross profit II</b>	<b>523</b>	<b>530</b>	<b>(1) %</b>
Selling and distribution costs	(254)	(209)	22 %
Administrative expenses	(111)	(114)	(3) %
Bad debts and provisions for bad debts	2	(6)	-
Other operating income	3	1	-
<b>Operating profit</b>	<b>163</b>	<b>202</b>	<b>(19) %</b>
Financial items, net	(35)	(21)	67 %
<b>Profit from continuing operations before tax</b>	<b>128</b>	<b>181</b>	<b>(29) %</b>
Tax on profit from continuing operations	(9)	(45)	(80) %
<b>Profit from continuing operations after tax</b>	<b>119</b>	<b>136</b>	<b>(13) %</b>
Profit for the year from discontinued operations <sup>1</sup>	19	75	(75) %
<b>Profit for the year</b>	<b>138</b>	<b>211</b>	<b>(35) %</b>
Attributable to:			
Shareholders of BioMar Holding A/S	126	211	
Minority interests	12	0	
<b>EBIT</b>	<b>163</b>	<b>202</b>	<b>(19) %</b>
<b>Depreciation/amortisation</b>	<b>86</b>	<b>81</b>	<b>6 %</b>
<b>EBITDA</b>	<b>249</b>	<b>283</b>	<b>(12) %</b>
<b>Volume, (1,000 tonnes)</b>	<b>547</b>	<b>513</b>	<b>7 %</b>
<b>Operating margin (EBIT margin)</b>	<b>4,4 %</b>	<b>6,2 %</b>	

1) Comprises 37.2 % of the results after tax (including fair value adjustment of biomass) of Sjøtroll Havbruk AS up to the date on which date BioMar took majority control of Sjøtroll Havbruk AS. As from the end of March 2007, the results of Sjøtroll Havbruk AS (including fair value adjustment of biomass) are fully consolidated, and proportionate profit appropriation will be made to the minority shareholders with a 49.1 % ownership interest in Sjøtroll Havbruk AS.

delayed. In addition, BioMar faced significant production problems on production restart. These problems persisted during the peak season in Q3, which was characterised by irregular production. Prompted by the required relocation of production to other factories, BioMar incurred higher recipe costs, higher production costs and higher distribution costs. The effect of the efficiency measures already initiated in Norway now begins to show.

- In August 2007, BioMar's new

production line on the factory in Parga, Chile, was ready to be put into service, thereby almost doubling BioMar's capacity in Chile. Practically at the same time, Chilean market growth began to slow down because of fish disease. The escalating problems with fish disease produced lower growth, higher mortality rates and culling. The problems grew worse during the year. Accordingly, Chilean market growth is not forecast to exceed 5 % in 2008. BioMar enjoyed a po-

sitive development in Chile in 2007 despite difficult market conditions.

- Fish disease posed an increasing problem in Norway. BioMar holds a fairly substantial share of the markets mostly affected by fish disease. As a consequence, BioMar's market share in Norway was slightly on the decline in 2007.

#### **Review of adjusted income statement**

In 2006, BioMar Holding A/S recognised as income DKK 30 million of a



previous provision for pension obligations under the KFK pension scheme as the Danish Financial Supervisory Authority had changed its position on the scope of BioMar Holding A/S' obligation. This is a one-off item. In the table, an adjustment of DKK 30 million arising from the one-off item has been recognised in the income statement for 2006. The following income statement review is based on the adjusted figures.

Revenue for 2007 came in at DKK 3,677 million, reflecting an increase of DKK 403 million on 2006, equivalent to a gain of approx. 12 %. The revenue is slightly lower than the latest announced guidance. The change in revenue is ascribable to volume increase (quantity sold) of ap-

prox. 7 % and higher sales prices. The higher sales prices were the result of the past year's heavy increases in the prices of several raw materials (including fish meal, fish oil, rapeseed oil and wheat) used extensively by BioMar. The vast part of BioMar's customer contracts lay down that changes in raw material prices are, fully or partly, to be passed on to the customers in the form of changed feed prices.

The overall development in BioMar's three regions is described below.

*BioMar North Sea* (including the factories in Norway and the UK). BioMar's revenue from the North Sea region, where salmon is the main product, was DKK 2,151 million in 2007,

accounting for a climb of DKK 234 million, equivalent to 12 % growth on 2006.

*BioMar Americas* (including two factories in Chile). In Chile, where salmon is the primary product, BioMar generated revenue of DKK 547 million in 2007, representing an increase of DKK 64 million, equivalent to a 13 % rise on 2006. The progress was made despite a decline of approx. 9 % in BioMar America's functional currency, USD.

*BioMar Continental Europe* (including the factories in Denmark, France and Greece). Continental Europe produced revenue of DKK 979 million in 2007, reflecting an increase of DKK 105 million, up by 12 % on 2006.



The revenue increase was triggered by higher sales prices originating from increasing raw material prices and a higher volume primarily due to Eastern Mediterranean growth.

Gross profit reached DKK 894 million in 2007, which was DKK 28 million up on 2006, equivalent to an increase of 3 %. The progress was attributable to volume growth, which was partly offset by a declining gross profit per kilo. The predominant reasons for the reduced gross profit per kilo were irregular production activities arising from the previously mentioned capacity expansion and favourable sourcing of raw materials in 2006.

Other production costs rose by DKK 35 million to DKK 371 million in 2007, equivalent to an increase of 10 % on the same period last year. The increase was driven by the higher volume and higher production costs triggered by irregular production activities because of the mentioned capacity expansion.

Selling and distribution costs were up by DKK 45 million to DKK 254 million in 2007, accounting for an increase of 22 % on 2006. The main driver for this development was higher distribution costs. This is a consequence of the mentioned temporary factory shutdown increasing the cost of feed transportation. Using a broader range of raw materials and serving more diversified customer locations have increased the complexity of logistics.

Administrative expenses were down by DKK 3 million to DKK 111 million in 2007, reflecting a 3 % drop on 2006.

Bad debts and provisions for bad debts represented an income of DKK 2 million in 2007, generating an improvement of DKK 8 million as against an expense of DKK 6 million in 2006.

Operating profit (EBIT) came in at DKK 163 million for 2007, reflecting a decline of DKK 39 million on 2006, but in line with the latest guidance of EBIT of approx. DKK 160 million. The decline was primarily attributable to higher recipe costs, resulting in a lower gross profit per kilo, higher production costs as well as distribution costs triggered by irregular production on the factories in Norway.

Operating margin (defined as EBIT as a percentage of revenue) was down by 6.2 % in 2006 to 4.4 % in 2007.

Financial items, net accounted for an expense of DKK 35 million in 2007 as against an expense of DKK 21 million in 2006. This development was the result of a higher interest-bearing debt following the acquisition of 13.7 % of the share capital in Sjøtroll Havbruk AS, amounting to a payment of DKK 184 million, dividend distribution to the shareholders of BioMar Holding A/S, insurance payments regarding KFK supplementary pension obligations, investments in property, plant and equipment and increased working capital throughout 2007.

Profit from continuing operations amounted to DKK 128 million in 2007, which was a drop of DKK 53 million on 2006, but in line with the latest guidance of profit from continuing operations of approx. DKK 125 million.

Profit from discontinued operations was attributable to the Norwegian farming company Sjøtroll Havbruk AS. The profit comprises a 37.2 % share of the results after tax of Sjøtroll Havbruk AS until the end of March 2007. In its Stock Exchange Announcements dated 24 April and 4 June 2007, BioMar announced that Sjøtroll Havbruk AS had sold its 24.3 % stake in Hjaltland Seafarms and earned a profit of approx. NOK 55 million (approx. DKK 50 million). In the Interim

Report, First Half of 2007 and Q3 Interim Report 2007, the profit has been recognised in Sjøtroll's results under »Profit from discontinued operations«.

On 26 March 2007, BioMar acquired an additional 13.7 % of the shares in Sjøtroll Havbruk AS and thereby took majority control with a 50.9 % shareholding. At the acquisition date, Sjøtroll's assets and liabilities are to be stated at fair value in accordance with IFRS 3. This statement was finalised in connection with the preparation of the 2007 annual report, resulting in an increase of the stake in Hjaltland Seafarms of DKK 50 million and concessions of DKK 93 million at 26 March 2007. The increase was recognised in the takeover balance sheet and did not impact on the results, see note 26.

In the annual report 2007, the increase in the value of Hjaltland Seafarms was recognised directly in the takeover balance when Hjaltland Seafarms became a group enterprise. Accordingly, the »Profit from discontinued operations« disclosed in previous Stock Exchange Announcements was reduced by DKK 50 million.

As from the end of March 2007, the results after tax of Sjøtroll Havbruk AS are fully recognised in »Profit from discontinued operations«. Proportionate profit appropriation will be made to the minority shareholders of Sjøtroll Havbruk AS.

Profit from discontinued operations was recognised at DKK 19 million for 2007, of which an amount of DKK 12 million is attributable to the minority shareholders for the period after Q1 2007. BioMar's profit share for 2006 reached DKK 74.5 million.

The results of Sjøtroll Havbruk AS were considerably down on 2006 as

## Balance sheet

Balance sheet key figures of BioMar Holding A/S are stated below.

### Balance

DKK mio.

	Ultimo 2007	Ultimo 2006
Total non-current assets	733	843
Total current assets	1,101	1,107
- of which net receivables	546	527
Assets, continuing operations	1,834	1,950
Assets held for sale	1,251	-
<b>Total assets</b>	<b>3,085</b>	<b>1,950</b>
Equity <sup>1</sup>	1,138	968
Equity including minority interests	1,404	968
Total debt and liabilities	1,681	982
- of which liabilities in respect of assets held for sale	601	-
Gross interest-bearing debt	559	461
Interest-bearing debt less cash at bank and in hand and short-dated securities	321	178
Equity ratio <sup>2</sup>	62.1 %	49.6 %

1) The share of equity held by the shareholders of BioMar Holding A/S.

2) Equity excluding minority interests as a percentage of assets, continuing operations.



a result of lower salmon and trout prices. Average salmon prices for 2007 were approx. NOK 7 per kilo down on 2006, accounting for a drop of approx. 20 %.

Under IFRS 3, a fair value assessment was made of the assets and liabilities at the acquisition date on 26 March 2007, prompting an adjustment of DKK 143 million, of which DKK 53 million was recognised directly in equity reflecting the revaluation of the initial stake of 37.2 %. We refer to notes 26 and 27 to the annual report.

*Profit for the year* came in at DKK 138 million for 2007, representing a decline of DKK 73 million on 2006.

*Attributable to:* Minority interests' share of the results totalled DKK 12 million for 2007.

*Non-current assets* amounted to DKK 733 million at year-end 2007, which was DKK 110 million down on the 2006 financial year end. The decline is accounted for by the non-recognition of the investment in Sjøtroll Havbruk AS at the end of 2007. At the end of 2006, Sjøtroll Havbruk AS was recognised as non-current assets at a value of DKK 183 million. In addition, 2007 has seen the investment in capacity expansion in excess of depreciation.

*Current assets* came in at DKK 1,101 million at the end of 2007, which was practically in line with year-end 2006.

*Net receivables* represented DKK 546 million at year end 2007, corresponding to a climb of DKK 19 million on the 2006 year end, which was ascribable to increasing raw material prices and higher revenue.

*Assets, continuing operations* accounted for DKK 1,834 million at year

end 2007, which was DKK 116 million down on year end 2006. The change was primarily caused by the non-classification of Sjøtroll Havbruk AS as a continuing operation.

*Assets held for sale* amounted to DKK 1,251 million at year end 2007 and comprised all assets of Sjøtroll Havbruk AS, equivalent to DKK 1,153 million, and BioMar's goodwill of DKK 98 million. Goodwill has arisen from the acquisition of additional 13.7 % of the shares in Sjøtroll Havbruk AS and represents the difference between the acquisition price and the fair value of net assets acquired, see note 26 to the annual report.

*Total assets* reached DKK 3,085 million at year end 2007, accounting for a gain of DKK 1,135 million on year end 2006. The gain was, for the most part, the result of the recognition of all assets of Sjøtroll Havbruk AS prompted by its consolidation in BioMar's balance sheet due to BioMar's majority control.

*Interest-bearing debt less cash at bank and in hand and short-dated securities* came in at DKK 321 million at the 2007 financial year end, equivalent to a rise of DKK 143 million on the 2006 financial year end. The increased net interest-bearing debt was due to the acquisition of an additional 13.7 % of the share capital in Sjøtroll Havbruk AS, amounting to a payment of DKK 184 million, dividend distribution to the shareholders of BioMar Holding A/S, insurance payments regarding KFK supplementary pension obligations and investments in property, plant and equipment.

*Operating profit with the addition of depreciation/amortisation* makes up EBITDA, which came in at DKK 249 million for 2007, equivalent to a decline of DKK 64 million on 2006.

## Cash flow statement

The key figures of BioMar Holding A/S' cash flow statement are stated below:

### Cash flow statement

Key figures, DKK million

	2007	2006
<b>Operating profit</b>	<b>163</b>	<b>232</b>
Depreciation/amortisation	86	81
<b>EBITDA</b>	<b>249</b>	<b>313</b>
- Change in inventories	(16)	(65)
- Change in receivables	(20)	(29)
- Change in trade and other payables	52	89
Change in working capital	16	(5)
Change in pensions and similar obligations	(26)	(33)
Financial items, net	(35)	(21)
Non-cash operating items, net	(4)	26
Corporation tax paid	(46)	(29)
<b>Cash flows from operating activities</b>	<b>154</b>	<b>251</b>
Acquisition/disposal of property, plant and equipment, net	(139)	(119)
Acquisition of enterprises	(181)	0
Purchase/sale of securities	(29)	(2)
<b>Cash flows from investing activities</b>	<b>(349)</b>	<b>(121)</b>
<b>Cash flows from financing activities</b>	<b>54</b>	<b>(108)</b>
<b>Cash flows from discontinued operations</b>	<b>61</b>	<b>0</b>
<b>Net cash flows from operating, investing and financing activities</b>	<b>(81)</b>	<b>22</b>

*Change in working capital*, reflecting the total change in inventories, receivables, trade and other payables, reached DKK 16 million for 2007.

*Cash flows from operating activities* amounted to DKK 154 million for 2007 as against DKK 251 million for 2006, which mainly may be ascribed to lower EBITDA.

*Cash flows from investing activities* were a negative DKK 349 million in 2007, which primarily was produced by the net investment in property,

plant and equipment of DKK 139 million and the acquisition of shares in Sjøtroll Havbruk AS, amounting to a payment of DKK 184 million.

*Cash flows from discontinued operations* were ascribable to Sjøtroll Havbruk AS, see note 27, and accounted for DKK 61 million in 2007.

*Net cash flows from operating, investing and financing activities* represented a negative DKK 81 million in 2007 as against DKK 22 million in 2006.

## Expectations for 2008

The results of Provimi Aqua are consolidated into BioMar's financial statements as from 1 February 2008 and are, therefore, included in the forecast for 2008, which is illustrated below:

- Revenue of the BioMar Holding Group for 2008 is forecast at slightly above DKK 5 billion as against approx. DKK 3.7 billion for 2007.
- Group EBIT is forecast at approx. DKK 230 - 250 million for 2008 as against EBIT of DKK 163 million for 2007.
- Profit from continuing operations before tax is forecast at approx. DKK 200-220 million for 2008. This figure includes a profit of DKK 38 million from the disposal of a stake in Aqua Gen AS. The profit was re-

alised in Q1 2008. For 2007, BioMar reported a profit from continuing operations before tax of DKK 128 million.

The profit from discontinued operations consists of Sjøtroll Havbruk AS. In 2008 EBIT (excl. fair value adjustment of biomass) is expected to improve compared to the in 2007 realised EBIT of NOK 56 million. The expectations for the profit of Sjøtroll Havbruk AS, is subject to major uncertainty relating to changes in the prices of salmon and trout, recognition period and the impact of an eventual disposal of the activity.

Forecast revenue and results for 2008 are based on normal, climatic conditions and persistently stable

fish prices. Forecast revenue is based on the assumption that average raw material prices for 2008 will be in line with the raw material prices at the beginning of 2008. Furthermore, the 2008 forecast depends on the competitive situation, intensity of diseases at farming companies in particular in Chile, the integration of Provimi Aqua and the effect of operational measures to optimise recipes and production efficiency. The development in raw material prices, energy prices, interest level, exchange rates and general economic trends may also have the outcome that actual results are materially at variance with forecast results. We refer to the section »Risk Management«.



### Mogens Stentebjerg

Mogens Stentebjerg is the CFO. Mogens is overall responsible for finances and financial reporting. Mogens has been employed with BioMar for approx. 20 years.



