Austevoll Seafood ASA

Annual Report 2012

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Andrejs Mancinskis, Austevoll Laksepakkeri AS, Storeboe, Norway

FINANCIAL CALENDER 2013

15.05.2013	Results Q1 2013
24.05.2013	Ordinary General Meeting
22.08.2013	Results Q2 2013
13.11.2013	Results Q3 2013
25.02.2014	Preliminary annual results 2013

Dates are given with reservation in case of changes.

Content

History

Austevoll Seafood ASA (AUSS) is a globally integrated pelagic fishery and seafood specialist with operations in Chile, Norway, UK, Ireland and Peru.

AUSS' activities include ownership and operation of fishing vessels, fishmeal plants, canning plants, freezing plants, salmon farming and marketing and sales. AUSS is a publicly quoted company listed on the Oslo Stock Exchange since 2006. The total number of full-time equivalents (FTEs) for the Group in 2012 was 5,284 of which 3,107 are outside Europe.

Over the last decade, AUSS has acquired a significant number of companies of a complementary nature to its existing business areas. Our success lies in the integration of these businesses and creating synergies and value-added businesses through co-operations across all our business areas.

AUSS was established based on Austevoll Havfiske AS, one of the top pelagic fishery and salmon farming companies in Norway. The main shareholder of the company is Laco AS, a company under joint control by the Møgster family. Austevoll Havfiske AS was established in 1981 by Helge Møgster, Ole Rasmus Møgster and their father. The fishing activities were small-scale up until 1991, when the Møgster family purchased their second fishing vessel, including fishing license, in Norway. In 1991 the Møgster family also entered into the pelagic wild catch in Chile after being invited by Cermaq ASA to operate their fishing vessels. The Chilean operation were gradually expanded and AUSS now controls approx. 9,1% of the Chilean horse mackerel quotas in the South of Chile and have production of fishmeal and oil, canned and frozen products for human consumption, through its Chilean subsidiaries.

In May 2006 the Norwegian company Welcon Invest AS and the Peruvian company Austral Group S.A.A became part of the AUSS group. By this transaction AUSS entered into fishmeal and oil production in Norway through Welcon Invest AS. Through Austral Group S.A.A the group entered into pelagic wild catch and production of fishmeal and oil and canned products in Peru.

Early 2007 AUSS acquired 100% of Epax Holding AS which owns 100% of the shares in Epax AS, one of the world's leading producers of high-concentrate Omega-3 oils. The purchase of Epax AS represented an important stage in the company's strategy of developing high value products based on the company's extensive access to pelagic resources.

Late 2007 the group acquired 50% of the Peruvian fishing company CORMAR and by this expanded its business in Peru. The group increased its fleet by 6 vessels and increased the production capacity for production of fishmeal and oil.

In March 2007 AUSS took up its shareholding in Lerøy Seafood Group ASA (LSG) and during 2008 and 2009 increased the ownership to 63.7%. LSG is one of the world's leading salmon producers.

In February 2009, AUSS and Origin Enterprises plc (Origin) merged their respective activities related to fishmeal and fishoil in Norway, Ireland and Great Britain.

During the autumn 2010 AUSS acquired 33.27 percent of the share capital in Norway Pelagic ASA (NPEL). NPEL is a large participant within the processing industry of pelagic fish for human consumption. The company's activities consist of purchase of raw material, processing and sale.

Raisa Lokcikiene, Norway Pelagic AS, Storeboe, Norway

These activities are based on fish stocks in the Norwegian Sea, The North Atlantic and the North Sea. The company has modern environmental friendly production facilities, mainly located along the Norwegian coast. The Company is a participant in a global competition exposed industry, and has customers based in several continents.

In November 2010 AUSS sold the entire shareholding of Epax Holding AS based on the company's strategy of focusing even more rigidly on the group's core businesses. The same month Lerøy Seafood Group ASA bought 50,1% of the shares in Sjøtroll Havbruk AS. Sjøtroll Havbruk AS is active in the production of fry/smolt and farming of fish for consumption, and also slaughtering and processing. The company's farming of fish for consumption is provided by 25 salmon and salmon trout-farming licences. Sjøtroll Havbruk AS also has a 27.5% shareholding in the breeding company SalmoBreed AS.

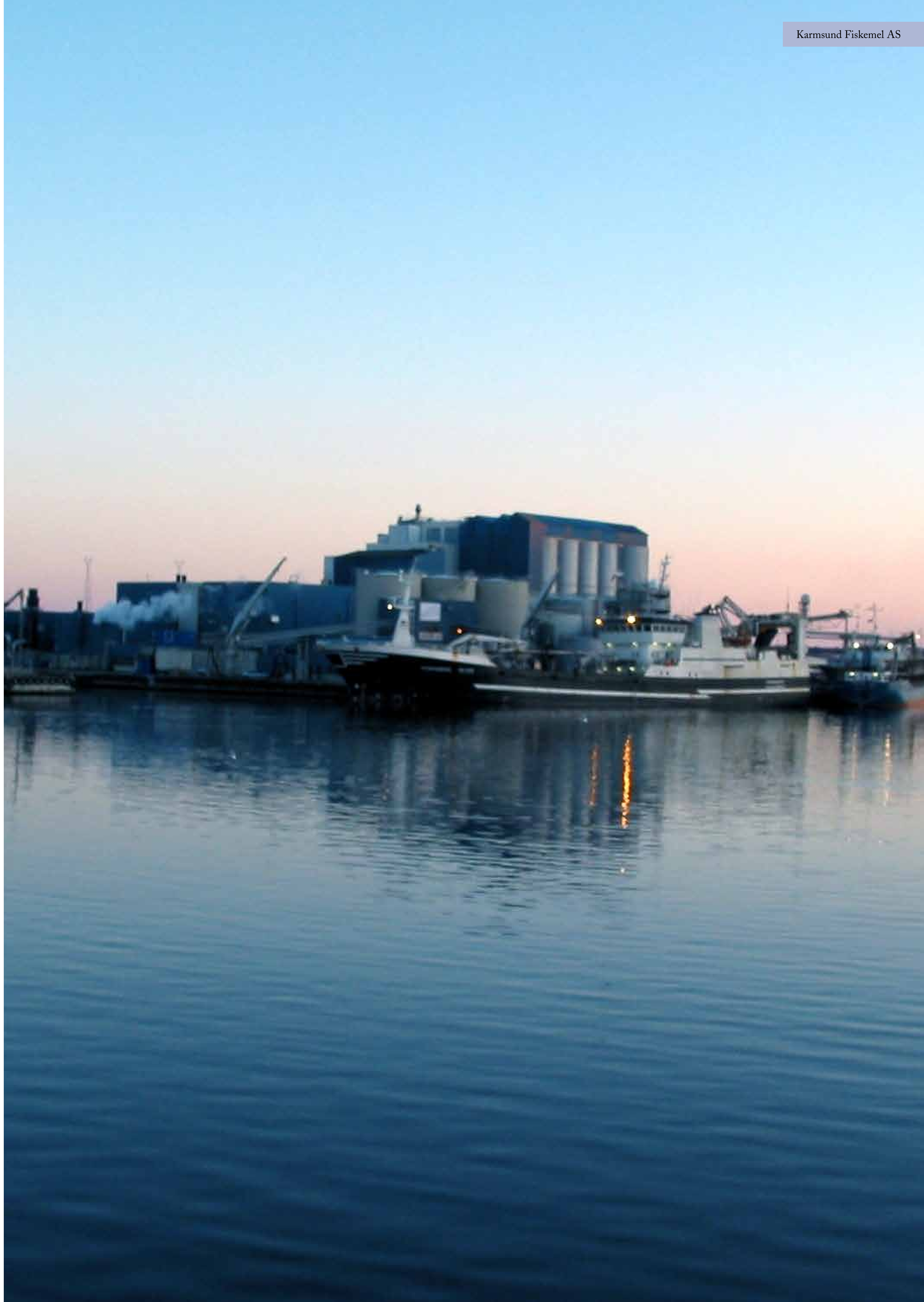
In January 2011 Lerøy Seafood Group ASA entered into a contract in respect of the acquisition of a 51.0% stake in Jokisen Eväät OY, Åbo/Turku, Finland. Jokisen Eväät OY enjoys a strong position in the sale and distribution of seafood in its home market and will thus contribute to strengthening LSG's position in the Finnish market.

In June 2011 AUSS increased its shareholding in Norway Pelagic ASA to 43.3 per cent upon the merger between Austevoll Fisk AS, a wholly owned subsidiary of AUSS, and Norway Pelagic AS. In October 2011 AUSS increased its shareholding of Br. Birkeland AS from 40.2% to 49.99% Br. Birkeland AS owns and operates 2 modern purse seiners. Each of the vessels has a maximum basic quota for purse seining and trawling license for Blue Whiting.
In addition the company, through a wholly owned subsidiary, owns and operates 7 licenses for farming of Atlantic salmon and trout in Hordaland.

In October 2011 Lerøy Seafood Group ASA (LSG) agreed to purchase 50.1% of the shares in Rode Beheer BV (Rode) in The Netherlands for MEUR 15.0. Rode is one of the leading producers of processed seafood in The Netherlands, including a wide range of smoked, marinated and freshly packed products, as well as frozen products manufactured using Norwegian salmon. With its well established customer network within European grocery chains, as well as airline and other largescale catering operations, Rode is a company that fits well with LSG's strategy to develop the Group's global sales network and an important step in the continued development of LSG's market strategy aimed at concentrating on independent local units centrally placed in important seafood markets.

In February 2012 AUSS acquired 50% of the shares in Hordafor AS through its fishmeal and -oil entity in the Northern Atlantic, Welcon Invest AS. Hordafor AS (Group) is a producer of protein concentrate and marine oils based on by-products from the pelagic industry and the salmon industry. Hordafor AS is located with production facilities along the coast of Norway, and has a well developed logistics system for collection of by-products. The products of the company are primarily used as input ingredients in feed products for the aquaculture and agro sector.

• On 6 February 2013, AUSS acquired 1,720,000 shares in Norway Pelagic ASA (NPEL), thereby increasing the company's shareholding from 43.3% to 52.63%. The share acquisition triggered a mandatory offer for all the shares in NPEL at a price of NOK 15.50 per share. The offer document was published on 5 March 2013 with a deadline for acceptance of 3 April 2013. On expiry of the deadline, AUSS owns 90.1% of the shares in NPEL.



Important strategic events

2006
- Acquired 89.26% of Austral Group S.A.A in Peru
- Acquired 100% of Welcon Invest AS in Norway
- Increased ownership in Br. Birkeland AS to 40.2%
- Infusion of approx NOK 2.3 billion of new capital through a share issue
- Listed on the Oslo Stock Exchange's main list
- Acquired 100% of the shares in Karmsund Fiskemel AS, Norway

2007
- Acquired 100% of Epax Holding AS, Norway
- Sold the salmon business to Lerøy Seafood Group ASA (LSG)
- Increased ownership in Sir Fish AS, Norway, to 60%
- Acquired 25% of the share capital in Shetland Catch Ltd, Shetland
- Acquired 50% of Corporacion del Mar S.A (Cormar), Peru

2008
- Acquired 40% of Bodø Sildoljefabrikk AS, Norway
- Increased ownership in Modolv Sjøset AS from 49.88% to 66%
- Increased ownership in Lerøy Seafood Group ASA to 74.93%

2009
- AUSS and Origin Enterprises plc merged their respective activities related to fishmeal and -oil in Norway, Ireland and Great Britain
- Decreased ownership in Lerøy Seafood Group ASA to 63.7%
- Increased ownership in Bodø Sildoljefabrikk AS from 40% to 50%
- Completed a private placement for a total of 18,400,000 new shares

2010
- Acquired 33.27% of the share capital of Norway Pelagic ASA (NPEL)
- Sold the entire shareholding of Epax Holding AS
- Acquired 50.1% of Sjøtroll Havbruk AS (via LSG)

2011
- Increased ownership in Norway Pelagic ASA (NPEL) from 33.27% to 43.3%
- Increased ownership in Br. Birkeland AS from 40.2% to 49.99%

2012
- Acquired 50% of the share capital of Hordafor AS
- Acquired 50.1% of the shares in Rode Beheer B.V (via LSG)

Ocean of Opportunities

2012 was a challenging year for the Austevoll Seafood Group (AUSS) both in terms of a significant drop in salmon prices and a reduction in the anchovy biomass in Peru compared with 2011. However, the Group has delivered a strong result from the pelagic operation and has achieved the same level of turnover in the salmon activities, partly compensating the drop in salmon prices with an increase in volume during 2012.

We reported a turnover for the year of NOK 11.6 billion, and an EBITDA of NOK 1.3 billion. The operational performance has been good during the year and we have managed to adapt to the changes in the raw material situation in a good manner.

The global supply of salmon saw a significant increase of 22% in 2012, to a total volume of approx. 2 mill tons. This has been a year where the industry has invested in building new market, and it has been encouraging to observe that the market has absorbed an additional 357,000 tons at stable prices of NOK 25-26 per kg. According to Kontali there will be limited growth in the global salmon supply in the next years, and we already see that prices have increased during early 2013. However it is of fundamental importance for the industry to achieve and maintain the correct framework balance in order to continue meeting the increasing demand in the future.

Lerøy Seafood Group ASA produced a total 153,000 tons of salmon and trout in Norway during 2012, up from 137,000 tons in 2011. A tremendous effort has been made both offshore and onshore, and it has been encouraging to observe the ability of the employees to adapt to the changing environment during the year.

As a result of a reduction in the horse mackerel biomass in Chile we initiated a cooperation with Alimar during the first part of the fishing season, in order to improve utilization of our factory assets. This was initially a one year arrangement, but has been prolonged for an additional 3 years, with an aim towards continued enhancement of our assets. We are constantly aiming at utilizing more of our fish for human consumption, and we will continue this strategy also in 2013. We have experienced an increase in the horse mackerel quota and hope that this is a first sign of recovery of the biomass.

In Peru we have experienced a challenging fishery due to a reduction in the anchovy biomass. The annual catches were just below 4 million tons compared with 7 million tons in 2011. As a result of the reduction in the Peruvian quota we have experienced all time high fishmeal and oil prices which have compensated the loss of volume. We are familiar with short term changes in the biomass and have expectations for recovery during 2013.

Our activity in the North Atlantic has also been strengthening, by acquiring 50 % of Hordafor AS in 2012 and by increasing our ownership in Norway Pelagic ASA. Hordafor, which mainly produces fish protein concentrate and fishoil based on salmon by-products, introduces our group to new markets. We are able to participate in an additional segment in our value chain. Norway Pelagic ASA is a leading group in respect of land-based production of pelagic fish, and is listed on the Oslo Stock Exchange. This industry has faced a reduction in supply of materials during the last three years, and the share price of Norway Pelagic has dropped as a result of weaker margins. Being a long term player in this segment, we know however that there will be both ups and downs ahead, and have positioned ourselves well for future developments. Currently the industry is facing a challenging period , but in the longer term we see potential for creating more sustainable margins. We look forward to developing the company together with its management, creating good partnerships with our suppliers and customers.

As for its environmental and sustainability commitment, AUSS understands the absolute importance of protecting the environment as key to the survival of the fishing and salmon farming industry. Operating with a strict sustainable environmental policy throughout our organization, we strive to ensure that our products are produced only from environmentally sustainable sources. It is our long term strategic goal to be among the leaders in environmental policies across the global seafood industry. By practicing sustainability management today, we can safeguard our industry for tomorrow. We are proud to announce that in 2012 Austral Group S.A.A (Peru) won one of the most important awards on social responsibility issues: the Socially Responsible Company Award granted by the organization Peru 2021 and the Mexican Center for Philanthropy. This badge is only granted to companies that demonstrate high standards of work with Social Responsibility.

I would like to thank our suppliers, customers and partners for their good contributions and cooperation through 2012. Lastly a very special note of thanks to our employees for all your efforts in the development of Austevoll Seafood in 2012. Your trust, loyalty, sacrifices and devotion have been key factors in our success. I very much look forward to working with all of you in the years to come.

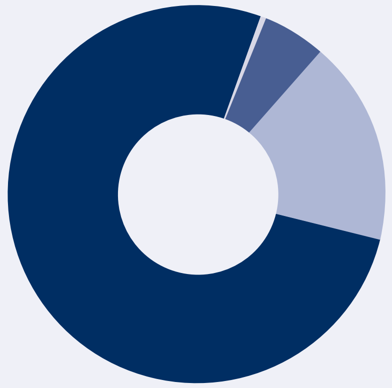
Arne Møgster, CEO
Austevoll Seafood ASA

Amounts in NOK 1.000		2012	2011	2010
PROFIT AND LOSS ACCOUNT				
Operating income		11 828 227	12 161 571	12 744 751
Operating expenses		-10 524 883	-10 115 798	-10 203 924
EBITDA		**1 303 344**	**2 045 773**	**2 540 827**
Depreciation, amortisation, impairment and depreciation of excess value		-571 508	-512 339	-557 052
EBIT (before fair value adj.biological assets)		731 836	**1 533 434**	**1 983 775**
Fair value adjustment of biological assets		294 735	-615 767	298 538
OPERATING PROFIT		**1 026 571**	**917 667**	**2 282 313**
Income from associated companies		29 342	45 793	191 761
Net financial items		-161 076	-191 024	-248 582
Profit before tax		894 836	772 436	2 225 492
Net profit		**643 172**	**526 663**	**1 766 080**
Profit to minority interests		217 571	157 279	544 547
BALANCE SHEET				
Intangible assets		6 163 567	6 082 817	6 024 816
Vessels, other property, plant and equipment		4 145 619	3 980 271	3 864 944
Other non current assets		1 246 457	1 252 273	1 068 856
Current assets		7 401 910	7 259 124	8 083 619
Total assets		**18 957 553**	**18 574 485**	**19 042 235**
Equity		9 420 662	9 199 607	9 110 861
Long term liabilities		6 421 223	6 153 382	6 900 295
Short term liabilities		3 115 668	3 221 496	3 031 079
Total equity and liabilities		**18 957 553**	**18 574 485**	**19 042 235**
CASH FLOW				
Net cash flow from operating activities		**914 343**	**1 031 654**	**2 112 276**
KEY RATIOS				
Liquidity ratio	1	2,38	2,25	2,67
Equity-to-asset ratio	2	50 %	50 %	48 %
EBITDA margin	3	11 %	17 %	20 %
Return on equity	4	7 %	6 %	22 %
Average no. of shares (thousands)		**202 717**	**202 717**	**202 717**
Earnings per share	5	2,10	1,82	6,03
Paid out dividend		1,00	1,50	1,20
Proposed dividend payout 2013		1,20		

Key figures Austevoll Seafood ASA

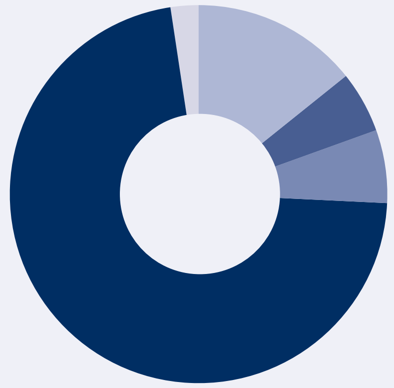
1) Current assets/short term liabilities
2) Equity/total capital
3) Operating profit/loss before depreciation expressed as a percentage of operating income
4) Net profit after tax (incl. discontinued operations) expressed as a percentage of average equity
5) Net profit after tax (incl. discontinued operations) /average no. of shares

Operating revenue 2012



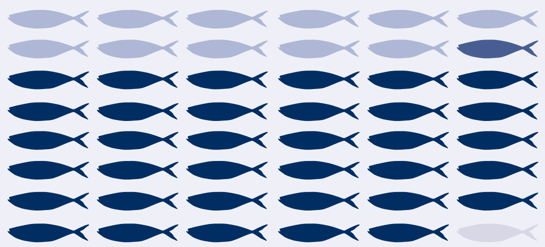
Fishmeal and -oil **2 140 673**
Human consumption **607 665**
Farming, sales and distribution **9 102 941**
Other/elimination **-23 051**

Operating revenue 2011



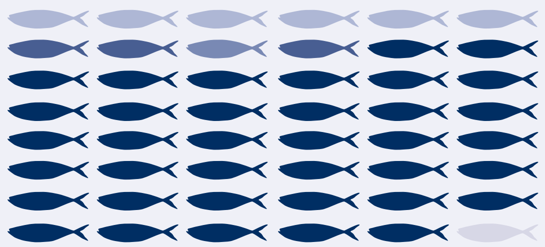
Fishmeal and -oil **1 819 993**
Human consumption **671 042**
Pelagic North Atlantic **798 544**
Farming, sales and distribution **9 176 873**
Other/elimination **-304 881**

EBITDA 2012



Fishmeal and -oil **502 806**
Human consumption **31 328**
Farming, sales and distribution **774 866**
Other/elimination **-5 656**

EBITDA 2011



Fishmeal and -oil **464 077**
Human consumption **73 067**
Pelagic North Atlantic **32 458**
Farming, sales and distribution **1 484 797**
Other/elimination **-8 628**

Company overview

Keyfacts about auss

Harvesting 500-600,000 Tons

28 Vessels

150-160 Tons of salmon

Primary processing 59 Processing plants

5,284 Full-time equivalents

North Atlantic

130 salmon licenses,
7 salmon licenses*
43 processing plants
2 vessels*

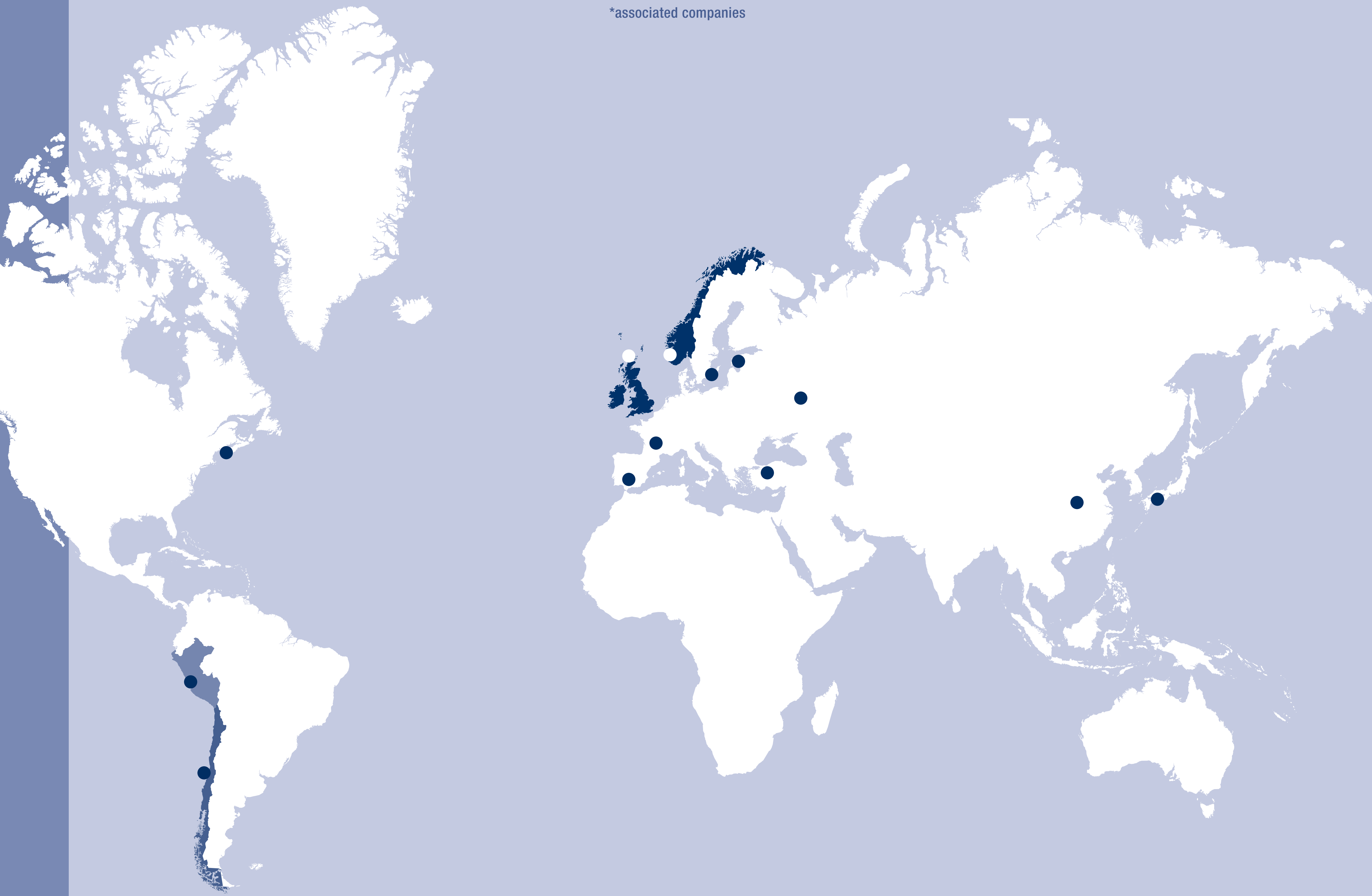
*associated companies

Peru

7% of Anchovy
quota Centre North
12 processing plants
21 vessels

Chile

9,1% of horse mackerel
quota in the south
4 processing plants
5 vessels



● SALES OFFICES

Fishmeal & fishoil

12% In 2012 the IFFO 6 countries produced 1,546,000 tons whereof the Group handled about 12%.

15% On fishoil the IFFO 6 countries produced 402,000 tons whereof the Group handled about 15%.

Fish meal is one of the main ingredients in fish feed and other animal feed. This product is priced on the level of its protein content. Given the growth in aquaculture worldwide, the demand for fishmeal is believed to remain high. Fish oil is mainly used as an ingredient feed for aquaculture. The latest years there has been a rapidly increasing demand for fishoil from the producers of high concentrate Omega-3 oils, with expected continuing growth in the future.

The main sources for fishmeal and fishoil production differ according to geographic area for the group.

In Europe Blue Whiting, sand eel, Norwegian Pout, capelin and trimmings from the pelagic fish are the main sources for fishmeal and fishoil. Trimmings / fish waste has over the last 8-10 years developed to be an important source for fishmeal and -oil in many regions. Not only as a raw material for the Industry, but also as a sustainable part of growing demand for feed. 2012 approximately 64% of the raw material produced at our plants in Europe was from trimmings. The main season for fishmeal and fishoil production is between September and May, with peaks from November to March.

In Norway, all raw materials are purchased through an auction system run by Norges Sildesalgslag (the Norwegian Fishermen's Sales Association for Pelagic Fish), except trimmings from the human consumption industry. These are purchased directly from the production plants. In UK and Ireland the raw material are purchased directly from the fishermen for the whole fish and the trimmings are bought directly from the consumption production plants.

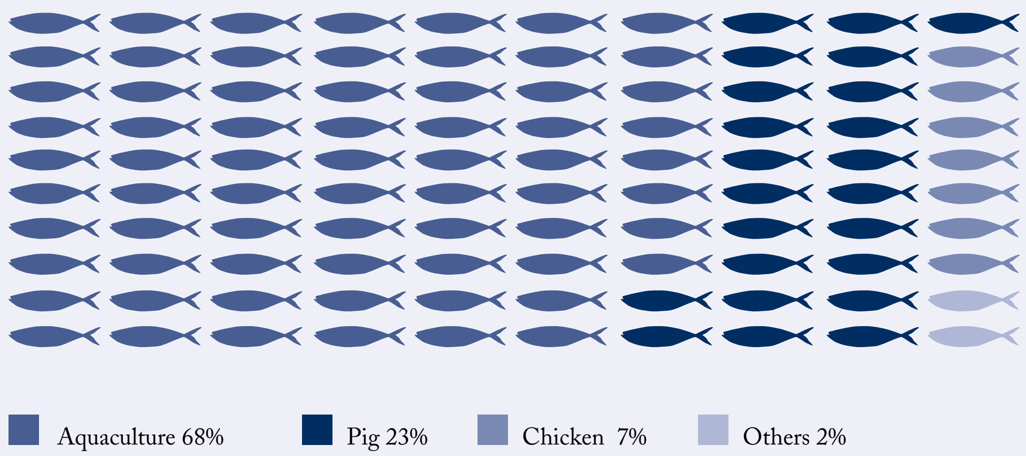
In Chile, the main sources for production of fishmeal and fishoil are anchoveta and trimmings from the human consumption industry. Anchoveta is mainly purchased from the coastal fleet, while trimmings are supplied from our own plants processing fish for human consumption.

The fishing season for anchoveta is principally from March to July, and the season for trimmings is from December to September.

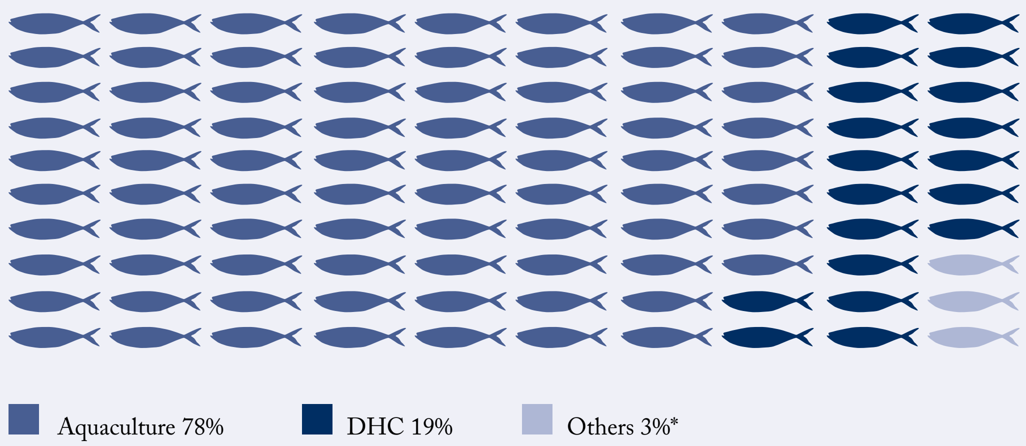
In Peru, the main sources for production of fishmeal and fishoil are anchoveta and trimmings. The group's company, Austral Group S.A.A, in Peru has quota for anchoveta fishing. Individual quotas were adopted for the first time in 2009. The total days of fishing increased compared to earlier year and new system allows the industry to move from an expensive way of harvesting with the "Olympic race", to maximising product value through economies of scale and improvements in the quality of both raw material and finished products. Trimmings are supplied from our own plants processing fish for human consumption, and take mainly place from January to April and from August to October.

Austral Group S.A.A. has "Friend of the Sea" certification. This audit conducted by an independent accredited certification body with in-depth knowledge of the fishery, focusing on anchovies. Certification is given to products from anchovies and may only be given at the end of a comprehensive audit process. The certification given to Austral Group S.A.A. covers fishmeal, fishoil, canned and frozen products from Peruvian anchovy. The certification also witness that the fishery is managed according to sustainable criteria and stocks area not overfished.

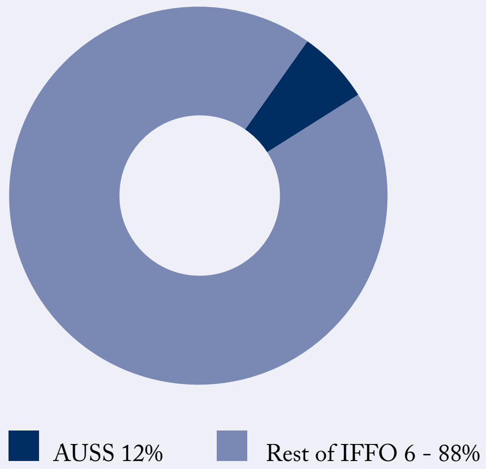
Percentage of fishmeal usage per market 2012



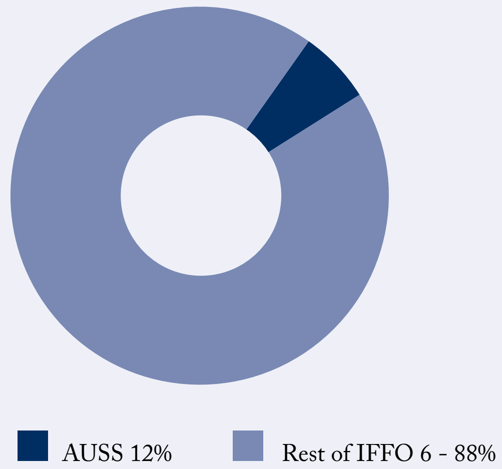
Percentage of fishmeal usage per market 2011



Total production of Fishmeal IFFO 6 (1,682,863 tons 2012)



Total production of Fishoil IFFO 6 (402,000 tons 2012)



The IFFO countries are defined as

Peru, Chile, Norway, Iceland, Denmark, Ireland, UK and Faroe Island.
These countries count for about 34 % of world fishmeal and 47% world fishoil production in 2012.

Market Outlook

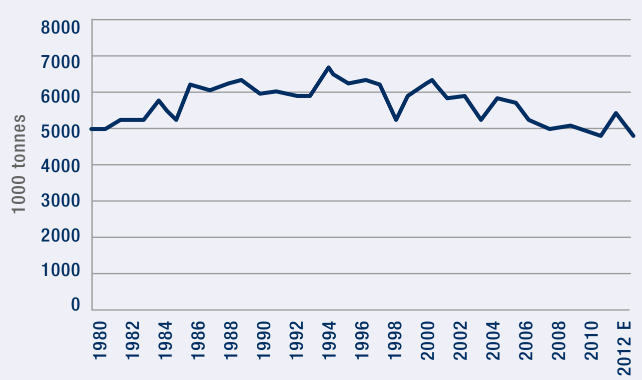
Fishmeal and fishoil

The prices for fishmeal and fishoil have seen a gradual increase throughout the entire 2012. In Q4 2012, these prices saw a further increase due to the considerable reduction in the anchoveta quota for the second fishing season in Peru, which started in November. The market is currently awaiting the stipulation of the Peruvian anchoveta quota for the first season in 2013.

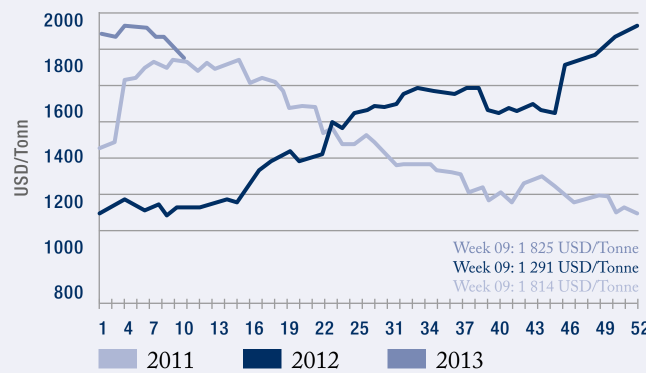
The world fishmeal production for 2012 is indicated to have decreased by about 19% to 4,500,000 tons (5,540,000 tons) while fishoil has been decreasing by about 19% to 850,000 tons (1,083,000 tons). Both fishmeal and -oil is thereby about the level of year 2010.

Future developments will depend on both Peru's production and China's demand - the two largest global actors in fishmeal. Outlook for fishoil in 2013 points toward a firm market supported by the fundamentals of restricted supply and constant demand.

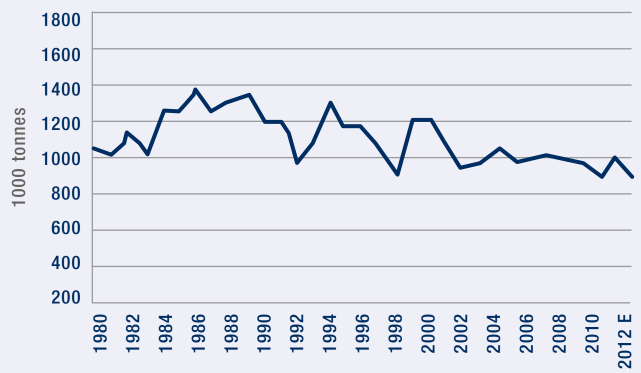
Production of fishmeal world wide 1980–2012 E



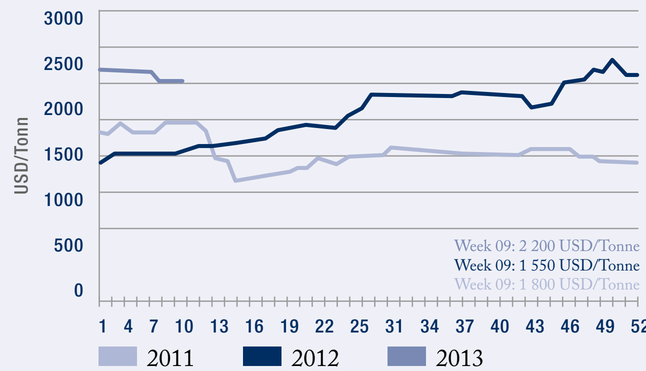
Fishmeal-price (64/65 % c&f Hamburg)



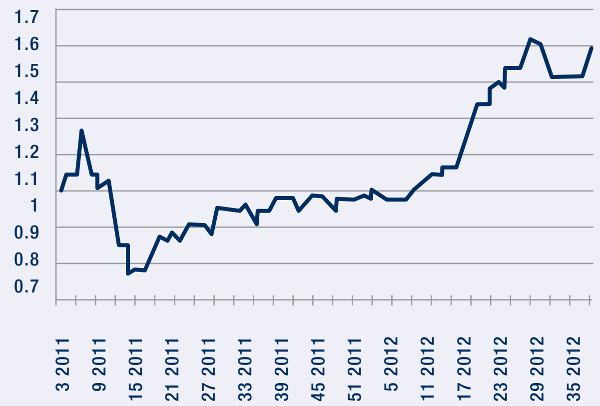
Production of fishoil world wide 1980–2012 E



Fishoil-price (64/65 % c&f Hamburg)



C&F fishoil/rapeseed oil prices ratio in Rotterdam /Netherlands (US$/mt)



Price-ratio Fishmeal/Soyameal

Source: Weekly Newsletter OIL WORLD, ISTA, Hamburg, Germany, www.oilworld.de

María Manuela Gamboa Masías, working as a piece worker in the cannery plant in Paita.

Human Consumption

The group's human consumption products are canned horse mackerel, mackerel, sardines, tuna fish, salmon and mussels and frozen and fresh horse mackerel and mackerel.

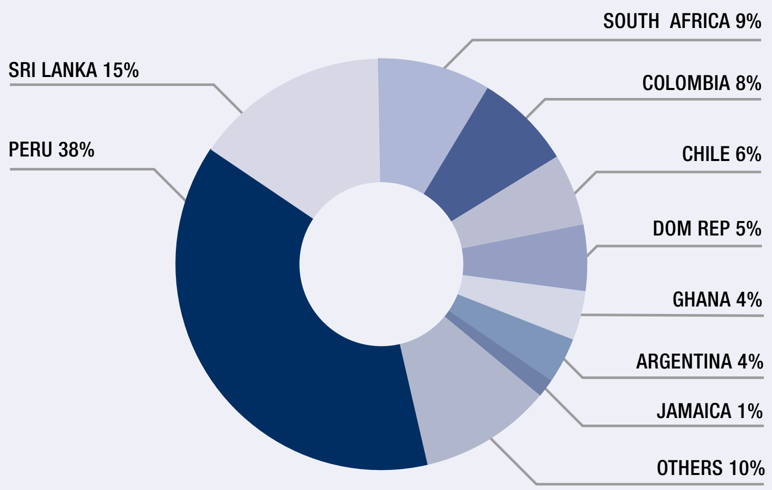
The group produces canned products from various species such as horse mackerel, mackerel, sardines, tuna fish, salmon and mussels. The shelf life of canned fish is up to 4 years, and logistics are very simple as these products do not require refrigeration. Canned fish is a tasty and affordable source of protein.

Frozen fish is packed in 20 kg cartons and then blast-frozen to minus 20 degrees core temperature. Freezing food prevents bacterial growth by turning water to ice. Frozen fish has a shelf life of up to 12 months, and can easily be transported around the globe. Frozen fish is a value-added product to serve a higher level in the market, and is a good source of protein. The products are exported to different markets and different segments from processor to wholesale markets. The group provides frozen fish as whole round frozen, head-off gutted or fillets.

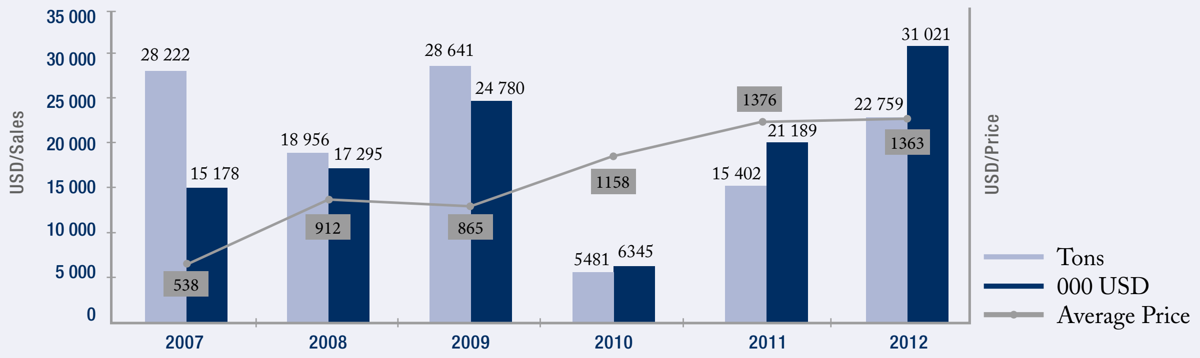
The Human Consumption segment comprise of Austral Group S.A.A in Peru and FoodCorp S.A in Chile. In Peru Austral Group S.A.A have three production facilities located in Paita, Coicho and Pisco. In 2012 Austral Group processed approx. 37,500 tons in their facilities, of which 26,000 tons of horse mackerel and mackerel was caught by Austral Group's own fishing fleet. Of Austral Group's total sales of canned products in 2012 34% was sold in the domestic market and 66% was exported to 29 countries all over the world.

FoodCorp S.A in Chile has three production facilities, two located in Coronel and one in Puerto Montt. The latest year we have experienced a sharp reduction in the horse mackerel quota in Chile and FoodCorp's focus has been to use as much as possible of the raw material for frozen production The trend witnessed over the past years for a low volume of raw materials for the consumption segment is expected to continue in 2013. Competition from canned products from China has given a price pressure for canned horse mackerel both domestic and for export.

Austral Group S.A.A sales per continent 2012



FoodCorp S.A frozen fish sales and prices



Pelagic North Atlantic

Austevoll Seafood ASA owned by end December 2012 43.3% of Norway Pelagic ASA (NPEL) and the company is in 2012 reported as an associated company under the business segment Pelagic North Atlantic.

In 2013 Austevoll Seafood ASA has increased its ownership in Norway Pelagic ASA (NPEL) up to 90.1%. NPEL is listed on Oslo Børs.

NPEL is a leading player in the production and sale of pelagic fish for human consumption, and in 2012 NPEL processed 430,000 tonnes of raw pelagic fish. The group has 12 production facilities through its subsidiaries in Norway, in addition to two (2) production facilities through associated companies in Norway and Shetland. The objective for NPEL is to create value throughout the whole pelagic value chain, from the fish being brought ashore on the quay, to the production of the raw material and the end product that is sold and transported to our customers.

NPEL's activities are based on sustainable exploitation of the pelagic fish stocks in our nearby ocean areas. In a long term perspective, the management of these resources forms the basis for NPEL, other players in the value chain and other stakeholders.

NPEL shall be able to document that all products are produced from legally caught fish. The Marine Stewardship Council (MSC) is an independent, not-for-profit organisation that aims to promote responsible fisheries in order to ensure sustainable fish stocks. The MSC has developed an environmental standard for sustainable and well regulated fisheries. The standard is based on three main principles: sustainable stocks, minimum impact of the fisheries on the ecosystem that the stocks are a part of, and efficient management. NPEL wishes to support the MSC's work on emphasising sustainable management of fish stocks and to focus on this in its communication with customers.

NPEL participates in various R&D projects under the auspices of the Norwegian Seafood Research Fund (FHF) and the Norwegian Seafood Council (NSC) and wish to contribute actively on ensuring that the allocated funds are used in an optimal manner. NPEL also wish to cooperate closely with and have a greater influence in FHF/the NSC on their R&D projects.

In December 2012 NPEL increased its holding in Shetland Catch Ltd. from 25% to 50% through a GBP 3 million share issue. Shetland Catch Ltd. is a pelagic processing plant with a production capacity of around 1,000 tonnes per day. Shetland Catch Ltd. is in an excellent strategic position for the production of mackerel and North Sea Herring.

Facilities and raw material

Using state-of-the-art industry technology for catching and processing, we export more than 400,000 tons of superb quality pelagic fish products every year.

1. North Capelin Honningsvåg
2. NP Sommarøy
3. NP Lødingen
4. NP Bodø
5. Modolv Sjøset
6. NP Liavåg
7. NP Selje
8. NP Måløy
9. NP Kalvåg
10. NP Florø
11. NP Austevoll
12. NP Karmøy
13. Sir Fish
14. Shetland Catch Ltd

Production, sales and distribution of atlantic salmon and trout

The segment Production, sales and distribution of Atlantic Salmon and trout consist of Lerøy Seafood Group's (LSG) total operation.

The Lerøy Seafood Group ASA (LSG) can trace its operation back to the end of the 19th century, when the fisherman/farmer Ole Mikkel Lerøen started selling live fish on the Bergen fish market. Over time, Ole Mikkel Lerøen's operation gradually came to include retail sales in Bergen, the sale of live shellfish and a budding export business. In 1939, two of his employees, Hallvard Lerøy sr. and Elias Fjeldstad, established Hallvard Lerøy AS. Since its establishment, Hallvard Lerøy AS, has been a pioneering enterprise in a number of fields in the Norwegian fishing industry. The main focus has always been on developing markets for seafood products, and the company has frequently led the way into new markets or been the first to commercialise new species. The pioneering spirit is still very much alive in the company.

Since 1999, LSG has acquired substantial interests in various domestic and international enterprises. Late in 2003 LSG acquired all the shares in Lerøy Midnor AS and bought Lerøy Aurora AS in 2005. Lerøy Fossen AS and Hydrotech AS were acquired in 2006, wheras Lerøy Vest AS was acquired in 2007. In 2010 LSG continued expanding the aquaculture activity by acquiring 50.71% of the company Sjøtroll Havbruk AS. LSG's investment in downstream activities over this period have established the company as a national and international distributor of fresh fish. Because of these investments over the last ten years, the company has now developed into a totally integrated seafood group with a solid foundation for further development.

Up to 1997, LSG was a traditional family company. In 1997, a private placement with financial investors was carried out for the first time. In connection with this placing in 1997, the company was reorganized as a public limited company. LSG was listed on the stock market in June 2002. LSG's vision is to be the leading and most profitable Norwegian supplier of quality seafood. The company's core activities are distribution, sale and marketing of seafood, processing of seafood, production of salmon, trout and other species, as well as product development. LSG operates through subsidiaries in Norway, Sweden, Finland, France, Netherlands and Portugal and through a network of sales offices that ensure its presence in the most important markets.

LSG task is to satisfy the customer's requirements for cost-effective and continuous supplies of a wide range of high-quality seafood products. LSG global sales network allows it to act as an efficient supplier with good product range dispersal, thus reducing risk for LSG and its partners.

LSG divides its products into the main sectors of salmon products, whitefish, pelagic fish and shellfish. The distinction between farmed species and wild fish is significant and requires different logistics and work methods. These products are distributed on the Norwegian market and more than 70 other markets worldwide. The broad range of products offered by LSG provides sales advantages in most market areas. LSG strategy is to meet the market's ever-increasing demands for

Lerøy Aurora farming plant, "Kåvika", Norway

Freezing department, Austevoll Laksepakkeri AS, Storeboe, Norway

food safety, quality, product range, cost efficiency and continuity of supply. This is achieved by coordinating the various elements in the value chain – the production units, LSG's sales network and established strategic alliances with sea farms, fishing vessels and fish processing plants primarily along the coast of Norway.

LSG primary business segments are Sale & Distribution and Production. Sales and distribution together with LSG production activities constitute an efficient and profitable seafood group with considerable growth potential. The production clusters in the various regions will be further developed through harvesting synergies in several areas and the various production environments will draw on each other's competence through extensive exchange of know-how.

LSG is well situated for continued strengthening of its position as a central actor in the international seafood industry.

Company	Share-holding	Licences No	Mill smolt individuals	2010 GWT	2011 GWT	2012 GWT	2013E GWT
Lerøy Midnor AS	100%	30	9.5	34 000	35 900	34 400	36 000
Lerøy Aurora AS	100%	17	7.5	20 300	18 100	20 000	22 000
Lerøy Hydrotech AS	100%	24	7.0	25 200	26 400	27 500	27 000
Lerøy Vest AS	100%	34	14.2	34 300	34 500	38 700	39 000
Sjøtroll Havbruk AS*)	50.71%	25	8.4	3 000	21 700	32 900	30 000
Total Norway		130	46.6	116 800	136 600	153 400	154 000
Norskott Havbruk AS (UK)**)	50%		7.0	13 500	10 900	13 600	12 500
Total			53.6	130 300	147 500	167 000	166 500

Consolidated, farming   Affiliated, farming   *) Acquired and consolidated as from November 2011   **) LSG's share

Market Outlook

It is expected that the strong growth in global supply of Atlantic salmon witnessed over the last couple of years will abate during the present year. The low price levels faced by the business over the last 12 months have contributed to a very strong development in demand.

	2009	2010	Change 09-10	2011	Change 10-11	2012	Change 11-12	2013	Change 12-13	2014	Change 13-14
Norway	855 700	944 600	10,4 %	1 005 600	6,5 %	1 183 100	17,7 %	1 140 900	-3,6 %	1 193 600	4,6 %
UK	144 800	141 800	-2,1 %	154 700	9,1 %	156 400	1,1 %	140 800	-10,0 %	152 700	8,5 %
Faroe Islands	47 100	41 800	-11,3 %	56 300	34,7 %	70 300	24,9 %	70 600	0,4 %	74 600	5,7 %
Ireland	14 800	17 800	20,3 %	16 000	-10,1 %	15 600	-2,5 %	12 000	-23,1 %	14 700	22,5 %
Total Europe	**1 062 900**	**1 146 000**	**7,8 %**	**1 232 600**	**7,6 %**	**1 426 000**	**15,7 %**	**1 365 800**	**-4,2 %**	**1 437 600**	**5,3 %**
Chile	239 100	129 600	-45,8 %	221 000	70,5 %	364 000	64,7 %	475 700	30,6 %	473 300	-0,5 %
Cananda	115 400	118 000	2,3 %	110 000	-6,8 %	123 500	12,3 %	106 700	-13,6 %	113 000	5,9 %
Australia	32 200	33 000	2,5 %	36 000	9,1 %	36 500	1,4 %	37 000	1,4 %	37 500	1,4 %
USA	16 400	18 000	9,8 %	18 300	1,7 %	19 600	7,1 %	19 500	-0,5 %	19 500	0,0 %
Others	2 800	4 500	60,7 %	5 000	11,1 %	8 500	70,0 %	11 100	30,6 %	12 100	9,0 %
Total America	**405 900**	**303 100**	**-25,3 %**	**390 300**	**28,8 %**	**552 100**	**41,5 %**	**649 800**	**17,7 %**	**655 400**	**0,9 %**
Total World-wide	**1 468 800**	**1 449 100**	**-1,3 %**	**1 622 900**	**12,0 %**	**1 978 100**	**21,9 %**	**2 015 600**	**1,9 %**	**2 093 000**	**3,8 %**

Figures as per 04.04.13 - Source: Kontali

Environmental & Social responsibility, Lerøy Seafood Group

Environment - fish farming

No other country in the world can match Norway's coast in terms of food production. Few nations can boast such a rich coastal culture, where the seafood industry has played such a central role throughout history in providing for vital local communities along the coast. With the global population approaching 9 billion (by 2050), it seems perfectly natural for the increased demand for food production to be satisfied by a significant increase in fish farming.

Lerøy Seafood Group has a strategy whereby their fish farming activities are based on a "lasting perspective" which forms the foundations for the Group's utilisation of coastal resources. Such a perspective requires the involvement of owners, employees and suppliers and is applied daily as we work to produce the best seafood in the world from production activities based on natural resources.

Lerøy Seafood Group is organised with local management for its fish farming activities, and the local management's knowledge of and care for the local environment are of decisive importance. Lerøy Seafood Group shall take a leading role in constantly improving the interaction between fish farming and the environment, aiming at generating positive and lasting environmental gains.
The Group has five main elements related to environmental work which receive special emphasis within fish farming activities:

• Work to prevent accidental release of fish
• Measures to reduce salmon lice
• Fish health and fish welfare
• Efficient utilisation of land and sea areas
• Reduced discharge of nutrient salts from premises

Moreover, the Group has invested a significant capacity in development projects which aim to enhance sustainability for fish farming activities, and these include:

• Raw materials for fish feed
- Ensuring compliance with our requirements for sustainable and regulated fishing
- Ensuring that fish health, fish welfare and the environment are taken into account when developing new raw materials for fish feed
- Contributing to the production of new marine raw materials for fish feed
• Development of new technology for fish farming in both fresh water and at sea.
• Paving the way for improvements in bio-safety throughout the value chain, from parent fish to harvesting.

The Group's fish farming companies have established a clearly defined set of goals for each operational segment and have developed operating procedures specifically to ensure that they can reach the goals set for such important environmental work. The Group also carries out regular internal and external audits to ensure full compliance between operating procedures and proper conduct. The Group has implemented advanced technology to secure and monitor operations and has developed requirement specifications for our suppliers which shall contribute towards active participation by the suppliers in our efforts to achieve our environmental goals.

There is such vast potential off the coast of Norway for increased production of seafood. At the same time, however, we also have a strong obligation to ensure full environmental protection so that we can realise our "lasting perspective" for fish farming.

Our environmental vision, "Take action today for a difference tomorrow" therefore provides a clear statement from every employee within the Group that we fully intend, every day, to take the initiative for environmental improvements, benefiting both the environment, the fish farming industry and our coastal communities.

For full report, please see www.leroy.no

Vitalijs Volodins, Austevoll Laksepakkeri AS, Storeboe, Norway

Organisation of environmental and sustainability factors

The person in charge is the CEO. The CSR, Corporate Social Responsible, is responsible for coordinating work for all companies within the Group. Responsibility is also delegated to the Managing Director of each subsidiary, while the Quality Manager or other designated person is responsible for daily follow-up within the companies. A number of competency groups have been set up in Lerøy Seafood Group. The different Quality Managers make up a competency group for quality and the environment, as illustrated below. This is led by the CSR. The CSR holds regular meetings with representatives from the other competency groups, where quality and the environment are on the agenda.

Lerøy Seafood Group has established competency groups within:

- Quality and the environment
- Production of fish for consumption
- Production of young fish
- Fish health
- Industry
- Economy

VALUE CHAIN

What are our focus areas?

For Lerøy Seafood Group as a corporation, it is essential to maintain a constant focus on areas where we have the greatest influence in terms of sustainability. Based on a critical evaluation of the value chain and our processes, we have reached the conclusion that we currently have the greatest influence within our work on the different areas related to our fish farming activities. A major share of our efforts related to the environment and sustainability will therefore focus on fish farming.

Environmental policy

Lerøy Seafood Group is one of the largest seafood corporations in the world. We live off the natural resources produced in the sea and rely on these resources being properly managed so that we can continue to sell seafood in the future. The management of Lerøy Seafood Group will do their utmost to ensure that the products manufactured and purchased comply with the prevailing rules and regulations of our industry.

We will furthermore strive to find the most environmentally friendly and sustainable systems for our products via a close cooperation with our customers and suppliers of fish feed and transport.

Lerøy Seafood Group will continuously seek to introduce improvements which will reduce pollution and help protect the environment. Our employees will focus on the environmental targets set. In fact, Lerøy Seafood Group will include the environment as one of its main focus areas in the future, in terms of both our employees and our products.

Environmental Vision

Take action today – for a difference tomorrow

Environmental goals

As previously mentioned, Lerøy Seafood Group is actively involved in every part of the value chain.

All key performance indicators are measured on a monthly basis and utilised internally in order to achieve improvements within individual companies and for benchmarking between comparable companies.

The following KPIs have been established:

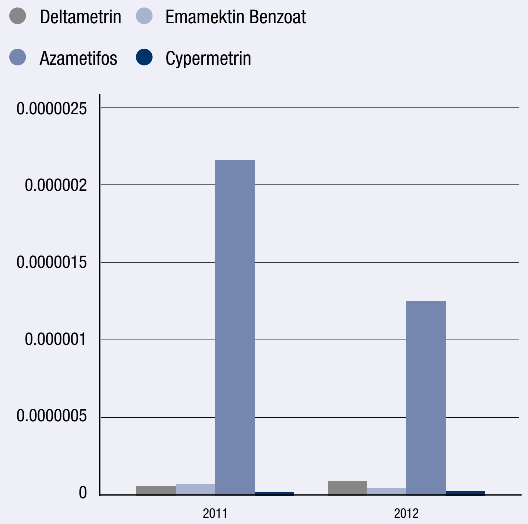
- Accidental release
- Lice
- Reduction of discharge of nutritional salts
- Fish feed
- Energy consumption kwt/ton produce
- Water consumption m3/ton produce
- Utilisation of packaging kg/ton produce

Lice

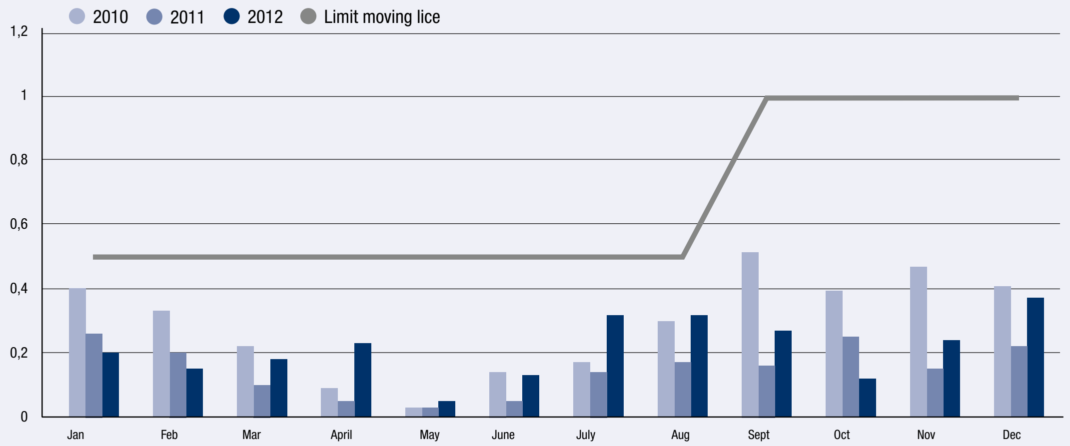
Salmon lice are practically absent from our facilities in the north. The number of moving salmon lice and fully grown female lice with eggs is measured and reported to the Food Safety Authorities on a regular basis. These measurements indicate that levels of salmon lice are well below the limits set by the Food Safety Authority. Lerøy Seafood Group is working hard to achieve its objective to eliminate the use of chemicals to combat salmon lice, if justifiable in relation to regulations and factors relating to fish health. The unnecessary use of chitin inhibitors shall be eliminated due to resistance problems. Any use of chitin inhibitors requires special approval. No chitin inhibitors were used in 2012.

Main goal: «We aim to avoid salmon lice of reproductive age».

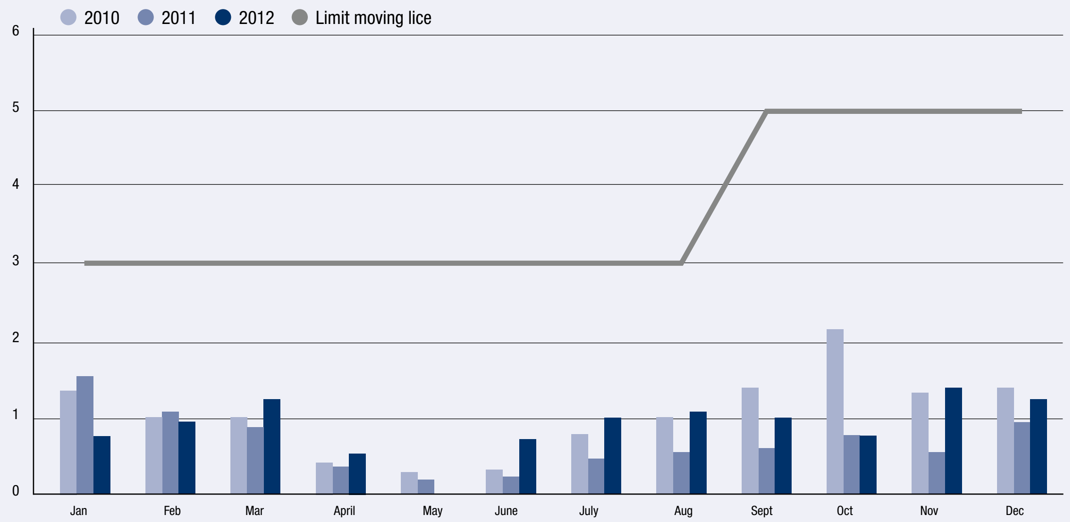
Chemicals used for delicing (KG/kg fish gross growth)



Development of fully developed female sea lice with egg strings, Lerøy Seafood Group



Development of moving salmon lice, Lerøy Seafood Group



Accidental release

Prevention of accidental release of fish is an important and high priority area for Lerøy Seafood Group. Lerøy Seafood Group invests a considerable amount of work into optimising equipment and routines to avoid accidental release of fish.

All events that can lead to accidental release are reported to the fisheries authorities. Securing against accidental release is a question of maintaining a focus on execution/action, good planning of all operations in order to ensure safe execution and efficient re-examination of operations. Key elements are: ATTITUDE, ACTION and RESPONSIBILITY. However, these have no impact if not clearly defined by management. Moreover, it is essential that all employees are made aware of their responsibility for ensuring zero accidental release of fish within our company.

In 2012, Lerøy Seafood Group could report zero accidental release of fish.

In the aftermath of accidents that could have caused accidental release of fish, it is of utmost importance that all circumstances surrounding the episode are made known to everybody in the organisation. Such events are used actively in personnel training and for optimising routines and equipment. An increased focus on accidental release in recent years has already resulted in several amendments to our facilities.

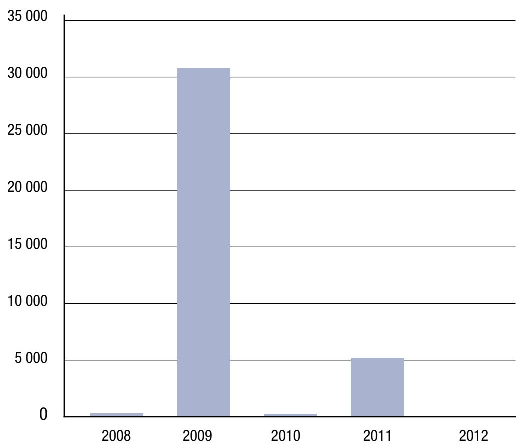
Research, development and innovation

Research, development and innovation are central factors in the work to further develop the entire value chain in Lerøy Seafood Group. The Group has a history of active participation in R&D&I projects via our subsidiaries in order to ensure proximity to and ownership of the projects and maximum exploitation of the input factors. Furthermore, major R&D&I projects are carried out with long-term perspectives at Group level. In 2012, Lerøy Seafood Group has taken part in approx. 80 to 90 different projects related to fish farming. This is fully comprehensive, covering a number of innovation projects in cooperation with internal and external enterprises, to participation in major research projects such as the Research Council of Norway's SFI scheme (SFI – centre for research-based innovation).

The Group's R&D&I efforts in 2012 have focused on 4 main subjects.

1) Combating salmon lice
2) Feed/Feed utilisation/Feeding strategies
3) Fish health
4) Technology

Accidental release of fish
in Lerøy Seafood Group (no of fish)



Greenhouse gas emissions

Below is a brief summary of the general framework and assumptions made when calculating greenhouse gas emissions for Lerøy Seafood Group in 2012.

The framework selected for calculating emissions includes emissions from combustion processes required for the operation of the Group's fish farming companies and the related processing activities. This is referred to in total as Direct Emissions. The Group also wanted to gain an overview of the indirect influence on global warming from the company's activities and has therefore included CO_2 emissions from the production of electricity consumed by the company's production units in Norway.

Significant sources of greenhouse gas emissions from Lerøy Seafood Group's core activities in Norway have been included in the calculations.

The purchase of products and services, of which fish feed and transport services make up a major share, have not been included in the calculations. Lerøy Seafood Group is currently working on obtaining a good basis for calculating the above. The tables below provide a summary of consumption of fossil fuels, electricity and greenhouse gas emissions.

Direct emissions

Direct emissions of CO_2, CH_4, and N_2O are calculated based on available data and information.

CO_2 emissions are only calculated for combustion of diesel, heating oil and undefined fossil fuels.

Undefined fossil fuels are defined as diesel/heating oil.

Emissions from combustion of petrol are assumed to come from passenger vehicles and this has allowed for calculation of CO_2, CH_4, and N_2O-emissions.

Emissions from combustion of marine gas oil are assumed to come from boats and this has allowed for calculation of CO_2, CH_4, and N_2O-emissions.

All CH_4 and N_2O emissions are converted to CO_2 equivalents in order to allow total reporting. All factors utilised for the calculation of direct emissions of CO_2, CH_4 and N_2O are taken from the overview of elements for the fish farming industry in IPCC-2006.

Indirect emissions

Consumption of electricity also results in the emission of greenhouse gases. We have calculated our emissions of CO_2 based on a Norwegian mix of electricity. The consumption of electricity is classified as indirect emissions.

Global warming potential (GWP)

Different greenhouse gases have a different potential when it comes to global warming. GWP provides an indicator with which to weigh all greenhouse gas emissions in comparison with each other and to produce total potential CO_2 equivalents. Taking a perspective of the next 100 years, for example, emissions of 1 ton CH_4 will have an equal impact on global warming as emissions of 25 tons CO_2.