# Content of accounting section

Accounting policies .....	60
Income statement .....	69
Balance sheet .....	70
Statement of changes in equity .....	72
Cash flow statement .....	74

## Notes

1. Accounting estimates and judgements .....	75
2. Segment information - Group .....	76
3. Costs .....	77
4. Audit fee .....	79
5. Other operating income .....	79
6. Investments in group enterprises .....	80
7. Investments in associate .....	81
8. Bad debts and provisions for bad debts .....	82
9. Financial items .....	82
10. Tax on profit from continuing operations .....	83
11. Earnings per share .....	83
12. Prop., plant and equipment - Group .....	84
13. Inventories .....	86
14. Receivables .....	86
15. Securities .....	87
16. Equity .....	88
17. Statement of recognised income and expenses .....	88
18. Pensions and similar obligations .....	88
19. Deferred tax .....	89
20. Mortgage credit institutions/bank loans and overdrafts .....	91
21. Trade and other payables .....	92
22. Corporation tax .....	92
23. Contingent liabilities, contingent assets and security .....	92
24. Currency and interest rate risks and the use of derivative financial instruments .....	93
25. Operating leases .....	97
26. Acquisition of subsidiaries and activities .....	97
27. Discontinued operations .....	98
28. Related party disclosures .....	100
29. Events after the balance sheet date .....	100
30. New IFRSs .....	101
31. Group chart .....	101
Statement by the Executive and Supervisory Boards .....	102
Independent auditors' report .....	103

# Accounting policies

BioMar Holding A/S is a public limited company domiciled in Denmark. The annual report for the period 1 January - 31 December 2007 comprises both the consolidated financial statements of BioMar Holding A/S and its subsidiaries (the group) and separate parent company.

The annual report of BioMar Holding A/S for 2007 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies, see the OMX The Nordic Exchange Copenhagen' disclosure requirements.

In addition, the annual report has been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the IASB.

## Basis for preparation

The annual report is presented in DKK rounded up/down to the nearest DKK 1,000.

The annual report has been prepared on the historical cost basis except for the following assets and liabilities which are measured at fair value: biological inventories and certain financial instruments.

Non-current assets and disposal groups classified as held for sale are measured at the lower of the carrying amount before the changed classification and fair value less costs to sell.

The accounting policies set out below have been used consistently in respect of the financial year and to comparative figures.

Effective from 1 January 2007, BioMar Holding A/S implemented IFRS 7 Financial Instruments: Disclosures and IAS 1 Presentation of financial statements (revised 2005) and IAS 32 Financial Instruments: Presentation (revised 2005). In addition, BioMar Holding has implemented IFRICs 7-10.

The new financial reporting standards and IFRICs did not affect the financial reporting of BioMar Holding A/S. Accordingly, the accounting policies are consistent with those of last year. The new standards solely produce changes to the notes. The comparative figures in the notes have been restated.

The new financial reporting standards and IFRICs did not affect earnings per share and diluted earnings per share.

## Description of accounting policies

### *Consolidated financial statements*

The consolidated financial statements include the parent company, BioMar Holding A/S, and subsidiaries in which BioMar Holding A/S exercises control, i.e. the power to govern the financial and operating policies so as to obtain

benefits from its activities. Control is obtained when the company directly or indirectly holds more than 50 % of the voting rights in the subsidiary or which it, in some other way, controls.

Enterprises over which the group exercises significant influence, but which it does not control, are considered associates. Significant influence is generally obtained by direct or indirect ownership or control of more than 20 % of the voting rights but less than 50 %.

When it is assessed whether BioMar Holding A/S exercises control or significant influence, potential voting rights which are exercisable at the balance sheet date are taken into account.

The consolidated financial statements have been prepared as a consolidation of the parent company's and the individual subsidiaries financial statements prepared according to the group accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised losses are eliminated in the same way as unrealised gains to the extent that impairment has not taken place.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of identifiable net assets and liabilities at the acquisition date. The accounting items of subsidiaries are included in full in the consolidated financial statements. Minority interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly owned are included in the group's profit/loss and equity, respectively, but are disclosed separately.

## Business combinations

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal. The comparative figures are not restated for acquisitions. Discontinued operations are presented separately, see below.

For acquisitions of new enterprises in which the parent company is able to exercise control over the acquired enterprise, the purchase method is used. The acquired enterprises' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right, and the fair value can be reliably measured. Deferred tax on revaluations is recognised.

The acquisition date is the date when BioMar Holding A/S effectively obtains control of the acquired enterprise.

Any excess of the cost over the fair value of the identifiable assets, liabilities and contingent liabilities acquired (goodwill) is recognised as goodwill under intangible assets. Goodwill is not amortised, but is tested annually for impairment. The first impairment test is performed within the end of the acquisition year. Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for the impairment test. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with another functional currency than the presentation currency used in BioMar Holding A/S' financial statements are treated as assets and liabilities belonging to the foreign entity and translated into the foreign entity's functional currency at the exchange rate at the transaction date. Negative differences (negative goodwill) is recognised in the income statement at the acquisition date.

The cost of a business combination comprises the fair value of the consideration agreed upon and costs directly attributable to the acquisition. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the amount of that adjustment is included in the cost of the combination if the adjustment is probable and can be measured reliably.

If uncertainties regarding the measurement of identifiable assets, liabilities and contingent liabilities exist at the acquisition date, initial recognition will take place on the basis of preliminary fair values. If identifiable assets, liabilities and contingent liabilities are subsequently determined to have different fair value at the acquisition date than first assumed, goodwill is adjusted up until 12 months after the acquisition. The effect of the adjustments is recognised in the opening balance of equity and the comparative figures are restated accordingly. Subsequently, goodwill is only adjusted as a result of changes in estimates of contingent purchase considerations, except in cases of material error. However, the subsequent realisation of the acquired enterprise's deferred tax assets not recognised at the acquisition date will require recognition of the tax benefit in the income statement and at the same time write-down of the carrying amount of goodwill to the amount which would have been recognised if the deferred tax asset had been recognised as an identifiable asset at the acquisition date.

Gains or losses on disposal of subsidiaries and associates are stated as the difference between the sales amount and the carrying amount of net assets including goodwill at the date of disposal plus anticipated disposal costs. The carrying amount of goodwill arising on acquisitions made before 1 January 2004 which was written off immediately in equity is recognised at DKK 0 at the disposal date.

### Foreign currency translation

For each of the reporting enterprises in the group, a functional currency is determined. The functional currency is the currency used in the primary financial environment in which the reporting enterprise operates. Transactions denominated in other currencies than the functional currency are considered transactions denominated in foreign currencies.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated to the functional currency at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised in the income statement as financial income or financial expenses.

On recognition in the consolidated financial statements of enterprises with another functional currency than DKK, the income statements are translated at the exchange rates at the transaction date and the balance sheet items are translated at the exchange rates at the balance sheet date.

An average exchange rate for the month is used as the exchange rate at the transaction date to the extent that this does not significantly distort the presentation of the underlying transactions. Foreign exchange differences arising on translation of the opening balance of equity of such enterprises at the exchange rates at the balance sheet date and on translation of the income statements from the exchange rates at the transaction date to the exchange rates at the balance sheet date are recognised directly in equity under a separate translation reserve.

Foreign exchange adjustment of balances which are considered part of the investment in enterprises with another functional currency than DKK are recognised in the consolidated financial statements directly in equity under a separate translation reserve. Correspondingly, foreign exchange gains and losses on the part of loans and derivative financial instruments which are designated as hedges of investments in such enterprises and efficiently hedge against corresponding foreign exchange gains and losses on the investment in the enterprise are also recognised directly in a separate translation reserve in equity.

On recognition in the consolidated financial statements of associates with another functional currency than DKK, the share of profit/loss for the year is translated at average exchange rates and the share of equity, including goodwill, is translated at the exchange rates at the balance sheet

date. Foreign exchange differences arising on the translation of the share of the opening balance of equity of foreign associates at the exchange rates at the balance sheet date, and on translation of the share of profit/loss for the year from average exchange rates to the exchange rates at the balance sheet date, are recognised directly in a separate translation reserve in equity.

### Derivative financial instruments

Derivative financial instruments are recognised at the date a derivative contract is entered into and measured on the balance sheet at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively, and set-off of positive and negative values is only made when the company has the right and the intention to settle several financial instruments net. Fair values of derivative financial instruments are computed on the basis of current market data and generally accepted valuation methods.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets and liabilities are recognised in the income statement together with changes in the value of the hedged asset or liability as far as the hedged portion is concerned. Hedging of future cash flows according to agreement (firm commitment), except for foreign currency hedges, is treated as a fair value hedge of a recognised asset or liability.

Changes in the portion of the fair value of derivative financial instruments designated as and qualifying as a cash flow hedge that is an effective hedge of changes in the value of the hedged item are recognised in equity under a separate hedging reserve until the hedged transaction is realised. If the hedged transaction results in gains or losses, amounts previously recognised in equity are transferred to the same item as the hedged item. Gains or losses from hedges of proceeds from future borrowings are, however, transferred from equity over the term of the loan.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Changes in the fair value of derivative financial instruments used to hedge net investments in foreign subsidiaries or associates that are effective hedges of currency fluctuations in these enterprises are recognised directly in a separate translation reserve in equity.

Certain contracts contain characteristics of derivative financial instruments. Such embedded derivatives are recognised separately and measured currently at fair value if they differ significantly from the host contract, unless the entire host contract is recognised and measured at fair value.

### Income statement

#### Revenue

Revenue from the sale of goods for resale and finished goods, including fish feed, is recognised in the income statement provided that delivery and transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received.

Revenue is measured ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

#### Government grants

Government grants relate to grants and funding for R&D activities, investment grants, etc. Grants for R&D activities, which are recognised directly in the income statement, are recognised as other operating income.

#### Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs. Direct production costs include costs of raw materials and consumables. Indirect production costs include wages and salaries, rent and leases and depreciation and impairment of production plant.

Production costs also comprise research and development costs that do not qualify for capitalisation and amortisation and impairment of capitalised development costs.

#### Sales and distribution costs

Costs incurred in distributing goods sold during the year and in conducting sales campaigns etc. during the year are recognised as distribution costs. Also, costs relating to sales staff, advertising, exhibitions and depreciation and impairment losses are recognised as distribution costs.

#### Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration, including expenses for administrative staff, office premises and office expenses, and depreciation and impairment losses.

#### Bad debts and provisions for bad debts

Provisions for bad debts are made to the extent that the receivable is deemed irrecoverable.

#### Other operating income and costs

Other operating income and costs comprise items secondary to the principal activities of the enterprises, including gains and losses on ongoing disposal and replacement of intangible assets and property, plant and equipment and government grants. Gains and losses on disposal of intangible assets and property, plant and equipment are determined as the sales price less sales costs and the carrying amount at the selling date.

#### *Profits/losses from investments in associates in the consolidated financial statements*

The proportionate share of the results of associates after tax is recognised in the consolidated income statement.

#### *Financial income and expenses*

Financial income and expenses comprise interest income and expense, gains and losses on securities and impairment of securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities, as well as surcharges and refunds under the on-account tax scheme. Furthermore, realised and unrealised gains and losses on derivative financial instruments which are not designated as hedging arrangements are included.

Borrowing costs are expensed as incurred.

Dividends from investments in subsidiaries and associates are recognised in the parent company income statement in the financial year when the dividends are declared. To the extent that dividends distributed exceed accumulated earnings after the date of acquisition, dividends are, however, recognised as a write-down of the cost of the investment.

#### *Tax on profit/loss for the year*

BioMar Holding A/S is jointly taxed with all Danish subsidiaries. The current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. Companies that use tax losses in other companies pay the joint tax contribution to the administrative company of the parent company at an amount corresponding to the tax base of the used tax losses. Companies whose tax losses are used by other companies receive joint tax contributions from the administrative company of the parent company corresponding to the tax base of the used losses (full absorption). The jointly taxed companies are taxed under the on-account tax scheme.

The foreign enterprises of the BioMar Holding A/S Group are not included in the joint taxation. Accordingly, their current corporation tax is calculated according to local tax rules. In addition, they must generate a taxable profit to be able to set off any tax loss.

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to changes directly recognised in equity is recognised directly in equity.

### **Balance sheet**

#### *Intangible assets*

##### *Goodwill*

Goodwill is initially recognised on the balance sheet at cost as described under »Business combinations«. Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the group's cash-generating units at the acquisition date. Identification of cash-generating units is based on the management structure and internal financial control.

#### *Development projects, patents and licenses etc.*

Development costs include wages/salaries, amortisation and other costs attributable to the company's development activities. Development projects that are clearly defined and identifiable, where the technical utilisation degree, sufficient resources and a potential future market or development opportunities in the company is evidenced, and where the company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings or the net sales price can cover production costs, sales costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

The BioMar Holding A/S Group has not capitalised any development costs as research & development costs are not deemed to meet the criteria for recognition on the balance sheet.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents and licences are amortised on a straight-line basis over the lower of the remaining patent or contract period and the useful life.

#### *Other intangible assets*

Other intangible assets (e.g. concessions), including intangible assets acquired in business combinations, are measured at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised on a straight line basis over the expected useful life. However, intangible assets with an indefinite useful life are not amortised, but are tested for impairment annually.

#### *Property, plant and equipment*

Land and buildings, plant and machinery and fixtures and fittings, other plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. The present value of estimated liabilities related to dismantling and removing the asset and restoring the site on which the asset is located is added to the cost. Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The cost of assets held under finance leases is stated at the lower of fair value of the assets and the present value of the future minimum lease payments. For the calculation

of the net present value, the interest rate implicit in the lease or an approximation thereof is used as discount rate.

Subsequent costs, e.g. in connection with replacement of components of property, plant and equipment, are recognised in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the group. The replaced components are derecognised on the balance sheet and recognised as an expense in the income statement. All costs incurred for ordinary repairs and maintenance are recognised in the income statement as incurred.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets/components. The expected useful lives are as follows:

- Buildings 20-25 years
- Plant and machinery 8-12 years
- Fixtures and fittings, other plant and equipment 4-7 years
- Land is not depreciated

The basis of depreciation is calculated on the basis of the residual value less impairment losses. The residual value is determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

When the depreciation period or the residual value is changed, the effect on depreciation is recognised prospectively as a change in accounting estimates.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses.

#### *Investments in associates in the consolidated financial statements*

Investments in associates are recognised in the consolidated financial statements according to the equity method. Investments in associates are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the group's accounting policies minus or plus the proportionate share of unrealised intra-group profits and losses and plus the carrying amount of goodwill.

Amounts owed by associates are written down to the extent that the amount is deemed irrecoverable.

Biological assets are valued at sales price less realisation costs. Biological assets consist of fish.

#### *Investments in subsidiaries in the parent company financial statements*

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value. Cost price is reduced by dividends received exceeding accumulated earnings after the acquisition date.

#### *Impairment of non-current assets*

Goodwill and intangible assets with indefinite useful lives are subject to annual impairment tests, initially before the end of the acquisition year. Similarly, in-process development projects are subject to an annual impairment test.

The carrying amount of goodwill is tested for impairment together with the other non-current assets in the cash-generating unit to which goodwill is allocated and written down to the recoverable amount over the income statement if the carrying amount is higher. The recoverable amount is generally computed as the present value of the expected future net cash flows from the enterprise or activity (cash-generating unit) to which goodwill is allocated. Impairment of goodwill is recognised in a separate line item in the income statement.

Deferred tax assets are subject to annual impairment tests and are recognised only to the extent that it is probable that the assets will be utilised.

The carrying amount of other non-current assets is tested annually for indications of impairment. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognised in the income statement under production costs, distribution costs and administrative expenses, respectively.

#### *Inventories*

Inventories are measured at the lower of cost in accordance with the FIFO method and the net realisable value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs. Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected sales price.

#### *Receivables*

Receivables are measured at amortised cost. Write-down is made for bad debt losses.

*Prepayments*

Prepayments comprise costs incurred concerning subsequent financial years and are measured at cost.

*Securities*

Shares and bonds recognised as current assets are measured at fair value with value adjustments over the income statement (fair value option) if the securities are listed and the Management regular oversees fair value development.

Unlisted securities not subject to regular monitoring by the Management are measured at fair value, and value adjustments are taken directly to equity. Upon realisation, the accumulated value adjustment recognised under equity is transferred to financial items in the income statement.

Securities recognised as non-current assets are measured at cost if the fair value cannot be determined.

*Equity**Dividends*

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Interim dividends are recognised as a liability at the date on which the decision to pay interim dividends is made.

*Translation reserve*

The translation reserve in the consolidated financial statements comprises foreign exchange differences arising on translation of financial statements of foreign entities from their functional currencies into the presentation currency used by the BioMar Holding A/S Group (Danish kroner).