CONSUMPTION OF FOSSIL FUELS AND PURCHASE OF ELECTRICITY 2012

Total farming LSG	Diesel (litres)	Petrol (litres)	Oil (litres)	Marine gas oil (litres)	Propane (litres)	Bio Diesel (litres)	Purchase of electricity Kwt
2012	2 348 300	88 079	99 739	1 912 170	9	16 192	53 086 213

TOTAL CONSUMPTION OF FOSSIL FUELS AND GREENHOUSE GAS EMISSIONS 2012

Total farming LSG	Fossil fuels (litres)	CO2e emissions direct (tons)	CO2e emissions indirect (tons)	CO2e emissions totalt (tons)
2012	4 464 489	11 910	2 494	14 404

CO2E EMISSIONS TOTAL PER KG FISH PRODUCED GROSS INCREMENT	2012	2011
Number (tons)	0.000059	0.000060

Austral Group S.A.A

Quality management model

Austral Group S.A.A. is one of the few companies and the only one in the Latin – American fishing sector with an "Integrated Quality Management System" which includes 11 international standards from Quality, Safety and Environmental Management.

The base of the Environmental Model comprises five (5) integrated standards: ISO 9001:2008 Quality Management System, ISO 14001:2004 Environmental Management DOLPHIN SAFE Regulations System for the Control of Indiscriminate Fishing, FRIEND OF THE SEA System of Marine Foodstuffs Sourced from Sustainable Fisheries Certification, and the "Global Standard for the Responsible Supply, IFFO" for all our fishmeal and fishoil plants.

The Environmental Management model is complemented with other six (6) certified international standards systematically applied in all our plants and fishing fleet starting in 2002: FEMAS (Plan for Feed Materials), BRC (Foodstuffs Quality Management System), IFS (Safety Regulations in the Process of Food Manufacturing), FDA (Federal Regulation for Drug and Foodstuffs), ITTP (Health License) and BASC (Business Alliance for Secure Commerce).

Achievements and awards

In 2012 Austral was consolidated as a model company not only for fisheries but also at national level getting the National Quality Award 2012. The Quality National Award is the most important award granted to the companies which have shown a higher level of management in quality which is backed by a Model of Excellence in Management. Additionally, in 2012 Austral also won one of the most important awards on social responsibility issues: the Socially Responsible Company Award granted by the organization Peru 2021 and the Mexican Center for Philanthropy. This badge is only granted to companies that demonstrate high standards of work with social Responsibility.
Our good labor practices were also recognized in 2012 by receiving the Good Employers certification, an important certification granted by the American Chamber of Commerce of Peru (AMCHAM) All these efforts to reaffirm our social and environmental commitment are also represented in our membership since 2012 of The Global Compact Program, through which Austral align its operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-Corruption set by the United Nations.

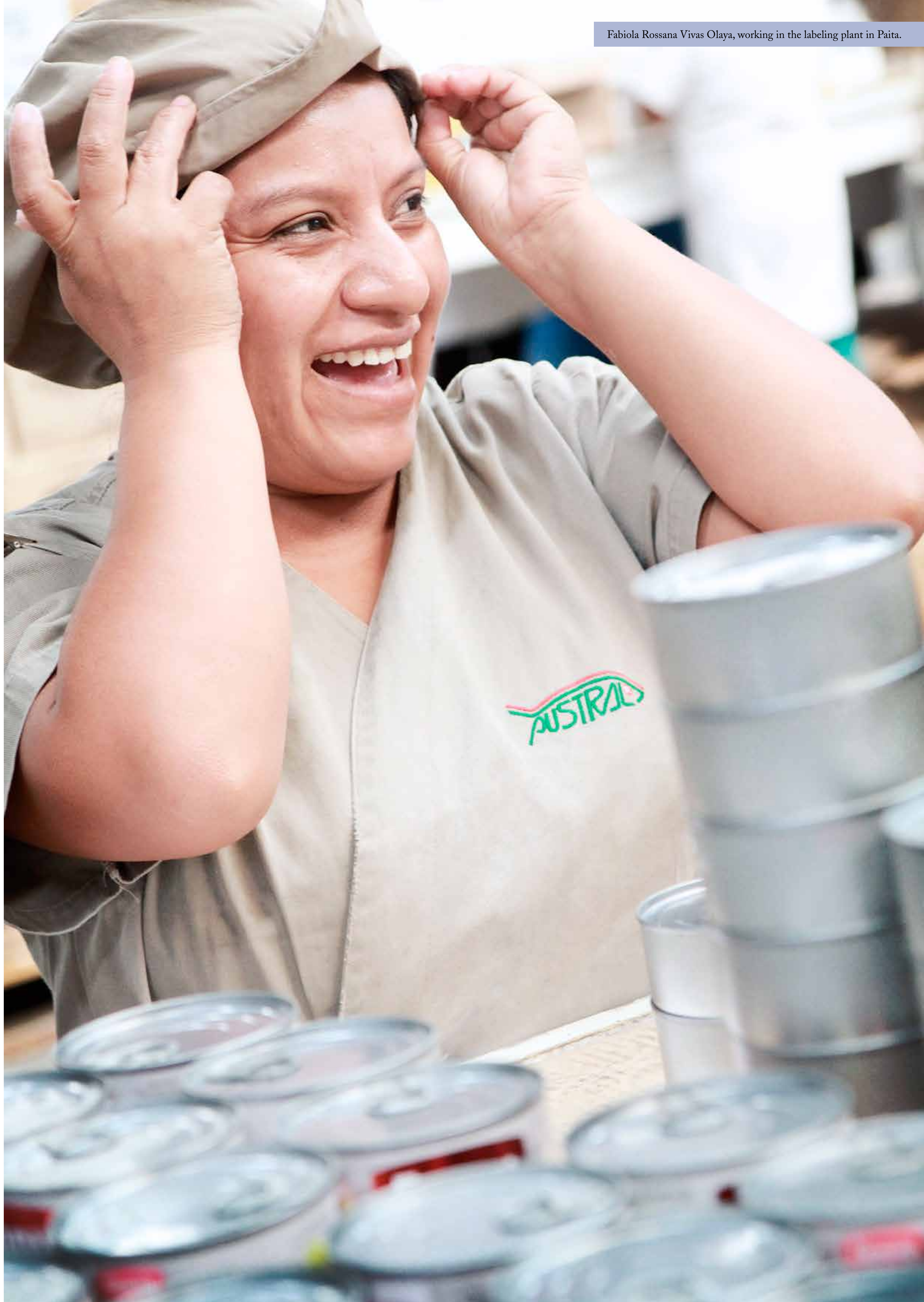
2012 Environmental programs and goals

In 2012 we developed 10 Environmental Management Programs, related to the management of waste and pollutants, reduction of gaseous emissions and decreased fat in the effluents in plants.

In the Fleet, in 2012 we developed two Environmental Management Programs related to disposal of asbestos on board of vessels and the monitoring of air emissions.

Austral Group periodically monitors the combustion gas emission sources (boilers and internal combustion engines), air quality, noise and air emissions from processing plants, in order to determine to what extent our operations affect the environment.

Environmental monitoring in the process emissions, air quality processing effluents from plants programs respond to the implementation plan to adjust ourselves to the LMP established environmental legal regulations in force. We regularly perform monitoring of combustion gases emissions in the fishing fleet.



Fabiola Rossana Vivas Olaya, working in the labeling plant in Paita.

Math program in Coishco, Huarmey and Pisco.

As part of Environmental Management System model we formulate nine environmental indicators:

1) Fat effluent
2) Total suspended solids in effluent,
3) Efficiency of flotation cells
4) Nitrogen oxide emissions in boilers
5) Emissions nitrogen oxides Plant sets
6) Nitrogen oxide emissions in Chata (barge) generators sets
7) Nitrogen oxide emissions in fishing boats
8) Plant waste reuse
9) Waste disposal in fishing vessels.

Social responsability

In Austral Group we work under a sustainability approach, which is reflected in a management model that channels each of the actions and processes of the company, taking into account the impact in all our stakeholders and in our society. In 2012 this management model was awarded with the Socially Responsible Company award granted by the recognized Association Peru 2021 and the Mexican Center for Philanthropy recognizing companies that demonstrate high standards of social responsibility.

Austral Group, as the company seeks to be an agent of development, carrying out projects that benefit both the company and its stakeholders, seeking a successful combination between sustainability and profitability. All programs, projects and campaigns of social responsibility from the company, respond to three courses of action:

Nutrition and Health
Education and Employment
Environment

Based on this management model in 2012 the following projects have been developed "Growing together": Development Project for ownerships.

Growing Together is a program aimed at developing artisanal fishermen and owners who live in communities that surround our plants. The program includes two great projects. The first is "Growing Together - Artisan Ship-owners suppliers" which is oriented to owners of the company Artisan supplier.

Through loans for the implementation of their fishing boats and training on sustainable fishing practices, we improved the quality of the raw material that we provide and develop as entrepreneurs. The second project is the "Growing Together - Local Artisan Fishermen," which we started in Coishco and working together with the Association of Fishermen ASUPAC, we have supported the development of its Development Plan for the next five years. This plan includes training, loans and the support they need to develop their fishing work properly.

Education Project: "Saturdays of Maths"

This program was created to enhance the knowledge and love of mathematics in 250 children from 1st and 2nd grade of Coishco, Huarmey, Chancay, Pisco and Ilo locations.

This program lasted six months and was implemented under the methodology of "Mathematics for Everybody" created by renowned Apoyo Institute, which is one of the most successful methodologies in Peru.

Participating children had an approach to mathematics based on logical reasoning and enjoyed dynamically classes that were conducted at the premises of the company.

The success of the test was measured with a knowledge input and output, in which the percentage of learning was assessed. Children had increased their knowledge by 32% being Coishco children from 1st grade the best performers to increase their knowledge in 52%.

Nutrition program: "Eating well"

Austral Group, in partnership with the NGO World Vision Peru, international Christian organization focused on the potential of children, implemented the "eating well" program. This program aims to reduce the rates of anemia of 220 children between 6 months and 5 years old from Chancay community, based on a balanced diet that includes consumption of Peruvian sardines three times a week.

The program includes bi-monthly checking control to the participating children in order to assess their levels of hemoglobin, weight and height. There are also talks and workshops for mothers where they are taught the benefits of eating Peruvian sardine and the various ways to prepare it.

Austral Group has delivered to the participating families 21.000 cans for the program purposes and this canned food will be the base to their diet.

Health Campaign: "Austral takes care of you"

Austral and various state institutions such as the Ministry of Health, municipalities and others have developed together various health campaigns aimed at the provincial level to prevent diseases such as dengue and tuberculosis, benefiting more than 10,000 people nationwide. In every campaign we have promoted the consumption of fish, especially the Peruvian sardine, as source of vitamins and proteins that help prevent diseases.

FoodCorp S.A & MarFood S.A

In 2012, most of FoodCorp's activity was focused on the new commercial cooperation withAlimar, under a new company, MarFood. This is an important move which is necessary for the company to adapt to the reduction of fishing quotas in Chile. The cooperation created new challenges in merging two different corporate cultures that started to consolidate by the end of the year. This includes the adoption in MarFood of FoodCorp's Environmental and Social Responsibility Program (ESR), which was introduced as an organizational culture in 2006. Currently it's aligned with United Nation's Global Compact Program, lining up its operations and strategies within ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption standards set by the United Nations. The program is divided in Internal (workers) and External (local community) chapters.

ESR program runs under the leadership of a CSR Committee formed by a group of volunteer workers, and its focus areas in 2012 have been:

A. Internal chapter

Safe and healthy working environment

- Second certification stage (of three) of the health and safety risk prevention program (PASSO).
- Seminars of healthy nutrition practices and preventive medical checkups to workers.
- Solid waste management program.

Professional development

Continue with training programs to workers, improving their skills and growth within the Company.

Inclusion

We have permanent working positions for people with different capacities.

B. External chapter

- Continued with our external program with support to local public and disabled children schools, with important volunteer activity from our workers.

- Actively participated in the organization and set up of a "clean coastline" program in Coronel, together with the Navy and local Municipality.

- Cooperation program with local athlete, promoting sports as healthy way of life among the family of workers and community.

FoodCorp S.A. and MarFood S.A. regards environmental and social responsibility as "a business vision integrated throughout all our industrial process and is considered a value generator for the Company".

FoodCorp's ESR Focus

Linked to the essence of our business

Environment Protection

Environmental Policy

Innovative projects in mussel sea farming and direct human consumption fish & giant squid.

Environmentally – friendly processing plants

Active participant in scientific research for sustainable fisheries

Qualified & Safe Human Resources

Safe & healthy working conditions

Training and education policy

Family conciliation and healthy lifestyle promotion

Working environment: gender & equalty

High value suppliers, trained & aligned with Company principles

Contribution to education and sports

Healty & Safe Food Industry

Promotion of fish product, food value and advantages

Food industry with best environmental practices

Corporate Governance

1. Introduction

1.1 Background

AUSTEVOLL SEAFOOD ASA ("AUSS" or the "Company"), the parent company in AUSS' group of companies ("The Group"), is established and registered in Norway and subject to Norwegian law, hereunder corporate and other laws and regulations. The Company's aim is to observe all relevant laws and regulations, and the Norwegian recommendation for corporate governance. This also applies for all other companies within the Group, and consequently this document applies to the extent reasonable for all companies therein.

The Company's Board of Directors adopted in its meeting held on 29 August 2006 a document which largely and in principle adhered to the then applicable Corporate Governance standard, with a few deviations. The Board of Directors have later examined revised versions of the Corporate Governance standard, published by the Norwegian Committee for Corporate Governance (NUES), latest standard published on 23 October, 2012. The Board has approved and adopted this document as the Company's Corporate Governance Policy to reflect the will of AUSS to fully comply with the Corporate Governance recommendations from NUES. The Company will act in compliance with laws and regulations as applicable from time to time in respect of handling and control of insider trading rules and information to the shareholders and the market.

1.2 Objective

This governing document contains measures which have been and will be implemented to secure efficient management and control of the activities of the Company. The main objective is to establish and maintain systems for communication, surveillance and incentives which will increase and maximize the financial results of the Company, its long term soundness and overall success, and investment return for its shareholders. The development and improvement of the Company's Corporate Governance is a continuous and important process, on which the Board of Directors and the Executive Management keep a keen focus.

1.3 Rules and regulations

The Company is a public limited company listed on the Oslo Stock Exchange.

In that respect the Company is subject to the corporate governance regulations contained in the Public Limited Companies Act 1997 (asal.), the Securities Trading Act 2007 (vphl), the Stock Exchange Act with regulations (børsreg) and other applicable legislation and regulations, including the NUES recommendations.

1.4 Management of the Company

Management of and control over the Company is divided between the shareholders, represented through the general meeting of the shareholders, the Board of Directors and the Managing Director (CEO) in accordance with applicable legislation. The Company has an external and independent auditor.

1.5 Implementation and reporting on Corporate Governance

The Board of Directors must ensure that the company implements sound corporate governance.

The Board of Directors must provide a report on the company's corporate governance in the directors' report or in a document that is referred to in the directors'report. The report on the Company's corporate governance must cover every section of the Code of Practice. If the Company does not fully comply with this Code of Practice, the Company must provide an explanation of the reason for the deviation and what alternative solution it has selected.

The Board of Directors should define the company's basic corporate values and formulate ethical guidelines and guidelines for corporate social responsibility in accordance with these values.

The Board has decided to follow the Norwegian Recommendation for Corporate Governance and the Group has drawn up a separate policy for Corporate Governance.

AUSS takes a very conscious approach to its responsibility for ethical conduct, society at large and the environment. The Company has prepared a set of ethical guidelines for Group employees, aiming to establish common principles and regulations which govern all employees within AUSS and its subsidiaries. The Group's ethical guidelines for conduct reflect the values represented by the Group and guide the employees to make use of the correct principles for business conduct, impartiality, conflict of interest, political activity, entertaining customers, processing information and duty of confidentiality, relationships with business partners, corruption, whistle blowing, bribes etc. Each employee is individually responsible for practising the ethical guidelines. The Company has prepared an Ethics Test for employees which will help them to make the right decisions whenever needed. The company management is responsible for ensuring compliance with the regulations.

The Company's goal is to contribute towards improving human rights, labour rights and environmental protection, both within the Group, in relation to suppliers and subcontractors; in addition The Board of Directors report has a paragraph on Social, health, safety and the environment. In the Company's annual report content of the environmental and social responsibility for the largest subsidiaries can be found in the chapter Environmental and Social responsibility.

Deviation from the Recommendations: None

2. Business

The Company's business shall be clearly defined in its Articles of Association.

The Company shall aim at securing and developing the Company's position as a leading actor within its business activities, to the benefit of its owners, and based on strategies founded on ethical behaviour within applicable laws and regulations.

The annual report should include the objectives clause from the Articles of Association and contain descriptions of the company's principal objectives and strategies.

The objective of the company is to be engaged in production, trade and service industry, including fish farming, fishing operations and ship owning business and any business related thereto, including investments in other companies with similar objects.

These statements appear in § 3 of Austevoll Seafood ASA's articles of associations.

Departures from the Recommendations: None

3. Equity and dividends

The company should have an equity capital at a level appropriate to its objectives, strategy and risk profile.

The aim of the Company is to produce a competitive return on the investment of its shareholders, through distribution of dividends and increase in share prices. The Board of directors shall in its assessment of the scope and volumes of dividend emphasize security, predictability and stability, dividend capacity of the Company, the requirement for healthy and optimal equity as well as adequate financial resources to create a basis for future growth and investment, and considering the wish to minimize capital costs.

Mandates granted to the Board of Directors to increase the Company's share capital shall be subject to defined purposes and frames and shall be limited in time to no later than the date of the next annual general meeting. This should also apply to mandates granted to the Board for the Company to purchase own shares.

Equity

The company's need for financial strength is considered at any time in the light of its objective, strategy and risk profile. The Board of Directors considers consolidated equity to be satisfactory.

Dividend policy

The goal is, over time, to pay out 20% to 40% of the Group's net profit as dividends.

Capital Increase

The Board has the authority until the ordinary general meeting in 2013 to increase the share capital by issuing up to 20.271.737 shares.

Purchase of treasury shares

The Board has the authority, until the ordinary general meeting in 2013, to purchase treasury shares in Austevoll Seafood ASA limited to 10% of the company's share capital. Shares may not be purchased for less than NOK 20 per share, and no more than NOK 150 per share.

At 31 December 2012, the Group owned no treasury shares.

Deviations from the Recommendations: None

4. Equal treatment of shareholders and transactions with close associates

The company shall only have one class of shares.

Any decision to waive the pre-emption right of existing shareholders to subscribe for shares in the event of an increase in share capital should be justified. Where the Board of Directors resolves to carry out an increase in share capital and waive the pre-emption rights of existing shareholders on the basis of a mandate granted to the Board, the justification should be publicly disclosed in a stock exchange announcement issued in connection with the increase in share capital.

Any transactions the company carries out in its own shares shall be carried out either through the stock exchange or at prevailing stock exchange prices if carried out in any other way.

In the event of any not immaterial transactions between the Company and shareholders, a shareholder's parent company, members of the Board of Directors, members of the Executive Management or close associates of any such parties, the Board shall arrange for valuation to be obtained from an independent third party. This will not apply if the transaction requires the approval of the general meeting pursuant to the requirements of the Public Limited Companies Act. Independent valuation should also be arranged in respect of transactions between companies in the same group where any of the companies involved have minority shareholders.

Members of the Board of Directors and the Executive Management are obliged to notify the Board if they have any material direct or indirect interest in any transaction entered into by the Company.

Class of shares

Austevoll Seafood ASA has only one class of shares. The articles of associations place no restrictions on voting rights. All shares are equal.

Trading in treasury shares

The Board's authorisation to acquire treasury shares is based on the assumption that the acquisition will take place in the open market. Acquired shares may be disposed in the market or used as payments for acquisitions.

Transactions between related parties

See note 32 for related party transactions.

Deviations from the Recommendations: None

5. Freely negotiable shares

Shares in listed companies must, in principle, be freely negotiable. Therefore, no form of restriction on negotiability should be included in a company's articles of association.

The articles of association place no restrictions on negotiability. The shares are freely negotiable.

Deviations from the Recommendations: None

6. General meetings

The Board of Directors should take steps to ensure that as many shareholders as possible may exercise their rights by participating in general meetings of the company, and that general meetings are an effective forum for the views of shareholders and the board. Such steps should include:

- making the notice calling the general meeting and the support information on the resolutions to be considered at the general meeting, including the recommendations of the nomination committee, available on the company's website no later than 21 days prior to the date of the general meeting, and sending the notice of general meeting (following amendment to the Company's Article of Association adopted in the ordinary general meeting in 2010 the supporting documentation is only available on the Company's web site) to shareholders no later than three weeks prior to the date of the general meeting
- ensuring that the resolutions and supporting information distributed are sufficiently detailed and comprehensive to allow shareholders to form a view on all matters to be considered at the meeting
- setting any deadline for shareholders to give notice of their intention to attend the meeting as

- close to the date of the meeting as possible
- ensuring that shareholders who cannot attend the meeting in person can vote by proxy
- ensuring that the members of the Board of Directors and the nomination committee and the auditor are present at the general meeting
- making arrangements to ensure an independent chairman for the general meeting

The notice calling the general meeting shall provide information on the procedures shareholders must observe in order to participate in and vote at the general meeting. The notice should also set out:
- the procedure for representation at the meeting through a proxy, including a form to appoint a proxy
- the right for shareholders to propose resolutions in respect of matters to be dealt with by the general meeting
- the web pages where the notice calling the meeting and other supporting documents will be made available

The company should, at the earliest possible opportunity, make available on its website:
- information on the right of shareholders to propose matters to be considered by the general meeting
- proposals for resolutions to be considered by the general meeting, alternatively comments on matters where no resolution is proposed
- a form for appointing a proxy

The Board of Directors and the chairman of the general meeting should ensure that the general meeting is given the opportunity to vote separately for each candidate nominated for election to the company's corporate bodies.

By virtue of the Annual General Meeting, the shareholders are guaranteed participation in the Groups supreme governing body. The following matters shall be discussed and resolved at the annual general meeting:
- Adoption of the annual financial statement and the annual report, including distribution of dividends.
- Any other matters which by virtue of law or the articles pertain to the general meeting

Notification

The annual general meeting shall be held each year no later than six months after the end of each financial year. Notification shall be sent out within the deadlines in the Code of practice and relevant documentation is available on the Group's website at least 21 days prior to the general meeting.
The Financial Calendar is published on the internet and through a notification to Oslo Stock Exchange.

Participation

It is possible to register by post, telefax or e-mail. Shareholders who cannot attend the meeting can authorise a proxy, and the system facilitates the use of proxies on each individual item for discussion.

Deviations from the Recommendations: None

7. Nomination committee

The company should have a nomination committee, and the general meeting should elect the chairperson and members of the nomination committee and should determine the committee's remuneration.

The nomination committee should be laid down in the Company's Articles of Association. The general meeting should stipulate guidelines for the duties of the nomination committee.

The members of the nomination committee should be elected to take into account the interests of shareholders in general. The majority of the committee should be independent of the Board of Directors and the executive management. At least one member of the nomination committee should not be a member of the corporate assembly, committee of representatives or the board.
No more than one member of the nomination committee should be a member of the Board of Directors, and any such member should not offer himself for re-election to the Board. The nomination committee should not include the company's chief executive or any other member of the company's executive management.

The nomination committee's duties are to propose candidates for election to the corporate assembly and the Board of Directors and to propose the fees to be paid to members of these bodies.

The nomination committee should justify its recommendations.

The company should provide information on the membership of the committee and any deadlines for submitting proposals to the committee.

According to the Articles of Association § 6 the company shall have a nomination committee. The nomination committee shall issue a proposal to the general meeting regarding the election of shareholder elected Board members. The nomination committee shall consist of three members. The members of the committee shall be elected by the company's annual general meeting, which also appoints the committee's chairman. The members of the nomination committee are elected by the general meeting for terms of two years at a time. The general meeting determines the remuneration of the committee's members.

Composition

The current committee was elected on the AGM on May 24th 2012 and consists of:

Harald Eikesdal, Harald Eikesdal is a lawyer with the firm Eikesdal, Meling, Nygård, Lande and Sveinal. He previously held a position as Divisional Head with the Norwegian Ministry of Finance and as a deputy judge and notary public at Haugesund Magistrates Court. Harald Eikesdal is the Deputy Chairman of Laco AS.

Nils Petter Hollekim, Mr. Hollekim has a degree in Business Administration and has worked as an administrator/analyst for Norwegian fund management companies for 25 years. He has spent the past 15 years working as a portfolio manager for ODIN forvaltning AS. He is now a self-employed consultant and investment manager.

Anne Sofie Utne. Mrs. Utne holds a Master of Economy from the Norwegian University of Life Science (Universitetet for Miljø- og Biovitenskap). Mrs. Utne is currently self employed, and works as an independent advisor. Her recent position was head of the Aquaculture department of a branch specialist unit in DnB NOR Bank ASA, and she has extensive experience in financial transactions related to national and international corporations within the business.

The company has not yet established specific guidelines for the nomination committee. However, the composition of the nomination committee is such that the interests of the shareholders in general are taken into account in that the majority within the committee is independent of the Board and other executive personnel.

Deviations from the Recommendations: None

8. Board of Directors: composition and independence

Where a company has corporate assembly, the composition of the Board of Directors should ensure that the Board can attend to the common interests of all shareholders and meets the company's need for expertise, capacity and diversity. Attention should be paid to ensuring that the Board can function effectively as a collegiate body.

The composition of the Board of Directors should ensure that it can operate independently of any special interest. The majority of the shareholder-elected members of the board should be independent of the company's executive management and material business contacts. At least two of the members of the board elected by shareholders should be independent of the company's main shareholder(s). In the assessment of independency the following criteria shall be considered:

- whether the relevant person has been employed with the Company during the foregoing three years
- whether the relevant person has received or is receiving other kinds of remuneration from the Company other than the Director's remuneration, or participates in a share option program or result based remuneration arrangement
- whether the relevant person has had major business relation with the Company over the three foregoing years.

The Board of Directors shall not include representatives of the Company's executive management. With a view to effective group management, representatives from the Executive Management.

The Chairman of the Board of Directors shall be elected by the general meeting.

Members of the Board of Directors shall not be elected for more than two years at a time.

The annual report shall provide information to illustrate the expertise and capacity of the members of the Board of Directors and identify which members are considered to be independent. Members of the Board of Directors shall be encouraged to own shares in the Company.

Composition of Board of Directors

According to the Articles of Association § 6 The Company's Board of Directors shall consist of 5 – 7 directors elected by the shareholders. Austevoll Seafood ASA has endeavoured to adapt directors' backgrounds, competence, capacity and affiliation to the Group's business activities and its need for diversity.

The Board of Directors consists of the following persons:

Helge Singelstad, Chairman. Mr. Singelstad is CEO in Laco AS. Mr. Singelstad is educated in engineering from Bergen Ingeniørskole, he is business school graduate from NHH, and he has a degree from the first year of law school at UIB. Singelstad has experience from different types of businesses: oil companies, ship equipment and the seafood sector. Mr. Singelstad has had executive positions in Lerøy Seafood Group ASA since 1993.

Oddvar Skjegstad, Deputy Chairman. Mr. Skjegstad has a degree as Master of Business and Administration from NHH. Mr. Skjegstad is self employed and has wide experience from executive positions in public administration, bank and industrial activity and holds board positions in companies within several different business sectors.

Helge Møgster, Mr. Møgster is one of the main owners in Laco AS, the main shareholder of Austevoll Seafood ASA and DOF ASA. He has long experience from both the offshore supply and fishery industry. He is holding board positions in several companies.

Hilde Waage. Mrs Waage is educated Master of Science from Norwegian School of Management. She has the position as Deputy CEO/CFO of Ocea Group , a global supplier to the Aquaculture Industry. From previously Mrs. Waage holds a wide experience from Banking, Shipping, the Fishing Industry in Chile and Management Consulting.

Inga Lise L. Moldestad. Mrs. Moldestad is educated as MBA and State Authorised Public Accountant. Mrs. Moldestad holds the position as Executive Vice President and partner in Holberg Fondsforvaltning, a Bergen based asset Management Company. She has extensive experience from securities markets with Holberg, Unibank, Skandia and Vesta and experience from auditing and consulting from Arthur Andersen and Ernst & Young.

Lill Maren Møgster. Mrs. Møgster is one of the main owners in Laco AS, the main shareholder of Austevoll Seafood ASA and DOF ASA. Mrs. Møgster is educated Bachelor of Management from BI Norwegian Business School and she holds the position as controller in Hallvard Lerøy AS. Lill Maren Møgster has been working in various subsidiaries of Laco AS since 2007, and has experience from sales and economy.

The Boards autonomy
Except for the Chairman Helge Singelstad, Lill Maren Møgster and Helge Møgster, all members of the Board are independent of the Company's major shareholders, the Company's management and the Company's main business relations. There are no conflicts of interest between any duties to the Company of the members of the Board or the Company's management, and their private interests or other duties.

No members of Group management are Directors.

Directors are elected by the general meeting for a term of two years.

Directors' ownership of shares:
Oddvar Skjegstad owns, through Rehua AS, 55,000 shares in the company.

Helge Møgster owns, through Laco AS, 23,053,289 shares in the company.

Helge Singelstad owns 50,000 shares in the company.

Inga Lise L. Moldestad owns, through Ingasset AS, 40,000 shares in the company.

Lill Maren Møgster owns, through Laco AS, 22,521,775 shares in the company.

Deviations from the Recommendations: None

9. The work of the Board of Directors
The Board of Directors shall produce an annual schedule for its work, with particular emphasis on objectives, strategy and implementation.

The Board of Directors shall from time to time issue instructions for its own work as well as for the executive management with particular emphasis on clear internal allocation of responsibilities and duties. The CEO, CFO and Director of Legal Affairs/Counsel of the Company shall have an obligation and a right to participate in the meetings of the Board of Directors as long as anything to the contrary has not been decided.

A deputy chairman should be elected for the purpose of chairing the Board in the event that the chairman cannot or should not lead the work of the Board.

The Board of Directors shall consider appointing board committees in order to help ensure thorough and independent preparation of matters relating to finical reporting and compensation paid to the members of the executive management. Membership of such sub-committees should be restricted to members of the Board who are independent of the company's Executive Management.

The Board of Directors shall provide details in the annual report of any board committees appointed.

The Board of Directors shall evaluate its performance and expertise annually.

Board responsibilities
Norwegian law lays down the tasks and responsibilities of the Board of directors. These include overall management and supervision for the company. Towards the end of each year the Board adopts a detailed plan for the following financial year. This plan covers the follow-up of the company's operations, internal control, strategy development and other issues. The company complies with the deadlines issued by Oslo Stock Exchange with regards to interim reports.

Instructions to the Board of Directors
The Board's instructions are extensive and were last revised on 28.03.2008. The instructions cover the following points: the Boards responsibly and obligations, the CEO's information obligations to the Board, and the procedures of the Board.

Use of Board committees
The Nomination Committee is governed by the Articles of Association. The Board established an Audit Committee at the end of 2008. The committees are solely responsible to the full corporate Board and their authority is limited to making recommendations to the Board, however the Nomination Committee makes recommendations for election of Board Members to the general meeting of shareholders.

Audit committee
The Audit committee has responsibilities related to financial reporting, the independent auditor and risk management and consists of two Board members. The independent auditor usually attends the meetings. The CEO and other directors are entitled to attend if the audit committee so desire.

Members: Oddvar Skjegstad and Inga Lise L. Moldestad

The Board's self-evaluation
Each year, a special Board meeting shall be organised on topics related to the Groups operations and the Board's duties and working methods.

Deviations from the Recommendations: None

10. Risk management and internal control
The Board of Directors must ensure that the company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the company's activities. Internal control and the systems should also encompass the company's corporate values and ethical guidelines and guidelines for social responsibility.

The Board of Directors should carry out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements.

The Board of Directors should provide an account in the annual report of the main features of the Company's internal control and risk management systems as they relate to the Company's financial reporting.

Internal control and risk management
The Group's activities are varied, depending on each unit's position in the value chain, and consequently require differentiated forms of management and follow-up. Good internal management systems are essential for success, and these must be continuously developed in order to accommodate changing economic conditions. The internal control is based on daily and weekly reports that are summarised into monthly reports tailored to the individual company, while at the same time providing satisfactory reporting at Group level. There is an emphasis on the importance of uniform reporting procedures and formats in order to ensure correct reporting from all units and up to an aggregate level.

Review by the Board of Directors
A significant volume of the work of the Board of Directors is ensuring that the company management is familiar with and understands the Group's

risk areas and that risk is managed by means of appropriate internal control. Frequent valuations and assessments are conducted of both the management's and Board's understanding of risk and internal control. The audit committee plays an important role in these valuations and assessments.

Description of the main elements of risk management and internal control related to financial reports.

Internal control within the Group is based on the recommendation from the "Committee of Sponsoring Organizations of the Treadway Commissions" (COSO), and covers control environment, risk assessment, control activities, information and communication, and monitoring. The content of these different elements is described in detail below.

Control environment

The core of an enterprise is the employees' individual skills, ethical values and competence, in addition to the environment in which they work.

Guidelines for financial reporting

On behalf of the CFO, the Chief Accountant for the Group provides guidelines to entities within the Group. These guidelines place requirements on both the content of and process for financial reporting.

Organisation and responsibility

The Chief Accountant for the Group reports to the CFO and is responsible for areas such as financial reporting, budgets and internal control of financial reporting within the Group.

The Directors of the entities which issue the reports are responsible for continuous financial monitoring and reporting. The entities all have management groups and financial functions which are adapted to their organisations and business activities. The entity managers shall ensure implementation of an appropriate and efficient internal control and are responsible for compliance with requirements.
The audit committee shall monitor the process of financial reporting and ensure that the Group's internal control and risk management systems function efficiently. The audit committee shall also ensure that the Group has an independent and efficient external auditor.

The financial statements for all companies in the Group are audited by an external auditor, within the framework established in international standards for auditing and quality control.

Risk assessment

The Chief Accountant for the Group and the CFO identify, assess and monitor the risk of errors in the Group's financial reports, together with the managers of each entity.

Control activities

Entities which issue reports are responsible for the implementation of sufficient control actions in order to prevent errors in the financial reports.

Processes and control measures have been established to ensure quality assurance of financial reports. These measures comprise mandates, division of work, reconciliation/documentation, IT controls, analyses, management reviews and Board representation within subsidiaries.

The Chief Accountant for the Group provides guidelines for financial reporting to the different Group entities. The Chief Accountant for the Group ensures that reporting takes place in accordance with prevailing legislation, accounting standards, established accounting principles and the Board's guidelines.

The Chief Accountant and the CFO continuously assess the Group's and the segments' financial reports. Analyses are carried out in relation to previous periods, between different entities and in relation to other companies within the same industry.

Review by the Group management

The Group management reviews the financial reports on a monthly basis, with the review including the development in figures for profit/loss and balance sheet.

Reviews by the audit committee, Board and general meeting

The audit committee and Board review the Group's financial reports on a quarterly basis. During such reviews, the audit committee has discussions with the management and external auditor. At least once a year, the Board holds a meeting with the external auditor, without the presence of the administration. The Board reviews the interim accounts per quarter and the proposal for the financial statements. The financial statements are adopted by the general meeting.

Information and communications

The Group strongly emphasises correct and open information to shareholders, potential shareholders and other interested parties. Ref. item 13 "Information and communications" for more detailed information.

Monitoring

Reporting entities

Those persons responsible for reporting entities shall ensure appropriate and efficient internal control in accordance with requirements, and are responsible for compliance with such requirements.

Group level

The Chief Accountant and CFO review the financial reports issued by the entities and the Group, and assess any errors, omissions and required improvements.

External auditor

The external auditor shall provide the audit committee with a description of the main elements of the audit from the previous financial year, including and in particular significant weak points identified during internal control related to the process of financial reporting.

The Board of Directors

The Board, represented by the audit committee, monitors the process of financial reporting.

Deviations from the Recommendations: None

11. Remuneration of the Board of Directors

The remuneration of the Board of Directors should reflect the Board's responsibility, expertise, time commitment and the complexity of the Company's activities.

The remuneration of the Board of Directors should not be linked to the Company's performance. The company should not grant share options to members of its board.

Members of the Board of Directors and/or companies with which they are associated should not take on specific assignments for the company in addition to their appointment as a member of the board. If they do nonetheless take on such assignments this should be disclosed to the full board. The remuneration for such additional duties should be approved by the Board.

The annual report should provide information on all remuneration paid to each member of the Board of Directors. Any remuneration in addition to normal directors' fees should be specifically identified.

The Directors fees are decided by the AGM. The Directors' fees are not linked to the company's performance.

None of the Board members have during 2012 had assignments for the company in addition to being members of the board.

Deviations from the Recommendations: None

12. Remuneration of the executive management

The Board of Directors is required by law to prepare guidelines for the remuneration of the members of the executive management. These guidelines shall be communicated to the annual meeting.

The guidelines for the remuneration of the executive management shall set out the main principles applied in determining the salary and other remuneration of the executive management. The guidelines should help to ensure convergence of the financial interests of the executive management and the shareholders.

Performance-related remuneration of the executive management in the form of share options, bonus programmes or the like should be linked to value creation for shareholders or the Company's earnings performance over time. Such arrangements, including share option arrangements, should incentivise performance and be based on quantifiable factors over which the employee in question can have influence. Performance-related remuneration should be subject to an absolute limit.

The remuneration policy for the executive management is determined by the Board of Directors and communicated to the annual general meeting. The guidelines regarding the remuneration are approved by the AGM. See note 12 for guidelines for remuneration to executive management. The existing remuneration policy, each year subject to approval by guiding vote in the AGM, allows performance- related remuneration. The executive management has currently no such remuneration.

Deviations from the Recommendations: None

13. Information and communications

The Board of Directors should establish guidelines for the company's reporting of financial and other information based on openness and taking into account the requirement for equal treatment of all participants in the securities market.

The company should publish an overview each year of the dates for major events such as its annual general meeting, publication of interim reports, public presentations, dividend payment date if appropriate etc.

All information distributed to the company's shareholders should be published on the company's web site at the same time as it is sent to shareholders.

The Board of Directors should establish guidelines for the company's contact with shareholders other than through general meetings.

The Company strongly emphasises correct and open information to shareholders, potential shareholders and other interested parties. The Company has presented quarterly reports with financial information since 2006. The Company's most important medium for distributing information will be the Oslo Stock Exchange reporting system, but the Company also aims to present such information directly to investors and analysts. The Company aims to keep its shareholders informed via annual reports, quarterly reports and at appropriate presentations. In addition, press releases will be sent out regarding important events.

Every year, the Company publishes the company's financial calendar, showing the dates for presentation of the interim financial statements and the date of the annual general meeting.

The Company's website is updated constantly with information distributed to shareholders. The Company's website is at: www.auss.no

Deviations from the Recommendations: None

14. Take-overs

The Board of Directors should establish guiding principles for how it will act in the event of a take-over bid.

In a bid situation, the company's Board of Directors and management have an independent responsibility to help ensure that shareholders are treated equally, and that the company's business activities are not disrupted unnecessarily. The Board has a particular responsibility to ensure that shareholders are given sufficient information and time to form view of the offer.

The Board of Directors should not seek to hinder or obstruct take-over bids for the Company's activities or shares unless there are particular reasons for this.

Any agreement with the bidder that acts to limit the company's ability to arrange other bids for the company's shares should only be entered into where it is self-evident that such an agreement is in the common interest of the company and its shareholders. This provision shall also apply to any agreement on the payment of financial compensation to the bidder if the bid does not proceed. Any financial compensation should be limited to the costs the bidder has incurred in making the bid.

Agreements entered into between the company and the bidder that are material to the market's evaluation of the bid should be publicly disclosed no later than at the same time as the announcement that the bid will be made is published.

In the event of a take-over bid for the Company's shares, the Company's Board of Directors should not exercise mandates or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the general meeting following announcement of the bid.

If an offer is made for a Company's shares, the Company's Board of Directors shall issue a statement making a recommendation as to whether shareholders should or should not accept the offer. The Board's statement on the offer should make it clear whether the views expressed are unanimous, and if this is not the case it should explain the basis on which specific members of the Board have excluded themselves from the Board's statement. The board should arrange a valuation from an independent expert. The valuation should include an explanation, and should be made public no later than at the time of the public disclosure of the board's statement. Any transaction that is in effect a disposal of the Company's activities should be decided by a general meeting.

Austevoll Seafood ASA's Articles of Association contain no limitation with regard to share acquisition. The shares are freely transferable.

Transparency and equal treatment of shareholders is a fundamental policy. Should a bid be made for the company, the Board of Directors will make a thorough evaluation of the bid.

Deviations from the Recommendations: None

15. Auditor

The auditor should submit the main features of the plan for the audit of the company to the Boards of Directors annually.

The auditors should participate in meetings of the Board of Directors that deal with the annual accounts. At these meetings the auditor should review any material changes in the Company's account principles, comment on any material estimated accounting figures and report all material matters on which there has been disagreement between the auditor and the executive management of the company.

The auditor should at least once a year present to the Board of Directors a review of the company's internal control procedures, including identified weaknesses and proposals for improvement.
The Board of Directors shall hold a meeting with the auditor at least once a year at which neither the CEO nor any other member of the executive management is present.

The Board of Directors shall establish guidelines in respect of the use of the auditor by the Company's executive management for services other than the audit. The Board should receive annual written confirmation from the auditor that the auditor continues to satisfy the requirements for independence. In addition, the auditor should provide the Board with summary of all services in addition to audit work that have been undertaken for the Company.

The company's auditor follows an annual auditing plan which is reviewed in advance together with the Audit Committee and management. Furthermore, the auditor attends meetings together with the Audit Committee and management subsequent to the interim audit and in connection with the Company's presentation of interim reports for the fourth quarter. The auditor attends the Board meeting for approval of the annual report, and also holds a meeting on the subject of the annual report with the Board to which meeting the management does not attend. The auditor prepares a written confirmation of independence for the Audit Committee, providing written disclosure to the Committee of all other services provided in addition to mandatory auditing. Moreover, the auditor is available for questions and comments to the annual accounts and other matters at the Board's discretion.

Deviations from the Recommendations: None

Directors of the board

Helge Singelstad
Chairman
Mr. Singelstad is CEO in Laco AS. Mr. Singelstad is educated in engineering from Bergen Ingeniørskole, he is business school graduate from NHH, and he has a degree from the first year of law school at UIB. Singelstad has experience from different types of businesses: oil companies, ship equipment and the seafood sector. Mr. Singelstad has had executive positions in Lerøy Seafood Group ASA since 1993.

Oddvar Skjegstad
Deputy Chairman
Mr. Skjegstad has a degree as Master of Business and Administration from NHH. Mr. Skjegstad is self employed and has wide experience from executive positions in public administration, bank and industrial activity and holds board positions in companies within several different business sectors.

Lill Maren Møgster
Member of the Board
Mrs. Møgster is one of the main owners in Laco AS, the main shareholder of Austevoll Seafood ASA and DOF ASA. Mrs. Møgster is educated Bachelor of Management from BI Norwegian Business School. She holds the position as controller in Hallvard Lerøy AS. Mrs. Møgster has been working in various subsidiaries of Laco AS since 2007, and has experience from sales and economy.

Inga Lise L. Moldestad
Member of the Board
Mrs. Moldestad is educated as MBA and State Authorised Public Accountant. Mrs. Moldestad holds the position as Executive Vice President and partner in Holberg Fondsforvaltning, a Bergen based asset Management Company. She has extensive experience from securities markets with Holberg, Unibank, Skandia and Vesta and experience from auditing and consulting from Arthur Andersen and Ernst & Young.

Helge Møgster
Member of the Board
Mr. Møgster is one of the main owners in Laco AS, the main shareholder of Austevoll Seafood ASA and DOF ASA. He has long experience from both the offshore supply and fishery industry. He is holding board positions in several companies.

Hilde Waage
Member of the Board
Mrs Waage is educated Master of Science from Norwegian School of Management. Deputy CEO/CFO Ocea Group, a global supplier to the Aquaculture Industry. From previously Mrs. Waage holds a wide experience from Banking, Shipping, the Fishing Industry in Chile and Management Consulting.

Board of directors' report for Austevoll Seafood ASA 2012

Introduction

Austevoll Seafood ASA (AUSS) is a vertically integrated seafood group with activities within pelagic fishing, production of fishmeal and fishoil, and processing of pelagic products for consumption. In addition, the Group has activities within Atlantic salmon and trout, from breeding to smolt production, fish for consumption, slaughtering, processing, sale and distribution. Furthermore the Group has sales activities in Norway, Europe, Asia, the USA and South America.

The head office is located on the island of Storebø in Austevoll municipality.

Important events in 2012

The following comprises a summary of significant events in the last year, plus significant events after 31 December 2012:

• As part of the Group's strategic development, the subsidiary Lerøy Seafood Group ASA (LSG) signed an agreement in Q4 2011 to acquire 50.1% of the shares in the Dutch company, Rode Beheer B.V. (Rode). The acquisition took place in early March 2012. Rode is involved in the smoking and processing of Atlantic salmon and has an annual processing capacity of around 10,000 tons of Atlantic salmon, of which approx. 40% is utilised for smoked products. The company also processes other species of fish. The Group is extremely satisfied with Rode's development in 2012.

• In Q1 2012, LSG and SalMar ASA (SalMar) signed a strategically important agreement whereby LSG shall slaughter and process a high volume of fish at the Innovamar plant in Frøya, while SalMar shall slaughter their total production volume of fish in the north at LSG's plant on the island of Skjervøy. We are extremely satisfied with this new alliance, which will allow both parties to realise major efficiency gains and capital rationalisation. The agreement is an extension of a long-standing cooperation between LSG and SalMar, and the aim is to establish a long-term agreement once the trial period is over.

• In Q4 2011, AUSS' fishmeal and fishoil manufacturer in the Northern Atlantic, Welcon Invest AS, signed an agreement to acquire 50% of the shares in Hordafor AS. Hordafor AS (the group) manufactures protein concentrate and marine oils based on by-products from the pelagic industry and salmon industry. Hordafor AS has production plants along the Norwegian coast and a well-developed logistics system for collection of cut-offs. The company's products are utilised primarily as input factor for production of feed for the aquaculture and agricultural industries. The share acquisition took place in February 2012.

• AUSS' subsidiary in Chile, FoodCorp S.A., signed a strategic cooperation agreement in 2012 with the Chilean fishing company, Alimar. Together, these two companies have formed a new company, MarFood, to take on operation of the majority of the two companies' vessels, including fishing rights, production of fishmeal and oil, and frozen and canned products. The Group is extremely satisfied with this new alliance, which will allow both parties to realise efficiency gains and capital rationalisation.

• In 2012, AUSS issued two new senior unsecured bond loans, in line with the company's financial strategy. The first loan was issued in January 2012 totalling NOK 400 million. This bond loan is valid for 5 years and matures on 7 February 2017. The coupon rate for the loan is 3 months NIBOR + 4% per annum, with quarterly interest payments. The second loan was issued in October 2012 totalling NOK 500 million. This bond loan is valid for 6 years and matures on 15 October 2018. The coupon rate for the loan is 3 months NIBOR + 4.10% per annum, with quarterly interest payments. AUSS has utilised NOK 150 million to repurchase the company's bond loan maturing in October 2013.

• On 6 February 2013, AUSS acquired 1,720,000 shares in Norway Pelagic ASA (NPEL), thereby increasing the company's shareholding from 43.3% to 52.63%. The share acquisition triggered a mandatory offer for all the shares in NPEL at a price of NOK 15.50 per share. The offer document was published on 5 March 2013 with a deadline for acceptance of 3 April 2013. On expiry of the deadline, AUSS owns 90.1% of the shares in NPEL.

The Group's activities

In 2012, the Group's activities were divided into the following business segments: Production of fishmeal and fishoil; Products for consumption; Pelagic North Atlantic; and Production, sale and distribution of salmon, trout and other seafood.

Production of fishmeal and fishoil

Operations within production of fishmeal and oil are run by the subsidiaries of Welcon Invest AS in Europe, FoodCorp S.A. in Chile and Austral Group S.A.A. in Peru.

In Europe, production in 2012 was carried out at the Welcon Group's facilities in Bodø, Måløy, Karmøy, Grimsby, Aberdeen and Killybegs. Raw materials used in production are mainly blue whiting, capelin, sand eel, Norway pout, herring and cut-offs from pelagic production for consumption. In Norway, raw materials are purchased via the auction system operated by Norges Sildesalgslag, the Norwegian Fishermen's sales organisation for pelagic fish. Cut-offs, however, are purchased directly from the plants used for products for consumption. In Q1 2012, the Welcon Group acquired 50% of the shares in Hordafor AS, a company with a well-developed logistics system for collection of cut-offs from pelagic fish and salmon for the production of protein concentrate and oil.

In Chile, the Group has a factory in Coronel, and a cooperation agreement with Alimar, located in Lota. These two companies mainly use anchoveta and pelagic consumption product cut-offs for their production. Anchoveta as a raw material is mainly purchased from the coastal fishing fleet.

In Peru, the Group has seven factories located in Paita, Chicama, Coishco, Huarmey, Pisco, Chancay and Ilo. As in Chile, the main products used in production in Peru are anchoveta and cut-offs from pelagic production for consumption. The company has its own quota for anchoveta, so a large proportion of the raw material comes from its own fleet. In addition to own catches, the company purchases raw materials from other companies in the industry.

Sales of fishmeal, protein concentrate and fishoil in 2012 totalled 240,000 tons. The corresponding figure in 2011 was 226,000 tons (not including protein concentrate). The volume of anchoveta fished in Peru in 2012 was significantly lower than in 2011, with 3.55 million tons in 2012 compared with 6.97 million tons in 2011. The business segment reported sales of NOK 2,141 million in 2012 compared with NOK 1,820 million in 2011. The business segment had an operating profit before depreciation and amortisation (EBITDA) of NOK 503 million in 2012 compared with NOK 464 million in 2011.

The average prices achieved for fishmeal and oil in 2012 were significantly higher than in 2011.

Products for consumption

Activities within production for direct consumption are run by the subsidiaries FoodCorp S.A. in Chile and Austral Group S.A.A. in Peru. The products within this segment are canned horse mackerel, mackerel, sardines, tuna and salmon, in addition to processed horse mackerel for freezing and distribution of fresh fish.

The Group has two canning plants in Chile, located in Coronel and Puerto Montt, and one plant for processing of pelagic fish for freezing in Coronel. In Peru, the Group has three canning factories, located in Paita, Coishco and Pisco. The plant in Coischo also processes pelagic fish for freezing.

In 2012, the business segment sold approx. 2.4 million boxes of canned products and approx. 20,000 tons of frozen products. In 2011, the business segment sold approx. 3 million boxes of canned products and 18,000 tons of frozen products.

During the year, Austral Group S.A.A's fleet fished approximately 26,000 tons of horse mackerel and mackerel, compared to 64,000 tons in 2011. As expected, the quotas for horse mackerel in Chile were extremely low again in 2012. However, thanks to the alliance with Alimar, total production of horse mackerel at the company's plants in 2012 reached approx. 44,000 tons, compared with approx. 20,000 tons in 2011. In addition to raw materials from the company's own fleet, raw materials are also purchased from third parties to be utilised as input to the business segment's production for consumption.

In 2012, the business segment reported sales of NOK 608 million, compared with NOK 671 million in 2011. In 2012, the business segment had an EBITDA of NOK 31 million, compared with NOK 73 million in 2011. The prices achieved for frozen products were satisfactory. The business segment did however experience pressure on the prices for canned products, due to increased competition from Chinese products.

The company is following its long-term strategy to gradually increase the share of raw materials utilised for direct consumption, where technically and commercially possible.

Pelagic Northern Atlantic

On 1 July 2011, Austevoll Fisk AS was merged with Norway Pelagic ASA's (NPEL) wholly-owned subsidiary, Norway Pelagic AS. Subsequent to this transaction, AUSS owned 43.3% of NPEL and the company was reported as an associated company in 2012 and 2011 under the Pelagic Northern Atlantic business segment. In February 2013, AUSS acquired a further 1,720,000 shares in NPEL, triggering a mandatory offer for all the shares in NPEL. The offer document was published on 5 March 2013 with an acceptance deadline of 3 April 2013. On expiry of the deadline, AUSS owns 90.1% of the shares in NPEL. With effect from February 2013, NPEL is reported as a subsidiary of AUSS.

The figures for Norway Pelagic ASA are reported under associated companies, and constitute a loss of NOK 3 million in 2012 compared with a profit of NOK 25 million in 2011.

Production, sale and distribution of Atlantic salmon and trout

This business segment comprises all operations for Lerøy Seafood Group ASA (LSG).

In 2012, the business segment reported sales of NOK 9,103 million and EBITDA before biomass adjustment of NOK 775 million. Sales in 2012 totalled 153,403 tons of salmon and trout from own production. In 2011, sales for the business segment totalled NOK 9,177 million, with EBITDA before biomass adjustment of NOK 1,485 million. The volume of salmon and trout sold from own production was 136,697 tons.

The year 2012 will be remembered for the record-high growth in the global volume of Atlantic salmon. When compared with 2011, the business segment sold a significantly higher volume of its main products – Atlantic salmon and trout – in 2012, albeit at a considerably lower price. The level of activity in the business segment is satisfactory and affords the Group good opportunities to improve its position as a leading exporter of seafood.

This is proof that the efforts of the business segment are bearing fruit. Even if we still find substantial differences between the different units within this segment, it is very pleasing to see a positive development. One main goal is to reduce the considerable cost differences that have developed between geographical regions in recent years. It is therefore essential that the organisation as a whole can sustain the patience, will and capacity to find the motivation to work towards goals, the results of which will only materialise in one to two years' time.

In line with its market strategy, the business segment exported a broad range of seafood products from Norway to a large number of countries in 2012, the most significant being France, Japan, Sweden and USA. It is satisfying to observe that the efforts related to distribution of fish in the Nordic countries are generating positive developments that strengthen our own and our customers' position in this important seafood market.

Shareholder structure

As of 31 December 2012, AUSS had 4,577 shareholders. The share price was NOK 28.50 at the end of December 2012. Share capital at year-end 2012 was NOK 101,358,687 divided between 202,717,374 shares, each with a nominal value of NOK 0.50.

In the period leading up to the annual general meeting in 2013, the Board of Directors is authorised to increase the share capital by issuing 20,271,737 shares. Moreover, the Board is authorised in the same period to buy back up to 20,271,737 of AUSS' shares at a price range of between NOK 20 and NOK 150. As of year-end 2012, AUSS had no own shares. A proposal will be made to the company's annual general meeting to extend the established authorisations.

AUSS aims to maximise value creation for the benefit of shareholders by constantly striving to achieve good results. Over time, the target is to pay out between 20% and 40% of the Group's net profit in dividend. The Board of Directors will recommend to the annual general meeting in 2013 a dividend payment of NOK 1.20 per share, compared with NOK 1.00 per share last year. If approved, the total dividend payment will be NOK 243,260,848.80, compared with a dividend figure for 2011 of NOK 202,717,374.

The Board of Directors complies with the Norwegian Code of Practice for Corporate Governance. The Board is of the opinion that AUSS is appropriately organised and that its activities are carried out in compliance with relevant legislation and regulations and in accordance with the company's objects and Articles of Association. Please refer to the separate chapter in the annual report on Corporate Governance.

Risk management and internal control

It is neither possible, nor wholly desirable, to eliminate all the risks related to the Group's activities. The Board of Directors does, however, focus on systematically working to identify risk areas and monitoring defined risks within the Group companies. The Board views risk management as part of the long-term increase in value for the company's shareholders, employees and the wider community. The Group's growth opportunities must always be viewed in the context of the Group's overall risk profile.

Identified risks are monitored on a regular basis to ensure that the Group's risk exposure is acceptable. The target is to ensure that over time the Group, including the individual companies within the Group, increases its expertise in and awareness of risk identification and implements sound risk management procedures, in order to help the Group achieve its overall targets. The level of systematic risk identification and risk management varies among the Group companies.

The Group's diversified company structure and product range, including its geographical spread, may limit risk in terms of specific product volatility and business cycles. The Group's internal control and risk management related to the process of financial reporting are described under chapter 10, Corporate Governance.

Employees

The total number of full-time equivalents (FTEs) for the Group in 2012 was 5,284, of which 3,107 are outside of Europe. Corresponding figures for 2011 were 6,406 FTEs with 4,193 outside of Europe. Female employees are under-represented in the Group's fishing activities but over-represented within processing. Of a total six members of the company's Board of Directors, three are women. The company fulfils the requirement for 40% female representation among the company's shareholder elected board members.

The sickness absence rate in 2012 was 4.87% for land-based working hours in the European part of the Group. The comparative figure for 2011 was 4.96%. The Group actively pursues its strategy to achieve continuous reductions in sickness absence wherever possible.

In Norway, the Group is affiliated with local company health services. A number of personal injuries resulting in absence were registered in the Group in 2012. Undesired events and near-accidents are registered on an ongoing basis in order to prevent future undesired events/injuries. This focus on reporting and dealing with undesired events will help create a safer working environment.

In 2009, the Board of Directors adopted ethical guidelines setting out, among other things, standards for good business practice for the Group's employees and what the Group considers appropriate behaviour towards colleagues and employees.

The Group seeks at all times to ensure equal opportunities and rights for all employees, and to prevent discrimination on grounds of nationality, ethnicity, skin colour, language, religion or lifestyle. The Group also aims to be a workplace where there is no discrimination on grounds of disability.

Corporate social responsibility, health, safety and the environment

The Group places great emphasis on managing and developing factors which may help to increase expertise in and awareness of health, safety and the environment. Financial and technical resources are deployed to ensure that the Group's activities are operated in accordance with guidelines which promote the interests of the company and the environment. Planning and implementation of new technical concepts make vessels and sea and land-based industry more efficient, easier to operate and more environmentally friendly, thus reducing the health and safety risk for employees.

The processing industry in Norway has implemented quality assurance systems in accordance with regulations issued by the Directorate of Fisheries. The Group's fishmeal and fishoil production requires a licence and is governed by the regulations of the Norwegian Pollution Control Authority (SFT). All the Group's Peruvian factories, owned by Austral Group S.A.A, have ISO 14001 certification.

AUSS is committed to the sustainable management of fishery resources and actively monitors employee and management compliance with regulations and quota provisions, among other things to help ensure that resources are conserved for future generations.

Austral Group S.A.A has achieved 'Friend of the Sea' certification. This is awarded by an independent certification body with detailed knowledge of fishing, and focuses on anchovy. The certification relates to products based on anchovy and can only be awarded after a comprehensive approval process. The certification awarded to Austral Group S.A.A covers fishmeal and fishoils, canned and frozen goods based on Peruvian anchovy. The certification confirms that the fish stocks are being utilised in accordance with criteria for sustainable fishing, and that the resources are not being overfished (www.friendofthesea.com).

The Group's fisheries focusing on Norwegian spring spawning herring and North Sea herring gained MSC certification on 30 April 2009. The MSC (Marine Stewardship Council) is an independent, non-profit organisation which seeks to promote responsible fishing in order to ensure sustainable fish stocks. The MSC has developed an environmental standard for sustainable and well-controlled fishing. The standard is based on three main principles: sustainable fish stocks, minimal impact on the ecosystem of which the stocks are part, and effective management.

The Group's fish farming operations are closely linked to natural conditions in Norwegian and international fresh and salt waters. Based on a long-term perspective, the Group seeks to protect and safeguard the environment in the areas utilised for fish farming. Environmental aspects form part of the Group's quality policy and are an integral part of the internal control system in the Group's fish-farming companies. This applies throughout the value chain from breeding to smolt production, fish for consumption, slaughtering, processing and distribution.

The Group's vessels are not considered to cause any pollution to the external environment over and above generally accepted and/or statutory levels. The Group's land-based facilities have purification systems linked to the production process, and operations are regulated by the requirements set for this type of activity.

The Group focuses on reducing energy and water consumption and the Board of Directors does not consider the Group's processing activities to cause any significant emissions or discharges to the external environment. The Group works continuously to minimise energy requirements per kilo of seafood produced in the Group's processing plants.

The Board of Directors focuses on corporate social responsibility, and works to ensure that all the Group's employees, at all stages of production, are made aware of the need to practise social responsibility in their daily work, and that the Group's social responsibility is manifested in the local communities in which it operates.

The Group companies exercise their social responsibility on a daily basis, during operations and by getting involved in local communities.
In this regard, reference is made to the separate chapter of the annual report regarding the environment and corporate social responsibility.

Consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS, as adopted by the EU.

Group income totalled NOK 11,828 million in 2012 compared with NOK 12,162 million in 2011. Accordingly, operating profit before depreciation and biomass adjustment in 2012 was NOK 1,303 million compared with NOK 2,046 million in 2011. Sales of Atlantic salmon and trout in 2012 were significantly higher than in 2011, albeit at substantially lower prices. Prices achieved for fishmeal and fishoil have been considerably higher in 2012 when compared with 2011. Operating profit (EBIT) before biomass adjustment in 2012 amounted to NOK 732 million, down from NOK 1,533 million in 2011. In 2012, a figure of NOK 50 million was booked as other costs and write-downs related to the closure of Lerøy Hydrotech's slaughterhouse in Kristiansund. Operating profit after biomass adjustment in 2012 amounted to NOK 1,027 million, up from NOK 918 million in 2011.

In 2012, the profit figure from associated companies totalled NOK 29 million, compared with NOK 46 million in 2011. The decline in profit is partly due to a lower profit figure reported by Norway Pelagic ASA in 2012 when compared with 2011.

Net financial expenses in 2012 were NOK 161 million compared with NOK 191 million in 2011. Profit for the year after tax was NOK 643 million. The corresponding figure for 2011 was NOK 527 million.

Consolidated net cash flow from operating activities amounted to NOK 914 million in 2012, compared with NOK 1,032 million in 2011. Tax payments totalled NOK 497 million in 2012, compared with NOK 490 million in 2011. 2012 saw a significant reduction in the change in working capital when compared with the previous year, particularly for the pelagic business segment.

Net cash flow from investing activities was negative at NOK 762 million in 2012 and comprises normal investments in maintenance, a new smolt plant which was completed at the end of 2012, dividends from associated companies, and the acquisition of shares, of which the largest items are the shares in Hordafor AS and Rode Beheer B.V. In 2011, the Group reported net cash flow from investing activities of minus NOK 679 million, comprising investments in maintenance, the construction of the new smolt plant, dividends received from associated companies, and the acquisition of shares.

Net cash flow for the year from financing activities was negative at NOK 344 million. This figure constitutes payment of ordinary instalments and the repurchase of NOK 150 million of AUSS' bond loan maturing in October 2013. In 2012, AUSS issued two unsecured senior bond loans of NOK 400 million and NOK 500 million. In 2011, the Group reported a net cash flow from financing activities of minus NOK 783 million. In addition to the payment of ordinary instalments, financing comprised the downpayment of a bond loan maturing in June 2011 and the reduction of long-term overdraft facilities by NOK 500 million. At the start of 2012, the Group had cash and cash equivalents totalling NOK 2,383 million. This figure at the end of the year was NOK 2,181 million.

At the end of 2012, the consolidated balance sheet total was NOK 18,958 million. The corresponding figure at the end of 2011 was NOK 18,574 million. The Group is financially strong with equity at year-end 2012 of NOK 9,400 million and an equity ratio of approx 50%. Equity at year-end 2011 was NOK 9,200 million, also representing an equity ratio of 50%. At the end of 2012, the Group had net interest-bearing debt of NOK 3,825 million. The corresponding figure at the end of 2011 was NOK 3,361 million. The Group has a good rate of financing from banks, including several substantial overdraft facilities, and has built up a high level of trust over the years on the market for bond issues.

Financial risk

The Group is exposed to risk associated with the value of investments in subsidiaries in the event of price changes in the market for raw materials and finished goods, in so far as these changes bring about changes in the companies' competitiveness and earnings potential over time. Operational conditions and developments in the Group's input factor prices are also key parameters.

The Group's activities are essentially global in nature, and will always be impacted to some extent by developments in the world economy. Given the turbulence in the financial markets in recent years, uncertainty in the macro picture is perceived to be above the level considered normal. Although this uncertainty may have negative effects on the real economy in most markets, we consider AUSS' core activities to be founded on long-term sustainable values in promising seafood industries.

Changes in fishing patterns and quota regulations mean quarter-on-quarter and year-on-year fluctuations in catch volumes, leading in turn to fluctuations in utilisation of the Group's production facilities. Seasonal variations in catch volumes result in equivalent fluctuations in short-term key figures. The Group's production of Atlantic salmon and trout will always be subject to biological risk. Exposure to risk as a result of changes in interest rate levels is identified and assessed on an ongoing basis as the majority of the Group's debt is at floating rates of interest. In the second half of 2011, the Group signed an agreement for a fixed rate of interest via its subsidiary, LSG. The fixed interest rate agreement constituted less than 17% of the Group's net interest-bearing debt at year-end 2012.

The Group has always attached importance to long-term collaboration with financial partners. The Group therefore has satisfactory financing in place, including so-called financial covenants tailored to the Group's operations.

The Group is exposed to fluctuations in foreign exchange rates, particularly for the EURO, USD, Chilean Peso and Peruvian Soles. The Group seeks to reduce this risk by entering into forward contracts and making use of multi-currency credit facilities. Furthermore, parts of the long-term debt are adapted in relation to earnings in the same currency.

The Group seeks to reduce the risk of counterparties being unable to meet their financial obligations by taking out credit insurance for parts of the total receivables and by using letters of credit, which essentially secure fulfilment of customer commitments. Historically, the Group has had a low level of bad debts.

The Board of Directors of AUSS considers the liquidity in the company to be satisfactory. Due dates for accounts receivable are upheld and other long-term receivables are not considered to require renegotiation or redemption.

Going concern assumption

The Group has a satisfactory economic and financial position which provides the grounds for continued operations and further development of the company. The consolidated financial statements have been prepared under the going concern assumption.