On full or partial realisation of the net investment, the foreign exchange adjustments are recognised in the income statement.

*Employee benefits**Incentive schemes*

The BioMar Holding A/S Group's incentive schemes include a share option programme.

*Share option programme*

The value of services received in return for allocated options is measured at the fair value of the options.

For share option programmes involving cash settlement, on initial recognition the fair value is measured at grant date and recognised in the income statement under staff costs over the vesting period. Subsequently, the fair value of the share options is measured at each balance sheet date and at final settlement, and any changes in the value of the share options are recognised in the income statement under staff costs in proportion to the lapsed part of the vesting period. The counter item is recognised under liabilities.

The fair value of granted options is estimated using an option pricing model, taking into account the terms and conditions upon which the options were granted.

*Pension obligations and similar non-current liabilities*

The group has entered into pension schemes and similar arrangements with the majority of the group's employees.

Contributions to defined contribution plans where the group currently pays fixed pension payments to independent pension funds are recognised in the income statement in the period to which they relate and any contributions outstanding are recognised on the balance sheet as other payables.

For defined benefit plans an annual actuarial calculation (Projected Unit Credit method) is made of the present value of future benefits under the defined benefit plan. The present value is determined on the basis of assumptions about the future development in variables such as salary levels, interest rates, inflation and mortality. The present value is determined only for benefits earned by employees from their employment with the group. The actuarial present value less the fair value of any plan assets is recognised on the balance sheet under pension obligations.

Pension costs for the year are recognised in the income statement based on actuarial estimates and financial expectations at the beginning of the year. Any difference between the expected development in pension plan assets and liabilities and realised amounts determined constitutes actuarial gains or losses and is recognised directly in equity.

If changes in benefits relating to services rendered by employees in previous years result in changes in the actuarial present value, the changes are recognised as historical costs. Historical costs are recognised immediately, provided employees have already earned the changed benefits. If employees have not earned the benefits, the historical costs are recognised in the income statement over the period in which the changed benefits are earned by the employees. If a pension plan constitutes a net asset, the asset is only recognised if it offsets non-recognised actuarial losses, future refunds from the plan or will lead to reduced future payments to the plan.

Other non-current employee benefits are recognised based on an actuarial calculation, which does not include the use of the corridor method. Actuarial gains and losses are recognised in the income statement immediately. Other non-current employee benefits include jubilee benefits.

*Corporation tax and deferred tax*

Current tax payable and receivable is recognised on the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the

carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised under other non-current assets at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity.

Adjustment is made to deferred tax resulting from the elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

#### *Provisions*

Provisions are recognised when, as a result of events arising before or at the balance sheet date, the group has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

The amount recognised as a provision is Management's best estimate of the expenses required to settle the obligation.

On measurement of provisions, the costs required to settle the liability are discounted if the effect is material to the measurement of the liability. A pre-tax discount factor is used. Changes in present values during the year are recognised as financial expenses.

When the group has a legal obligation to dismantle or remove an asset or restore the site on which the asset is located, a provision is recognised corresponding to the present value of expected future costs.

#### *Financial liabilities*

Amounts owed to mortgage credit institutions, etc. are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised under financial expenses over the term of the loan.

Other liabilities are measured at net realisable value.

#### *Deferred income*

Deferred income recognised under liabilities covers payments received concerning income in subsequent years.

#### *Assets held for sale*

Assets held for sale comprises non-current assets and disposal groups held for sale. Disposal groups are defined as a group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction. Liabilities associated with assets classified as held for sale are those liabilities directly associated with the assets that will be transferred in the transaction. Assets are classified as held for sale if the carrying amount will be recovered principally through a sale within 12 months in accordance with a formal plan rather than through continuing use.

Assets or disposal groups held for sale are measured at the lower of carrying amount or fair value less costs to sell. Assets are not depreciated or amortised from the date when they are reclassified as held for sale.

Impairment losses on initial recognition as held for sale and gains and losses on subsequent remeasurement at the lower of carrying amount and fair value less costs to sell are recognised in the income statement in the items to which they relate. Gains and losses are disclosed in the notes.

Assets and liabilities are recognised separately on the balance sheet and main items are specified in the notes.

#### *Presentation of discontinued operations*

Discontinued operations comprise a major unit whose activities and cash flows can be clearly distinguished, operationally and for financial reporting purposes, from the other business areas and where the unit either has been disposed of or is held for sale and where the sale is expected to be carried out within twelve months in accordance with a formal plan. Discontinued operations also include enterprises which in connection with the acquisition are classified as »held for sale«.

The profit/loss after tax of discontinued operations and value adjustments after tax of related assets and liabilities are presented in a separate line in the income statement with comparative figures. Revenue, costs, value adjustments and tax of discontinued operations are disclosed in the notes. Assets and liabilities for discontinued operations are presented in separate lines on the balance sheet without restatement of comparative figures, see the section »Assets held for sale«, and main items are specified in the notes.

Net cash flows from operating, investing and financing activities of the discontinued operations are disclosed in a note.

#### **Cash flow statement**

The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the

year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from acquisitions of enterprises are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of enterprises are recognised up until the date of disposal.

Cash flows from operating activities are calculated in accordance with the indirect method as the profit/loss before tax adjusted for non-cash operating items, changes in working capital, interest, dividends and corporation tax paid.

Cash flows from investing activities comprise payments in connection with the acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and other non-current assets as well as the acquisition and disposal of securities not recognised as cash and cash equivalents.

Acquisitions of assets by means of finance leases are treated as non-cash transactions.

Cash flows from financing activities comprise changes in the size or composition of the share capital and related costs as well as the raising of loans, the repayment of interest-bearing debt, the acquisition and disposal of treasury shares and the payment of dividends to shareholders.

Cash flows from assets held under finance leases are recognised as payment of interest and repayment of debt.

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less at the acquisition date which are subject to an insignificant risk of changes in value. To this should be added, an amount owed by the majority shareholder of BioMar Holding A/S, A/S Schouw & Co. The amount has been recognised as cash and cash equivalents as it comprises sight deposits easily convertible into cash and forms part of the continuous cash management.

Cash flows in other currencies than the functional curren-



cy are translated using average exchange rates unless these deviate significantly from the rate at the transaction date.

#### Segment information

Information is provided on business segments, which represent the group's primary reporting format, and geographical markets - the secondary format. Segment information is based on the group's risks, management and internal financial management. Segment information is provided in accordance with the group accounting policies.

Segment revenue and costs and segment assets and liabilities comprise items which are directly attributable to the individual segment and the items which can be allocated to the individual segment on a reliable basis. Unallocated items primarily comprise assets and liabilities and income and costs related to the group's administrative functions, investment activities, income taxes, etc.

Non-current segment assets comprise non-current assets used directly in the operating activities of the

segment, including intangible assets, property, plant and equipment, and investments in associates.

Current segment assets comprise current assets used directly in the operating activities of the segment, including inventories, trade receivables, other receivables, prepayments and cash at bank and in hand.

Segment liabilities comprise liabilities resulting from the operating activities of the segment, including trade payables and other payables.

#### Financial ratios

Earnings per share (EPS) and diluted earnings per share (EPS-D) are calculated in accordance with IAS 33.

Other financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios »Recommendations and Financial Ratios 2005«.

The financial ratios stated in the annual report have been calculated as follows:

### Definition of financial ratios

ROIC before tax (%)	$\frac{\text{Earnings before interest and tax}}{\text{Invested capital (average)}}$
Invested capital	Tangible assets + inventory + receivables deducting trade creditors and other debt and pensions and similar liabilities
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBIT	Group profit/loss
Operating profit margin (EBIT margin)	$\frac{\text{Group profit/loss}}{\text{Net revenue}}$
Return on equity (%)	$\frac{\text{Group profit/loss}}{\text{Equity capital (average)}}$
Equity ratio (%)	$\frac{\text{Equity capital}}{\text{Total assets (as at end of year)}}$
Share price/book value (end of year)	$\frac{\text{Share price (end of year)}}{\text{Equity divided by number of shares}}$
Earnings per share	$\frac{\text{Group profit/loss}}{\text{Number of shares}}$
Price Earnings Ratio (P/E)	$\frac{\text{Price per share (as at end of year)}}{\text{Earnings per share}}$

Key figures have been prepared in accordance with The Financial Analysts' Association's "Recommendations and Financial Ratios 2005".

# Income statement

1 January - 31 December

	Note	CONSOLIDATED		PARENT COMPANY	
		2007	2006	2007	2006
Amounts in DKK 1,000 ( ) = negative amount					
<b>Revenue</b>		<b>3,676,587</b>	<b>3,273,847</b>	<b>2,415</b>	<b>2,585</b>
Direct production costs	3	(2,782,862)	(2,407,876)	0	0
<b>Gross profit</b>		<b>893,725</b>	<b>865,971</b>	<b>2,415</b>	<b>2,585</b>
Other production costs	3	(371,245)	(335,664)	0	0
<b>Gross profit II</b>		<b>522,480</b>	<b>530,307</b>	<b>2,415</b>	<b>2,585</b>
Selling and distribution costs	3	(253,887)	(208,799)	0	0
Administrative expenses	3	(110,926)	(84,343)	(1,194)	25,868
Bad debts and provision for bad debts	8	1,782	(6,434)	100	258
Other operating income	5	3,313	1,189	120	0
<b>Operating profit</b>		<b>162,762</b>	<b>231,920</b>	<b>1,441</b>	<b>28,711</b>
Financial income	9	12,157	15,332	40,642	38,677
Financial expenses	9	(47,038)	(36,442)	(28)	(317)
<b>Profit from continuing operations before tax</b>		<b>127,881</b>	<b>210,810</b>	<b>42,055</b>	<b>67,071</b>
Tax on profit for the year from continuing operations	10	(9,392)	(44,745)	(6,821)	(8,492)
<b>Profit from continuing operations after tax</b>		<b>118,489</b>	<b>166,065</b>	<b>35,234</b>	<b>58,579</b>
Profit for the year from discontinued operations	27	19,494	74,526	0	0
<b>Profit for the year</b>		<b>137,983</b>	<b>240,591</b>	<b>35,234</b>	<b>58,579</b>
<b>Attributable to:</b>					
Shareholders of BioMar Holding A/S		125,973	240,591	35,234	58,579
Minority interests		12,010	0	0	0
		<b>137,983</b>	<b>240,591</b>	<b>35,234</b>	<b>58,579</b>
<b>Proposed profit appropriation</b>					
Proposed dividends, 20.0 % (20.0 %)				43,996	43,996
Retained earnings				(8,762)	14,583
				<b>35,234</b>	<b>58,579</b>
<b>Earnings per share</b>	11				
Earnings per share, DKK		11.45	21.87		
Diluted earnings per share, DKK		11.45	21.87		
Earnings per share (DKK) for continuing operations		10.77	15.10		
Diluted earnings per share (DKK) for continuing operations		10.77	15.10		

# Balance sheet

At 31 December

	Note	CONSOLIDATED		PARENT COMPANY	
		2007	2006	2007	2006
Amounts in DKK 1,000 ( ) = negative amount					
<b>ASSETS</b>					
<b>Non-current assets</b>					
<b>Property, plant and equipment</b>					
Land and buildings	12	237,397	245,249	852	0
Plant and machinery	12	351,358	264,025	0	0
Fixtures and fittings, other plant and equipment	12	18,654	13,997	818	222
Property, plant and equipment under construction and payments on account for property, plant and equipment	12	25,926	60,685	0	60
<b>Property, plant and equipment</b>		<b>633,335</b>	<b>583,956</b>	<b>1,670</b>	<b>282</b>
<b>Other non-current assets</b>					
Investments in subsidiaries	6	0	0	342,235	342,235
Investments in associate	7	0	182,543	0	0
Non-current receivables	14	3,741	10,851	0	0
Securities	15	36,770	11,975	37	37
Deferred tax asset	19	59,095	53,497	18,687	25,730
<b>Total other non-current assets</b>		<b>99,606</b>	<b>258,866</b>	<b>360,959</b>	<b>368,002</b>
<b>Total non-current assets</b>		<b>732,941</b>	<b>842,822</b>	<b>362,629</b>	<b>368,284</b>
<b>Current assets</b>					
Inventories	13	312,029	296,444	0	0
Receivables	14	545,999	526,716	529,680	566,556
Receivable, fixed-term deposit with parent com.		0	191,772	0	0
Corporation tax	22	4,616	430	0	0
Securities	15	45,818	3,319	3,992	3,319
Cash at bank and in hand	24	192,176	88,133	1,957	213
		<b>1,100,638</b>	<b>1,106,814</b>	<b>535,629</b>	<b>570,088</b>
Assets held for sale	27	1,251,475	0	0	0
<b>Total current assets</b>		<b>2,352,113</b>	<b>1,106,814</b>	<b>535,629</b>	<b>570,088</b>
<b>TOTAL ASSETS</b>		<b>3,085,054</b>	<b>1,949,636</b>	<b>898,258</b>	<b>938,372</b>

# Balance sheet

At 31 December

	Note	CONSOLIDATED		PARENT COMPANY	
		2007	2006	2007	2006
Amounts in DKK 1,000 ( ) = negative amount					
<b>EQUITY AND LIABILITIES</b>					
Equity					
Share capital	16	219,981	219,981	219,981	219,981
Revaluation reserve		37,508	0	0	0
Hedging reserve		(1,826)	(2,094)	0	0
Translation reserve		(1,514)	711	0	0
Retained earnings		840,119	704,781	610,158	618,920
Proposed dividends		43,996	43,996	43,996	43,996
<b>Equity attrib. to shareholders of the parent company</b>		<b>1,138,264</b>	<b>967,375</b>	<b>874,135</b>	<b>882,897</b>
<b>Minority interests</b>		<b>265,872</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total equity</b>		<b>1,404,136</b>	<b>967,375</b>	<b>874,135</b>	<b>882,897</b>
<b>Non-current liabilities</b>					
Deferred tax	19	15,989	13,353	0	0
Pensions and similar obligations	18	21,645	47,941	21,645	47,941
Mortgage credit institutions	20	350,000	406,735	0	0
<b>Total non-current liabilities</b>		<b>387,634</b>	<b>468,029</b>	<b>21,645</b>	<b>47,941</b>
<b>Current liabilities</b>					
Current portion of non-current liabilities	20	52,132	54,447	0	0
Bank loans and overdrafts	20	157,022	81	0	0
Trade and other payables	21	467,195	415,583	2,478	7,534
Corporation tax	22	15,457	44,121	0	0
		<b>691,806</b>	<b>514,232</b>	<b>2,478</b>	<b>7,534</b>
Liabilities associated with assets held for sale	27	601,478	0	0	0
<b>Total current liabilities</b>		<b>1,293,284</b>	<b>514,232</b>	<b>2,478</b>	<b>7,534</b>
<b>Total liabilities</b>		<b>1,680,918</b>	<b>982,261</b>	<b>24,123</b>	<b>55,475</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,085,054</b>	<b>1,949,636</b>	<b>898,258</b>	<b>938,372</b>

Accounting estimates and judgements	1
Segment information - Group	2
Audit fees	4
Statement of recognised income and expenses	17
Contingent liabilities, contingent assets and security	23
Currency and interest rate risks	24
Leasing	25
Acquisition of subsidiaries and activities	26
Related party disclosures	28
Events after the balance sheet date	29
New IFRSs	30
Group chart	31