Company financial statements for Austevoll Seafood ASA

Austevoll Seafood ASA is the holding company for the Group. At year-end 2012, the company had four employees, with a sickness absence rate of 0.08%, compared with 1% in 2011. The company's primary activity consists in owning shares in underlying companies and carrying out strategic processes, board work and technical operational services for the underlying subsidiaries. In 2012, the company demerged its accounting and financial services into a separate company. As a result the total number of employees in the parent company was reduced from 11 to 4 persons.

The parent company's financial statements have been prepared in accordance with simplified IFRS.

Income reported by the parent company was NOK 2.5 million in 2012, compared with NOK 8 million in 2011. The decline in income is attributed to the demerger of the accounting and financial services into a separate subsidiary in 2012. These services are therefore no longer reported by the parent company.

Accordingly, the parent company reported an operating loss before depreciation (EBITDA) in 2012 of NOK 29.8 million compared with a loss of NOK 28.5 million in 2011.

Net financial items returned a positive result of NOK 158 million in 2012. The corresponding figure for 2011 was also positive at NOK 222 million. The positive net financial items for both years include recognition of dividends from subsidiaries. The profit figure after tax for 2012 amounted to NOK 158 million, with a comparative figure for 2011 of NOK 213 million.

Net cash flow from operating activities for the parent company amounted to NOK -39 million in 2012, compared with NOK 260 million in 2011. Net cash flow from investing activities in 2012 was NOK 396 million, mainly comprising changes in long-term receivables and dividends received. In 2011, the parent company reported net cash flow from investing activities of NOK 328 million which mainly represented the investment in shares in Br. Birkeland AS and dividends received.

In 2012, the parent company reported a net cash flow from financing activities of NOK 112 million, comprising dividend payments of NOK 202 million, ordinary instalments, downpayment of bond loans and the issue of two new bond loans totalling NOK 900 million. In line with its financial strategy, the company will establish new bond loans if the terms for such loans are deemed appropriate. In 2011, the parent company reported a net cash flow from financing activities of minus NOK 1,216 million, comprising dividend payments of NOK 304 million, ordinary instalments, downpayment of bond loans (net NOK 138 million) and the reduction of long-term overdraft facilities by NOK 500 million.

At the start of 2012, the parent company had cash and cash equivalents totalling NOK 653 million. This figure at the end of the year was NOK 1,122 million.

The parent company had a balance sheet total at year-end 2012 of NOK 6,697 million. Equity totalled NOK 4,464 million, with an equity ratio of 67%. The company's net interest-bearing debt at year-end was NOK 778 million. This does not include long-term interest-bearing receivables from subsidiaries. Long-term interest-bearing receivables from subsidiaries totalled NOK 1,331 million.

The parent company financial statements have returned a profit of NOK 158 million. The Board of Directors proposes the following allocation of this profit figure: NOK 243 million to dividend payments, NOK 0.5 million to Group contribution and NOK 88 million from other distributable equity. After the above-mentioned allocation, the parent company's distributable equity totals NOK 649 million.

The parent company has a satisfactory economic and financial position which provides the grounds for continued operations and further development of the company. The parent company's financial statements have been prepared under the going concern assumption.

Outlook

Fishmeal and fishoil

The prices for fishmeal and fishoil have seen a gradual increase throughout the entire year. In Q4 2012, these prices saw a further increase due to the considerable reduction in the anchoveta quota for the second fishing season in Peru, which started in November. The market is currently awaiting the stipulation of the Peruvian anchoveta quota for the first season in 2013.

Human consumption

The trend witnessed over the past years for a low volume of raw materials for the consumption segment is expected to continue in 2013. The Board of Directors expects to see continuing high demand for the Group's products for consumption and price levels are estimated to be similar to those in 2012.

Production, sale and distribution of salmon and trout

It is expected that the strong growth in global supply of Atlantic salmon witnessed over the last couple of years will abate during the present year. The low price level the industry has faced over the last 12 months has contributed to a very strong development in demand. High demand combined with expectations for improved productivity for the segment, including improvements to biology, allow for a positive attitude towards developments.

Pelagic Northern Atlantic

Demand for pelagic fish from the market is relatively good. There has been a significant negative correction in mackerel prices in 2012. By the end of 2012, mackerel prices had stabilised and are expected to see a slight improvement in 2013. The quota for Norwegian spring spawning herring has seen a dramatic reduction over recent years and this is also the case in 2013. Despite this, there still remains a certain pressure on prices for Norwegian spring spawning herring. This is in part related to the increase in the quota for North Sea herring.

The Group

The development of long-lasting values requires patience and the ability to think in the long term. The Group is financially sound and can report a positive development, with a current strong position on a number of seafood markets worldwide. The Group shall continue to grow and further develop over time within its current business segments.

Keeping in mind the prevailing market conditions, the Board of Directors is in principle satisfied with the Group's results for the year 2012.

The Board of Directors would like to take this opportunity to praise the Group's employees for their hard work and understanding of the need to maintain a firm focus on results and operations, and to be willing to change, no matter where they work.

The strong position held by the Group within the global seafood business provides grounds for a positive outlook for the Group's future development.


M/S "Møgsterfjord"

Storebø, 11 April 2013
The Board of Directors of Austevoll Seafood ASA

Helge Singelstad *Chairman*	Oddvar Skjegstad *Deputy Chairman*	Helge Møgster	Inga Lise Lien Moldestad
Hilde Waage	Arne Møgster *President & CEO*	Lill Maren Møgster	

Income statement

Amounts in NOK 1 000	Note	2012	2011
Sales revenue	**10,11,32**	**11 633 022**	**12 029 060**
Other income	**10, 11**	218 574	127 439
Other gains and losses	**11**	-23 369	5 072
Raw materials and consumables used		-7 794 486	-7 440 817
Salaries and personnel expenses	**12,27**	-1 451 013	-1 456 731
Other operating expenses	**12,30,32**	-1 279 384	-1 218 250
Operating profit before depreciation, amortisation, impairment and fair value adjustment of biological assets		**1 303 344**	**2 045 773**
Depreciation	**16**	-542 062	-504 135
Amortisation of intangible assets	**15**	-3 588	-3 614
Impairments/reversal of impairments	**15,16**	-25 858	-4 590
Operating profit before fair value adjustment of biological assets		**731 836**	**1 533 434**
Fair value adjustment of biological assets	**21**	294 735	-615 767
Operating profit	**10**	**1 026 571**	**917 667**
Income from associated companies	**17**	29 342	45 793
Financial income	**13**	141 503	109 582
Financial expenses	**13**	-302 580	-300 606
Profit before taxes		**894 836**	**772 436**
Income tax expense	**26**	-251 664	-245 773
Profit for the year		**643 172**	**526 663**
Profit attributable to non-controlling interest		217 571	157 279
Profit attributable to shareholders of Austevoll Seafood ASA		425 601	369 384
Average no. of shares (thousands)	**14**	202 717	202 717
Earnings per share (NOK)	**14**	2,10	1,82
Earnings per share - diluted (NOK)	**14**	2,10	1,82
Suggested dividend per share	**14**	1,20	1,00

Statement of comprehensive income

Amounts in NOK 1 000	Note	2012	2011
Profit for the year		**643 172**	**526 663**
Other comprehensive income to be recycled to profit and loss			
Cash flow hedges	**22**	-27 086	-5 161
Change in value of available-for-sale financial assets	**18**	-7 200	3 564
Currency translation differences		-136 455	149 024
Other Comprehensive income not to be recycled to profit and loss			
Share of other comprehensive income of associated not to be recycled		-1 847	126
Other comprehensive income net of tax		**-172 588**	**147 553**
Total comprehensive income for the year		**470 584**	**674 216**
Attributable to:			
Non-controlling interest		191 811	167 294
Shareholders of Austevoll Seafood ASA		278 773	506 922
Total comprehensive income for the year		**470 584**	**674 216**

Statement of Financial Position

Amounts in NOK 1 000	Note	31.12.2012	31.12.2011
Assets			
Goodwill	**15**	1 774 039	1 649 442
Deferred tax asset	**26**	32 537	29 442
Licenses	**15**	4 306 991	4 350 871
Brand/trademarks	**15**	50 000	53 062
Vessels	**16**	437 637	541 244
Other property, plant and equipment	**16**	3 707 982	3 439 027
Associated companies	**17**	1 165 863	1 157 431
Investments in other shares	**18**	45 126	49 143
Non-current receivables	**19**	35 468	45 699
Total non-current assets		**11 555 643**	**11 315 361**
Inventories	**20**	753 142	913 786
Biological assets	**21**	2 724 941	2 370 938
Trade receivable	**3,19,32**	1 214 462	1 189 131
Other current receivables	**19,22**	528 736	402 331
Cash and cash equivalents	**3,24,29**	2 180 629	2 382 938
Total current assets		**7 401 910**	**7 259 124**
Total assets		**18 957 553**	**18 574 485**
Equity and liabilities			
Share capital	**25**	101 359	101 359
Share premium		3 713 549	3 713 549
Retained earnings and other reserves		2 935 556	2 870 839
Non-controlling interest	**8**	2 670 198	2 513 860
Total equity		**9 420 662**	**9 199 607**
Deferred tax liabilities	**26**	1 917 325	1 813 520
Pension obligations and other obligations	**27, 22**	59 914	22 246
Borrowings	**3,29**	4 443 984	4 317 616
Total non-current liabilities		**6 421 223**	**6 153 382**
Borrowings	**3,29**	1 566 445	1 426 575
Trade payable	**3,32**	965 194	843 279
Tax payable	**26**	109 509	388 889
Other current liabilities	**31, 22**	474 520	562 753
Total current liabilities		**3 115 668**	**3 221 496**
Total liabilities		**9 536 891**	**9 374 878**
Total equity and liabilities		**18 957 553**	**18 574 485**

Storebø, 11.04.13

Helge Singelstad
Chairman

Oddvar Skjegstad
Deputy Chairman

Helge Møgster

Inga Lise
Lien Moldestad

Hilde Waage

Arne Møgster
President & CEO

Lill Maren Møgster

Statement of changes in equity

Amounts in NOK 1 000	Note	Share capital	Share premium	Currency translation differences	Cashflow hedge reserves	Retained earnings	Non-controlling interest	Total equity
Equity 01.01.11		**101 359**	**3 713 549**	**-92 246**	**0**	**2 774 655**	**2 613 544**	**9 110 860**
Profit for the period		**0**	**0**	**0**	**0**	**369 384**	**157 279**	**526 663**
Other comprehensive income in the period		0	0	133 974	-5 161	8 725	10 015	147 553
Total comprehensive income in the period		**0**	**0**	**133 974**	**-5 161**	**378 109**	**167 294**	**674 216**
Transactions with shareholders								
Dividends						-304 076	-242 571	-546 647
Transactions with non-controlling interest	**8**					-2 263	-4 002	-6 265
Business combinations and divestments						0	15 761	15 761
Merger/sale of subsidiary						0	-28 434	-28 434
Options						-7 420	-4 689	-12 109
Other		0	0	0		-4 733	-3 042	-7 775
Total change in equity in the period		**0**	**0**	**133 974**	**-5 161**	**59 617**	**-99 683**	**88 747**
Equity 31.12.11		**101 359**	**3 713 549**	**41 728**	**-5 161**	**2 834 272**	**2 513 862**	**9 199 607**
Profit for the period		**0**	**0**	**0**	**0**	**425 601**	**217 571**	**643 172**
Other comprehensive income in the period		0	0	-130 709	-27 086	10 967	-25 760	-172 588
Total comprehensive income in the period		**0**	**0**	**-130 709**	**-27 086**	**436 568**	**191 811**	**470 584**
Transactions with shareholders								
Dividends						-202 717	-162 154	-364 871
Transactions with non-controlling interest	**8**					0	-496	-496
Business combinations and divestments	**6**					0	126 312	126 312
Other		0	0	0		-11 339	864	-10 475
Total transactions with shareholders in the period		**0**	**0**	**0**	**0**	**-214 056**	**-35 474**	**-249 530**
Total change in equity in the period		**0**	**0**	**-130 709**	**-27 086**	**222 512**	**156 337**	**221 054**
Equity 31.12.12		**101 359**	**3 713 549**	**-88 981**	**-32 247**	**3 056 784**	**2 670 198**	**9 420 662**

Cash flow statement

Amounts in NOK 1 000	Note	2012	2011
Profit before income taxes		894 836	772 436
Fair value adjustment on biological assets	21	-294 735	615 767
Taxes paid for the period	26	-496 801	-489 600
Depreciation and amortisation	15, 16	545 650	507 749
Impairments	15, 16	25 858	4 590
(Loss+/Gain-) on sale of property, plant and equipment	11	19 107	-653
(Loss+/Gain-) on investments	11	14 663	3 071
Unrealised exchange gains and losses		-27 537	3 324
Share of (profit-/loss+) from associates	17	-29 342	-45 793
Interest expense	13	274 921	278 022
Interest income	13	-68 739	-94 193
Change in inventories		124 319	-573 816
Change in accounts receivables and other receivables		-100 847	12 240
Change in accounts payables and other payables		168 557	53 411
Change in net pension liabilities		271	-2 616
Change in other accruals		-104 455	-25 902
Currency translation differences working capital		-31 383	13 617
Net cash flow from operating activities		**914 343**	**1 031 654**
Proceeds from sale of fixed assets		28 172	25 321
Proceeds from sale of shares and other equity instruments		35 367	0
Purchase of intangible and tangible fixed assets	15,16	-736 791	-736 268
Purchase of shares and equity investments in other companies/business combinations		-174 706	-125 853
Dividend received (incl dividends from associates)	17	16 509	65 454
Interest Income		68 739	94 193
Movements in long term loans granted		10 231	8 443
Currency translation differences investing capital		-9 371	-10 528
Net cash flow from investing activities		**-761 850**	**-679 238**
Proceeds from issuance of long-term interest bearing debt		1 265 177	1 067 139
Repayment of long-term interest bearing debt		-1 057 327	-1 414 588
Movement in short-term interest bearing debt		91 058	393 878
Interest paid		-277 081	-274 584
Dividends paid		-364 869	-546 647
Acquisition of interests in a subsidiary from non-controlling interests		-496	-8 124
Net cash flow from financing activities		**-343 538**	**-782 926**
Net change in cash and cash equivalents		**-191 045**	**-430 510**
Cash and cash equivalents at 01.01.		**2 382 938**	**2 810 554**
Currency exchange gains of cash and cash equivalents		-11 264	2 894
Cash and cash equivalents at 31.12.		**2 180 629**	**2 382 938**

Notes to the accounts

NOTE 1 GENERAL

Austevoll Seafood ASA is a public limited company registered in Norway. The Company's main office is located on Storebø in the municipality of Austevoll, Norway. Laco AS is the company's major shareholder and ulitmate parent (see note 25).

The Company is listed on the Oslo Stock Exchange.

The annual, statutory accounts, based upon International Financial Reporting Standards (IFRS) as adopted by EU, were approved by the Board of Directors at April 11, 2013.

In the following "Group" is used to describe information related to Austevoll Seafood ASA group whilst "Company" is used for the parent company itself.

All amounts in the notes are in NOK thousands, if not specified differently.

NOTE 2 ACCOUNTING PRINCIPLES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

BASIS OF PREPARATION

The consolidated financial statements of Austevoll Seafood Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The consolidated financial statements have been prepared under the historical cost convention, as modified by biological assets, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

(a) New and amended standards adopted by the group

The following standards, amendments and interpretations applicable to the group has been adopted by the group for the year beginning on or after January 1, 2012:

• IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities of the group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

(b) New standards and interpretations not yet adopted by the group

The following standards, amendments and interpretations applicable to the group will be effective for the financial statements of the year beginning on or after January 1, 2013:

• IFRS 9, 'Financial Instruments'. IFRS 9 introduces new requirements for classifying and measuring financial assets. The standard is not applicable until 1 January 2013 but is available for early adaptation. However, the standard has not yet been endorsed by the EU, and IASB has made a suggestion to delay the implementation to period starting after 1.January 2015. Group is yet to assess the full impact of IFRS 9.

• IAS 19 "Employee benefits" was amended in June 2011. The impact on the group will be as follows: to immediately recognise all past service costs; and to replace interest costs and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The Group does not expect the effects of the amendment to have material impact on the financial statements, as the defined benefit pension schemes of the Group are limited, and the unrecognised actuarial losses as of 31.12.2012 are immaterial.

• IFRS 11 "Joint arrangements". The Group intend to adopt IFRS 11 from the accounting period beginning 1 January 2014, as the standard is not adopted by EU from 1 January 2013. The amendment introduces a classification split between joint operations and joint investments. Joint operations shall be accounted for by the proportional method, whereas joint investment shall be accounted for by the equity method. The amendment gives guidelines on matters to consider in the classification between the categories. The effect of the amendment for the Group may be a change in the accounting policy of current joint ventures that under the amended standard should be classified as joint investments. The Group is currently in the process of reviewing all joint venture agreements in order evaluate the proper classification under the amended standard. Final conclusions here are yet to be reached, but preliminary analysis indicate that some of the joint ventures may classify as joint operations, and some may classify as joint investments. Note 17 presents current

balance sheet values of joint ventures as consolidated by the proportional method under the current standard.
• IFRS 10 "Consolidated financial statements" amendments will provide additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess the full impact of IFRS 10, but it is by current analysis not expected to result in any change in control assessment of current ownership interests of the Group.
• IFRS 12 "Disclosures of interests in other entities" includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
• IFRS 13 "Fair value Measurement". The Group intend to adopt IFRS 13 from the accounting period beginning 1 January 2013.

The Group is yet to assess the full impact of IFRS 12 and IFRS, but they are expected to not have a material impact on the financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have material impact on the group.

CONSOLIDATION

Subsidiaries
Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. The group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-fact control may arise in circumstances where the size of the group's voting rights relative to the size and dispersion of holdings of other shareholders give the group the power to govern the financial and operating policies, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any assets or liabilities resulting from a contingent consideration arrangement. Acqusition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportional share of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquire is re-measured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances income and expenses on transactions between group companies are eliminated. Profit and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Changes in ownership interests in subsidiaries without change of control
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Notes to the accounts

Disposal of subsidiaries
When the group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Associates
Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognise the amount adjacent to 'share of profit/(loss) of an associate' in the income statement.

Profit and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the group's financial statement only to the extent of unrelated investor's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been translated where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

Joint ventures
The group's interests in jointly controlled entities are accounted for by proportionate consolidation. The group combines its share of the joint ventures individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the group's financial statements. The group recognises the portion of gains or losses on the sale of assets by the group to the joint venture that it is attributable to the other venturers. The group does not recognise its share of profits or losses from the joint venture that result from the group's purchase of assets from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

FOREIGN CURRENCY

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Norwegian Kroner (NOK), which is the parent company's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Notes to the accounts

Group companies
The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet date presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at closing rate.

PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the cost will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Buildings comprise mainly of factories and offices. Depreciation on other assets is calculated using the straight-line method to allocate cost less residual value over estimated useful lives.

• Buildings, constructions and installations	12-60 years
• Vessels and vessel equipment	8 -25 years
• Machinery and equipment plants	10-20 years
• Furniture, vehicles, other equipment	2,5-20 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement as other gains and losses.

INTANGIBLE ASSETS
Internally generated intangible assets are not recognised in the accounts.

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill on acquisitions of associates is included in 'investments in associates' and is tested for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Licenses/rights
Fishing and fish farming licenses that have an indefinite useful life are not amortized but reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may have decreased. Licenses with indefinite useful lives are distributed to the company by the Government, and the licenses are at all time subject to each country fishing quota regulations.

Access to utilisation of waterfalls (water licenses) granted for specified periods of time are depreciated

Notes to the accounts

over the license period (25 years). Water licenses without time limits are not depreciated, but are reviewed annually for impairment.

Brands
Brands acquired, separately, or as part of a business combination are capitalised as a brand if the meets the definition of an intangible asset and the recognition criteria are satisfied. Brand acquired as part of a business combination are valued at fair value based on valuation done by external valuation experts. Brands assessed to have an indefinite useful life are not amortized but reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may have decreased.

IMPAIRMENT OF NON-FINANCIAL ASSETS
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill, that have been impaired are reviewed for possible reversal of the impairment at each reporting date.

FINANCIAL ASSETS
The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading (see section 'Derivative financial instruments and hedging activities'). Assets in this category are classified as current assets.

(b) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet (note 19).

(c) Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

RECOGNITION AND MEASUREMENT
Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

Notes to the accounts

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other financial income. Dividends on available-for sale equity instruments are recognised in the income statement as part of other income when the group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described below.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivative financial instruments are registered in the balance sheet at fair value at the time of contract and are subsequently adjusted to current fair values. Registration of associated gains/losses depends on whether the derivative is regarded as a hedging instrument, and if so, what type of hedging. The Group classifies derivatives as either a) hedges of fair value of recognised assets or liabilities of a firm commitment (fair value hedge); or b) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents as the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on the ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair values of derivative instruments used for hedging are disclosed in Note 22. Fair value of a hedging derivative is classified as fixed assets or long-term liability if the hedging object matures in more than 12 months, and as current assets or short-term liabilities if the hedging object matures in less than 12 months.

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The group only applies fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the income statement within 'other gains/(losses) – net'. Changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk are recognised in the income statement within 'finance costs'.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'other gains/(losses) – net'.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'finance income/cost'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'other gains/(losses) – net'.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

BIOLOGICAL ASSETS

Accounting of live fish in companies listed on the stock exchange is regulated by IAS 41 Agriculture. IAS 41 contains a methodological hierarchy for accounting-related valuation of biological assets. The main rule is that such assets, including live fish, shall be valued at fair value less estimated sales costs. LSG recognises and assesses biological assets (fish in sea) at fair value. The price is then adjusted to cater for quality differences (superior, ordinary and production) and logistic costs. The volume is adjusted to account for loss during gutting. The fair value of fish in the sea with an average weight of under 4 kg is adjusted in relation to the phase of the growth cycle for the fish. The value will not be adjusted to lower than historic cost, unless the Group expects to generate a loss from future sales. Other biological assets (roe, fry and smolt) are valued at cost price since little biological transformation has occurred (IAS 41.24).

Accounts receivable

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of account receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the account receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement within 'other operating expenses'. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'selling and marketing costs' in the income statement.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

ACCOUNTS PAYABLE

Accounts payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

CURRENT AND DEFERRED INCOME TAX
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full at nominal values, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

EMPLOYEE BENEFITS
Pension obligations
Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The schemes are either a defined benefit plan or a defined contribution plan.

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of governance bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In such case, the past-service costs are amortised on a straight-line basis over the vesting period.

Termination benefits
Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

Profit-sharing and bonus plans
The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Share based remuneration
A subsidiary in the Group had until 2011 a share-based remuneration scheme with settlement in the form of shares. Actual value of services performed by employees for the Group to balance the allocated options, is entered as a cost. The total amount to be charged to cost over the earning period, is based on the market value of the options at the time of allocation (Black & Scholes/ Hull & White).

PROVISIONS
Provisions (e.g. environmental restoration, restructuring costs and legal claims) are recognised when:
- the group has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation;
- and the amount has been reliably estimated.
Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

REVENUE RECOGNITION
Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminated sales within the Group.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sales of goods
Sales of goods are recognised when a group entity has delivered products to the customer, the customer has accepted the goods and when the risks and rewards related to the goods have been transferred to the customer.

Interest income
Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Dividend income
Dividend income is recognised when the right to receive payment is established.

LEASES
Finance leases
Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term obligations. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the useful life of the asset, but the expiry dates of the leases are considered when determining useful life.

Operating leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

DIVIDEND DISTRIBUTION
Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements when the dividends are approved by the Company's shareholders.

BORROWING COSTS
Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

CONTINGENT ASSETS AND LIABILITIES
Contingent liabilities are defined as:
(i) possible obligations resulting from past events whose existence depends on future events

(ii) obligations that are not recognised because it is not probable that they will lead to an outflow of resources

(iii) obligations that cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the annual financial statements apart from contingent liabilities which are acquired through the acquisition of an entity. Significant contingent liabilities are disclosed, with the exception of contingent liabilities where the probability of the liability occurring is remote.

Contingent liabilities acquired upon the purchase of operations are recognised at fair value even if the liability is not probable. The assessment of probability and fair value is subject to constant review. Changes in the fair value are recognised in the income statement.

A contingent asset is not recognised in the financial statements, but is disclosed if there is a certain level of probability that a benefit will accrue to the group.

CASH FLOW STATEMENT
The group's cash flow statement shows the overall cash flow broken down to operating, investing and financing activities. The cash flow is reported on the basis of the indirect method. The cash flow statement illustrates the effect of the various activities on cash and cash equivalents. Cash flows resulting from the disposal of operations are presented under investing activities.

EVENTS AFTER THE REPORTING PERIOD
New information after the reporting period concerning the group's financial position at the reporting date is considered in the financial statements. An event after the reporting period that does not affect the group's financial position on the reporting date, but will affect the group's financial position in the future is reported where material.

EARNINGS PER SHARE
Earnings per share is calculated by the profit attributable to equity holders of the company of the result for the period being divided by a time-weighted average of ordinary shares for the period.

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

NOTE 3 FINANCIAL RISK MANAGEMENT

Financial risk factors
The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group' focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses to some degree derivative financial instruments to reduce certain risk exposures.

Market risk
(i) Foreign currency risk
Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Euro, CLP and PEN. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward contracts in addition to withdrawals and deposits on multicurrency accounts, in order to hedge as far as possible the currency risks on trade receivables, executed sales contracts and on-going contractual negotiations.

The Group has investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Based on a corresponding substantial long term receivables from these foreign operations with no planned settlement, the Group considers this as a net investment in the entities according to IAS 21. In the consolidated accounts the exchange differences on the long term receivables is therefore recognised initially in other comprehensive income, and will subsequently be reclassified from equity to profit or loss in the case of disposal of the net investment.

Entities within the Group have different functional currencies, i.e. NOK, USD, CLP and PEN. Changes in exchange rates that affects accounts receivable, other receivables, and liabilities nominated in other currencies than the entities functional currency will have a direct effect on the Groups income statement as per year end.

At 31 December 2012, if NOK had weakened/strengthened by 10% against the US dollar with all other variables held constant, post-tax profit for the year would have been MNOK 26.7 higher/lower. The sensitivity is calculated based on foreign exchange gains/losses on translation of US dollar denominated trade receivables and other receivables, trade payables, cash in bank and interest bearing debt.

At 31 December 2012, if NOK had weakened/strengthened by 10% against the EUR with all other variables held constant, post-tax profit for the year would have been MNOK 39,3 higher/lower. The sensitivity is calculated based on foreign exchange gains/losses on translation of EUR denominated trade receivables and other receivables, trade payables, cash in bank and interest bearing debt.

Corresponding changes in exchange rates at year end of other currencies are not considered to have any material effect on the post-tax profit for the Group.

ii) Price risk
Through the subsidiary Lerøy Seafood Group ASA, the group has a substantial exposure to the price risk of the fluctuating world prices on salmon and trout. To reduce this risk, LSG aims to have a certain part of the sales on fixed price contracts.

The Group is also exposed to changes in the prices of other products sold, mainly fishmeal, fishoil and human consumtion products. Local management reviews before selling whether price levels are consistent with the target profitablitiy. The group is also exposed to changes in prices of pelagic raw material purchase. Price risk identified here is not hedged by any derivative financial instruments.
The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss.

(iii) Cash flow and fair value interest rate risk
The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group manage cash flow interest rate risk by using floating-to-fixed interest rate swaps for part of the borrowings. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the interest rate swaps, the group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

Through the subsidiary Lerøy Seafood Group ASA, the group has entered into two interest swap agreements of fixed rate with DnB NOR, the first one in November 2011 and the second one in January 2012, designed to hegde underlying long term loans with floating rates. Each agreement is of a nominal fixed value of MNOK 500, with a fixed rate of 3.55% for the first one and 3.29% for the second one, for the entire 10 year duration. Market values have been used to determine the fair value of the swap agreements at 31 December. The instruments is documented as cash flow hedging, and changes in fair value will be recognised directly in equity until payments are made on the related hedged commitment. As at 31.12.2012, a total unrealised loss of MNOK 32.2 was included in equity. Please refer to note 22 for further details.

Notes to the accounts

NOTE 3 FINANCIAL RISK MANAGEMENT (CONT.)

If the interest rate level had been 0.5% higher (lower) throughout the year, all other variables held constant, profit before income taxes would have decreased (increased) by MNOK 13.7 in 2012 and MNOK 13.4 in 2011 through the impact of floating rate borrowings and deposits. The sensitivity analysis is based on the level of net interest bearing debt (NIBD) by year end 2012 and 2011.

Amounts in NOK 1 000	Increase/reduction in basis points	2012	2011
Impact on profit before tax	+/- 50	-/+ 13 740	-/+ 13 404

Credit risk
The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history. Normally the Group sells only based upon letter of credit or payments in advance for new customers. Credit insurances are being used when this is deemed appropriate. For customers with a reliable track record in the Group, sales within certain agreed-upon levels are done without any security.

Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Group's liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents (note 29)) on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group.

The table below analyses the Group's non derivative financial liabilities into relevant maturity grouping. The amounts disclosed in the table are the undiscounted cash flows, i.e. interest included. Repayment profile is disclosed in note 29.

31 December 2012	Less than 1 year	1 to 2 years	3 to 5 years	Over 5 years
Borrowings (ex. finance lease liabilities)	1 100 408	1 275 051	1 617 407	1 822 498
Finance lease liabilities	100 823	162 602	93 970	82 594
Interest rate swaps	3 750	1 875	-	-
Trade and other payables (ex. Statutory liabilities)	1 307 719			

Notes to the accounts

Capital risk management
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net interest bearing debt divided by capital employed. Net interest bearing debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less interest bearing assets and cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratios at 31 December 2012 and 2011 were as follows:

31 December 2012	2012	2011
Total borrowings (note 29)	6 010 430	5 744 190
Less: cash and cash equivalents	2 180 629	2 382 939
Less: other interest bearing assets	4 950	0
Net interestbearing debt	3 824 851	3 361 251
Total equity	9 420 662	9 199 608
Capital employed	**13 245 513**	**12 560 859**
Gearing ratio	**29 %**	**27 %**

Fair value estimation
The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. None of the shares categorized as available for sale are traded in active markets.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by the use of valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Other techniques, such as estimated discounted cash flows, are also used in certain cases. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Notes to the accounts

NOTE 3 FINANCIAL RISK MANAGEMENT (CONT.)

FINANCIAL INSTRUMENTS BY CATEGORY

31 December 2012 Assets as per balance sheet	Loans and receivables	Derivatives used for hedging	Available for sale	Total
Investment in other shares	0	0	45 126	45 126
Trade and other receivables exc.prepayments*	1 668 878	10 039	0	1 678 917
Cash and cash equivalents	2 180 629	0	0	2 180 629
Total	**3 849 507**	**10 039**	**45 126**	**3 904 672**

* Prepayments are excluded from the trade and other receivables balance sheet as this analysis is required only for financial instruments.

31 December 2012 Liabilities as per balance sheet	Liabilities at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilites	Total
Borrowings exc. finance lease liabilities*	0	0	5 621 187	5 621 187
Finance lease liabilities*	0	0	389 269	389 269
Trade and other payables exc.statutory liabilities*	0	44 788	1 307 719	1 352 507
Total	**0**	**44 788**	**7 318 176**	**7 362 964**

* The categories in this disclosure are determined by IAS 39. Finance leases are mostly outside the scope of IAS 39, but they remain within the scope of IFRS 7. Therefore finance leases have been shown separately. Statutory liabilities are excluded from the trade payables balance, as this analysis is required only for financial instruments. Forward currency exchange contracts are presented as other short term liabilities in the balance sheet.

31 December 2011 Assets as per balance sheet	Loans and receivables	Derivatives used for hedging	Available for sale	Total
Investment in other shares	0	0	49 143	49 143
Trade and other receivables exc.prepayments*	1 520 515	15 600	0	1 536 115
Cash and cash equivalents	2 382 938	0	0	2 382 938
Total	**3 903 453**	**15 600**	**49 143**	**3 968 196**

* Prepayments are excluded from the trade and other receivables balance sheet as this analysis is required only for financial instruments.

Notes to the accounts

NOTE 3 FINANCIAL RISK MANAGEMENT (CONT.)

31 December 2011 Liabilities as per balance sheet	Liabilities at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilites	Total
Borrowings exc. finance lease liabilities*	0	0	5 634 871	5 634 871
Finance lease liabilities*	0	0	109 319	109 319
Trade and other payables exc.statutory liabilities*	0	7 168	1 309 258	1 316 426
Total	**0**	**7 168**	**7 053 448**	**7 060 616**

* The categories in this disclosure are determined by IAS 39. Finance leases are mostly outside the scope of IAS 39, but they remain within the scope of IFRS 7. Therefore finance leases have been shown separately. Statutory liabilities are excluded from the trade payables balance, as this analysis is required only for financial instruments.

FINANCIAL INSTRUMENTS BY VALUATION METHOD

The table below analyses financial instruments carried at fair value, by valuation method.
The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

Per 31.12.2012 - Assets	Level 1	Level 2	Level 3
Financial assets available for sale			
– Investment in shares	0	0	45 126
Total	**0**	**0**	**45 126**

Per 31.12.2012 - Liabilities	Level 1	Level 2	Level 3
Derivatives used for hedging			
– Fair value hedging	0	10 039	0
– Cash flow hedging	0	44 788	0
Total		**54 827**	**0**

Notes to the accounts

NOTE 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions
The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recoverable amount of goodwill and licenses
The Group tests annually whether goodwill and licenses with indefinite lives have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates and are further described in note 15.

Recoverable amount of associated companies
The Group tests annually whether there are grounds for impairment of major associated companies (Norway Pelagic ASA). Book value for the Group is compared to share of equity value based on value-in-use calculations. These calculations require the use of estimates, and are sensitive to underlying assumptions. Please see further details in note 9.

Income taxes
The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The utilisation of recognised tax assets will depend on future tax earnings in various jurisdictions, and may not be offset between various tax regimes. Valutation of tax assets is therefore based on estimates of future tax earnings in some of the tax regimes.

Inventory
Finished goods of fish is measured at the lowest of cost and net realisable value. Material fluctuations in sales prices do occur for such inventory, and might rapidly outdate the assessments made by the Group at a given date.

Trade receivable
Accounting for receivables requires use of judgmental estimates for quantification of provisions for bad debt. Provisions are being made when e.g. balances are falling due or material worsening in the customer's financial situation takes place, given that repayment of the balances are considered uncertain.

Value adjustment of biological assets
Value adjustment of biological assets according to IAS 41 has caused the book value of inventories to vary more than it did with the earlier valuation principles. The variations arise for several reasons including volatility in pricing of Atlantic salmon and factors of production, unpredictability in biological production and changes in the composition of inventories (size distribution, etc.).

A sensitivity analysis for the prices of Atlantic salmon and trout at 31.12.12, shows the following impact on the Group's operating result (NOK 1 000):

Price reduction per kilo	**NOK 1.00/kg**	**NOK 2.00/kg**	**NOK 5.00/kg**
Reduced operating result	-55 335	-109 623	-252 730

Price increase per kilo	**NOK 1.00/kg**	**NOK 2.00/kg**	**NOK 5.00/kg**
Increased operating result	57 665	117 791	301 875

Notes to the accounts

NOTE 5 GROUP COMPANIES

The consolidated financial statements include Austevoll Seafood ASA and the following subsidiaries:

Company	Note	Country	Parent company	Ownership %
Lerøy Seafood Group ASA		Norway	Austevoll Seafood ASA	62,56 %
Lerøy Hydrotech AS		Norway	Lerøy Seafood Group ASA	100,00 %
Lerøy Midnor AS		Norway	Lerøy Seafood Group ASA	100,00 %
Lerøy Vest AS		Norway	Lerøy Seafood Group ASA	100,00 %
Lerøy Aurora AS		Norway	Lerøy Seafood Group ASA	100,00 %
Sjøtroll Havbruk AS		Norway	Lerøy Seafood Group ASA	50,71 %
Lerøy Fossen AS		Norway	Lerøy Seafood Group ASA	100,00 %
Lerøy & Strudshavn AS		Norway	Lerøy Seafood Group ASA	100,00 %
Nordvik SAS		France	Lerøy Seafood Group ASA	100,00 %
Inversiones Seafood Ltda		Chile	Lerøy Seafood Group ASA	100,00 %
Lerøy Portugal Lda		Portugal	Lerøy Seafood Group ASA	60,00 %
Sandvikstomt 1 AS		Norway	Lerøy Seafood Group ASA	100,00 %
Lerøy Sverige AB		Sweden	Lerøy Seafood Group ASA	100,00 %
Lerøy Alfheim AS		Norway	Lerøy Seafood Group ASA	100,00 %
Lerøy Delico AS		Norway	Lerøy Seafood Group ASA	100,00 %
Lerøy Trondheim AS		Norway	Lerøy Seafood Group ASA	100,00 %
Lerøy Fisker'n AS		Norway	Lerøy Seafood Group ASA	100,00 %
Hallvard Lerøy AS		Norway	Lerøy Seafood Group ASA	100,00 %
Jokisen Eväät OY		Finland	Lerøy Seafood Group ASA	68,00 %
Rodè Beheer B.V.	6	Holland	Lerøy Seafood Group ASA	50,10 %
Leroy processing Spain S.L.		Spain	Lerøy Seafood Group ASA	100,00 %
Lerøy Quality Group AS		Norway	Hallvard Lerøy AS	100,00 %
Bulandet Fiskeindustri AS		Norway	Hallvard Lerøy AS	68,78 %
Lerøy Sjømatgruppen AS		Norway	Hallvard Lerøy AS	100,00 %
Hallvard Lerøy SAS		France	Hallvard Lerøy AS	100,00 %
Fishcut SAS		France	Hallvard Lerøy SAS	100,00 %
Eurosalmon SAS		France	Hallvard Lerøy SAS	100,00 %
Lerøy Smögen Seafood AB		Sweden	Lerøy Sverige AB	100,00 %
Lerøy Alt i Fisk AB		Sweden	Lerøy Sverige AB	100,00 %
Lerøy Stockholm AB		Sweden	Lerøy Sverige AB	100,00 %
Lerøy Nordhav AB		Sweden	Lerøy Sverige AB	100,00 %
Pacific Seafoods SA		Chile	Inversiones Seafood Ltda	99,90 %
Laksefjord AS		Norway	Lerøy Aurora AS	100,00 %
Sirevaag AS		Norway	Lerøy Delico AS	100,00 %
Åkra Sjømat AS	7	Norway	Sirevaag AS	0,00 %
Hjelvik Settefisk AS		Norway	Lerøy Hydrotech AS	66,00 %
Torjulvågen Settefisk AS		Norway	Lerøy Hydrotech AS	65,00 %
Aakvik Settefisk AS		Norway	Lerøy Hydrotech AS	100,00 %
Laksefjord AS		Norway	Lerøy Aurora AS	100,00 %
Brandasund Fiskeforedling AS		Norway	Sjøtroll Havbruk AS	100,00 %
Rex Star Seafood AS		Norway	Sjøtroll Havbruk AS	100,00 %
Holmefjord Lakseprodukter AS		Norway	Rodè Beheer B.V.	100,00 %
Rodè Vis International AS		Norway	Rodè Beheer B.V.	100,00 %
Rodè Vis B.V		Holland	Rodè Beheer B.V.	100,00 %

Notes to the accounts

NOTE 5 GROUP COMPANIES (CONT.)

Company	Note	Country	Parent company	Ownership %
Rodè Vastgoed B.V.		Holland	Rodè Beheer B.V.	100,00 %
Rodè Frozen Seafood B.V.		Holland	Rodè Beheer B.V.	100,00 %
Rodè Retail B.V.		Holland	Rodè Beheer B.V.	100,00 %
Lerøy Culinar B.V.		Holland	Rodè Vis International AS	50,00 %
Lerøy Culinar B.V.		Holland	Hallvard Lerøy AS	50,00 %
AUSS Shared Service AS		Norway	Austevoll Seafood ASA	100,00 %
Austevoll Laksepakkeri AS		Norway	Austevoll Seafood ASA	100,00 %
AUSS Laks AS		Norway	Austevoll Laksepakkeri AS	100,00 %
Aumur AS		Norway	Austevoll Seafood ASA	100,00 %
Murman Fishing Company Ltd.		Cyprus	Aumur AS	100,00 %
Austevoll Eiendom AS		Norway	Austevoll Seafood ASA	100,00 %
Laco IV AS		Norway	Austevoll Seafood ASA	100,00 %
Gateport Ltd		Panama	Laco IV AS	100,00 %
Andean Opportunities Funds Ltd.		Caymen Island	Gateport Ltd.	100,00 %
Dordogne Holdings Ltd.		Panama	Gateport Ltd.	66,67 %
Dordogne Holdings Ltd.		Panama	Andean Opportunities Funds Ltd.	33,33 %
Austral Group S.A.A		Peru	Dordogne Holdings Ltd.	89,35 %
Inversiones Pacfish Ltda.		Chile	Austevoll Seafood ASA	100,00 %
A-Fish AS		Norway	Austevoll Seafood ASA	100,00 %
Aconcagua Ltd		Jersey	A-Fish AS	100,00 %
Consortium Enterprises (Jersey) Ltd.		Jersey	Aconcagua Ltd	100,00 %
Beechwood Ltd.		Panama	Consortium Enterprises (Jersey) Ltd.	100,00 %
Pesquera Nuevo Horizonte Ltd.		Chile	Beechwood Ltd.	99,00 %
Pesquera Nuevo Horizonte Ltd.		Chile	FoodCorp S.A.	1,00 %
Pesquera Caldera Ltd.		Chile	Consortium Enterprises (Jersey) Ltd.	98,10 %
FoodCorp S.A		Chile	Consortium Enterprises (Jersey) Ltd.	72,98 %
FoodCorp S.A		Chile	Inversiones Pacfish Ltda.	22,91 %
Pesquera del Cabo S.A		Chile	FoodCorp S.A.	99,99 %
FoodCorp Chile S.A		Chile	FoodCorp S.A.	65,00 %
FoodCorp Chile S.A		Chile	Pesquera del Cabo S.A.	35,00 %
Chilefood S.A	7	Chile	FoodCorp Chile S.A.	0,00 %
Cultivos Pacfish S.A		Chile	Inversiones Pacfish Ltda.	99,90 %
Alumrock Overseas S.A		Chile	FoodCorp S.A.	100,00 %

* Company sold in 2012, ref note 7

Notes to the accounts

NOTE 6 ACQUISITION OF SHARES / BUSINESS COMBINATIONS

Rode Beheer BV
25 October 2011, Lerøy Seafood Group ASA signed an agreement regarding the acquisition of 50.11% in the Dutch company Rode Beheer BV. The acquisition required approval from the Dutch Competition Authorities. Approval was granted on 28 February 2012. The transaction was completed on 9 March 2012. The shares acquired have a voting right similar to the ownership of 50.11%.

Rode Beheer B.V is situated in Urk in Holland. The company is processing fish and seafood, mainly atlantic salmon. It also owns and operates a smokery. The company is a large and important player in the Benelux market.

The process of purchase price allocation has not resulted in identification of any material excess value of intangibles or other tangible assets besides goodwill. Goodwill has been estimated for both the controlling and non-controlling ownership interests. The total goodwill generated by the acquisition amounts to NOK 105.4 million, with NOK 52.8 million for controlling interests and NOK 52.6 million for non-controlling interests. Goodwill is mainly related to the market position of the company, and future synergies. Deferred tax is not recognised for goodwill as estimated goodwill does not provide for tax deductions. Acquisition expenses are recognised in profit and loss as operating expenses.

There is no control premium calculated for the controlling interests. The non-controlling interests' share of the goodwill is therefore calculated in relation to shareholding.

Rode Beheer BV was consolidated with the Group with effect from March 2012. It has not been identified any relevant material differences between Dutch GAAP and IFRS that have been necessary to adjust for.

Consideration 2012	
Cash	111 767
Total consideration transferred	**111 767**

Turnover and profit Rode Beheer BV Group	**Prior to acquisition**	**Subsequent to acquisition**	**2012**	**2011**
Turnover	56 490	324 120	380 610	387 695
Operating profit	5 306	26 942	32 248	3 408
Profit for the year/Total comprehensive income	2 839	21 190	24 029	4 570
Purchase price allocation:		**100,00 %**	**50,11 %**	**49,89 %**
Equity book value Rode Beheer BV Group at acquitision		117 690	0	117 690
Net identifiable excess value		0	0	0
Total identifiable net assets Rode Beheer BV		**117 690**	**0**	**117 690**
Goodwill				
Total consideration		223 054	111 767	111 287
Non-controlling interest		117 690	58 972	58 718
Goodwill recognised		**105 364**	**52 795**	**52 569**

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Notes to the accounts

Rossyew Ltd and Hordafor AS

Through the Joint Venture Welcon Holding AS the Group has in 2012 acquired 50% of the shares in Rossyew Ltd, with an agreement of purchase of the remaining shares, and 50% of the shares of Hordafor AS. Hordafor AS is consolidated from 1.2.2012, and Rossyew Ltd from 1.10.2012. As Welcon is consolidated by the proportional method as a joint venture, the Group's share of the acquired shares are 25% (agreement of 50%) and 25% respectively. The figures presented here as summary of transactions are based on AUSS' 50% share of Rossyew Ltd purchased and commited shares, and 25% share of Hordafor AS.

Consideration 2012	Rossyew Ltd (50%)	Hordafor AS (25%)
Cash	31 786	63 990
Total consideration	**31 786**	**63 990**
Fair value of identifiable assets	4 650	45 630
Goodwill recognised	**27 136**	**18 360**

Total effect on non-controlling interests of purchases described above, and other minor transactions may be summarized as follows:

Change in non-controlling interests	2012
Initial recognition by purchase of 50,11% of shares of Rode Beheer BV	111 287
Initial recognition by purchase of 50/100% of shares of Rossyew Ltd*	15 822
Initial recognition by purchase of 50% of shares of Hordafor AS*	2 503
Derecognition of non-controlling interest by sale of Åkra Sjømat AS	-3 573
Other	273
Total change in non-controlling interests	**126 312**

* AUSS share is 50% of this, as shares are acquired through the joint venture Welcon AS

NOTE 7 DISPOSAL OF GROUP COMPANIES

Åkra Sjømat AS
The Group sold its 68% of shares in Åkra Sjømat AS in 2012, at a selling price of 9,350 TNOK.

Chilefood S.A.
In 2012 the Group sold its interest in Chilefood S.A., at a selling price of 25,884 TNOK. The sale generated a loss of 14,663 TNOK.

NOTE 8 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Acquisition of additional interest in a subsidiary
In 2012 the Group acquired the remaining 10% of the issued shares of Nordvik AS through the subsidiary Lerøy Seafood Group ASA. The Group now holds 100% of the equity share capital of Nordvik AS. In 2011 the transactions with non-controlling interests were related to Lerøy Seafood Group ASA purchase of the remaining 49% of Sirevaag AS.

The effect of changes in the ownership interests mentioned above on the equity attributable to owners of the Group is summarised as follows:

Amounts in NOK 1 000	2012	2011
Carrying amount of non-controlling interests acquired	495	4 002
Consideration paid to non-controlling interests	495	6 265
Excess of consideration paid recognised in parent's equity	**0**	**2 263**

Notes to the accounts

NOTE 9 EVENTS AFTER REPORTING PERIOD

NORWAY PELAGIC ASA

We make reference to Stock Exchange report dated 6 February 2013 and Information Memorandum dated March 18, 2013 regarding the acquisition of shares in Norway Pelagic ASA (NPEL) in February 2013, and where Austevoll Seafood ASA (AUSS) issued a mandatory offer to all the shareholders in NPEL.

The transaction:
AUSS purchased in February 2013 34.55% of the shares in NPEL , giving AUSS an ownership of 77.84% of the total shares in NPEL. AUSS consequently issued a mandatory offer to all the shareholders in NPEL, and acquired a further 12.26% of the shares in March and April 2013. As of April 11 2013 AUSS owns a total of 90.1% of the shares in NPEL.

Description of NPEL:
NPEL plays a leading role within the processing of pelagic fish for human consumption. The company is involved in purchasing, processing and sales. Its activities are reliant on fish stocks in the Norwegian Sea, the Northern Atlantic and North Sea. The Group has modern and eco-friendly production facilities which are mainly located along the coast of Norway. NPEL operates in a competitive and global industry, with customers on several continents.
NPEL was founded in 2007 and currently has 14 production facilities. In 2011, the company had 415 man-years and processed raw materials totalling 465,000 tons of pelagic fish. The company was listed on the Oslo Stock Exchange in 2008, and is currently headed by CEO Tor Vikenes.

The acquisition of the shares in NPEL is in line with AUSS' strategy to achieve growth within its business segments, in particular the segment for pelagic fish from the Northern Atlantic.

Pro forma figures and preliminary purchase price allocation
The tables presented below illustrate the preliminary purchase price allocation performed by AUSS management, and pro forma figures illustrating the effect for the Group had NPEL been acquired at 1.1.2012.

In the preliminary purchase price allocation the initial purchase in February of TNOK 97,999 for 34.55% of the shares is considered to be the acquisition establishing control of NPEL. Purchases based on the mandatory offer, after the initial establishment of control, is recognised as transactions with non-controlling interests. In the preliminary purchase price allocation illustrated below the cash effect of the transactions with non-controlling interests in March and April of a total sum of TNOK 35,015 is reflected in the pro forma adjustment of the statement of financial position, but is not considered as part of the cash consideration in the purchase price allocation.

Consideration paid in February 2013	
Cash	97 999
Total consideration transferred	**97 999**

Turnover and profit NPEL	2012	2011*	2010
Sales revenue	3 593	3 638	2 617
EBITDA	79	169	151
EBITDA	15	117	121
Profit for the year	-8	58	85

* In July 2011 the previously owned Austevoll Fisk AS was merged with NPEL, whereby AUSS acquired shares in NPEL as consideration.

Preliminary purchase price allocation:	100,00 %	77,84 %	22,16 %
Equity book value of Controlling Interests NPEL at acquisition	989 300	770 071	219 229
Excess value inventory	10 000	7 784	2 216
Deferred tax of identified excess value	-2 800	-2 180	-620
Goodwill recognised in the equity value of NPEL at acquisition	-320 269	-249 297	-70 972
Total identifiable net assets NPEL	**676 231**	**526 378**	**149 853**
Implied equity value based on average price of acquired shares	283 663	220 803	62 860
Preliminary calculation of bargain purchase gain	**392 568**	**305 575**	**86 993**

Notes to the accounts

The tables below set out the pro forma financial information for the Enlarged Group for 2012. The pro forma financial information has been compiled using accounting principles that are consistent with the accounting principles used in the historical financial statements of Austevoll Seafood ASA. The tables below show actual figures for the Austevoll Seafood Group and Norway Pelagic ASA, and eliminations and adjustments. The sum of the columns represents the pro forma income statements for the Enlarged Group after the Transaction.

NOK in thousands	AUSS 2012	NPEL 2012	Eliminations	Pro forma adj.	Group Pro forma
Operating Income	11 828 227	3 593 000	-168 734	0	15 252 493
Operating expenses	-10 524 883	-3 514 200	168 734	0	-13 870 349
EBITDA	**1 303 344**	**78 800**	**0**	**0**	**1 382 144**
Depreciation and amortization	-545 650	-64 000	0	0	-609 650
Impairment	-25 858	0	**0**	-3 776	-29 634
Fair Value Adj. Biomass	294 735	0	0	0	294 735
Operating profit	**1 026 571**	**14 800**	**0**	**-3 776**	**1 037 595**
Income from associated comp	29 342	17 600	2 713	0	49 655
Net financial items	-161 076	-48 400	0	-3 392	-212 868
Profit before taxes	**894 837**	**-16 000**	**2 713**	**-7 168**	**874 382**
Income tax expenses	-251 664	8 000	0	950	-242 714
Net income	**643 173**	**-8 000**	**2 713**	**-6 218**	**631 668**

NOK in thousands	AUSS 31.12.12	NPEL 31.12.12	Eliminations	Pro forma adj.	Group Pro forma
Intangible assets	6 163 567	322 100	0	-320 269	6 165 398
Fixed assets	4 145 619	708 100	0	0	4 853 719
Financial assets	1 246 457	112 400	-518 507	0	840 350
Inventories	3 478 083	731 400	0	10 000	4 219 483
Receivables	1 743 198	544 600	-14 203	0	2 273 595
Bank balance	2 180 629	21 600	0	-133 014	2 069 215
Total Assets	**18 957 553**	**2 440 200**	**-532 710**	**-443 283**	**20 421 760**
Equity - equity holders of the parent	6 750 424	989 300	-518 507	-513 030	6 708 187
Non-controlling interests	2 670 238	28 600	0	66 947	2 765 785
Total equity	**9 420 662**	**1 017 900**	**-518 507**	**-446 083**	**9 473 972**
Provisions for commitments	1 977 239	43 700	0	2 800	2 023 739
Other long-term liabilities	4 443 984	723 000	0	0	5 166 984
Current liabilities	3 115 668	655 600	-14 203	0	3 757 065
Total liabilities	**9 536 891**	**1 422 300**	**-14 203**	**2 800**	**10 947 788**
Total equity and liabilities	**18 957 553**	**2 440 200**	**-532 710**	**-443 283**	**20 421 760**

Notes to the accounts

As a consequence of the acquisition, Austevoll Seafood ASA will in Q1 2013 recognise a loss on the previous investment in NPEL, as the purchase price in February 2013 is lower than the carrying amount at acquisition date. Based on the preliminary purchase price allocation set out above, AUSS will also recognise a bargain purchase gain. These two effects will be offset in Q1 2013.

The pro forma figures presented above illustrate the loss on investment and the offsetting effect of the bargain purchase gain, had the transaction occurred at 1.1.2012.

The pro forma adjustments illustrated here will not have a continuing impact on the Group.

Impairment assessment of shares in NPEL
In relation to the above-mentioned acquisitions in 2013, AUSS purchased shares at a range of NOK 15.10 - NOK 15.50 per share. The carrying amount of the NPEL investment for the Group at 31.12.2012 is NOK 65 per share. The Group carries out annual impairment tests for significant associated companies. The difference between the carrying amount and transaction prices in 2013 provides a strong indication that the net sales value is lower than carrying amount. AUSS has therefor calculated the recoverable amount, defined as the highest of value in use and net sales value. This calculation has been performed on the basis that NPEL is regarded as a cash-generating unit, cf. note 10. The value in use is calculated to be higher than the recognised value. As such, there are no grounds for an impairment of the investment in NPEL as of 31.12.2012.

The calculation of value in use implies that estimates are required of future sales volume, margins, costs and discount rate. All these figures are uncertain.

The calculation of value in use is based on cash flow prognosis for a five-year period, and AUSS has based this on the prognosis for 2013 which in turn is based on the budget adopted by the Board of Directors in NPEL.

After the prognosis period, a terminal value is calculated based on Gordon's formula. During the terminal period, the growth rate is projected to be the same as estimated inflation, 2%, i.e. no real growth.

The future sales volume is significantly reliant on future quotas for the most important species of fish for NPEL. The quotas for all pelagic fish species may vary substantially from year to year and the estimates for future volumes are therefore uncertain. The budgeted volume for 2013 is based on quotas already adopted. The budgeted volume is significantly lower than historical volume. During the prognosis period, an annual increase in volume of 1% is expected. The calculation of the terminal value is based on an assumption of normalised volume. Normalised volume is calculated on the basis of statistics from Norges Sildesalgslag and thought to be somewhat lower than average volume from the period from 2005 up to and including 2013.

During the prognosis period, revenues and costs are adjusted to take into account estimated inflation of 2%. The nominal required rate of return on employed capital after tax, the discount rate, is estimated to be 7.5% in 2012. This corresponds to a pretax requirement of approx 10.4%.

Notes to the accounts

NOTE 10 SEGMENT INFORMATION

Operating segments
The Board of Directors is the Group's chief operating decision-maker. Management has determined the operating segment based on the information reviewed by the Board of Directors.

The Austevoll Seafood Group operates within four segments in relation to strategic types of activities. The different business segments are divided into Fishmeal/ Oil, Human Consumption, Pelagic North Atlantic and Production, sales & distribution of salmon and trout.

Fishmeal/oil (FMO)
The fishmeal/oil business is operated through the subsidiaries FoodCorp S.A in Chile and Austral Group S.A.A in Peru, and the joint venture Welcon Group (50%) in Norway, Ireland and UK. FoodCorp S.A operates one plant in Chile, Austral Group S.A.A have seven plants in Peru and Welcon operates four plants in Norway, two in U.K. and one in Ireland. Within FPC the Group has 3 plants.

Human Consumption (HC)
The operations within the human consumption segment are operated by FoodCorp S.A (Chile) and Austral Group S.A.A (Peru). In Chile the Group has two canning plants and one freezing plant. In Peru the Group operates three canning plants and one freezing plant.

Pelagic North Atlantic
The Pelagic North Atlantic segment consisted of Austevoll Fisk Group until 30.06.2011. Austevoll Fisk AS was merged with Norway Pelagic AS at 01.07.2011. Post-merger, the Pelagic North Atlantic segment is reported as income from assosiated companies. The AUSS ownership of Norway Pelagic ASA was 43.3 per cent after merger with Austevoll Fisk AS in 2011, and until further purchases in 2013. Based on purchases in 2013 Norway Pelagic ASA is from 2013 a subsidiary of AUSS, and will from 2013 again be reported as part of the Pelagic North Atlantic, gross values. Please refer to note 9 for further details on transacions in 2013. The Pelagic North Atlantic segment sells pelagic fish for the international market, and operates facilities for pelagic processing (fillet, packing and freezing).

Production, sales & distribution of salmon and trout (LSG)
Lerøy Seafood Group ASA is involved in fish farming (salmon and trout) and sale and distribution of different fish species and prosessed fish products.

Other / Elimination
Austevoll Seafood ASA (company), Austevoll Eiendom AS, Austevoll Laksepakkeri AS (from 01.07.2011), AUSS Shared Services AS (from 01.03.2012) and AUSS Laks AS (from 01.03.2012) is not included in any of the operating segments. Unrealised gains on sales between the operating segments, which are eliminated in the consolidated financial statements, are also presented as Other/Elimination.

Geographical areas
The Group divides its activities into two geographical areas based on location of fishing and production facilities; South America and Norway.

Notes to the accounts

NOTE 10 SEGMENT INFORMATION (CONT.)

2012	FMO	HC	Pelagic North Atlantic	Production, sales & distribution	Other/ Elim.	Group
External segment income	2 159 998	609 368		9 020 880	61 349	11 851 595
Inter-segment income	0	0		82 060	-82 060	0
Other gains and losses	-19 325	-1 703		0	-2 340	-23 368
Total segment income	**2 140 673**	**607 665**	**0**	**9 102 940**	**-23 051**	**11 828 227**
Operating expenses	-1 637 868	-576 337		-8 328 075	17 397	-10 524 883
Operating profit before depreciation, amortisation, impairment and fair value adjustment of biological assets	**502 805**	**31 328**	**0**	**774 865**	**-5 654**	**1 303 344**
Depreciation and amortisation	-168 342	-71 043		-291 768	-14 497	-545 650
Impairment/Reversal of impairments*	2 475	1 516	0	-33 000	3 152	-25 857
Operating profit before fair value adjustment of biological assets	**336 938**	**-38 199**	**0**	**450 097**	**-16 999**	**731 836**
Fair value adjustment of biomass	0	0	0	294 735	0	294 735
Operating profit	**336 938**	**-38 199**	**0**	**744 832**	**-16 999**	**1 026 571**
Income from associated companies	-3 800	-4 726	-2 713	24 831	15 751	29 343
Interest income	9 369	363		33 973	25 034	68 739
Interest expenses	-31 674	-6 531		-128 692	-108 025	-274 922
Net other financial	48 839	5 778		-435	-9 077	45 105
Profit before taxes	**359 672**	**-43 315**	**-2 713**	**674 509**	**-93 316**	**894 836**
Income tax expense	-111 445	15 355		-182 748	27 174	-251 664
Profit for the year	**248 227**	**-27 960**	**-2 713**	**491 761**	**-66 142**	**643 172**

The Group

Notes to the accounts

NOTE 10 SEGMENT INFORMATION (CONT.)

2011	FMO	HC	Pelagic North Atlantic	Production, sales & distribution	Other/ Elim.	Group
External segment income	1 873 567	651 025	620 375	8 976 663	34 869	12 156 499
Inter-segment income	0	0	157 931	178 676	-336 607	0
Other gains and losses	-53 574	20 017	20 238	21 534	-3 143	5 072
Total segment income	**1 819 993**	**671 042**	**798 544**	**9 176 873**	**-304 881**	**12 161 571**
Operating expenses	-1 355 916	-597 975	-766 086	-7 692 076	296 255	-10 115 798
Operating profit before depreciation, amortisation, impairment and fair value adjustment of biological assets	**464 077**	**73 067**	**32 458**	**1 484 797**	**-8 626**	**2 045 773**
Depreciation and amortisation	-142 699	-71 477	-12 092	-272 056	-9 425	-507 749
Impairment/Reversal of impairments*	5 146	-9 893	0	157	0	-4 590
Operating profit before fair value adjustment of biological assets	**326 524**	**-8 303**	**20 366**	**1 212 898**	**-18 051**	**1 533 434**
Fair value adjustment of biomass	0	0	0	-615 767	0	-615 767
Operating profit	**326 524**	**-8 303**	**20 366**	**597 131**	**-18 051**	**917 667**
Income from associated companies	4 500	-16 681	24 406	19 741	13 827	45 793
Interest income	16 103	4 251	880	41 229	31 729	94 192
Interest expenses	-28 359	-5 701	-11 540	-121 821	-110 601	-278 022
Net other financial	-6 072	3 153	928	-1 292	-3 911	-7 194
Profit before taxes	**312 696**	**-23 281**	**35 040**	**534 988**	**-87 007**	**772 436**
Income tax expense	-126 242	14 750	-2 838	-156 310	24 867	-245 773
Profit for the year	**186 454**	**-8 531**	**32 202**	**378 678**	**-62 140**	**526 663**

*For information regarding impairments, see note 15 and 16

	Income		Tangible and intangible fixed assets		Investments in property and equipment		Investments in intangible assets	
Geographical areas	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Norway	9 760 288	10 585 877	7 608 868	7 140 986	616 889	609 469	1 032	10 965
South America	2 090 990	1 880 574	2 667 780	2 892 657	118 130	114 994	740	839
Eliminations	-23 051	-304 881	0	0	0	0	0	0
Total	**11 828 227**	**12 161 570**	**10 276 648**	**10 033 643**	**735 019**	**724 463**	**1 772**	**11 804**

The note shows income from subsidiaries based on their geographical locations.
The Group has a large customer base, and no single customer amounts to sales exceeding 10% of the Group's total revenues.

Notes to the accounts

NOTE 11 INCOME

	2012	2011
Sales revenue		
Sale of goods and services	11 633 022	12 029 060
Other income		
Other operating income	183 326	127 439
Insurance compensation	35 247	0
Total other income	**218 574**	**127 439**
Other gains and losses		
Gains and losses on sale of property, plant and equipment	-19 107	653
Gain on sale of shares	-14 663	-3 071
Other gains and losses	10 401	7 490
Total other gains and losses	**-23 369**	**5 072**

NOTE 12 PAYROLL, FEES, NO. OF EMPLOYEES ETC.

	2012	2011
Salary and holiday pay	1 098 537	1 083 265
Hired personnel	26 296	50 460
Other remunerations	81 671	109 727
National insurance contribution	141 595	131 356
Pension costs (inc. national insurance contribution) - note 27	42 064	29 028
Share option cost (inc. national insurance contribution)	985	800
Other personnel costs	59 866	52 096
Total	**1 451 013**	**1 456 731**
Average man-labour year	5 284	6 406

Guidelines for remuneration to executive management

The main principles of the remuneration policy to executive management are based on the policy that the member of executive management shall have a competitive pay program, with respect to salary, bonuses, pensions and other remuneration. Austevoll Seafood ASA shall offer a total remuneration to its executive management that is on level with comparable companies. However, the Company's need for well qualified personnel should always be considered.

Executive management may be entitled to a bonus in addition to basic salary. A potential bonus to CEO is determined by the Chairman of the Board. Bonus to other members of the executive management is determined by the CEO, having consulted the Chairman of the Board.

Executive management participates in standard pension and insurance schemes, applicable to all employees in the Company. The Company practice standard employment contracts and standard terms and conditions regarding notice period for its executive management. The Company does not offer share option programmes to any employees.

Salary and other remuneration to CEO and other group executives and members of the parent Company's Board were:

Notes to the accounts

NOTE 12 PAYROLL, FEES, NO. OF EMPLOYEES ETC. (CONT.)

2012 - Remunerations to the company's officers	CEO	CFO	Chairman of the Board*	Other members of the Board	Total
Salary	3 276	2 478	0	0	5 754
Salary related to previous year	217	0	0	0	217
Bonus payment based on results for the years 2010 and 2011	1 000	500	0	0	1 500
Pension scheme payments	61	216			276
Other remunerations	216	192	0	2	410
Director's fee	0	0	2 170	902	3 072
Total	**4 769**	**3 386**	**2 170**	**904**	**11 229**

2011 - Remunerations to the company's officers	CEO	CFO	Chairman of the Board*	Other members of the Board	Total
Salary	2 749	1 941	0	0	4 690
Pension scheme payments	57	131	0	0	189
Other remunerations	203	163	0	3	369
Director's fee	0	0	2 007	800	2 807
Total	**3 009**	**2 235**	**2 007**	**803**	**8 055**

* The annual Directors' Fee to the Chairman of the Board is not paid as taxable remuneration. Austevoll Seafood ASA is invoiced for the Chairman's services and for consultancy fees by Group head entity Laco AS, with which company the Chairman is employed.

The Group management takes part in the Groups collective pension schemes.

No loans or securities have been issued in 2012 or 2011 to the CEO, board members, members of the corporate management or other employees or closely related parties.

The CEO has a term of notice of 3 months. On resignation, the CEO has no right to extra compensation. Pension age is 67, and the CEO takes part in the defined contribution scheme.