# Statement of changes in equity

Amounts in DKK 1,000 ( ) = negative amount	Share capital	Reva- luation reserve	Hedging reserve	Trans- lation reserve	Retained earnings	Proposed dividends	Total	Minority interests	TOTAL EQUITY
<b>CONSOLIDATED</b>									
<b>Equity at 1 January 2006</b>	<b>219,981</b>		<b>2,007</b>	<b>6,760</b>	<b>508,186</b>	<b>98,991</b>	<b>835,925</b>	<b>0</b>	<b>835,925</b>
Foreign exchange adjustments on translation of foreign entities				(6,049)			(6,049)		(6,049)
Value adjustment of hedging instruments transferred to the income statement			(2,970)				(2,970)		(2,970)
Value adjustment of hedging instruments			(2,705)				(2,705)		(2,705)
Tax on changes in equity			1,574				1,574		1,574
Profit for the year					240,591		240,591		240,591
<b>Total recognised income</b>	<b>0</b>	<b>0</b>	<b>(4,101)</b>	<b>(6,049)</b>	<b>240,591</b>	<b>0</b>	<b>230,441</b>	<b>0</b>	<b>230,441</b>
Distributed dividends					0	(98,991)	(98,991)		(98,991)
Proposed dividends					(43,996)	43,996	0		0
<b>Total changes in equity in 2006</b>	<b>0</b>	<b>0</b>	<b>(4,101)</b>	<b>(6,049)</b>	<b>196,595</b>	<b>(54,995)</b>	<b>131,450</b>	<b>0</b>	<b>131,450</b>
<b>Equity at 31 December 2006</b>	<b>219,981</b>	<b>0</b>	<b>(2,094)</b>	<b>711</b>	<b>704,781</b>	<b>43,996</b>	<b>967,375</b>	<b>0</b>	<b>967,375</b>
<b>Equity at 1 January 2007</b>	<b>219,981</b>		<b>(2,094)</b>	<b>711</b>	<b>704,781</b>	<b>43,996</b>	<b>967,375</b>	<b>0</b>	<b>967,375</b>
Sjøtroll, establishment of group structure					53,361		53,361		53,361
Foreign exchange adjustments on translation of foreign entities				(2,225)			(2,225)	5,310	3,085
Value adjustment of hedging instruments transferred to the income statement			2,705				2,705		2,705
Value adjustment of hedging instruments			(2,467)				(2,467)		(2,467)
Shares Aqua Gen AS, revaluation		37,508					37,508		37,508
Tax on changes in equity			30				30		30
Profit for the year					125,973		125,973	12,010	137,983
<b>Total recognised income</b>	<b>0</b>	<b>37,508</b>	<b>268</b>	<b>(2,225)</b>	<b>179,334</b>	<b>0</b>	<b>214,885</b>	<b>17,320</b>	<b>232,205</b>
Distributed dividends						(43,996)	(43,996)	(58,199)	(102,195)
Proposed dividends					(43,996)	43,996	0		0
Addition of minority interests, Sjøtroll								306,751	306,751
<b>Total changes in equity in 2007</b>	<b>0</b>	<b>37,508</b>	<b>268</b>	<b>(2,225)</b>	<b>135,338</b>	<b>0</b>	<b>170,889</b>	<b>265,872</b>	<b>436,761</b>
<b>Equity at 31 December 2007</b>	<b>219,981</b>	<b>37,508</b>	<b>(1,826)</b>	<b>(1,514)</b>	<b>840,119</b>	<b>43,996</b>	<b>1,138,264</b>	<b>265,872</b>	<b>1,404,136</b>

Amounts in DKK 1,000 ( ) = negative amount	Share capital	Revaluation reserve	Hedging reserve	Translation reserve	Retained earnings	Proposed dividends	Total
<b>PARENT COMPANY</b>							
<b>Equity at 1 December 2006</b>	<b>219,981</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>604,337</b>	<b>98,991</b>	<b>923,309</b>
Profit for the year					58,579		58,579
<b>Total recognised income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>58,579</b>	<b>0</b>	<b>58,579</b>
Distributed dividends					0	(98,991)	(98,991)
Proposed dividends					(43,996)	43,996	0
<b>Total changes in equity in 2006</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,583</b>	<b>(54,995)</b>	<b>(40,412)</b>
<b>Equity at 31 December 2006</b>	<b>219,981</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>618,920</b>	<b>43,996</b>	<b>882,897</b>
<b>Equity at 1 January 2007</b>	<b>219,981</b>		<b>0</b>	<b>0</b>	<b>618,920</b>	<b>43,996</b>	<b>882,897</b>
Profit for the year					35,234		35,234
<b>Total recognised income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>35,234</b>	<b>0</b>	<b>35,234</b>
Distributed dividends						(43,996)	(43,996)
Proposed dividends					(43,996)	43,996	0
<b>Total changes in equity in 2007</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(8,762)</b>	<b>0</b>	<b>(8,762)</b>
<b>Equity at 31 December 2007</b>	<b>219,981</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>610,158</b>	<b>43,996</b>	<b>874,135</b>

# Cash flow statement

1 January - 31 December

	Note	CONSOLIDATED		PARENT COMPANY	
		2007	2006	2007	2006
Amounts in DKK 1,000 ( ) = negative amount					
<b>Operating profit</b>		<b>162,762</b>	<b>231,920</b>	<b>1,441</b>	<b>28,711</b>
Depreciation	3	85,701	81,005	343	74
Changes in inventories		(15,585)	(65,411)	0	0
Changes in receivables		(20,226)	(29,071)	36,876	20,450
Changes in trade and other payables		51,851	88,617	(5,055)	(13,253)
Changes in pensions and similar obligations		(26,297)	(32,846)	(26,297)	(30,000)
Financial income	9	12,157	15,332	40,642	38,677
Financial expenses	9	(47,038)	(36,442)	(28)	(317)
Non-cash operating items, net		(3,657)	27,194	(673)	(1,891)
Corporation tax paid	22	(45,820)	(29,273)	222	13
<b>Cash flows from operating activities</b>		<b>153,848</b>	<b>251,025</b>	<b>47,471</b>	<b>42,464</b>
Acquisition of property, plant and equipment	12	(140,517)	(120,790)	(1,731)	(60)
Disposal of property, plant and equipment	12	949	1,553	0	0
Acquisition of subsidiaries		(180,970)	0	0	0
Acquisition of securities		(28,776)	(1,569)	0	0
<b>Cash flows from investing activities</b>		<b>(349,314)</b>	<b>(120,806)</b>	<b>(1,731)</b>	<b>(60)</b>
External financing:					
Repayment of long-term bank loans		(56,735)	(8,518)	0	(253)
Raising of long-term bank loans		0	0	0	0
Increase of (repayment of) bank loans, etc.		154,626	(880)	0	0
Dividends distributed to the shareholders		(43,996)	(98,991)	(43,996)	(98,991)
<b>Cash flows from financing activities</b>		<b>53,895</b>	<b>(108,389)</b>	<b>(43,996)</b>	<b>(99,244)</b>
<b>Cash flows from discontinued operations</b>	27	<b>60,721</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net cash flows from operating, investing and financing activities</b>		<b>(80,850)</b>	<b>21,830</b>	<b>1,744</b>	<b>(56,840)</b>
Opening cash and cash equivalents		279,905	265,568	213	57,053
Foreign exchange adjustment of opening cash and cash equivalents		(1,738)	(7,493)	0	0
<b>Closing cash and cash equivalents</b>		<b>197,317</b>	<b>279,905</b>	<b>1,957</b>	<b>213</b>
<b>Specification of cash and cash equivalents at 31 December</b>					
Amount owed by parent company		0	191,772	0	0
Cash and cash equivalents, continuing operations		192,176	88,133	1,957	213
Cash and cash equivalents, discontinued operations	27	5,141	0	0	0
Total cash and cash equivalents at 31 December		197,317	279,905	1,957	213

# Notes

## 1 Accounting estimates and judgements

### Uncertainty

The carrying amounts of certain assets and liabilities are stated on the basis of the estimated impact of future events on the value of these assets and liabilities at the balance sheet date. Estimates important to the financial reporting are, among other things, involved in the calculation of depreciation/amortisation and impairment, pensions and similar obligations, provisions, contingent liabilities and contingent assets.

The estimates applied are based on assumptions, past experience and other factors deemed reasonable by the Management, but, given the nature of things, are uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. Furthermore, the company is exposed to risks and uncertainties, resulting in variances between actual and estimated results. Specific risks faced by BioMar Holding A/S are stated in the section "Risk Management" of this annual report.

The notes disclose future assumptions and other estimated uncertainties at the balance sheet date subject to a major risk of changes which may trigger a material adjustment of the carrying amount of assets or liabilities within the next financial year.

Changes to previous estimates may be required as a result of changes in the conditions on which the estimates were based or as a result of new knowledge or subsequent events.

Estimates important to the financial reporting are included in the measurement of depreciation and impairment, receivables, pensions and similar obligations, provisions and contingent liabilities and contingent assets.

### Accounting policies

As prescribed in the Group's accounting policies, the Management makes judgements, in addition to estimates, which may have a material impact on the amounts recognised in the annual report.

Such judgements include the valuation of biological inventories, provisions for bad debts and the examination of pension obligations.

### Biological inventories

In accordance with IAS 41, BioMar is to recognise any changes in the Group's inventory of fish, which is relevant in relation to Sjøtroll Havbruk AS. BioMar Holding A/S has classified Sjøtroll Havbruk AS as discontinuing operations. Accordingly, BioMar has opted to value fish with a weight of more than 0.5 kg at market price less realisation cost, while fish of a weight less than 0.5 kg are valued at cost. This has the outcome that the valuation of the fish is highly affected by fluctuations in the inventory of fish with a weight of more than 0.5 kg and the market price.

### Pension obligations

At 31 December 2007, the parent company had recognised a pension obligation of DKK 21.6 million regarding the insurance cover of the eligibility for supplementary pension in accordance with the KFK pension fund's former practice. The obligation reflects the Group Management's estimated risk at the date of completion, which is subject to major uncertainty. The uncertainty is mostly linked to the legal basis for calculating the obligations and the calculation method applied.

The recognised obligation may prove to be different from the actual obligation.

**2 Segment information - Group****Breakdown by business areas (Primary segment)**

Amounts in DKK 1,000 ( ) = negative amount

	BioMar			Continuing operations	Discontinued operations	Total
	Salmon	Other species	Group function			
<b>2007</b>						
Revenue	2,710,791	1,043,979	205	<b>3,754,975</b>	497,473	<b>4,252,448</b>
- Internal revenue	(13,123)	(65,060)	(205)	<b>(78,388)</b>	(228,763)	<b>(307,151)</b>
Net revenue	2,697,668	978,919	0	<b>3,676,587</b>	268,710	<b>3,945,297</b>
EBITDA	187,652	89,958	(29,147)	<b>248,463</b>	56,097	<b>304,560</b>
EBIT	128,674	64,874	(30,786)	<b>162,762</b>	56,097	<b>218,859</b>
Profit before tax	90,395	50,419	(12,933)	<b>127,881</b>	35,686	<b>163,567</b>
Profit for the year	90,996	45,597	(18,104)	<b>118,489</b>	24,465	<b>142,954</b>
Share of associate	0	0	0	<b>0</b>	(4,971)	<b>(4,971)</b>
Assets	1,181,038	573,551	78,990	<b>1,833,579</b>	1,251,475	<b>3,085,054</b>
Thereof non-current assets	525,254	150,806	56,881	<b>732,941</b>	744,236	<b>1,477,177</b>
Capital expenditure	104,261	30,175	6,081	<b>140,517</b>	51,785	<b>192,302</b>
Depreciation	58,978	25,084	1,639	<b>85,701</b>	0	<b>85,701</b>
Total liabilities	462,781	130,677	485,982	<b>1,079,440</b>	601,478	<b>1,680,918</b>
Number of employ., year end	347	173	18	<b>538</b>	277	<b>815</b>
<b>2006</b>						
Revenue	2,406,073	939,452	392	<b>3,345,917</b>	0	<b>3,345,917</b>
- Internal revenue	(6,209)	(65,860)	0	<b>(72,069)</b>	0	<b>(72,069)</b>
Net revenue	2,399,863	873,592	392	<b>3,273,847</b>	0	<b>3,273,847</b>
EBITDA	234,530	76,257	2,138	<b>312,925</b>	0	<b>312,925</b>
EBIT	176,949	53,712	1,259	<b>231,920</b>	0	<b>231,920</b>
Profit before tax	152,560	44,367	13,883	<b>210,810</b>	0	<b>210,810</b>
Profit for the year	115,593	30,301	20,171	<b>166,065</b>	74,526	<b>240,591</b>
Assets	1,122,594	547,347	279,695	<b>1,949,636</b>	0	<b>1,949,636</b>
Thereof non-current assets	634,190	149,625	59,007	<b>842,822</b>	0	<b>842,822</b>
Capital expenditure	88,007	31,522	1,261	<b>120,790</b>	0	<b>120,790</b>
Depreciation	57,368	22,704	933	<b>81,005</b>	0	<b>81,005</b>
Total liabilities	311,450	121,891	548,920	<b>982,261</b>	0	<b>982,261</b>
Number of employ., year end	316	165	16	<b>497</b>	0	<b>497</b>

**Geographical break-down (Secondary segment)**

	BioMar			Group function	Continuing operations	Discontinued operations	Total
	Americas	North Sea	Continental Europe				
<b>2007</b>							
Revenue	546,920	2,150,748	978,919	0	<b>3,676,587</b>	268,710	<b>3,945,297</b>
Assets	319,894	861,144	573,551	78,990	<b>1,833,579</b>	1,251,475	<b>3,085,054</b>
Thereof non-current assets	132,745	392,509	150,806	56,881	<b>732,941</b>	744,236	<b>1,477,177</b>
Capital expenditure	42,141	62,120	30,175	6,081	<b>140,517</b>	51,785	<b>192,302</b>
Total liabilities	139,330	323,451	130,677	485,982	<b>1,079,440</b>	601,478	<b>1,680,918</b>
Number of employ., year end	139	208	173	18	<b>538</b>	277	<b>815</b>
<b>2006</b>							
Revenue	482,603	1,917,260	873,592	392	<b>3,273,847</b>	0	<b>3,273,847</b>
Assets	250,785	871,809	547,347	279,695	<b>1,949,636</b>	0	<b>1,949,636</b>
Thereof non-current assets	107,227	526,963	149,625	59,007	<b>842,822</b>	0	<b>842,822</b>
Capital expenditure	28,750	59,257	31,522	1,261	<b>120,790</b>	0	<b>120,790</b>
Total liabilities	244,045	67,405	121,891	548,920	<b>982,261</b>	0	<b>982,261</b>
Number of employ., year end	128	188	165	16	<b>497</b>	0	<b>497</b>

### 3 Costs

Amounts in DKK 1,000 ( ) = negative amount

	CONSOLIDATED		PARENT COMPANY	
	2007	2006	2007	2006
<b>Direct production costs</b>				
Cost of sales	2,778,742	2,407,875	0	0
Write-down of inventories for the year	4,120	1	0	0
<b>Direct production costs</b>	<b>2,782,862</b>	<b>2,407,876</b>	<b>0</b>	<b>0</b>
Direct production costs comprise only cost of sales.				
<b>Staff costs</b>				
Emoluments for the parent company Supervisory Board	1,000	983	1,000	983
Payroll	185,379	157,683	891	(623)
Pensions, see note 19	11,593	(18,152)	76	(29,709)
Other social security costs	20,373	22,759	6	13
Share-based payment	(12)	513	0	0
	<b>218,333</b>	<b>163,786</b>	<b>1,973</b>	<b>(29,336)</b>
Average number of employees	520	501	2	2
Closing number of employees	538	497	1	1
<b>Staff costs are recognised in the income statement as follows</b>				
Other production costs	117,826	98,338	0	0
Selling and distribution costs	54,436	44,796	0	0
Administrative expenses	46,071	20,652	1,973	(29,336)
<b>Total</b>	<b>218,333</b>	<b>163,786</b>	<b>1,973</b>	<b>(29,336)</b>

	CONSOLIDATED					
	2007			2006		
	Parent company Supervisory Board	Parent company Executive Board	Other Group Management	Parent company Supervisory Board	Parent company Executive Board	Other Group Management
Payroll	1,000	2,450	7,372	983	2,335	9,451
Bonus	0	382	587	0	525	1,262
Defined contribution pension schemes	0	0	349	0	0	752
Share-based payment	0	(12)	0	0	513	0
	<b>1,000</b>	<b>2,820</b>	<b>8,308</b>	<b>983</b>	<b>3,373</b>	<b>11,465</b>

	PARENT COMPANY					
	2007			2006		
	Supervisory Board	Executive Board	Other Group Management	Supervisory Board	Executive Board	Other Group Management
Payroll	1,000	0	0	983	0	0
Bonus	0	0	0	0	(1,750)	0
Defined contribution pension schemes	0	0	0	0	0	0
Share-based payment	0	0	0	0	0	0
	<b>1,000</b>	<b>0</b>	<b>0</b>	<b>983</b>	<b>(1,750)</b>	<b>0</b>

### 3 Costs (continued)

Portfolio of shares and options held by the Group Management:

	2007		2006	
	Shares	Options	Shares	Options
Nils Agnar Brunborg	0	10,000	0	10,000
Mogens Stentebjerg	0	0	0	0
Niels Alsted	0	0	0	0
Tore Wikdal	0	0	0	0
Carlos Diaz	0	0	0	0
Jan Sverre Røsstad	0	0	0	0
	<b>0</b>	<b>10,000</b>	<b>0</b>	<b>10,000</b>

#### Share-based payment

In 2005, the BioMar Holding A/S Group granted share-based options to its CEO. The objective of the share option scheme was to offer an incentive to the CEO to attend to the long-term interests of the company's shareholders.

The options comprise 10,000 shares and incorporate a right to cash settlement of the difference between BioMar Holding A/S' share price at the date of granting and the exercise date. At the date of granting, the share price was fixed at 190 and has subsequently been reduced to 140 following extraordinary dividend distribution.

The options were issued at an exercise price equivalent to the market price of the company's shares at the date of granting. Exercising the share options is conditional upon the employment by the option holder at the date of exercise and his/her undertaking to invest the cash settlement in shares in the company. The sale of shares acquired under this scheme is conditional upon the resignation of the CEO.

No other conditions apply. An upper limit has been defined for the gains derivable from exercising the options. The limit is equivalent to the accumulation of one year's basic salary in the year when the gain is realised. Special provisions apply in case of sickness, death, changed capital resources, etc.

The options may be exercised after at least three years and a maximum of six years after the date of granting, i.e. from July 2008 to July 2011 and only during a three-week period after the announcement of annual or interim reports.

Fair values stated at the date of granting were based on the Black-Scholes model for the valuation of options.

The statement of the fair value of the non-exercised share options at the date of granting is based on the following conditions:

	Date of granting 2005	31 Dec 2005	31 Dec 2006	31 Dec 2007
Share price, balan. sheet date	189	137	246	197
Exercise price	190	140	140	140
Forecast volatility	36.00 %	33.60 %	53.40 %	61.20 %
Forecast term	3.08	2.67	1.67	0.67
Forecast dividend per share	2.39 %	2.55 %	1.83 %	2.29 %
Risk-free interest	2.88 %	3.29 %	4.24 %	4.68 %
Fair value in DKK'000	0	36	553	541

Forecast volatility is based on historical volatility adjusted for anticipated changes thereof following public information.

#### Bonus schemes

Incentive schemes have been established for the Executive Board and executive staff linked to achieving financial and operational targets. If the persons comprised by the scheme meet their targets, they may receive a bonus of up to three months' salary.

**3 Costs (continued)**

Amounts in DKK 1,000 ( ) = negative amount

	CONSOLIDATED		PARENT COMPANY	
	2007	2006	2007	2006
<b>Research and development costs are recognised in the production costs as follows</b>				
Research and development costs incurred	27,195	31,760	0	0
<b>Total</b>	<b>27,195</b>	<b>31,760</b>	<b>0</b>	<b>0</b>
<b>Depreciation and impairment</b>				
Buildings	19,901	19,318	151	0
Plant and machinery	59,270	55,600	0	0
Fix. and fit., other plant and equipment	6,530	6,087	192	74
<b>Depreciation of non-current assets</b>	<b>85,701</b>	<b>81,005</b>	<b>343</b>	<b>74</b>
<b>Depreciation is broken down as follows in the income statement:</b>				
Other production costs	77,237	73,002	0	0
Selling and distribution costs	1,883	2,429	0	0
Administrative expenses	6,581	5,574	343	74
<b>Total</b>	<b>85,701</b>	<b>81,005</b>	<b>343</b>	<b>74</b>

**4 Audit fees**

Amounts in DKK 1,000 ( ) = negative amount

	CONSOLIDATED		PARENT COMPANY	
	2007	2006	2007	2006
<b>KPMG</b>				
Statutory audit services	1,926	1,927	275	270
Other audit services	154	0	0	0
Tax and VAT services	85	32	85	0
Other services	504	746	331	363
<b>Total, KPMG</b>	<b>2,669</b>	<b>2,705</b>	<b>691</b>	<b>633</b>
<b>Other auditors</b>				
Statutory audit services	546	474	0	0
Other audit services	52	144	0	112
Tax and VAT services	304	642	0	0
Other services	0	51	0	0
<b>Total, other auditors</b>	<b>902</b>	<b>1,311</b>	<b>0</b>	<b>112</b>

**5 Other operating income**

Amounts in DKK 1,000 ( ) = negative amount

	CONSOLIDATED		PARENT COMPANY	
	2007	2006	2007	2006
Gains/loss on the disposal of ope. equip.	(640)	(54)	120	0
Government grants	3,953	1,243	0	0
<b>Total</b>	<b>3,313</b>	<b>1,189</b>	<b>120</b>	<b>0</b>
<b>Total government grants received</b>	<b>3,953</b>	<b>1,243</b>	<b>0</b>	<b>0</b>

Government grants were provided for a number of development projects.  
No special conditions apply to the grants received.

**6 Investments in group enterprises**

Amounts in DKK 1,000 ( ) = negative amount

**PARENT COMPANY 2007**

Cost at 1 January 2007	342,235
Additions for the year	0
Disposals for the year	0
<b>Cost at 31 December 2007</b>	<b>342,235</b>
Revaluation at 1 January 2007	0
Adjustments for the year	0
<b>Revaluation at 31 December 2007</b>	<b>0</b>
<b>Carrying amount at 31 December 2007</b>	<b>342,235</b>

Investments in group enterprises are specified as follows:

	Ownership	Carrying amount
BioMar A/S, Brande	100 %	341,935
Granumin A/S, Aarhus	100 %	300
<b>Total</b>		<b>342,235</b>

**PARENT COMPANY 2006**

Cost at 1 January 2006	342,235
Additions for the year	0
Disposals for the year	0
<b>Cost at 31 December 2006</b>	<b>342,235</b>
Revaluation at 1 January 2006	0
Adjustments for the year	0
<b>Revaluation at 31 December 2006</b>	<b>0</b>
<b>Carrying amount at 31 December 2006</b>	<b>342,235</b>

Investments in group enterprises are specified as follows:

	Ownership	Carrying amount
BioMar A/S, Brande	100 %	341,935
Granumin A/S, Aarhus	100 %	300
<b>Total</b>		<b>342,235</b>

## 7 Investments in associate

Amounts in DKK 1,000 ( ) = negative amount

### GROUP 2007

Cost at 1 January 2007	62,485
Additions for the year	0
Disposals for the year	0
Transferred to discontinued operations	(62,485)
<b>Cost at 31 December 2007</b>	<b>0</b>
Revaluation at 1 January 2007	120,058
Share of results	(4,971)
Foreign exchange adjustments	1,705
Transferred to discontinued operations	(116,792)
<b>Revaluation at 31 December 2007</b>	<b>0</b>
<b>Carrying amount at 31 December 2007</b>	<b>0</b>

### GROUP 2006

Cost at 1 January 2006	62,485
Additions for the year	0
Disposals for the year	0
<b>Cost at 31 December 2006</b>	<b>62,485</b>
Revaluation at 1 January 2006	51,188
Share of results	74,526
Foreign exchange adjustments	(5,656)
<b>Revaluation at 31 December 2006</b>	<b>120,058</b>
<b>Carrying amount at 31 December 2006</b>	<b>182,543</b>

Investments in associate are specified as follows.

Sjøtroll Havbruk AS, Austevoll, Norway

### Total

Revenue	647,027
Profit	200,177
Total assets	1,033,464
Liabilities	543,165
Share of equity	182,543

Ownership  
37 %

**Carrying  
amount**  
**182,543**

**8 Bad debts and provisions for bad debts**

Amounts in DKK 1,000 ( ) = negative amount

	CONSOLIDATED		PARENT COMPANY	
	2007	2006	2007	2006
Losses incurred	(10,062)	(28,541)	0	0
Provisions at 1 January	20,689	31,932	100	258
New provisions	(8,845)	(9,825)	0	0
<b>Total</b>	<b>1,782</b>	<b>(6,434)</b>	<b>100</b>	<b>258</b>

**9 Financial items**

Amounts in DKK 1,000 ( ) = negative amount

	CONSOLIDATED		PARENT COMPANY	
	2007	2006	2007	2006
<b>Financial income</b>				
Interest income, group enterprises	1,575	2,983	39,806	34,906
Interest, receivables	5,208	6,318	0	0
Gains on securities	673	1,891	673	1,891
Other financial items	4,701	4,140	163	1,880
<b>Financial income</b>	<b>12,157</b>	<b>15,332</b>	<b>40,642</b>	<b>38,677</b>
<b>Financial expenses</b>				
Interest expense, banks, etc.	(37,642)	(23,356)	0	(264)
Interest expense, group enterprises	0	0	(28)	(53)
Foreign exchange adjustments	(9,396)	(13,086)	0	0
<b>Financial expenses</b>	<b>(47,038)</b>	<b>(36,442)</b>	<b>(28)</b>	<b>(317)</b>
<b>Financial items, net</b>	<b>(34,881)</b>	<b>(21,110)</b>	<b>40,614</b>	<b>38,360</b>

**10 Tax on profit from continuing operations**

Amounts in DKK 1,000 ( ) = negative amount

	CONSOLIDATED		PARENT COMPANY	
	2007	2006	2007	2006
Tax for the year of continuing operations is specified as follows:				
Tax on profit for the year from continuing operations	(9,392)	(44,745)	(6,821)	(8,492)
Tax on changes in equity	30	1,574	0	0
<b>Total</b>	<b>(9,362)</b>	<b>(43,171)</b>	<b>(6,821)</b>	<b>(8,492)</b>
Tax on profit for the year from continuing operations is specified as follows:				
Current tax	(12,114)	(46,321)	222	(1,898)
Deferred tax	8,427	1,576	(4,310)	(6,594)
Reduction of the Danish corporation tax rate from 28 % to 25 %	(5,705)	0	(2,733)	0
	<b>(9,392)</b>	<b>(44,745)</b>	<b>(6,821)</b>	<b>(8,492)</b>
Tax on profit for the year from continuing operations is specified as follows:				
Computed tax 25 % (28 %) on profit before tax	(31,970)	(59,027)	(10,515)	(18,780)
Adjustment of computed tax in foreign group enterprises in proportion to 25 % (28 %)	573	1,807	0	0
Reduction of Danish corporation tax from 28 % to 25 %	(5,705)	0	(2,733)	0
Tax effect of:				
Non-taxable income	380	3,164	179	963
Other non-deductible costs	(1,920)	(3,493)	(2)	0
Adjustment of the value of tax losses, not previously recognised	29,250	12,804	6,250	9,325
	<b>(9,392)</b>	<b>(44,745)</b>	<b>(6,821)</b>	<b>(8,492)</b>
<b>Effective tax rate</b>	<b>7.3 %</b>	<b>21.2 %</b>	<b>-</b>	<b>-</b>

**11 Earnings per share**

Amounts in DKK 1,000 ( ) = negative amount

	CONSOLIDATED	
	2007	2006
Profit for the year	137,983	240,591
Minority interests' share of group results	(12,010)	0
<b>BioMar Holding A/S Group's share of the profit for the year</b>	<b>125,973</b>	<b>240,591</b>
Average number of shares	10,999,038	10,999,038
Average number of treasury shares	0	0
<b>Average number of shares in circulation</b>	<b>10,999,038</b>	<b>10,999,038</b>
Earnings per share for continuing and discontinued operations is calculated on the basis of similar key figures as earnings per share:		
<b>BioMar's shareholders of</b>		
Profit from discontinued operations	7,484	74,526
Profit from continuing operations	118,489	166,065
<b>Profit for the year</b>	<b>125,973</b>	<b>240,591</b>
Earnings per share, DKK	11.45	21.87
Diluted earnings per share, DKK	11.45	21.87
Earnings per share, DKK, for continuing operations	10.77	15.10
Diluted earnings per share, DKK, for continuing operations	10.77	15.10

**12 Prop., plant and equipment - Group**

Amounts in DKK 1,000 ( ) = negative amount

	<b>2007 CONSOLIDATED</b>				
	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Property, plant and equipment under construc.	<b>Total property, plant and equipment</b>
Cost at 1 January 2007	418,214	790,830	75,626	60,685	1,345,355
Foreign exchange adjustments, etc.	(1,901)	(4,693)	(127)	0	(6,721)
Additions for the year	15,162	148,473	11,641	(34,759)	140,517
Disposals for the year	0	(10,339)	(2,067)	0	(12,406)
<b>Cost at 31 December 2007</b>	<b>431,475</b>	<b>924,271</b>	<b>85,073</b>	<b>25,926</b>	<b>1,466,745</b>
Depreciation at 1 January 2007	(172,965)	(526,805)	(61,629)	0	(761,399)
Foreign exchange adjustments, etc.	(1,212)	3,919	166	0	2,873
Depreciation of disposals for the year	0	9,243	1,574	0	10,817
Depreciation for the year	(19,901)	(59,270)	(6,530)	0	(85,701)
<b>Depreciation at 31 December 2007</b>	<b>(194,078)</b>	<b>(572,913)</b>	<b>(66,419)</b>	<b>0</b>	<b>(833,410)</b>
<b>Carrying amount at '31 December 2007</b>	<b>237,397</b>	<b>351,358</b>	<b>18,654</b>	<b>25,926</b>	<b>633,335</b>
	<b>2006 CONSOLIDATED</b>				
	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Property, plant and equipment under construc.	<b>Total property, plant and equipment</b>
Cost at 1 January 2006	424,810	757,737	71,783	3,979	1,258,309
Foreign exchange adjustments, etc.	(15,117)	(13,462)	402	0	(28,177)
Additions for the year	9,325	49,432	5,327	56,706	120,790
Disposals for the year	(804)	(2,877)	(1,886)	0	(5,567)
<b>Cost at 31 December 2006</b>	<b>418,214</b>	<b>790,830</b>	<b>75,626</b>	<b>60,685</b>	<b>1,345,355</b>
Depreciation at 1 January 2006	(156,486)	(479,745)	(55,937)	0	(692,168)
Foreign exchange adjustments, etc.	2,839	6,070	(1,095)	0	7,814
Depreciation of disposals for the year	0	2,470	1,490	0	3,960
Depreciation for the year	(19,318)	(55,600)	(6,087)	0	(81,005)
<b>Depreciation at 31 December 2006</b>	<b>(172,965)</b>	<b>(526,805)</b>	<b>(61,629)</b>	<b>0</b>	<b>(761,399)</b>
<b>Carrying amount at '31 December 2006</b>	<b>245,249</b>	<b>264,025</b>	<b>13,997</b>	<b>60,685</b>	<b>583,956</b>

At 31 December 2007, the company had concluded agreements on investments in 2008 of a total of DKK 9,8 million (31 December 2006: DKK 75,0 million)

**12 Property, plant and equipment - Parent Company - (continued)**

Amounts in DKK 1,000 ( ) = negative amount

	<b>2007</b>				<b>Total property, plant and equipment</b>
	<b>PARENT COMPANY</b>				
	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Property, plant and equipment under construc.	
Cost at 1 January 2007	0	0	370	60	430
Additions for the year	1,003	0	788	(60)	1,731
Disposals for the year	0	0	0	0	0
<b>Cost at 31 December 2007</b>	<b>1,003</b>	<b>0</b>	<b>1,158</b>	<b>0</b>	<b>2,161</b>
Depreciation at 1 January 2007	0	0	(148)	0	(148)
Depreciation re. disposal for the year	0	0	0	0	0
Depreciation for the year	(151)	0	(192)	0	(343)
<b>Depreciation at 31 December 2007</b>	<b>(151)</b>	<b>0</b>	<b>(340)</b>	<b>0</b>	<b>(491)</b>
<b>Carrying amount at '31 December 2007</b>	<b>852</b>	<b>0</b>	<b>818</b>	<b>0</b>	<b>1,670</b>
	<b>2006</b>				
	<b>PARENT COMPANY</b>				
	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Property, plant and equipment under construc.	<b>Total property, plant and equipment</b>
Cost at 1 January 2006	0	0	370	0	370
Additions for the year	0	0	0	60	60
Disposals for the year	0	0	0	0	0
<b>Cost at 31 December 2006</b>	<b>0</b>	<b>0</b>	<b>370</b>	<b>60</b>	<b>430</b>
Depreciation at 1 January 2006	0	0	(74)	0	(74)
Depreciation regarding disposals for the year	0	0	0	0	0
Depreciation for the year	0	0	(74)	0	(74)
<b>Depreciation at 31 December 2006</b>	<b>0</b>	<b>0</b>	<b>(148)</b>	<b>0</b>	<b>(148)</b>
<b>Carrying amount at '31 December 2006</b>	<b>0</b>	<b>0</b>	<b>222</b>	<b>60</b>	<b>282</b>

**13 Inventories**

Amounts in DKK 1,000 ( ) = negative amount

	CONSOLIDATED		PARENT COMPANY	
	2007	2006	2007	2006
Raw materials	206,020	177,124	0	0
Packaging materials	6,587	6,782	0	0
Finished goods and goods for resale	99,422	112,538	0	0
<b>Total</b>	<b>312,029</b>	<b>296,444</b>	<b>0</b>	<b>0</b>

The carrying amount of inventories recognised at net selling price amounted to DKK 0 thousand in 2007 (2006: DKK 0 thousand)