Options
The 3 year option program in the subsidiary Lerøy Seafood Group ASA established in 2006 was exhausted in 2011.

There are as of December 31, 2012 no on-going option program in the Group.

Notes to the accounts

NOTE 12 PAYROLL, FEES, NO. OF EMPLOYEES ETC. (CONT.)

Specification of auditor's fee	2012	2011
Audit fee	7 080	6 376
Audit fee to other auditors	1 801	1 390
Other assurance services	170	370
Other services to other auditors	130	1 305
Tax advice	794	566
Tax advice to other auditors	163	218
Other services	1 394	1 199
Total	**11 532**	**11 423**

NOTE 13 FINANCIAL INCOME AND EXPENSES

	2012	2011
Other interest income	68 739	94 193
Currency gains (unrealised and realised)	69 344	11 941
Other financial income	3 420	3 448
Total other financial income	**141 503**	**109 582**
Interest expenses	268 363	278 022
Commisions	13 038	12 002
Other financial expenses	21 179	10 582
Total other financial expenses	**302 580**	**300 606**
Net finance cost	**-161 077**	**-191 024**

NOTE 14 EARNINGS PER SHARE AND DIVIDEND PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

Basis for calculation of earnings per share	2012	2011
The year's earnings	425 601	369 384
No. of shares at the balance sheet date (thousands)	202 717	202 717
Average no. of shares (thousands)	202 717	202 717
Earnings per share	2,10	1,82
Diluted earnings per share	2,10	1,82
Suggested dividend per share	**1,20**	**1,00**

The dividends paid in 2012 and 2011 were NOK 1.00 per share and NOK 1.50 per share respectively. A dividend in respect of the year ended 31 December 2012 of NOK 1.20 per share is to be proposed at the annual meeting on May 24 2013. These financial statements do not reflect this dividend payable.

Notes to the accounts

NOTE 15 INTANGIBLE ASSETS

2011	Goodwill	Licenses fishfarming Norway	Licenses pelagic fisheries South America	Brand/ Trademarks	Total
Per 01.01.					
Acquisition cost	1 650 999	3 469 191	856 708	53 046	6 029 944
Accumulated amortisation		-4 601	-23	-53	-4 624
Accumulated impairment	-9 154	0	-14 742	0	-23 896
Carrying amount at 01.01.	**1 641 845**	**3 464 590**	**841 943**	**52 993**	**6 001 424**
Balance sheet value at 01.01.	1 641 845	3 464 590	841 943	52 993	6 001 371
Currency translation differences	14 125	438	36 368	70	51 001
Effect of business combinations	7 092	46	-250	0	6 888
Intangible assets acquired	0	10 965	839	0	11 804
Intangible assets sold/demerged/ change in interests in subsidiaries	-4 261	2 522	-3 133	0	-4 873
Amortisation	0	-1 952	-1 662	0	-3 614
Impairment	-9 358	0	0	0	-9 358
Reversal of impairment	0	157	0	0	157
Carrying amount at 31.12.	**1 649 442**	**3 476 766**	**874 105**	**53 063**	**6 053 376**
Per 31.12.					
Acquisition cost	1 667 955	3 483 162	890 532	53 116	6 094 764
Accumulated amortisation	0	-6 396	-1 685	-53	-8 238
Accumulated impairment	-18 512		-14 742	0	-33 097
Carrying amount at 31.12.	**1 649 442**	**3 476 766**	**874 105**	**53 063**	**6 053 429**
- of which assets with indefinite lives	1 649 442	3 420 808	874 105	53 063	5 997 418
- of which assets with definite lives	0	55 958	0	0	55 958

Notes to the accounts

NOTE 15 INTANGIBLE ASSETS (CONT.)

2012	Goodwill	Licenses fishfarming Norway	Licenses pelagic fisheries South America	Brand/ Trademarks	Total
Balance sheet value at 01.01.	1 649 442	3 476 766	874 105	53 063	6 053 376
Currency translation differences	-18 979	-1 405	-42 930	-218	-63 532
Reclassification	0	0	4 003	0	4 003
Effect of business combinations	151 136	0	0	0	151 136
Intangible assets acquired	0	1 032	740	0	1 772
Intangible assets sold/demerged/ change in interests in subsidiaries	-7 561	-467	-1 266	-2 844	-12 138
Amortisation	0	-1 963	-1 625	0	-3 588
Carrying amount at 31.12.	**1 774 039**	**3 473 963**	**833 027**	**50 000**	**6 131 030**
Per 31.12.					
Acquisition cost	1 791 181	3 482 322	851 079	50 000	6 174 583
Accumulated amortisation	0	-8 359	-3 310	0	-11 668
Accumulated impairment	-17 142	0	-14 742	0	-31 885
Carrying amount at 31.12.	**1 774 039**	**3 473 963**	**833 027**	**50 000**	**6 131 030**
- of which assets with definite lives	0	53 995	0	0	53 995

Included in licenses fishfarming above is a privilege for utilisation of waterfalls with definite useful lives.
Goodwill is allocated to the group's cash-generating units (CGU) identified according to country of operation and business segment.

Notes to the accounts

NOTE 15 INTANGIBLE ASSETS (CONT.)

Cash generating units	Segment	Location	2012 Carrying amount of allocated goodwill	2012 Carrying amount of allocated licenses/ brands with indefinite useful lives	2011 Carrying amount of allocated goodwill	2011 Carrying amount of allocated licenses/ brands with indefinite useful lives
FoodCorp S.A (1)	Human consumption	Chile	25 260	183 890	36 789	200 160
	Fish meal/oil	Chile	49 029	45 972	43 189	51 087
Austral Group S.A.A (2)	Human consumption	Peru	65 997	68 944	68 136	71 544
	Fish meal/oil	Peru	153 995	534 222	158 987	554 375
Welcon AS (3)	Fish meal/oil	Norway/ Ireland/UK	207 036	0	165 602	0
Lerøy Seafood Group ASA (4) - Production	Production, sales and distribution	Norway	779 125	3 473 963	683 141	3 476 766
Lerøy Seafood Group ASA (4) - Sales and distribution	Production, sales and distribution	Norway	493 597	50 000	493 597	50 000
Others	Pelagic North Atlantic	Norway	0	0	0	0
Total			**1 774 039**	**4 356 991**	**1 649 442**	**4 403 933**

1) Identified partly through the acquisition of Chilefood S.A. in 2004. Both goodwill and licenses are allocated between human consumption and fishmeal/oil on a pro rata basis.

2) Identified partly through the acquisition of Austral Group S.A.A (Dordogne) in 2006 and through the acquisition of 50% of the shares in Corporacion del Mar in 2007. Both goodwill and licenses are allocated between human consumption and fishmeal/oil on a pro rata basis. Approximately 126 MNOK of the goodwill relates to deferred tax on excess values related to licenses with indefinite useful lives.

3) Identified through the acquisition of Welcon Invest AS and Karmsund Fiskemel AS in 2006, and the Welcon Invest AS' aquisitions of United Fish Industries Ltd, United Fish Industries (UK) Ltd, and Bodø Sildeoljefabrikk AS in 2009. After the transactions involving the United Fish Industries companies in 2009 Welcon Invest is a joint venture were Austevoll Seafood ASA owns 50%. Increase in 2012 is related to aquisition of Hordafor AS and of Rossyew Ltd, ref also note 6.

4) Identified through the acquisition of Lerøy Seafood Group ASA in December 2008. The allocation of goodwill between cash generating units was finalized in 2009. Increase in 2011 was related to intangibles indentified through several minor acquisions in LSG. Increase in 2012 is related to LSG aquisition of Rode Beheer BV, cf also note 6.

Notes to the accounts

NOTE 15 INTANGIBLE ASSETS (CONT.)

Business segments 2012	FMO	HC	PNA	Production, sales & distribution	Other	Group
Carrying amount of allocated goodwill	410 060	91 257	0	1 272 722	0	1 774 039
Carrying amount of allocated licenses and brands with indefinite useful lives	580 194	252 833	0	3 523 963	0	4 356 991

Business segments 2011	FMO	HC	PNA	Production, sales & distribution	Other	Group
Carrying amount of allocated goodwill	367 778	104 926	0	1 176 738	0	1 649 442
Carrying amount of allocated licenses and brands with indefinite useful lives	605 462	271 705	0	3 526 766	0	4 403 933

Impairment tests for cash-generating units containing goodwill, licenses and brands

Management has performed impairment tests for each cash generating unit as of December 31, 2012.

The recoverable amount of the cash generating units has been determined based on value in use calculation. Value in use is calculated on estimated present values of future cash flow. The analysis are based on the financial budgets for 2013 and estimated results for the years 2014 to 2017 After 2017 a terminal value is calculated based on the estimated result for 2017. No terminal growth is assumed in the impairment tests. The budgets are mainly based on weighted historical performance and expectations that the global and national quota allocations for 2013 and onwards will be within the range as for the recent years. The discount rate applied to cash flow range between 7-12 % before tax, and reflect specific risks relating to the relevant CGUs. The impairment tests did not produce grounds for write-down of intangible assets in 2012.

The following budget assumptions for 2013 is used in the impairment test, with actual figures for 2011 and 2012 presented for comparison:

Catch and purchase (figures in 1,000 tons)	2013E	2012	2011
FoodCorp S.A own catch *	81	73	27
FoodCorp S.A purchase raw material *	147	111	60
Austral Group S.A.A own catch	342	268	530
Austral Group S.A.A purchase raw material	131	124	236
Welcon Group purchase raw material * *	601	594	424
Volumes sold (figures in 1,000 tons/ 1,000 cases)	**2013E**	**2012**	**2011**
Fishmeal and oil (tons) *	330	376	290
Frozen products (tons)	34	31	18
Canning (cases)	2 000	2 506	3 018
Salmon (tons)	154	153	137

* FoodCorp includes 100% Marfood volumes

* * Reflects 100% of Welcon group volumes (inkl. 100% of Hordafor Group)

Notes to the accounts

NOTE 16 TANGIBLE FIXED ASSETS

2011	Land	Projects in progress	Buildings	Plant, equipment and other fixtures	Vessels	Total
Per 01.01.						
Acquisition cost	182 333	66 179	1 492 809	4 354 918	1 588 005	7 684 244
Accumulated depreciation	-227	0	-372 587	-2 271 462	-943 327	-3 587 602
Accumulated impairment	-1 094	0	-8 985	-125 742	-77 199	-213 020
Carrying amount at 01.01.	**181 012**	**66 179**	**1 111 237**	**1 957 714**	**567 479**	**3 883 622**
Balance sheet value at 01.01.	181 012	66 179	1 111 237	1 957 714	567 479	3 883 622
Currency translation differences	6 248	3 098	13 880	12 557	23 393	59 176
Reclassification	-8 312	-41 335	9 203	-16 777	21 919	-35 303
Transferred to disposed group	-5 071	-1 747	-95 824	-72 726	0	-175 368
Tangible fixed assets acquired	2 039	108 279	47 797	562 214	4 135	724 464
Tangible fixed assets sold	-988	-23 371	-26 167	-70 180	-34 198	-154 903
Depreciation	-93	0	-71 802	-340 797	-91 443	-504 135
Depreciation transferred to disposed Group	0	0	20 887	61 665	22 430	104 981
Impairment	0	0	0	0	-10 731	-10 731
Reversal of impairments	0	0	0	0	15 343	15 343
Reversal of impairment by sale of fixed assets	-3 628	0	-16 706	70 544	22 917	73 127
Carrying amount at 31.12.	**171 207**	**111 103**	**992 503**	**2 164 214**	**541 243**	**3 980 272**
Per 31.12.						
Acquisition cost	176 249	111 103	1 441 697	4 770 007	1 603 254	8 102 309
Accumulated depreciation	-320	0	-423 503	-2 550 595	-1 012 340	-3 986 756
Accumulated impairment	-4 722	0	-25 691	-55 198	-49 671	-135 282
Carrying amount at 31.12.	**171 207**	**111 103**	**992 503**	**2 164 214**	**541 243**	**3 980 272**
Carrying amount of finance lease included above	**0**	**0**	**19 111**	**418 895**	**35 609**	**473 614**
Depreciation on finance lease included above	**-**	**-**	**936**	**45 029**	**1 822**	**47 787**

Notes to the accounts

NOTE 16 TANGIBLE FIXED ASSETS (CONT.)

2012	Land	Projects in progress	Buildings	Plant, equipment and other fixtures	Vessels	Total
Balance sheet value at 01.01.	171 207	111 103	992 503	2 164 214	541 243	3 980 271
Currency translation differences	-3 429	-4 093	-15 007	-13 098	-22 403	-58 029
Reclassification	0	-27 079	5 969	18 535	2 581	6
Aquistions through business combinations	12 924	0	53 932	51 502	0	118 358
Tangible fixed assets acquired	9 803	91 010	372 171	238 179	23 856	735 019
Tangible fixed assets sold/scrapped	-1 380	-429	-9 580	-57 901	-173 140	-242 429
Depreciation	0	0	-71 260	-395 025	-75 776	-542 061
Disposals acc. depreciation	0	0	13 320	15 992	122 320	151 631
Impairment	0	0	-15 000	-18 000	-469	-33 469
Reversal of impairments	0	0	0	6 318	1 293	7 611
Reversal of impairment by scrapping/ sale of fixed assets	0	0	-1 754	12 333	18 131	28 711
Carrying amount at 31.12.	**189 126**	**170 513**	**1 325 295**	**2 023 049**	**437 636**	**4 145 619**
Per 31.12.						
Acquisition cost	194 066	170 513	1 840 433	4 965 318	1 400 522	8 570 851
Accumulated depreciation	-320	0	-473 460	-2 888 405	-933 908	-4 296 092
Accumulated impairment	-4 620	0	-41 678	-53 864	-28 978	-129 141
Carrying amount at 31.12.	**189 126**	**170 513**	**1 325 295**	**2 023 049**	**437 636**	**4 145 619**
Carrying amount of finance lease included above	**0**	**0**	**1 986**	**465 398**	**22 334**	**489 719**
Depreciation on finance lease included above	**0**	**0**	**1 052**	**63 869**	**1 691**	**66 612**

Impairment in 2012 is related to restructuring in the LSG subsidiary Lerøy Hydrotech, whereby the facility in Kristiansund was abandoned.

Notes to the accounts

NOTE 17 ASSOCIATED COMPANIES AND INVESTMENTS IN JOINT VENTURES

Associated companies	**2012**	**2011**
Beginning of year	1 157 431	953 051
Acquisitions	-	214 355
Disposals	-29 666	-
Share of profit/(loss)*	29 342	45 793
Exchange differences	-6 959	11 440
Dividends	-16 509	-65 430
Other changes in equity	32 224	-1 778
End of year	**1 165 863**	**1 157 431**

* Share of profit/(loss) is after tax and minority interest in associates.

The results of the significant associates, its aggregated assets and liabilities, on a 100% basis, are as follows:

Name	**Country of incorporation**	**Assets**	**Liabilities**	**Revenues**	**Profit/loss**	**% interest and voting-rights held**
2011						
Norway Pelagic ASA*	Norway	2 488 513	1 459 518	3 637 730	60 843	43,30 %
Br. Birkeland AS	Norway	615 846	421 121	418 547	20 180	49,99 %
Norskott Havbruk AS	Norway	1 201 329	615 210	797 421	27 450	50,00 %

Name	**Country of incorporation**	**Assets**	**Liabilities**	**Revenues**	**Profit/loss**	**% interest and voting-rights held**
2012						
Norway Pelagic ASA*	Norway	2 431 117	1 413 228	3 593 028	-8 049	43,30 %
Br. Birkeland AS	Norway	688 703	465 705	362 857	37 681	49,99 %
Norskott Havbruk AS	Norway	1 187 185	600 222	936 605	35 208	50,00 %

* Norway Pelagic ASA (NPEL) is a public company listed on the Oslo Stock Exchange. AUSS has purchased a further 34.4% of the shares in NPEL in February 2013, and the company will from Q1 2013 be recognised as an associated company of the Group. Based in price quotations at year end 2012 the fair value of 43.3% of the shares in NPEL could be calculated at MNOK 116, whereas the balance sheet value recorded by AUSS was MNOK 517. The discrepancy between book value and fair value implied by the quoted price as of 31.12.2012 is an indicator of impairment. Consequently, management has performed an impairment test of the investment based on value-in-use. The test indicates that impairment as of 31.12.2012 is not required. The conclusion is sensitive to underlying assumptions. Please refer to note 9 for further details on the purchase of shares in 2013, and of the impairment test.

Notes to the accounts

NOTE 17 ASSOCIATED COMPANIES AND INVESTMENTS IN JOINT VENTURES (CONT.)

In addition the Group has shareholding in the following companies recognised in the accounts as associated companies:

Name	**Country of incorporation**	**% interest and votingrights held at beginning of year**	**% interest and votingrights held at end of year**
Alfarm Alarko Leroy	Turkey	50,00 %	50,00 %
Nergård Holding AS	Norway	12,50 %	12,50 %

Investments in joint venture	**Period**	**Location**	**Business**	**Voting share**
JV Cormar	01.01-31.12	Peru	Fish oil/ fishmeal	50 %
Marfood S.A.	01.01-31.12	Chile	Fish oil/ fishmeal	40 %
Welcon Invest AS	01.01-31.12	Norway	Fish oil/ fishmeal	50 %
Hordafor AS*	01.02-31.12	Norway	Fish protein Concentrat/ fishmeal	25 %
Rossyew Ltd*	01.10-31.12	UK	Fish protein Concentrat/ fishmeal	25 %

*Shares owned by way of shares in Welcon Invest AS, voting share represents AUSS' 50% share of Welcon Invest AS voting shares. See note 6 for further information.

The following amounts represent the Group's 50% share of the assets and liabilities, and sales and results of the joint venture.

Assets	**2012**	**2011**
Non-current assets	558 473	576 455
Current assets	376 324	171 305
Total assets	**934 797**	**747 759**
Liabilities		
Non-current liabilities	140 456	106 093
Current liabilities	198 426	62 263
Total liabilities	**338 882**	**168 356**
Total equity	**595 915**	**579 403**
Income	861 728	699 102
Expenses	-729 273	-636 287
Operating profit	**132 455**	**62 815**

Notes to the accounts

NOTE 18 INVESTMENTS IN OTHER SHARES

2012 Company	Business location	Ownership/ voting share	Acquisition cost	Fair value
Euro-Terminal AS	Bergen, Norway	18.48%	22 202	25 750
AquaGen AS	Trondheim, Norway	2.52%	1 000	14 358
Bulandet Eiendom AS	Bulandet, Norway	minor	625	625
Vågtrans AS	Herøy, Norway	12,50 %	242	242
Other shares			1 513	4 151
Total non-current			**25 582**	**45 126**

2011 Company	Business location	Ownership/ voting share	Acquisition cost	Fair value
Euro-Terminal AS	Bergen, Norway	18.48 %	22 202	25 711
AquaGen AS	Trondheim, Norway	2.52 %	1 000	21 558
Bulandet Eiendom AS	Bulandet, Norway	minor	625	625
Other shares			1 735	1 249
Total non-current			**25 562**	**49 143**

Reconsiliation of the carrying amount of investments in other shares	2012	2011
Beginning of year	49 143	39 558
Business combinations	789	0
Acquired/sold	2 394	-172
Net gains/losses	-7 200	9 757
End of year	**45 126**	**49 143**
Less: non-current portion	-45 126	-49 143
Current portion	**0**	**0**

There were no impairment provisions on investments in other shares in 2012 and 2011.

Investments in other shares are denominated in the following currencies:	2012	2011
NOK	45 126	49 143
Total	**45 126**	**49 143**

Notes to the accounts

NOTE 19 TRADE AND OTHER RECEIVABLES

	2012	2011
Trade receivables	1 239 545	1 209 442
Less: provision for impairment of trade receivables	-25 083	-20 311
Trade receivables - net	**1 214 462**	**1 189 131**
Other current receivables		
Prepayments	64 281	55 347
Loans to third parties	23 692	6 644
Public fees and taxes receivable	202 848	202 965
Currency forward contracts / Effects of fair value hedging (see note 22)	10 039	15 600
Insurance to recover	45 190	267
Short-term loans	48 424	13 786
Balance on sale of equipment	23 780	13 717
Other current receivables	110 482	94 005
Total other current receivables	**528 736**	**402 331**
Total current	**1 743 198**	**1 591 462**
Non-current receivables		
Loans to related parties	67	1 664
Loans to third parties	35 401	31 452
Reimbursement rights under escrow accounts	0	12 583
Total non-current receivables	**35 468**	**45 699**
The ageing of the trade receivables, past due but not impaired:		
0 to 3 months	322 246	320 263
3 to 6 months	10 724	6 316
Over 6 months	5 239	8 750
Total	**338 208**	**335 329**
The ageing of the trade receivables, past due and impaired:		
0 to 3 months	11 173	9 739
3 to 6 months	3 832	3 682
Over 6 months	10 077	4 828
Total	**25 082**	**18 249**

The Group's trade receivables of NOK 1,214,462 are partly covered by credit insurance and other types of security. Trade receivables per 31.12 .were nominally NOK 1,239,545 while provisions for bad debts were amounted to NOK 25,083.

Trade receivables, past due but not impaired was NOK 338,208 per 31.12.2012. A major part of the trade receivables, past due but not impaired are related to the subsidiary Lerøy Seafood Group ASA (LSG) with NOK 233,122 of the amount overdue. Per end of February 2013 more than 97 % of the customer receivables related to LSG are paid.

NOTE 19 TRADE AND OTHER RECEIVABLES (CONT.)

The carrying amounts of the trade and other receivables are denominated in the following currencies:

Currency	2012	2011
USD	404 665	377 141
GBP	41 301	50 967
EUR	417 788	340 430
NOK	549 523	480 584
CHF	2 405	1 477
CLP	85 563	84 953
PEN	70 835	243
SEK	146 007	123 769
Other	25 111	131 899
Total	**1 743 198**	**1 591 462**

Movements on the provision for impairment of trade receivables are as follows:		
Pr 01.01	-20 311	-22 037
Business combinations	-252	2 010
This years change in provisions	-4 767	1 355
Receivables written off during the year as uncollectable	0	-1 979
Currency translation differences	240	46
Unused amounts reversed	6	294
Pr 31.12	**-25 083**	**-20 311**

NOTE 20 INVENTORIES

	2012	2011
Raw materials	291 691	249 597
Work in progress	6 502	18 212
Finished goods	470 476	662 325
Impairments, including obsoleteness	-15 527	-16 348
Total	**753 142**	**913 786**
Obsoleteness of inventories expensed during the year	614	7 461

Notes to the accounts

NOTE 21 BIOLOGICAL ASSETS

	2012	2011
Biological assets 01.01.	**2 370 937**	**2 706 733**
Increases due to production	3 738 712	3 476 843
Decreases due to sales / harvesting	-3 679 443	-3 195 898
Fair value adjustment of biological assets (profit and loss effect)	294 735	-616 741
Biological assets 31.12.	**2 724 941**	**2 370 937**

The Group estimates the fair value of biological assets (fish in the sea) based on market prices for slaughtered Atlantic salmon and trout at the balance sheet date. The price is adjusted for quality differences (superior, ordinary, and process), together with cost of logistics. The volume is adjusted for gutting loss. Fish in the sea with an average weight below 4 kg is based on the same principles, but the price is adjusted in proportion to how far one has come in the growth cycle. The price is not adjusted lower than cost unless one expects a loss on future sales.

The table below shows the total volume of fish in sea as well as the volume of harvestable salmon and trout (> 4 kg).

Profit and loss effect of fair value adjustments	2012	2011
Fair value adjustment of biological assets	294 735	-616 741
(Gain) on Fishpool contracts	0	974
Fair value adjustment of biological assets (profit and loss effect)	**294 735**	**-615 767**
Total fish in sea (LWT)	103 949	100 573
Harvestable fish (> 4kg LWT)	41 899	34 143
Value adjustment harvestable fish (> 4kg)	241 613	51 739
Value adjustment immature fish (< 4kg)	105 577	716
Total value adjustment biological assets	347 190	52 455
Cost price of biological assets	2 377 751	2 318 483
Balance sheet value of biological assets	**2 724 941**	**2 370 938**
Value adjustment biological assets		
Value adjustment per 01.01	52 455	670 172
Acquistions due to business combinations	0	-976
The year's profit impact of value adjustments	294 735	-616 741
Value adjustments per 31.12	**347 190**	**52 455**

Notes to the accounts

NOTE 22 DERIVATIVE FINANCIAL INSTRUMENTS

Currency forward contracts
The table below shows the Group's currency forward contracts as of 31.12.2012.
The contracts are for purchase(-)/sale(+) against NOK.

Currency	Currency amount	Exchange rate at maturity	Amounts in NOK	Exchange rate 31.12.2012	Fair value, NOK
EUR	55 150	7,382	407 134	7,341	369
USD	39 570	5,684	224 920	5,566	3 677
JPY	770 000	0,072	55 341	0,046	5 332
SEK	47 200	0,876	41 341	0,855	891
GBP	-1 900	9,173	-17 429	8,996	-253
AUD	100	5,837	584	5,778	3
CHF	800	6,135	4 908	6,080	21
Total					**10 039**

	2012	2011
Recognised asset (- liability) due to fair value hedging	10 039	-15 600

Some entities within the Group applies fair value hedging for the currency exchange risk related to binding not booked sales agreements/delivery contracts (hedging object). The currency risk related to the contracts is hedged by using currency forward contracts and a multi currency overdraft facility (hedging instrument). The cumulative change in fair value for the delivery contracts attributable to changes in currency exchange rates is recognised as an asset or a liability, with a corresponding gain or loss recognised in profit or loss, together with the gain or loss on the hedging instrument.

Interest swap contracts
"The group has entered into two interest swap agreements of fixed rate with DnB NOR, the first one in November 2011 and the second one in January 2012. Each agreement is of a nominal fixed value of MNOK 500, with a fixed rate of 3.55% for the first one and 3.29% for the second one, for the entire 10 year duration. Market values have been used to determine the fair value of the swap agreements at 31 December. As at 31.12.2012, a total unrealised loss of MNOK 32.2 was included in equity.

Interest swap contracts	Nominal value	Interest rate/ average rate	Liabilities recognised	Corresponding deferred tax	Effect on equity
Contract as of October 17, 2011	500 000	3,55 %	-	-	-
Fair value adjustment 2011			-7 168	2 007	-5 161
31 December 2011	**500 000**	**3,55 %**	**-7 168**	**2 007**	**-5 161**
Contract as of January 17, 2012	500 000	3,29 %	-	-	-
Fair value adjustment 2012			-37 620	10 534	-27 086
31 December 2012	**1 000 000**	**3,42 %**	**-44 788**	**12 541**	**-32 247**

Fair value of the interest swap contracts (gross liability) is recognized as "other long term liabilities". The effective part of the fair value adjustment is recognized in other comprehensive income (cash flow hegde). The deferred tax effect is also recognized in other comprehensive income, and is thus not part of current tax income in profit and loss.

Notes to the accounts

NOTE 23 GUARANTEE OBLIGATIONS

	2012	2011
Letters of guarantees held by the subsidiary	6 217	26 257
Letters of guarantees held by the associates	21 250	23 750
Letters of guarantees held by other company	11 128	14 180
Total	**38 595**	**64 187**

NOTE 24 RESTRICTED BANK DEPOSITS

	2012	2011
Restricted deposits related to employee' tax deduction	32 431	32 540
Other restricted deposits	7 124	4 859
Total	**39 555**	**37 399**

Notes to the accounts

NOTE 25 SHARE CAPITAL AND SHAREHOLDERS

Share capital:

As of December 31, 2012 the Company has 202,717,374 shares at nominal value of NOK 0.50 per share.
None of the shares are owned by any Group company.

Date of registration	Type of change	Nominal value per share (NOK)	Total share capital	Number of ordinary shares
01.01.2008/25.09.2009	Capital increase	0,50	101 358 687	202 717 374
2010	No changes	0,50		0
2011	No changes	0,50		0
2012	No changes	0,50		0
31.12.2012			**101 358 687**	**202 717 374**

	2012		2011	
The shareholders in Austevoll Seafood ASA, were as of 31.12.:	**Number of shares**	**Share-holding**	**Number of shares**	**Share-holding**
Laco AS	112 605 876	55,55 %	112 605 876	55,55 %
Pareto Aksje Norge	8 904 255	4,39 %	10 562 447	5,21 %
Topiola Mutual Pension Insurance	4 824 299	2,38 %	4 099 299	2,02 %
Verdipapirfond Odin Norden	4 342 737	2,14 %	4 409 501	2,18 %
Pareto Aktiv	3 782 117	1,87 %	4 874 917	2,40 %
Pareto Verdi VPF	2 015 155	0,99 %	2 694 294	1,33 %
Skagen Vekst	1 972 716	0,97 %	1 972 716	0,97 %
Folketrygdfondet	1 884 747	0,93 %	1 425 497	0,70 %
Mitsui and Co Ltd	1 782 236	0,88 %	1 782 236	0,88 %
Br. Birkeland AS	1 722 223	0,85 %	1 722 223	0,85 %
Kontrari AS	1 350 000	0,67 %	1 110 000	0,55 %
Verdipapirfond Odin Norge	1 217 363	0,60 %	1 204 863	0,59 %
DnB NOR Norge (iv) VPF	1 085 000	0,54 %	868 139	0,43 %
MP Pensjon PK	1 040 000	0,51 %	1 040 000	0,51 %
Pactum AS	1 020 000	0,50 %	0	0,00 %
Holberg Norge	1 011 693	0,50 %	1 563 489	0,77 %
Credit Suisse Securi Prime Broker	1 006 518	0,50 %	1 244 312	0,61 %
Holberg Norden	982 322	0,48 %	1 397 096	0,69 %
Forsvarets Personellservice	981 646	0,48 %	870 146	0,43 %
DnB NOR SMB VPF	900 949	0,44 %	850 000	0,42 %
Pictet & Cie Banquiers	0	0,00 %	770 266	0,38 %
Total 20 largest shareholders	**154 431 852**	**76,18 %**	**157 067 317**	**77,48 %**
Total others	48 285 522	23,82 %	45 650 057	22,52 %
Total numbers of shares	**202 717 374**	**100,00 %**	**202 717 374**	**100,00 %**
Varma Mutual Pension Insurance	0	0,00 %	1 159 299	0,57 %

Notes to the accounts

NOTE 25 SHARE CAPITAL AND SHAREHOLDERS (CONT.)

Shares controlled by Board members and management:	**Number of shares**	**Share-holding**
Inga Lise L. Moldestad (Ingasset AS)	40 000	0,02 %
Helge Møgster (Laco AS)	23 053 289	11,37 %
Helge Singelstad	50 000	0,02 %
Lill Maren Møgster (Laco AS)	22 521 775	11,11 %
Oddvar Skjegstad (Rehua AS)	55 000	0,03 %
CEO Arne Møgster (Laco AS)	5 495 313	2,71 %
CFO Britt Kathrine Drivenes (Lerkehaug AS)	125 367	0,06 %
Total shares controlled by Board members and management	**51 340 744**	**25,33 %**

NOTE 26 TAX

	2012	**2011**
Specification of the tax expense		
Tax payable (excluding tax effect of group contributions)	139 520	461 417
Change in deferred tax	112 144	-215 646
Taxes	**251 664**	**245 773**
Tax reconciliation		
Profit before tax	894 836	772 436
Taxes calculated with the nominal tax rates*	260 286	234 610
Income from associated companies	-10 653	-17 492
Tax-free gain on sale of shares	658	893
Other differences	1 359	29 180
Utilisation of loss carried forward, previously not recognized	14	-1 418
Taxes	**251 664**	**245 773**
Weighted average tax rate	**28,12 %**	**31,82 %**

* Nominal tax rates for the Group, varies between 20% and 30%.

	2012	**2011**
The gross movement on the deferred income tax account is as follows:		
Opening balance 01.01.	1 784 078	1 963 358
Booked to income in the period	112 144	-212 067
Tax on share issuance to equity	570	534
Currency translation differences	-6 443	9 307
Effect of business combinations	-5 562	22 947
Balance sheet value 31.12.	**1 884 788**	**1 784 078**
Balance sheet value of deferred tax assets*	-32 537	-29 442
Balance sheet value of deferred tax liabilities	1 917 325	1 813 520

* Represents deferred tax assets whereof there is not a legally enforceable right to offset against current tax liabilities.

Notes to the accounts

NOTE 26 TAX (CONT.)