**14 Receivables**

Amounts in DKK 1,000 ( ) = negative amount

	CONSOLIDATED		PARENT COMPANY	
	2007	2006	2007	2006
Non-current receivables	3,741	10,851	0	0
Current receivables	545,999	526,716	529,680	566,556
<b>Total</b>	<b>549,740</b>	<b>537,567</b>	<b>529,680</b>	<b>566,556</b>
Current receivables comprise:				
Trade receivables	525,728	498,893	0	0
Amounts owed by group enterprise	0	0	527,193	566,446
Amounts owed by associate	0	14,834	0	0
Other receivables	20,271	12,989	2,487	110
<b>Total</b>	<b>545,999</b>	<b>526,716</b>	<b>529,680</b>	<b>566,556</b>
Write-down for bad debts recognised in the above-mentioned receivables at 31 December	70,442	81,923	200	300

**Development in write-down for bad debts is specified as follows:**

Write-down at 1 January	81,923	105,181	300	558
Recognised provisions at 1 January	(20,689)	(31,932)	(100)	(258)
New provisions	8,845	9,825	0	0
Exchange rate adjustment, etc.	363	(1,151)	0	0
<b>Write-down at 31 December</b>	<b>70,442</b>	<b>81,923</b>	<b>200</b>	<b>300</b>

## 15 Securities

Amounts in DKK 1,000 ( ) = negative amount

	CONSOLIDATED		PARENT COMPANY	
	2007	2006	2007	2006
<b>Short-dated securities</b>				
Cost at 1 January	6,541	6,541	6,541	6,541
Reclassification	6,036	0	0	0
Additions for the year	0	0	0	0
Disposals for the year	0	0	0	0
Foreign exchange adjustment	0	0	0	0
<b>Cost at 31 December</b>	<b>12,577</b>	<b>6,541</b>	<b>6,541</b>	<b>6,541</b>
Adjustments at 1 January	(3,222)	(5,113)	(3,222)	(5,113)
Reclassification	(1,718)	0	0	0
Disposals on sale	0	0	0	0
Adjustments for the year				
Recognised in the income statement	673	1,891	673	1,891
Recognised in equity	37,508	0	0	0
Foreign exchange adjustment	0	0	0	0
<b>Adjustments at 31 December</b>	<b>33,241</b>	<b>(3,222)</b>	<b>(2,549)</b>	<b>(3,222)</b>
<b>Total</b>	<b>45,818</b>	<b>3,319</b>	<b>3,992</b>	<b>3,319</b>
<b>Long-dated securities</b>				
Cost at 1 January	15,546	14,548	37	37
Reclassification	(6,036)	0	0	0
Additions for the year	31,589	1,964	0	0
Disposals for the year	(2,813)	(565)	0	0
Foreign exchange adjustment	432	(401)	0	0
<b>Cost at 31 December</b>	<b>38,718</b>	<b>15,546</b>	<b>37</b>	<b>37</b>
Adjustments at 1 January	(3,571)	(3,853)	0	0
Reclassification	1,718	0	0	0
Disposals on sale	0	170	0	0
Adjustments for the year				
Recognised in the income statement	0	0	0	0
Recognised in equity	0	0	0	0
Foreign exchange adjustment	(95)	112	0	0
<b>Adjustments at 31 December</b>	<b>(1,948)</b>	<b>(3,571)</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>36,770</b>	<b>11,975</b>	<b>37</b>	<b>37</b>

Securities recognised in the income statement, DKK 3,992 thousand (2006: DKK 3,319 thousand)

Securities recognised in equity, DKK 78,596 thousand (2006: DKK 11,975 thousand).

Short-dated securities comprise listed shares subject to regular monitoring and where the securities are regularly measured at market price, and the value adjustment is recognised in the income statement. In 2007, the shares in Aqua Gen AS, which is not subject to any regular monitoring, were reclassified and recognised at fair value at 31 December 2007. The fair value at 31 December 2007 was based on the agreed acquisition price for the shares in Aqua Gen AS, and the value adjustment was taken to equity.

Long-dated securities not subject to any regular, systematic monitoring comprise a number of minor shareholdings/mortgages/loans regarding local cooperators of the individual companies. The securities are measured at fair value, which, in all essentials, is equivalent to cost, and the adjustment is taken to equity.

**16 Equity**

Amounts in DKK 1,000 ( ) = negative amount

**Share capital**

	Number		Nominal value (DKK'000)	
	2007	2006	2007	2006
1 January	10,999,038	10,999,038	219,981	219,981
31 December	10,999,038	10,999,038	219,981	219,981

The share capital comprises 10,999,038 shares at a nominal value of DKK 20 each. No shares carry special rights. The company does not own treasury shares.

**Revaluation reserve**

The revaluation reserve contains value adjustments of securities recognised in equity.

**Hedging reserve**

Hedging reserve contains the accumulated net change in the fair value of hedging transactions which meet the criteria for hedging future cash flows and where the hedged transaction awaits realisation.

**Translation reserve**

The translation reserve contains all foreign exchange adjustments arising on the translation of financial statements of entities with a different functional currency than Danish kroner, foreign exchange adjustments of assets and liabilities representing a share of the Group's net investments in such entities and foreign exchange adjustments regarding hedging transactions hedging the Group's net investments in such entities.

**17 Statement of recognised income and expenses**

Amounts in DKK 1,000 ( ) = negative amount

	CONSOLIDATED		PARENT COMPANY	
	2007	2006	2007	2006
Foreign exchange adjustments on translation of foreign entities	(2,225)	(6,049)	0	0
Value adjustment of hedging instruments			0	
Value adjustment transferred to the income statement	2,705	(2,970)	0	0
Closing value adjustment	(2,467)	(2,705)	0	0
Shares Aqua Gen AS, revaluation	37,508	0	0	0
Sjøtroll, revaluation on the establishment of a group structure	53,361	0	0	0
Tax on items directly recognised in equity	30	1,574	0	0
<b>Net income directly recognised in equity</b>	<b>88,912</b>	<b>(10,150)</b>	<b>0</b>	<b>0</b>
Profit for the year	125,973	240,591	35,234	58,579
<b>Total recognised income and expenses</b>	<b>214,885</b>	<b>230,441</b>	<b>35,234</b>	<b>58,579</b>

**18 Pensions and similar obligations**

Amounts in DKK 1,000 ( ) = negative amount

	CONSOLIDATED		PARENT COMPANY	
	2007	2006	2007	2006
Present value of defined benefit schemes	(21,645)	(47,941)	(21,645)	(47,941)
Fair value of the assets under the scheme	0	0	0	0
<b>Total</b>	<b>(21,645)</b>	<b>(47,941)</b>	<b>(21,645)</b>	<b>(47,941)</b>
Development in recognised liability				
Net liability/net asset at 1 January	(47,941)	(80,788)	(47,941)	(77,941)
Gain/loss on reduction/redemption	0	2,847	0	0
Redemption	26,296	30,000	26,296	30,000
<b>Net liability at 31 December</b>	<b>(21,645)</b>	<b>(47,941)</b>	<b>(21,645)</b>	<b>(47,941)</b>

**18 Pensions and similar obligations - (continued)**

Amounts in DKK 1,000 ( ) = negative amount

	CONSOLIDATED		PARENT COMPANY	
	2007	2006	2007	2006
<b>Recognised in the income statement</b>				
Gain/loss on reduction/redemption	0	32,847	0	30,000
Recognised, defined benefit schemes	0	32,847	0	30,000
Recognised, defined contribution schemes	(11,593)	(14,695)	(76)	(291)
<b>Total, recognised</b>	<b>(11,593)</b>	<b>18,152</b>	<b>(76)</b>	<b>29,709</b>
The cost was recognised in the following income statement items:				
Other production costs	(2,678)	(2,761)	0	0
Selling and distribution costs	(2,986)	(1,924)	0	0
Administrative expenses	(5,929)	22,837	(76)	29,709
	<b>(11,593)</b>	<b>18,152</b>	<b>(76)</b>	<b>29,709</b>

The BioMar Holding A/S Group has uncovered pension obligations. The pension obligations of the BioMar Holding A/S Group were stated at DKK 21.6 million at 31 December 2007. The pension obligations were not calculated on the basis of any actuarial calculations. The provision is attributable to the parent company's obligation to arrange for insurance cover of the eligibility for supplementary pension in accordance with KFK pension fund's former practice. The obligation relates to persons engaged in active employment at 30 September 2002 whose employment was transferred to the Consortium, who took over the divested corn and feedstuff activities (formerly known as KFK). The size of the pension obligation is subject to uncertainty. Accordingly, the final cover may have a positive or negative impact on results.

In 2007, BioMar Holding A/S provided further insurance cover of its pensions obligations by means of a contribution of DKK 26 million to a pension company.

In the 2006 financial year, BioMar Holding A/S recognised DKK 30 million as income regarding the above-mentioned obligation as the Danish Financial Supervisory Authority had changed its position on the scope of BioMar Holding A/S' obligation.

**19 Deferred tax**

Amounts in DKK 1,000 ( ) = negative amount

	CONSOLIDATED		PARENT COMPANY	
	2007	2006	2007	2006
Deferred tax asset at 1 January	40,144	35,883	25,730	32,324
Foreign exchange adjustment	210	1,111	0	0
Deferred tax for the year recognised in the profit for the year	8,427	1,576	(4,310)	(6,594)
Reduction of the Danish corporation tax rate from 28 % to 25 %	(5,705)	0	(2,733)	0
Deferred tax for the year recognised in equity	30	1,574	0	0
<b>Deferred tax at 31 December</b>	<b>43,106</b>	<b>40,144</b>	<b>18,687</b>	<b>25,730</b>
<i>Deferred tax is recognised on the balance sheet as follows:</i>				
Deferred tax (asset)	59,095	53,497	18,687	25,730
Deferred tax (liability)	(15,989)	(13,353)	0	0
<b>Deferred tax at 31 December, net</b>	<b>43,106</b>	<b>40,144</b>	<b>18,687</b>	<b>25,730</b>
<i>Deferred tax is incumbent on:</i>				
Intangible assets	3,253	3,643	0	0
Property, plant and equipment	11,165	7,416	11,853	13,213
Current assets	7,118	13,598	50	84
Other liabilities	5,546	8,124	3,304	5,070
Tax loss carryforwards	16,024	7,363	3,480	7,363
	<b>43,106</b>	<b>40,144</b>	<b>18,687</b>	<b>25,730</b>

All tax liabilities of the BioMar Holding A/S Group have been recognised on the balance sheet.

At 31 December 2007, the BioMar Holding A/S Group had deferred tax assets of approx. DKK 42 million (31 December 2006: DKK 81 million), which were not recognised on the balance sheet. At present, the realisation of the tax assets is not considered probable.

Deferred tax assets not previously recognised were capitalised of BioMar Ltd. at approx. DKK 23 million and DKK 6 million for BioMar Holding A/S at 31 December 2007.

**19 Deferred tax (continued)****Changes in temporary differences during the year**

Amounts in DKK 1,000 ( ) = negative amount

	<b>CONSOLIDATED 2007</b>					
	Balance sheet at 1 January 2007	Foreign exchange adjustment	Adjustment, reduced corporation tax rate	Recognised in the profit for the year	Recognised in equity	Balance sheet at 31 December 2007
Intangible assets	3,643	0	(390)		0	3,253
Property, plant and equipment	7,416	391	(2,484)	5,842	0	11,165
Current assets	13,598	(150)	(1,458)	(4,902)	30	7,118
Other liabilities	8,124	(31)	(609)	(1,938)	0	5,546
Tax losses	7,363	0	(764)	9,425	0	16,024
	<b>40,144</b>	<b>210</b>	<b>(5,705)</b>	<b>8,427</b>	<b>30</b>	<b>43,106</b>

	<b>CONSOLIDATED 2006</b>					
	Balance sheet at 1 January 2006	Foreign exchange adjustment	Adjustment, reduced corporation tax rate	Recognised in the profit for the year	Recognised in equity	Balance sheet at 31 December 2006
Intangible assets	3,643	0	0	0	0	3,643
Property, plant and equipment	2,142	1,354	0	3,920	0	7,416
Current assets	10,131	(82)	0	3,396	153	13,598
Other liabilities	10,046	(112)	0	(3,231)	1,421	8,124
Tax losses	9,921	(49)	0	(2,509)	0	7,363
	<b>35,883</b>	<b>1,111</b>	<b>0</b>	<b>1,576</b>	<b>1,574</b>	<b>40,144</b>

	<b>PARENT COMPANY 2007</b>					
	Balance sheet at 1 January 2007	Foreign exchange adjustment	Adjustment, reduced corporation tax rate	Recognised in the profit for the year	Recognised in equity	Balance sheet at 31 December 2007
Property, plant and equipment	13,213	0	(1,416)	56	0	11,853
Receivables	84	0	(9)	(25)	0	50
Other liabilities	5,070	0	(543)	(1,224)	0	3,303
Tax losses	7,363	0	(765)	(3,117)	0	3,481
	<b>25,730</b>	<b>0</b>	<b>(2,733)</b>	<b>(4,310)</b>	<b>0</b>	<b>18,687</b>

	<b>PARENT COMPANY 2006</b>					
	Balance sheet at 1 January 2006	Foreign exchange adjustment	Adjustment, reduced corporation tax rate	Recognised in the profit for the year	Recognised in equity	Balance sheet at 31 December 2006
Property, plant and equipment	13,192	0	0	21	0	13,213
Receivables	156	0	0	(72)	0	84
Other liabilities	9,104	0	0	(4,034)	0	5,070
Tax losses	9,872	0	0	(2,509)	0	7,363
	<b>32,324</b>	<b>0</b>	<b>0</b>	<b>(6,594)</b>	<b>0</b>	<b>25,730</b>

## 20 Mortgage credit institutions/bank loans and overdrafts

Amounts in DKK 1,000 ( ) = negative amount

	CONSOLIDATED		PARENT COMPANY	
	2007	2006	2007	2006
The liabilities are recognised on the balance sheet as follows:				
Long-term bank loans	350,000	406,735	0	0
Short-term portion of long-term bank loans	52,132	54,447	0	0
Short-term bank loans	157,022	81	0	0
	<b>559,154</b>	<b>461,263</b>	<b>0</b>	<b>0</b>
Fair value	559,154	461,263	0	0
Nominal value	559,154	461,263	0	0

The Group has taken out the following long-term loans:

Loan	Expiry	Fixed/ floating rate	CONSOLIDATED					
			Effective interest rate		Carrying amount		Fair value	
			2007	2006	2007	2006	2007	2006
			%	%	DKK'000	DKK'000	DKK'000	DKK'000
DKK	2010	Floating rate	5.7 %	4.4 %	400,000	450,000	400,000	450,000
USD	2009	Floating rate	6.0 %	6.4 %	2,132	11,182	2,132	11,182
					<b>402,132</b>	<b>461,182</b>	<b>402,132</b>	<b>461,182</b>
Weighted average effective interest rate			5.7 %	4.4 %				
Thereof, short-term					52,132	54,447		

Short-term bank loans of the Group are broken down as follows on currencies:

Currency	Liability		Day-to-day interest rate	
	2007	2006	2007	2006
	DKK'000	DKK'000	%	%
DKK	53,324	0	5.7 %	-
USD	24,548	0	5.8 %	-
EUR	15,058	81	6.0 %	-
NOK	59,893	0	5.7 %	-
GBP	4,199	0	5.7 %	-
	<b>157,022</b>	<b>81</b>		

The parent company does not have any bank loans. (2006: none).

**21 Trade and other payables**

Amounts in DKK 1,000 ( ) = negative amount

	CONSOLIDATED		PARENT COMPANY	
	2007	2006	2007	2006
Trade payables	390,455	345,160	0	0
Amounts owed to group enterprises	22	32	567	553
Other payables	76,718	70,391	1,911	6,981
	<b>467,195</b>	<b>415,583</b>	<b>2,478</b>	<b>7,534</b>

**22 Corporation tax**

Amounts in DKK 1,000 ( ) = negative amount

Corporation tax payable at 1 January	43,691	27,944	0	(1,911)
Opening foreign exchange adjustment	856	(1,301)	0	0
Current tax for the year including jointly taxed subsidiaries	12,114	46,321	(222)	1,898
Corporation tax paid during the year	(45,820)	(29,273)	222	13
<b>Corporation tax payable at 31 December</b>	<b>10,841</b>	<b>43,691</b>	<b>0</b>	<b>0</b>
Broken down as follows:				
Corporation tax receivable	4,616	430	0	0
Corporation tax payable	(15,457)	(44,121)	0	0
	<b>(10,841)</b>	<b>(43,691)</b>	<b>0</b>	<b>0</b>

**23 Contingent liabilities, contingent assets and security**

Amounts in DKK 1,000 ( ) = negative amount

	CONSOLIDATED		PARENT COMPANY	
	2007	2006	2007	2006
<b>Security</b>				
<i>The following assets have been provided as security to credit institutions:</i>				
Land and buildings with a carrying amount of	48,706	54,235	0	0
Plant and machinery with a carrying amount of	81,482	23,021	0	0
Net assets in three subsidiaries	404,493	385,470	0	0

**CONSOLIDATED****Security**

The BioMar Holding A/S Group has provided non-current assets as security to banks and other credit institutions.

**Contingent liabilities and contingent assets**

Pension obligations  
We refer to note 1

*Pending lawsuits*

The BioMar Holding A/S Group is a party to a few pending lawsuits. The Management is of the opinion that any negative outcome of these cases will not have any material negative impact on the Group's financial position.

**PARENT COMPANY****Sikkerhedsstillelser**

BioMar Holding A/S has not provided any security.

**Contingent liabilities and contingent assets**

Pension obligations  
We refer to note 1 .

*Pending lawsuits*

BioMar Holding A/S is a party to a few pending lawsuits. The Management is of the opinion that any negative outcome of these cases will not have any material negative impact on the Group's financial position.

## 24 Currency and interest rate risks and the use of derivative financial instruments

### The Group's risk management policy

As a result of its operations, investments and financing, the Group is exposed to changes in exchange rates and in interest levels. The Group policy is not to engage in any active speculation in financial risks. The Group's financial management is thereby solely directed towards the management of financial risks arising directly from the Group's operations and financing. We refer to the section »Accounting policies«, which includes a description of recognition criteria and basis of measurement.

### Currency risks

The Group's foreign entities are not severely affected by foreign exchange rate fluctuations as both income and costs are primarily settled in local currencies.

The Group income statement is affected by changes in the exchange rates as the closing results of the foreign group enterprises are translated into Danish kroner on the basis of the closing exchange rates for the month.

The Group's currency risks are primarily hedged as income and costs are denominated in the same currencies.

### Group currency risks on the balance sheet at

Amounts in DKK 1,000 ( ) = negative amount

31 December 2007	Securities and cash and cash equivalents	Receivables (including deferred tax)	Liabilities	Hedged by forward exchange contracts and currency swaps	Net position
Currency					
EUR	64,510	283,315	(106,877)	0	240,948
USD	90,947	114,971	(210,539)	13,587	8,966
PLN	1,959	10,009	(739)	0	11,229
GBP	31,978	51,346	(17,394)	0	65,930
NOK	53,392	93,617	(197,483)	(13,587)	(64,061)
CLP	931	6,238	(10,598)	0	(3,429)
SEK	291	302	(77)	0	516
DKK	30,756	61,706	(535,734)	0	(443,272)
	<b>274,764</b>	<b>621,504</b>	<b>(1,079,441)</b>	<b>0</b>	<b>(183,173)</b>

At 31 December 2007, the unrealised net loss on derivative financial instruments used for currency hedging came in at DKK 2 million (31 December 2006: DKK 16 million), which was recognised in the income statement.

31 December 2006	Securities and cash and cash equivalents	Receivables (including deferred tax)	Liabilities	Hedged by forward exchange contracts and currency swaps	Net position
Currency					
EUR	13,405	238,263	(302,600)	5,547	(45,385)
USD	0	78,216	(79,056)	18,406	17,566
PLN	1,612	10,132	(3,140)	(1,000)	7,604
GBP	355	79,250	(2,993)	(5,547)	71,065
NOK	10,434	107,008	(91,748)	(18,406)	7,288
CLP	20,004	4,436	(7,875)	0	16,565
SEK	563	49	(8,465)	0	(7,853)
DKK	57,054	265,912	(486,384)	1,000	(162,418)
	<b>103,427</b>	<b>783,266</b>	<b>(982,261)</b>	<b>0</b>	<b>(95,568)</b>

## 24 Currency and interest rate risks and the use of derivative financial instruments

### Parent company currency risks on the balance sheet

Amounts in DKK 1,000 ( ) = negative amount

at 31 December 2007	Securities and cash and cash equivalents	Receivables (including deferred tax)	Liabilities	Hedged by forward exchange contracts and currency swaps	Net position
Currency					
DKK	5,986	548,367	(24,123)		530,230
	<b>5,986</b>	<b>548,367</b>	<b>(24,123)</b>	<b>0</b>	<b>530,230</b>

At 31 December 2007, the parent company was not exposed to any currency or interest rate risks other than the recognition of group enterprises.

At 31 December 2007, the unrealised net loss on derivative financial instruments used for currency hedging came in at DKK 0 (31 December 2006: DKK 0 million), which was recognised in the income statement.

at 31 December 2006	Securities and cash and cash equivalents	Receivables (including deferred tax)	Liabilities	Hedged by forward exchange contracts and currency swaps	Net position
Currency					
DKK	3,569	592,286	(55,475)	0	540,380
	<b>3,569</b>	<b>592,286</b>	<b>(55,475)</b>	<b>0</b>	<b>540,380</b>

### Forward contracts regarding forecast transactions

The below-mentioned forward contracts at 31 December of the Group are used for and comply with the conditions for the hedging of forecast transactions.

Curren- cy	2007				2006			
	Notional principal amount	Gains/loss recognised in equity	Fair value	Residual term Months	Notional principal amount	Gains/loss recognised in equity	Fair value	Residual term Months
EUR	58,474	332	332	2	35,334	(297)	(297)	1
USD	463,014	(2,699)	(2,699)	2	152,063	(1,391)	(1,391)	1
GBP	0	0	0		3,697	33	33	1
NOK	6,810	(100)	(100)	2	26,054	(339)	(339)	1
Others	0	0	0		36,047	(711)	(711)	1
	<b>528,298</b>	<b>(2,467)</b>	<b>(2,467)</b>		<b>253,196</b>	<b>(2,705)</b>	<b>(2,705)</b>	

The below-mentioned forward contracts at 31 December of the Group do not comply with the conditions for the hedging of forecast transactions.

Curren- cy	2007			2006		
	Notional principal amount	Fair value	Residual term Months	Notional principal amount	Fair value	Residual term Months
USD	115,944	2,892	1	126,720	638	1
GBP	84,669	1,658	1	160,753	(51)	1
NOK	408,814	(2,718)	1	115,321	1,289	1
	<b>609,428</b>	<b>1,832</b>		<b>402,794</b>	<b>1,876</b>	

The classification of the forward contracts as being non-compliant with the conditions for hedging is that the Group takes out hedging of receivables in foreign currencies owed by subsidiaries. The relevant balances were eliminated in the consolidated financial statements.

The parent company did not enter into any forward contracts in 2007 and 2006.

## 24 Currency and interest rate risks and the use of derivative financial instruments

Amounts in DKK 1,000 ( ) = negative amount

### Interest rate risk

The BioMar Holding A/S Group does not hedge the interest rate risk inherent in the Group's loans.

With respect to the Group's and the parent company's interest-bearing financial assets and liabilities, the following contractual repricing or maturity dates are stated, whichever date comes first.

Category	CONSOLIDATED Repricing/maturity			Total DKK'000	Effective interest rate %
	0-1 years DKK'000	1-5 years DKK'000	> 5 years DKK'000		
Mortgages and bank loans at 31 December 2007	207,022 <b>207,022</b>	352,132 <b>352,132</b>	0 <b>0</b>	559,154 <b>559,154</b>	5.7 %
Mortgages and bank loans at 31 December 2006	54,528 <b>54,528</b>	406,735 <b>406,735</b>	0 <b>0</b>	461,263 <b>461,263</b>	4.4 %

The effective interest rates have been stated based on the prevailing level of interest rates at 31 December 2007.

In case of a 1 % fluctuation in interest rates in 2007, the BioMar Holding Group's interest expenses will be affected by +/- DKK 5.6 million (DKK 4.6 million in 2006). BioMar anticipates an unchanged borrowing level.

**24 Currency and interest rate risks and the use of derivative financial instruments (continued)**

Amounts in DKK 1,000 ( ) = negative amount

**Credit risks**

Trade receivables pose the Group's most important credit risk. No individual customer or co-operator poses any major risk. In line with the group policy for the assumption of credit risks, all major customers are regularly credit rated.

	<b>2007</b>	<b>2006</b>
<b>Trade receivables are specified as follows:</b>		
Trade receivables not written down	399,711	385,572
Initial trade receivables written down	208,253	210,078
Write-down of trade receivables	(70,442)	(81,923)
	<b>537,522</b>	<b>513,727</b>
<b>Trade receivables fall due as follows:</b>		
Not due	468,981	443,806
Due between 1-30 days	33,963	27,152
Due between 31-90 days	20,109	15,284
Due over more than 90 days	14,469	27,485
	<b>537,522</b>	<b>513,727</b>
<b>Fair value of security provided in assets (to BioMar Holding A/S) regarding receivables at 31 December</b>	<b>97,995</b>	<b>199,921</b>
<b>Sensitivity analysis of price changes of raw materials with an impact on direct production costs</b>		
Fish meal		
10 % increase	(111,963)	(110,265)
10 % decline	111,963	110,265
Fish oil		
10 % increase	(48,520)	(41,695)
10 % decline	48,520	41,695

The sensitivity analysis is based on a standard recipe with fish meal and fish oil accounting for 43% (48 %) and 18% (18 %) in 2007 (2006).

The sensitivity analysis shows the impact of direct production costs, assumed unchanged price level of the other ingredients and unchanged recipes.

The impact on the results following changes in raw material prices is uncertain as the BioMar Holding Group strives to counter such risks by adjusting list prices and incorporating price adjustment mechanisms in sales contracts. We refer to the risk section in the annual report for further information on operational risks.

Additional information about operating risks please refer to the section »Risk Management«.

**Capital management**

We refer to the sections »How the Supervisory Board creates value« and »Risk Management«.

## 25 Operating leases

Amounts in DKK 1,000 ( ) = negative amount

	CONSOLIDATED		PARENT COMPANY	
	2007	2006	2007	2006
Noncancellable operating minimum lease payments are as follows:				
0-1 years	43,234	34,760	474	0
1-5 years	119,376	78,856	2,524	0
> 5 years	29,326	61,220	158	0
	<b>191,936</b>	<b>174,836</b>	<b>3,156</b>	<b>0</b>
Leasing has been recognised in the income statement as follows.				
	45,438	35,578	474	200

The BioMar Holding A/S Group leases warehouse facilities and operating equipment under operating leases. The lease period typically ranges between 2 and 8 years.

In 2006, BioMar Norway entered into a major long-term lease contract for a transport ship.

## 26 Acquisition of subsidiaries and activities

Amounts in DKK 1,000 ( ) = negative amount

	CONSOLIDATED			
	2007		2006	
	Fair value at the acquisition date	Carrying amount before the acquisition	Fair value at the acquisition date	Carrying amount before the acquisition
Intangible assets	306,438	213.110	0	0
Property, plant and equipment	259,774	259.774	0	0
Investments	122,357	72.357	0	0
Inventories	357,037	357.037	0	0
Receivables	70,307	70.307	0	0
Cash at bank and in hand	2,570	2.570	0	0
Mortgage credit institutions	(284,074)	(284.074)	0	0
Deferred tax	(110,367)	(110.367)	0	0
Trade payables	(34,617)	(34.617)	0	0
Other payables	(64,560)	(64.560)	0	0
Contingent liabilities	0	0	0	0
<b>NET ASSETS ACQUIRED</b>	<b>624,865</b>	<b>481,537</b>	<b>0</b>	<b>0</b>
Thereof, minority interests	(306,751)	0	0	0
Transferred from associate	(179,277)	0	0	0
Revaluation on gradual establishment of a group structure	(53,361)	0	0	0
Goodwill	98,064	0	0	0
<b>COST</b>	<b>183,540</b>	<b>0</b>	<b>0</b>	<b>0</b>
Thereof, cash at bank and in hand	(2,570)	0	0	0
<b>CASH COST</b>	<b>180,970</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 2007

With effect from 31 March 2007, the BioMar Group acquired 13.68 % of the share capital in Sjøtroll A/S, allowing the ownership interest to represent 50.91%.

Sjøtroll AS has thereby become a group enterprise.

**27 Discontinued operations**

Amounts in DKK 1,000 ( ) = negative amount

	CONSOLIDATED		PARENT COMPANY	
	2007	2006	2007	2006
Revenue	497,473	0	0	0
Costs	(461,090)	0	0	0
IAS 41, value adjustment of biological assets	(697)			
<b>Profit before tax</b>	<b>35,686</b>	<b>0</b>	<b>0</b>	<b>0</b>
Tax on profit	(11,221)	0	0	0
Profit share until the establishment of a group structure	(4,971)	74,526	0	0
<b>Profit after value adjustments and tax</b>	<b>19,494</b>	<b>74,526</b>	<b>0</b>	<b>0</b>
Write-down to fair value	0	0	0	0
Tax effect of write-down	0	0	0	0
<b>Profit for the year from discontinued operations</b>	<b>19,494</b>	<b>74,526</b>	<b>0</b>	<b>0</b>
Attributable to:				
Shareholders of BioMar Holding A/S	7,484	74,526	0	0
Minority interests	12,010	0	0	0
<b>Profit for the year of discontinued operations</b>	<b>19,494</b>	<b>74,526</b>	<b>0</b>	<b>0</b>
Cash flows from operating activities	7,587	0	0	0
Cash flows from investing activities	13,619	0	0	0
Cash flows from financing activities	39,515	0	0	0
<b>Net cash flows from operating, investing and financing activities</b>	<b>60,721</b>	<b>0</b>	<b>0</b>	<b>0</b>
Intangible assets	413,040	0	0	0
Property, plant and equipment	305,600	0	0	0
Other non-current assets	18,761	0	0	0
Inventories	449,563	0	0	0
Receivables	59,370	0	0	0
Securities and cash and cash equivalents	5,141	0	0	0
<b>Assets held for sale</b>	<b>1,251,475</b>	<b>0</b>	<b>0</b>	<b>0</b>
Mortgage credit institutions/bank loans and overdrafts	(389,535)	0	0	0
Deferred tax	(88,614)	0	0	0
Other liabilities	(123,329)	0	0	0
<b>Total liabilities in respect of assets held for sale</b>	<b>(601,478)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Earnings per share (DKK) for discontinued operations</b>	<b>0.68</b>	<b>6.77</b>	<b>0</b>	<b>0</b>
<b>Diluted earnings per share (DKK) for discontinued operations</b>	<b>0.68</b>	<b>6.77</b>	<b>0</b>	<b>0</b>

The discontinued operations of the BioMar Holding A/S Group comprise the activities of Sjøtroll Havbruk AS.

With effect from 31 March 2007, the BioMar Holding Group acquired 13.68 % of the share capital in Sjøtroll A/S, allowing the ownership interest to represent 50.91 %.

Sjøtroll AS has thereby become an group enterprise.

In connection with the establishment of a group structure, the BioMar Holding A/S Group announced that the activities of Sjøtroll Havbruk AS were up for sale and has actively strived to sell the company since the acquisition.

In co-operation with its financial advisors, BioMar is currently engaged in a sales process, where several potential buyers assess a potential acquisition of the stake in Sjøtroll Havbruk AS. The activities in Sjøtroll Havbruk AS have been valued at the lower of carrying amount and fair value less projected sales costs.

The above-mentioned table discloses the revenue, etc. of Sjøtroll Havbruk AS for the period 1 April - 31 December 2007 (after the establishment of a group), while the profit share for 2006 and the period 1 January - 31 March 2007 have been separately shown (associate).

**27 Discontinued operations****The Sjøtroll Havbruk AS Group**

Financial key figures for 2007 and 2006

Amounts in DKK 1,000 ( ) = negative amount

	2007				2007 Total
	Q1	Q2	Q3	Q4	
Revenue	198	162	190	178	728
EBIT (excluding fair value adjustment)	23	30	20	(17)	56
Profit share, associate	4	(3)	(2)	0	(1)
Gain, disposal of Hjalmland (Q2 2007)	0	54	0	0	54
Financial items, net	(4)	(8)	(6)	(9)	(27)
Profit before tax	23	73	17	(26)	87
Profit after tax	17	67	12	(18)	78
Fair value adjustment after tax	(32)	(65)	7	58	(32)
Total assets	1,144	1,148	1,200	1,184	
Closing equity	611	552	564	545	
Interest-bearing debt less cash at bank and in hand and securities	307	356	379	410	
Distributed dividends	0	127	0	0	
	2006				2006 Total
	Q1	Q2	Q3	Q4	
Revenue	159	180	193	185	717
EBIT (excluding fair value adjustment)	31	55	65	63	214
Profit share, associate	5	5	7	28	45
Financial items, net	(5)	(4)	(4)	(4)	(17)
Profit before tax	32	56	68	86	242
Profit after tax	26	40	49	72	187
Fair value adjustment after tax	6	33	2	(15)	26
Total assets	1,008	1,045	1,093	1,196	
Closing equity	435	475	525	595	
Interest-bearing debt less cash at bank and in hand and securities	409	374	348	373	
Distributed dividends	0	0	0	0	

The above-mentioned is an extract from Sjøtroll Havbruk AS' statutory annual report denominated in NOK million. The effect of any differences to the BioMar Holding A/S Group's accounting policies and accounting adjustments prompted by the establishment of a group, see note 26, has not been recognised.

## 28 Related party disclosures

Aktieselskabet Schouw A/S owns 68.82 % of the shares in BioMar Holding A/S.

BioMar Holding A/S' related parties exercising significant influence comprise the companies' executive and supervisory boards, executive employees and their family members. Further, related parties comprise companies in which the above persons have substantial interests.

In addition, related parties comprise group enterprises, see note 6, over which BioMar Holding A/S exercises control or significant influence.

Group enterprises and the BioMar Holding A/S Group's ownership interest therein are illustrated in the group chart, see note 31.

Transactions between the BioMar Holding A/S Group and other companies in the Aktieselskabet Schouw & CO. Group are stated below:

### Group enterprises

DKK'000

Trading with group enterprises comprised the following:

	CONSOLIDATED		PARENT COMPANY	
	2007	2006	2007	2006
Purchase of finished goods and goods for resale from group enterprises	130	243	0	0
Sale of finished goods and goods for resale to discontinued operations	279,464	234,603	0	0
Management fee	0	0	2,415	2,585
Interest income from parent company	1,575	2,984	0	212
Interest income from subsidiaries	0	0	39,806	34,694
Interest expense to subsidiaries	0	0	28	53
The balance sheet items at 31 December are specified as follows:				
Amounts owed by parent company	0	191,772	0	0
Amounts owed by group enterprises	0	0	527,193	566,446
Amounts owed by discontinued operations	8,053	14,834	0	0
Amount owed to group enterprises	22	32	567	553

Transactions with group enterprises are eliminated in the consolidated financial statements.

## 29 Events after the balance sheet date

### Acquisition of Provimi-AquaS

On 6 November 2007, the BioMar Holding Group concluded an agreement with Provimi Holding for the acquisition of Provimi's fish feed activities. The agreement was conditional upon the required approvals by the relevant authorities.

On 31 January 2008, the agreement with Provimi was implemented. The acquisition price for the acquired activities was EUR 90.5 million on a cash-and-debt-free basis, equivalent to DKK 674 million. The acquisition price was not recognised on the balance sheet at 31 December 2007.

In March 2008, a takeover balance sheet at 31 January 2008 will be prepared, and the Stock Exchange Announcement issued in connection with the Q1 2008 Interim Report will include a specification of the takeover balance sheet, including a preliminary purchase price allocation.

We refer to the Management's Review.

### Disposal of shares in Aqua Gen AS

In December 2007, together with other shareholders of Aqua Gen AS, the BioMar Holding Group contracted to sell their shares in Aqua Gen AS.

The divestment of Aqua Gen AS is realised during Q1 2008, which will have a positive impact on the results of approx. DKK 38 million. In the annual report 2007 the amount is included directly on the equity.

### 30 New IFRSs

IASB has issued the following new financial reporting standards which are not mandatory for adoption by BioMar Holding A/S in the preparation of the annual report for 2007. Unless otherwise stated, the standards have been adopted by the EU:

- IAS 1 (revised 2007) Presentation of Financial Statements becomes effective for financial years beginning on or after 1 January 2009. The Standard will not affect the recognition and measurement in the annual report. (IAS 1 awaits approval by the EU).
- IAS 23 (revised 2007) Borrowing Costs becomes effective for financial years beginning on or after 1 January 2009. Under the revised IAS 23, borrowing costs are to be recognised in the cost of qualifying assets, intangible assets, property, plant and equipment and inventories. In the case of the manufacture of major qualifying assets with a long manufacturing period, IAS 23 (revised 2007) is expected to impact on the financial reporting of BioMar Holding A/S. (IAS 23 awaits approval by the EU).
- IFRS 2 (revised 2008) Share-based payment becomes effective for financial years beginning on or after 1 January 2009. IFRS 2 lays down the conditions of share-based payment. IFRS 2 is not expected to impact on the financial reporting of BioMar Holding A/S (IFRS 2 awaits approval by the EU).
- IAS 27 (revised 2008) Consolidated and Separate Financial Statements becomes effective for financial years beginning on or after 1 July 2008. IAS 27 (revised 2008) lays down that that disposal and acquisition of investments in subsidiaries without losing control is to be treated as an equity transaction. IAS 27 (revised 2008) is expected to impact on the financial reporting of BioMar Holding A/S in connection with qualifying investment transactions. (IAS 27 still awaits approval by the EU).
- IFRS 3 (revised 2008) Business Combinations becomes effective for financial years beginning on or after 1 July 2009. IFRS 3 (revised 2008) lays down that intangible assets must be separated if included in the acquisition. In addition, the Standard establishes that direct costs arising from the acquisition are always to be recognised in the income statement. IFRS 3 (revised 2008) is expected to impact on the financial reporting of BioMar Holding A/S applying to the future acquisition of controlling investments (IFRS 3 awaits approval by the EU).
- IFRS 8 Segment information becomes effective for financial years beginning on or after 1 January 2009. The Standard does not impact on the recognition or measurement in the annual report.

IASB has issued the following new IFRICs which are not mandatory for adoption by BioMar Holding A/S in the preparation of the annual report for 2007. Unless otherwise stated, the standards have been adopted by the EU:

- IFRIC 11 IFRS 2 – Group and Treasury Share and Transactions become effective for financial years beginning on or after 1 March 2007. BioMar Holding A/S does not have and does not expect to have any share option schemes with settlement in equity instruments. Accordingly, IFRIC 11 is not expected to impact on the company's financial reporting.
- IFRIC 12 Service Concession Arrangements becomes effective for financial years beginning on or after 1 January 2008. BioMar Holding A/S does not have any and does not expect to have any concessions. Accordingly, IFRIC 12 is not expected to impact on the financial reporting of BioMar Holding A/S. (IFRIC 12 awaits approval by the EU).
- IFRIC 13 Customer Loyalty Programmes becomes effective for financial years beginning on or after 1 August. IFRIC 13 is not deemed to impact on the financial reporting of BioMar Holding A/S as the company does not have and does not expect to set up any Customer Loyalty Programmes. (IFRIC 13 awaits approval by the EU).
- IFRIC 14 IAS 19 – The limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction become effective for financial years beginning on or after 1 January 2008. IFRIC 14 IAS 19 are not deemed to impact on the financial reporting of BioMar Holding A/S.

### 31 Group chart

Company name	Registered office	Group ownership interest in %
BioMar Holding A/S	Aarhus, Denmark	
BioMar A/S *)	Brande, Denmark	100
BioMar AS	Myre, Norway	100
Sjøtroll Havbruk AS **)	Austevoll, Norway	50.91
BioMar A/S Chile Holding Ltda.	Puerto Montt, Chile	100
BioMar Chile SA	Puerto Montt, Chile	100
BioMar S.A.S.	Nersac, France	100
BioMar Hellenic S.A.	Volos, Greece	100
BioMar Ltd.	Grangemouth, UK	100
Johnson Seawell Ltd. ***)	Vidlin, UK	100
Unst Salmon Ltd. ***)	Aberdeen, UK	100
Granumin A/S ***)	Aarhus, Denmark	100

\*) Only production companies regarding BioMar are shown. Sales companies are located in Italy, Spain, Sweden, Finland and Poland.

\*\*\*) The BioMar Holding A/S Group holds 50.91 % of the votes.

\*\*\*\*) Dormant companies

# Statement by the Executive and Supervisory Boards

Today the Executive and Supervisory Boards have discussed and approved the annual report of BioMar Holding A/S for the financial year 1 January - 31 December 2007.

The annual report has been prepared in accordance with International Financial Reporting Standards

as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. We consider the accounting policies used to be appropriate. Accordingly, the annual report gives a true and fair view of the Group's and the parent company's financial position at 31

December 2007 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January - 31 December 2007.

We recommend that the annual report be approved at the annual general meeting.

Aarhus, 12 March 2008

## Executive Board:



Nils Agnar Brunborg  
Managing Director

## Supervisory Board:



Jens Bjerg Sørensen  
Chairman



Per Møller  
Vice-chairman



Jørn Ankær Thomsen



Asbjørn Reinkind

# Independent auditors' report

## To the shareholders of BioMar Holding A/S

We have audited the annual report of BioMar Holding A/S for the financial year 1 January - 31 December 2007, which comprises the statement by the Executive and Supervisory Boards on the annual report, Management's review, income statement, balance sheet, statement of changes in equity, cash flow statement and notes for the Group as well as for the parent company. The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

## The Executive and Supervisory Boards' responsibility for the annual report

The Executive and Supervisory Boards are responsible for the preparation and fair presentation of this annual report in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and

fair presentation of an annual report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## Auditors' responsibility and basis of opinion

Our responsibility is to express an opinion on this annual report based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the annual report in order to design audit proce-

dures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executive and Supervisory Boards, as well as evaluating the overall presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

## Opinion

In our opinion, the annual report gives a true and fair view of the Group's and the parent company's financial position at 31 December 2007 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January - 31 December 2007 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

Aarhus, 12 March 2008

KPMG C.J. espersen  
Statsautoriseret Revisionsinteressentskab

  
Jes Lauritzen  
State Authorised  
Public Accountant

  
Jens Weiersøe Jakobsen  
State Authorised  
Public Accountant



# Aquaculture species

BioMar produces feed for more than 25 different aquaculture species, below you will find a selection of some of these species.



Laks (DK) Laks (N)  
Salmón (E)  
Atlantic salmon (UK)  
Saumon atlantique (F)  
*Salmo salar* (Latin)



Laks (DK) Laks (N)  
Salmón coho (E)  
Coho (UK)  
Saumon coho (F)  
*Oncorhynchus kisutch* (Latin)



Regnbueørred (DK) Regnbueørret (N)  
Trucha arco iris (E)  
Rainbow trout - seawater large (UK)  
Truite arc-en-ciel (F)  
*Oncorhynchus mykiss* (Latin)



Regnbueørred (DK) Regnbueørret (N)  
Trucha arco iris (E)  
Rainbow trout - freshwater/portion (UK)  
Truite arc-en-ciel (F)  
*Oncorhynchus mykiss* (Latin)



Bækørred (DK) Ørret (N)  
Trucha Café (E)  
Brown Trout (UK)  
Truite fario (F)  
*Salmo trutta* (Latin)



Fjeldørred (DK) Røye (N)  
Trucha alpina (E)  
Artic Char (UK)  
Omble chevalier (F)  
*Salvelinus alpinus* (Latin)



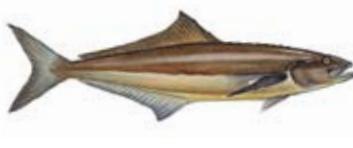
Kildeørred (DK) Bekkerøye (N)  
Trucha de Fontana (E)  
Brook trout (UK)  
Saumon de fontaine (F)  
*Salvelinus fontinalis* (Latin)



Hav-aborre (DK) Havabbor (N)  
Robaliza (E)  
European sea bass (UK)  
Bar européen (F)  
*Dicentrarchus labrax* (Latin)



Hav-bras (DK) Havkaruss (N)  
Dorado (E)  
Gilthead sea bream (UK)  
Daurade royale (F)  
*Sparus aurata* (Latin)



Sergentfisk (DK) Cobia (N)  
Cobia (E)  
Cobia (UK)  
Cobia (F)  
*Rachycentron canadum* (Latin)



Rød trommefisk (DK) Uer (N)  
Corvinón ocelado (E)  
Red Drum (UK)  
Ombrine tropicale (F)  
*Sciaenops ocellatus* (Latin)



Ål (DK) Ål (N)  
Anguila (E)  
European Eel (UK)  
Anguille (F)  
*Anguilla anguilla* (Latin)



Torsk (DK) Torsk (N)  
Bacalao (E)  
Atlantic cod (UK)  
Morue (F)  
*Gadus morhua* (Latin)



Tunge (DK) Tunge (N)  
Lenguado (E)  
Dover sole (UK)  
Sole (F)  
*Solea solea* (Latin)



Ørnefisk (DK) Ørnefisk (N)  
Corvina (E)  
Meagre (UK)  
Maigre (F)  
*Argyrosomus regius* (Latin)



Pighvar (DK)  
Piggvar (N)  
Rodaballo (E)  
Turbot (UK)  
Turbot (F)  
*Scophthalmus maximus* (Latin)



Helt (DK) Sik (N)  
Lavaret (E)  
Powan (UK)  
Lavaret (F)  
*Coregonus lavaretus* (Latin)



Sandart (DK) Gjørs (N)  
Lucioperca (E)  
Pikeperch (UK)  
Sandre (F)  
*Sander lucioperca* (Latin)



Aborre (DK) Abbor (N)  
Perca (E)  
Perch (UK)  
Perche européenne (F)  
*Perca fluviatilis* (Latin)



Stør (DK) Sibirsk stør (N)  
Esturión siberiano (E)  
Siberian Sturgeon (UK)  
Esturgeon sibérien (F)  
*Acipenser baeri* (Latin)

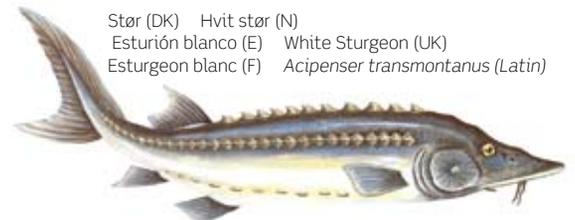
Helleflynder (DK) Kveite (N)  
Halibut (E) Atlantic Halibut (UK)  
Flétan (F) *Hippoglossus hippoglossus* (Latin)



Malle (DK)  
Steinbit (N)  
Siluro (E)  
European Catfish (UK)  
Silure (F)  
*Silurus glanis* (Latin)



Stør (DK) Hvit stør (N)  
Esturión blanco (E) White Sturgeon (UK)  
Esturgeon blanc (F) *Acipenser transmontanus* (Latin)



# Raw materials

## Marine raw materials



## Vegetable raw materials



## Other ingredients



# Overview of manufacturing process



The BioMar fish feed production secures the right nutritional ingredients in the finished product together with the physical criteria's linked to the different BioMar products.

The main ingredients are marine raw materials, vegetable raw materials and other ingredients such as starch, pigment, vitamins and minerals.

The BioMar plants do have advanced operating systems and the process is controlled from a central control room from where process data are monitored.

The product size of the extruded fish feed varies from 0.3 mm to 22 mm.

### Dry raw material storage

The dry raw materials are mainly stored in silos to keep the ingredients cool and dry.

### Oil storage

The oil fish oil and vegetable oil are stored in storage tanks.

### Dry powder dosing

The dry ingredients are dosed from dosing silos down into a batch scale according to recipe.

### Grinding

To secure a homogenous product even in the

smallest products it is necessary to grind the products.

The equipment used is hammer mills.

### Mixing

To be sure of a homogenous product the batch is mixed in a mixer.

### Extrusion

The dry powder is transferred to the extruder where water steam and mechanical energy are transferred to the product. The temperature at the end of the extruder increases to 115 to 120 °C . The high temperature and the mechanical work melt the

# Pellets



starch. In the extrusion process the powder becomes a high viscose liquid. Passing the dies at the end of the extruder the product expands due to the pressure drop at the dies. The microstructure in the pellet is formed by this expansion and makes space for further oil dosing.

## Drying

The water added into the extruder is removed by drying.

The pellets are dried in dryers with a drying time from 40 to 90 minutes.

The product temperature drops from 90 °C to about 50 °C in the drying process.

## Coating of oil

In most of the feed recipes oil is added to the pellets. The dried pellets are coated with oil in a batch vacuum coater. The oil content of the finished product may exceed 40 % after coating.

## Cooling

To secure and stabilize the products the products are cooled to room temperature.

## Bagging

After cooling the product is sifted and taken out in 25 to 50 kg bags, big bags of 500 kg to 1 ton or in bulk.

112th. financial year  
Reg. no. 41 95 18 18

**BioMar Holding A/S**  
Værkmestergade 25, 6.  
8000 Århus C  
Denmark

Phone (+45) 86 20 49 70  
Fax (+45) 86 14 43 88  
[investor@BioMar.com](mailto:investor@BioMar.com)  
[www.BioMar.com](http://www.BioMar.com)