The movement in deferred income tax assets and liabilities during the year is as follows:

Change in deferred tax liabilities	Intangible assets	Fixed assets	Biological assets	Total
2011				
Opening balance 01.01.	1 106 628	280 311	759 620	2 146 558
Booked to income in the period	0	-24 557	-145 042	-169 599
Tax on share issuance to equity	0	534	0	534
Currency translation differences	3 072	6 560	0	9 632
Effect of business combinations	-19	-4 045	-231	-4 295
31.12.	**1 109 681**	**258 803**	**614 347**	**1 982 830**
2012				
Booked to income in the period	1 345	-8 291	143 282	136 336
Tax on share issuance to equity	0	570	0	570
Currency translation differences	4 575	-4 809	0	-234
Effect of business combinations	0	1 667	0	1 667
31.12.	**1 115 601**	**247 940**	**757 629**	**2 121 168**

Change in deferred tax asset	Inventory	Pensions	Receiva-bles	Liabili-ties	Profit and loss account	Loss carried forwards	Other	Total
2011								
Opening balance 01.01	7 497	-109	4 739	-1 367	-28 832	-172 024	6 896	-183 200
Booked to income in the period	-1 721	-4 149	-10 137	-25 230	13 856	-23 295	8 208	-42 468
Currency translation differences	-84	-1 282	-84	2 731	-701	-40	-865	-325
Effect of business combinations	0	76	909	110	-1 640	25 808	1 979	27 242
31.12.	**5 692**	**-5 464**	**-4 573**	**-23 756**	**-17 317**	**-169 551**	**16 218**	**-198 751**
2012								
Booked to income in the period	505	-1 140	1 682	2 416	491	-27 910	-236	-24 192
Currency translation differences	-227	-10 519	-146	3 434	-262	1 249	262	-6 209
Effect of business combinations	2 156	-51	-58	541	-115	-7 719	-1 983	-7 229
31.12.	**8 126**	**-17 174**	**-3 095**	**-17 366**	**-17 203**	**-203 930**	**14 262**	**-236 380**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Notes to the accounts

NOTE 26 TAX (CONT.)

Deferred tax assets	2012	2011
Deferred tax asset to be recovered after more than 12 months	-238 307	-192 332
Deferred tax asset to be recovered within 12 months	1 927	-6 419
Total	**-236 380**	**-198 751**
Deferred tax liabilities		
Deferred tax liabilities to be settled after more than 12 months	1 363 540	1 368 484
Deferred tax liabilities to be settled within 12 months	757 629	614 347
Total	**2 121 168**	**1 982 830**
Deferred tax liabilities (net)	**1 884 788**	**1 784 078**

Notes to the accounts

NOTE 27 PENSION OBLIGATIONS AND OTHER OBLIGATIONS

Pension obligations and other obligations	2012	2011
Pensions and pension commitments	13 924	13 641
Fair value of interest swap contracts (ref note 22)	32 247	5 161
Other obligations	13 743	3 443
Total	**59 914**	**22 245**

The Group entities operates various pension schemes. Some Group entities have pension schemes which provide the employees the right to established future pension payments (defined benefit). The Group's funded pension schemes is secured, and administered by a pension company. Other Group entities operate a defined contribution plan for their employees.

All companies in the group satisfy the requirements in the Act relating to mandatory occupational pensions (Norwegian: OTP). The schemes are in the main established as defined contribution pension schemes.

Some of the entities also have Contractual Early Retirement schemes (Norwegian: AFP) for their employees. The new AFP scheme which came into effect on 1 January 2011, is to be considered as a defined benefit multi-enterprise scheme but is recognised as a defined contribution scheme until reliable and sufficient information has been provided so that the Group can book its proportionate share of the pension cost, pension liability and pension funds in the scheme. However, a provision has been carried to cover the estimated payments related to undercoverage in the former AFP scheme.

Net pension cost	2012	2011
Current service cost	2 636	3 882
Interest cost	786	1 026
Expected return on plan assets	-657	-915
Administration costs	337	287
Net actuarial losses recognised during the year	461	-414
Social security tax	268	445
Other changes	-1 460	0
Net pension cost related to defined benefit plan	**2 369**	**4 310**
Pension costs related to defined contribution plan	34 647	21 867
Social security on defined contribution plan	5 047	2 852
Net pension cost	**42 064**	**29 028**

The amounts recognised in the balance sheet are determined as follows:

Capitalised commitments are determined as follow	2012	2011
Present value of funded secured obligations	36 747	39 528
Fair value of plan assets	-24 974	-23 596
Present value of unfunded obligations	2 452	1 743
Social security tax	2 125	1 332
Unrecognised actuarial losses	-2 426	-5 366
Net pension commitment on the balance sheet 31.12.	**13 924**	**13 641**

Notes to the accounts

NOTE 27 PENSION OBLIGATIONS AND OTHER OBLIGATIONS (CONT.)

The principal actuarial assumptions	31.12.12	01.01.12	31.12.11
Discount rate	2,3%/3,9%	3,2%/4,5%	3,2%/4,5%
Anticipated yield on pension assets	3,6%/4,0%	4,6%/5,6%	4,6%/5,6%
Anticipated regulation of wages	3,25%/3,5%	4%/4,5%	4%/4,5%
Anticipated regulation of pensions	0-2,5%/0,2%	0,05%/1,4%	0,05%/1,4%
Anticipated regulation of national insurance	3,0%/3,25%	3,75%/4,25%	3,75%/4,25%
Employee turnover	0-20%	0-20%	0-20%
Social security tax rate	0%-14,1%	0%-14,1%	0%-14,1%

NOTE 28 CONTINGENCIES AND PROVISIONS

Cormar

The Group has recognised a provision related to the acquisition of Cormar in 2007. The Group will have reimbursement rights for some of the liabilities, if the liabilities materialises. A provision of MNOK 17.9 has been recorded for this contingent liability, ref note 31.

Claim against the company related to taxation of Lafjord Fiskebåtrederi AS

Up to 2005, Austevoll Seafood ASA (AUSS) owned 49.98% of the shares in Lafjord Fiskebåtrederi AS (Lafjord). AUSS sold these shares in 2005 to eight owners of fishing boats (the Buyers), who then went on to reorganise Lafjord's fishing quotas according to the prevailing structural quota scheme for the deep-sea fishing fleet, via a tax-free reorganisation. Subsequently, the tax authorities have adopted a resolution to amend taxation for Lafjord and the Buyers as a result of this reorganisation. The Buyers have disputed the tax claim. In their judgement of March 8, 2012, the Nordhordland county court found for the tax authorities. The Buyers have now appealed to the Gulating Appellate Court, and the appeal case is scheduled for court hearing at April 8, 2013. Four of the Buyers have issued a recourse claim against AUSS for the tax claim for which they will be liable if their appeal is not upheld. AUSS is of the opinion that this recourse claim has no factual or legal basis, and contests the claim in full. Accordingly, management has not considered it necessary to make any provision based on this case.

Austral Group S.A.A

The subsidiay Austral Group S.A.A (Peru) has certain court actions pending resolution for a total of MNOK 140 as of December 31, 2012, mainly related to its business activities. Local managment and legal councel consider it not likely to give rise to significant liabilties. Accordingly, local management has not considered it necessary to make a higher provision than the NOK 25 million recorded for these contingencies (ref note 31).

Notes to the accounts

NOTE 29 INTEREST BEARING DEBT

Non-current	2012	2011
Bank borrowings	3 210 020	3 389 663
Bond loan	913 643	527 694
Other loans	17 204	16 482
Leasing liabilities	303 117	383 778
Total non-current	**4 443 984**	**4 317 617**
Current		
Bank overdrafts	609 576	524 924
Bond loans	350 000	300 000
Bank borrowings	520 744	524 397
Leasing liabilities	86 125	77 252
Total current	**1 566 445**	**1 426 573**
Total non-current and current	**6 010 430**	**5 744 190**
Net interest-bearing debt		
Cash and cash equivalents	2 180 629	2 382 939
Other interest-bearing assets - non-current	4 950	0
Net interest-bearing debt	**3 824 851**	**3 361 251**

Repayment profile interest bearing debt	2013*	2014	2015	2016	2017	Sub-sequent	Total*
Bank borrowings *	520 745	544 789	531 312	696 175	298 296	1 139 448	3 730 765
Bank overdrafts	609 576	0	0	0	0	0	609 576
Bond loan	350 000	3 151	18 286	0	400 000	492 207	1 263 643
Leasing liabilities	86 124	82 708	60 738	48 627	35 656	75 389	389 242
Other non-current liabilities	0	9 869	207	207	207	6 714	17 204
Total	**1 566 445**	**640 517**	**610 542**	**745 009**	**734 159**	**1 713 758**	**6 010 430**

* Repayments of non-current liabilities which mature in 2013 are classified as current liabilities in the balance sheet.

Notes to the accounts

NOTE 29 INTEREST BEARING DEBT (CONT.)

Liabilities secured by mortgage	2012	2011
Current liabilities	1 219 356	743 216
Non-current liabilities	3 550 750	4 165 688
Liabilities to credit institutions incl. leasing liab.	**4 770 105**	**4 908 904**
Assets provided as security		
Fixed assets	3 624 277	3 281 429
Inventory	343 456	239 967
Biological assets	2 413 276	2 314 410
Shares	543 704	815 402
Trade receivables	594 952	427 993
Total assets provided as security	**7 519 664**	**7 079 201**
The exposure of the group's borrowings to interest rate changes and the contractural repricing dates at the balance sheet dates are as follows:		
6 months or less	4 712 471	4 987 836
6-12 months	49 480	53 269
1-5 years	248 479	1 216
Over 5 years	1 000 000	521 333
Total	**6 010 430**	**5 563 654**

The carrying amounts and fair value of the	Carrying amount		Fair value	
non-current liabilities are as follows:	**2012**	**2011**	**2012**	**2011**
Mortgage loan	3 210 020	3 389 663	3 210 020	3 389 663
Bond loan	913 643	527 694	934 045	528 944
Leasing liabilities	303 117	383 778	303 117	383 778
Other non-current liabilities	17 204	16 482	17 204	16 482
Total	**4 443 984**	**4 317 617**	**4 464 386**	**4 318 867**

Based on contractual terms the fair value of non current borrowings (ex bond loan) loans are estimated to be equal to book value as of 31. December 2012.

Notes to the accounts

NOTE 29 INTEREST BEARING DEBT (CONT.)

The carrying amounts of the group's borrowings are denominated in the following currencies:	2012	2011
NOK	5 372 457	4 831 771
USD	576 411	856 117
GBP	0	0
EUR	12 539	8 429
SEK	48 973	47 871
Other	50	0
Total	**6 010 430**	**5 744 188**

FINANCIAL "COVENANTS"
Financial covenant requirements for Austevoll Seafood ASA (the parent company) are measured on the Group's consolidated level, and requires a minimum book equity ratio of 30% and a debt service ratio not less than 1.05. Dividend payments, repurchase of shares or loans to the shareholders may not in aggregate exceed 40% of net profit after taxes for the Group.

The Group has not been in breach of any covenants during the financial year 2012, and is not in breach as of December 31, 2012.

NOTE 30 LEASE CONTRACTS - GROUP COMPANY AS LESSEE

Overview of future minimum operating leases	Within 1 year	1-5 years	Sub-sequent	Total
Minimum lease amount, operating leasing contracts maturing:	41 635	9 941	4 498	56 074
Present value of future minimum lease (discount rate 5%)	39 741	9 156	2 961	51 859
Overview of future minimum financial leases				
Minimum lease amount, financial leasing contracts maturing:	99 647	254 148	82 352	436 147
Interest	14 941	27 633	7 214	49 787
Repayment	84 706	226 516	75 139	386 360

Leased assets booked as finance lease is specified in note 16, whilst maturities and balances of financial leases are specified in note 29.

NOTE 31 OTHER CURRENT LIABILITIES

Specification of other current liabilities	2012	2011
Salary and other personell expenses	194 669	191 737
Public taxes payable	77 168	74 006
Accrued expenses	142 593	234 141
Currency forward contracts / Effects of fair value hedging	10 039	15 600
Provisions (cf note 28)	43 101	30 551
Other short-term liabilities	6 951	16 718
Other current liabilities	**474 520**	**562 753**

* Whereof 17.924 is related to the acquisition of Cormar

Notes to the accounts

NOTE 32 RELATED PARTIES

The Group is controlled by Laco AS which owns 55.55 % of the company's shares. The remaining 44.45 % of the shares are widely held. The ultimate parent of the Group is Laco AS.

The majority of transactions with related parties are carried out through;

- Lerøy Seafood Group ASA (LSG) sale and purchase of goods to/from LSG associated companies, and
- sale and purchase of goods between the joint venture Welcon AS (incl.realated companies) and the associate Norway Pelagic ASA (incl related companies).

In addition, the Group had some minor transactions with related parties such as the associated companies Br. Birkeland AS and Marin IT (ownership directly by parent Company).

The following transactions were carried out with related parties:

a) Sales of goods and services	2012	2011
Sales of goods:		
- associates	113 166	225 204
Sales of services		
- associates	20 212	1 239
- the ultimate parent and its subsidiary (administration services)	728	3 671
Total	**134 106**	**230 114**

Group companies has sold services as slaughtering, packaging and storage of salmon to associated companies, and goods as filleted salmon to associated companies. The Group has also sold administrative services to associated companies.

b) Purchase of goods and services	2012	2011
Purchase of goods:		
- associates	367 630	278 153
Purchase of services		
- associates	1 170	2 354
- the immediate parent and its subsidiary (management services)	3 414	6 637
Total	**372 214**	**287 144**

All goods and services are bought based on the market price and terms that would be available for third parties

The Group has bought fish and fish products from associated companies. The Group has bought administrative services such as IT, reception, catering, accounting and secretary- and financial from associated companies.

Notes to the accounts

NOTE 32 RELATED PARTIES (CONT.)

c) Year-end balances arising from sales/purchase of goods/services	2012	2011
Receivables from related parties:		
- ultimate parent	69	793
- associates	1 638	0
Payables to related parties		
- immediate parent	0	1 093
- associates	27 277	448

The receivables from related parties arise mainly from sale transactions and are due one month after date of sale. The receivables are unsecured in nature and bear no interest.

The payable to related parties arise mainly from purchase transactions and are due one month after the date of purchase. The payable bear no interest.

d) Loans from related parties	2012	2011
Total loans from related parties:		
- associates	1 750	1 711
Interest income	50	53

Statement of comprehensive income

Amounts in NOK 1 000	Note	2012	2011
Sales revenue	4,19	2 535	8 344
Total income		**2 535**	**8 344**
		0	0
Salaries and personnel expenses	5,16	-16 026	-17 141
Other operating expenses	5,19	-13 750	-11 404
Operating profit before depreciation		**-29 777**	**-28 545**
Depreciation	7	-412	-487
Operating profit		**-27 653**	**-20 688**
Income from subsidiaries		-4 000	
Financial income	6	314 855	373 885
Financial expenses	6	-153 338	-151 973
Profit before taxes		**129 864**	**201 224**
Income tax expense	15	28 300	11 693
Net profit for the year		**158 164**	**212 917**
Change in value of available-for-sale financial assets		-	3 564
Comprehensive income in the period		**158 164**	**216 481**

Statement of Financial Position

Amounts in NOK 1 000	Note	31.12.2012	31.12.2011
Assets			
Property, plant and equipment	7	102	513
Shares in subsidiaries	8	3 231 371	3 230 361
Deferred tax asset	14	22 736	-
Shares in associated companies	9	649 514	649 476
Shares in other companies	10	25 750	25 750
Long terms receivables on Group companies	11,17,20	1 331 475	1 491 612
Total non-current assets		**5 260 947**	**5 397 712**
Trade receivable	12	2 726	9 706
Short term receivable on Group companies	20	307 761	269 289
Other current receivables	11	3 659	2 611
Cash and cash equivalents	14,17	1 121 657	652 632
Total current assets		**1 435 803**	**934 238**
Total assets		**6 696 750**	**6 331 951**
Equity and liabilities			
Share capital	25 CFS*	101 359	101 359
Share premium		3 713 549	3 713 549
Retained earnings and other reserves		648 740	737 122
Total equity		**4 463 648**	**4 552 030**
Deferred tax liabilities	15	0	2 830
Pension obligations	16	975	2 708
Borrowings	17	1 430 748	1 126 731
Total non-current liabilities		**1 431 723**	**1 132 269**
Borrowings	17	524 742	416 944
Trade payable		771	2 400
Accrued salary expense and public tax payable		1 645	1 648
Other current liabilities to Group companies	20	4 328	10 000
Dividends	21	243 260	202 717
Other current liabilities	18	26 632	13 943
Total current liabilities		**801 378**	**647 653**
Total liabilities		**2 233 102**	**1 779 921**
Total equity and liabilities		**6 696 750**	**6 331 951**

* If note reference contains the characters CFS, the reference refers to notes in the consolidated financial statement

Storebø, 11.04.13

Helge Singelstad
Chairman

Oddvar Skjegstad
Deputy Chairman

Helge Møgster

Inga Lise
Lien Moldestad

Hilde Waage

Arne Møgster
President & CEO

Lill Maren Møgster

Cash flow statement

Amounts in NOK 1 000	2012	2011
Profit before income taxes	129 864	201 224
Depreciation and amortisation	412	487
(Losses +/Gain-) on investments	2 351	30 677
Dividends and group contributions	-7 509	-36 117
Change in accounts receivable and other receivables	-271 550	19 993
Change in accounts payable and other payables	-6 766	-17 410
Change in other accruals	7 517	-2 750
Unrealised exchange (gains) / losses	38 545	-8 339
Net interest	67 943	72 288
Net cash flow from operating activities	**-39 193**	**260 053**
Purchase of shares and equity investments in other companies	-1 047	-159 562
Change in non-current receivables	121 592	73 611
Dividends and group contributions received	246 519	377 560
Interest received	28 740	35 979
Net cash flow from investing activities	**395 804**	**327 588**
Net change in long-term interest bearing debt	304 017	-639 977
Movement of short-term interest bearing debt	107 798	-163 571
Interest paid	-96 683	-108 267
Dividends paid	-202 717	-304 076
Net cash flow from financing activities	**112 414**	**-1 215 891**
Net change in cash and cash equivalents	**469 026**	**-628 250**
Cash and cash equivalents at 01.01.	**652 630**	**1 280 880**
Cash and cash equivalents at 31.12.	**1 121 657**	**652 630**

Statement of changes in equity

Amounts in NOK 1 000	Note	Share capital	Share premium	Retained earnings	Total equity
Equity 01.01.11		**101 359**	**3 713 549**	**736 226**	**4 551 134**
Profit for the year		**0**	**0**	**212 917**	**212 917**
Change in value of available-for-sale financial assets		0	0	3 564	3 564
Other Comprehensive income for the period		**0**	**0**	**3 564**	**3 564**
Gains and losses charged directly to equity		0	0	-2 868	-2 868
Total gains and losses charged directly to equity		**0**	**0**	**-2 868**	**-2 868**
Total recognised income		**0**	**0**	**213 613**	**213 613**
Dividends		0	0	-202 717	-202 717
Group contribution		0	0	-10 000	-10 000
Total equity to/from shareholders		**0**	**0**	**-212 717**	**-212 718**
Total change of equity		**0**	**0**	**895**	**895**
Equity 31.12.11		**101 359**	**3 713 549**	**737 122**	**4 552 030**
Profit for the year		**0**	**0**	**158 164**	**158 164**
Gains and losses charged directly to equity		0	0	-2 749	-2 749
Total gains and losses charged directly to equity		**0**	**0**	**-2 749**	**-2 749**
Total recognised income		**0**	**0**	**155 415**	**155 415**
Dividends		0	0	-243 260	-243 260
Group contribution		0	0	-537	-537
Total equity to/from shareholders		**0**	**0**	**-243 797**	**-243 797**
Total change of equity		**0**	**0**	**-88 382**	**-88 382**
Equity 31.12.12		**101 359**	**3 713 549**	**648 740**	**4 463 649**

Notes to the accounts

NOTE 1 GENERAL

The separate financial statements of Austevoll Seafood ASA (parent company) have been prepared in accordance with simplified IFRS. Preparation of separate financial statements is required by law.

NOTE 2 ACCOUNTING PRINCIPLES

The principal accounting policies applied in the preparation of the separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

BASIS OF PREPARATION

The separate financial statements of Austevoll Seafood ASA (Company) were approved by the board of Directors of Austevoll Seafood ASA April 11th 2013. The statutory accounts have been prepared in accordance to the Regulations of January 21th 2008 regarding "simplified" IFRS as determined by the Ministry of Finance. Preparation of separate financial statements for the parent company is required by law.

The separate financial statements have been prepared under the historical cost convention, as modified by available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with simplified IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in note 4 in the consolidated financial statements.

For a description of new standards and interpretations and amendments to existing standards, please refer to note 2 to the consolidated financial statements.

SUBSIDIARIES AND ASSOCIATES

Investment in subsidiaries and associates are accounted for at cost, c.f. IAS 27 nr. 38a.

The fair value of the company's investments in subsidiaries and associated companies may vary over time, and is therefore reviewed for potential impairment. Fair value assessment will be affected by many factors, such as expectations of future earnings, specific branch conditions, owner shares, shareholder structure, but also macro conditions which are not directly related to the individual company. For quoted investments, current bid prices will be considered as one of several objective criteria in the fair value assessment. If the impairment test indicates that fair value is significantly lower than carrying amount and the situation is expected to persist, an impairment loss is recognised for the amount the carrying value exceeds the recoverable amount. Impairments may be reversed at a later reporting date.

FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The separate financial statements are presented in Norwegian Kroner (NOK), which is the functional and presentation currency of Austevoll Seafood ASA.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the cost will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation of fixed assets is calculated using the straight-line method to allocate cost less residual value over estimated useful lives.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down to its recoverable amount if the asset's

Notes to the accounts

carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount.

FINANCIAL ASSETS

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as 'other receivables' in the balance sheet (note 11).

Loans and receivables are carried at amortised cost using the effective interest method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in the non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Available-for-sale financial assets are subsequently carried at fair value.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'other financial income/losses'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques.

Regular purchases and sales of investments are recognised on trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit and loss are subsequently carried at fair value.

The Company has applied the exceptions for IFRS 7 no.32, 34-42 and B6-B28.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

The Company does not apply hedge accounting according to IAS 39. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re measured at fair value. Changes in the fair value of any derivative instruments are recognised immediately in the income statement within 'other financial income/losses'.

ACCOUNTS RECEIVABLE

Account receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of account receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the account receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement within 'other operating expenses'.

Notes to the accounts

When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'selling and marketing costs' in the income statement.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

SHARE CAPITAL
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

ACCOUNTS PAYABLE
Account payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

BORROWINGS
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Current and deferred income tax
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided in full at nominal values, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

EMPLOYEE BENEFITS
Pension obligations
The Company has both a defined contribution plan and a defined benefit plan. The defined benefit plan is funded through payments to insurance companies, determined by periodic actuarial calculations.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Norwegian governance bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In such case, the past-service costs are amortised on a straight-line basis over the vesting period.

PROVISIONS
Provisions (e.g. environmental restoration, restructuring costs and legal claims) are recognised when:
- the Company has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation;
- and the amount has been reliably estimated.
Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

REVENUE RECOGNITION
Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, shown net of value-added tax, returns, rebates and discounts.

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

SERVICES
The Company sells administrative services to other companies. These services are based on accrued time.

INTEREST INCOME
Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

DIVIDEND INCOME
The Company uses the right to derogate from the regulations in IAS 10 no. 12 and 13 in simplified IFRS, according to which dividend may be recognised as income in accordance with Norwegian Accounting Act. Dividends from subsidiaries are recognised in the period they relate to. Dividends from other companies are recognised when the right to receive payment is established.

LEASES
Operating leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

BORROWING COSTS
Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

CONTINGENT ASSETS AND LIABILITIES
Contingent liabilities are defined as
(i) possible obligations resulting from past events whose existence depends on future events
(ii) obligations that are not recognised because it is not probable that they will lead to an outflow of resources
(iii) obligations that cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the annual financial statements apart from contingent liabilities which are acquired through the acquisition of an entity. Significant contingent liabilities are disclosed, with the exception of contingent liabilities where the probability of the liability occurring is remote.

Contingent liabilities acquired upon the purchase of operations are recognised at fair value even if the liability is not probable. The assessment of probability and fair value is subject to constant review. Changes in the fair value are recognised in the income statement. A contingent asset is not recognised in the financial statements, but is disclosed if there is a certain level of probability that a benefit will accrue to the Company.

Notes to the accounts

CASH FLOW STATEMENT
The Company must apply IAS 7 even though the financial statements are prepared according to simplified IFRS. The Company's cash flow statement shows the overall cash flow broken down to operating, investing and financing activities. The cash flow statement illustrates the effect of the various activities on cash and cash equivalents.

EVENTS AFTER THE BALANCE SHEET DATE
New information after the balance sheet date concerning the Company's financial position at the balance sheet date is considered in the financial statements. An event after the balance sheet date that does not affect the Company's financial position on the balance sheet date, but will affect the company's financial position in the future is reported where material.

EARNINGS PER SHARE
The Company must apply IAS 33 even though the financial statements are prepared according to simplified IFRS. Earnings per share is calculated by the profit attributable to equity holders of the company of the result for the period being divided by a time-weighted average of ordinary shares for the period.

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

Notes to the accounts

NOTE 3 FINANCIAL RISK MANAGEMENT

FINANCIAL RISK FACTORS
The Company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk, cash flow and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company uses to some degree derivative financial instruments to reduce certain risk exposures.

MARKET RISK
(i) Foreign exchange risk
The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Company, in a limited degree, use forward contracts. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Company does not make use of financial instruments for management of financial risk regarding long-term financing.

The Company has interest risk in both the short-term and medium to long term as a result of the floating interest rate for the company's liabilities.

(ii) Price risk
The Company is exposed to price risk because of investments held by the Company and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss.

(iii) Cash flow and fair value interest rate risk
The Company's interest rate risk mainly arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

LIQUIDITY RISK
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Company aims to maintain flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Company's liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents on the basis of expected cash flow.

For information of the Company's financial liabilities see note 17.

CAPITAL RISK MANAGEMENT
The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Notes to the accounts

NOTE 3 FINANCIAL RISK MANAGEMENT (CONT.)

	2012	2011
Total borrowings (note 17)	1 899 741	1 543 675
Less: cash and cash equivalents	1 121 657	652 632
Net debt	778 084	891 043
Total equity	4 463 648	4 552 030
Capital employed	**5 241 732**	**5 443 073**
Gearing ratio	**15 %**	**16 %**

Fair value estimation
The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets is the current bid price; for financial liabilities is the current sales price used.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Other techniques, such as estimated discounted cash flows, are also used in certain cases. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

NOTE 4 INCOME

	2012	2011
Rendering of services	2 535	8 344
Total sales revenue	**2 535**	**8 344**

Notes to the accounts

NOTE 5 PAYROLL, FEES, NO. OF EMPLOYEES ETC.

	2012	2011
Salary and holiday pay	11 266	11 816
Hired personnel	2 170	2 007
National insurance contribution	1 680	1 745
Pension costs (note 16)	728	904
Other personnel costs	182	669
Total	**16 026**	**17 141**
Average man-labour year*)	4,0	11,0

Pension costs are described in detail in note 16.

*) The reduction in man-labour year are caused by transfer of the accounting services to a subsidiary, AUSS Shared Service AS. The company are purchasing administrative services from this subsidiaries.

Accumulated expenses for wages, pension premiums and other remuneration to CFO, other executives and members of the parent company's board accordingly were:

The Group management takes part in the Groups collective pension schemes.

The annual Director's Fee to the Chairman of the Board is not paid as taxable remuneration. Austevoll Seafood ASA is invoiced for the Chairman's services and for consultancy fees by Group head entity Laco AS, with which company the Chairman is employed.

No loans or securities have been issued in 2012 or 2011 to the CEO, board members, members of the corporate management or other employees or closely related parties.

The CEO has a term of notice of 3 months. On resignation, the CEO has no right to extra compensation. Pension age is 67, and the CEO takes part in the defined contribution scheme.

See note 12 in group notes for guidelines to executive management and remunerations to the company's officers.

Specification of auditor's fee	**2012**	**2011**
Audit fee	1 135	1 075
Other services	280	506
Tax advice	84	
Total	**1 499**	**1 581**

Notes to the accounts

NOTE 6 FINANCIAL INCOME AND FINANCIAL EXPENSES

	2012	2011
Interest income from companies within the same group	38 600	46 750
Other interest income	28 739	35 979
Dividends and group contributions	247 265	278 562
Currency gains	251	12 595
Total financial income	**314 855**	**373 886**
Loss on sale of shares *	2 351	30 772
Other interest expenses	96 689	111 572
Other financial expenses	54 298	9 628
Total financial expenses	**153 338**	**151 972**
Net financial items	**161 517**	**221 914**

* Shares in Austevoll Fisk AS were merged with Norway Pelagic AS in July 2011.

Notes to the accounts

NOTE 7 TANGIBLE FIXED ASSETS

2011	Plant, equipment and other fixtures	Total
Per 01.01.		
Acquisition cost	1 853	1 853
Accumulated depreciation	-853	-853
Balance sheet value at 1.1.	**1 000**	**1 000**
Balance sheet value at 01.01.	1 000	1 000
Depreciation	-487	-487
Balance sheet value at 31.12.	**513**	**513**
Per 31.12.		
Acquisition cost	1 853	1 853
Accumulated depreciation	-1 340	-1 340
Balance sheet value at 31.12.	**513**	**513**

2012	Plant, equipment and other fixtures	Total
Balance sheet value at 01.01	513	513
Depreciation	-412	-412
Balance sheet value at 31.12.	**101**	**101**
Per 31.12.		
Acquisition cost	1 853	1 853
Accumulated depreciation	-1 752	-1 752
Balance sheet value at 31.12.	**101**	**101**

Notes to the accounts

NOTE 8 SHARES IN SUBSIDIARIES

2012- Subsidiaries Company name	Gross numbers (100%) Net profit	Equity	Share capital	Carrying value	Voting share
Austevoll Eiendom AS	1 461	15 208	9 370	55 627	100,00 %
Auss Shared Service AS	270	1 270	1 000	1 010	100,00 %
Lerøy Seafood Group ASA	491 760	5 963 956	54 577	3 027 159	62,56 %
A-Fish AS	-12 919	9 672	1 100	60 100	100,00 %
Inv. Pacfish Ltd.	2 720	134 944	41 824	58 709	100,00 %
Laco IV AS	23 163	118 755	20 000	25 336	100,00 %
Aumur AS	-27	47	100	3 330	100,00 %
Austevoll Laksepakkeri AS	3 176	16 793	100	100	100,00 %
Total				**3 231 371**	

2011 - Subsidiaries Company name	Gross numbers (100%) Net profit	Equity	Share capital	Carrying value	Voting share
Austevoll Eiendom AS	1 374	13 581	9 370	55 627	100,00 %
Austevoll Fisk AS*	N/A	N/A	52 311	0	0,00 %
Lerøy Seafood Group ASA	378 677	5 797 766	42 222	3 027 159	62,56 %
A-Fish AS	-15 034	20 145	1 100	60 100	100,00 %
Inv. Pacfish Ltd.	-943	51 411	41 824	58 709	100,00 %
Laco IV AS	67 341	95 592	20 000	25 336	100,00 %
Aumur AS	-9	74	100	3 330	100,00 %
Austevoll Laksepakkeri AS	5 070	5 170	100	100	100,00 %
Total				**3 230 361**	

* Shares in Austevoll Fisk AS was merged with Norway Pelagic AS in July 2011. See note 6 for loss booked on sale of shares.

All subsidiaries follow the same accounting year as Austevoll Seafood ASA.

Notes to the accounts

NOTE 9 SHARES IN ASSOCIATED COMPANIES

2012 Company name	Gross numbers (100%) Net profit	Equity	Share capital	Carrying value	Voting share
Br. Birkeland AS	37 727	256 237	9 224	217 500	49,99 %
Marin IT AS	3 656	20 266	16 000	4 003	25,00 %
Norway Pelagic ASA*	-8 049	1 017 889		428 010	43,30 %
Total				**649 514**	

2011 Company name	Gross numbers (100%) Net profit	Equity	Share capital	Carrying value	Voting share
Br. Birkeland AS**	15 515	245 353	9 224	217 500	49,99 %
Marin IT AS	390	16 612	16 000	4 003	25,00 %
Norway Pelagic ASA***	60 843	1 028 995		427 973	43,30 %
Total				**649 476**	

* Austevoll Seafood ASA has bought 8,625,938 shares in Norway Pelagic ASA from February to April 2013. The cost price for each shares was NOK 15.10 and nok 15.50. From February 2013 Norway Pelagic ASA will go from an associated company to a subsidiary, and will be consolidated in the group. For further information, please see note 9 in Group.

**Austevoll Seafood ASA has bought 1,472,494 shares in Br. Birkeland in October 2011. The cost price for each shares was NOK 65.01

*** Owner share in Norway Pelagic ASA increased with 10.03% as a consequence of settlement of merge with Austevoll Fisk AS.

Shares in associated companies are estimated to original cost price in Parent company. In the group shares in associated companies are booked after Equity method.

NOTE 10 INVESTMENTS IN OTHER SHARES

2012 Company name	Geographical location	Number of shares	Owner-/ voting share	Fair value
Euro-Terminal AS	Bergen	4 897 290	18,48 %	25 711
Other shares				39
Total				**25 750**

2011 Company name	Geographical location	Number of shares	Owner-/ voting share	Fair value
Euro-Terminal AS	Bergen	4 897 290	18,48 %	25 711
Other shares				39
Total				**25 750**

Notes to the accounts

NOTE 11 OTHER RECEIVABLES

Other non-current receivables	2012	2011
Intragroup non-current receivables	1 331 475	1 491 612
Other non-current receivables 31.12.	**1 331 475**	**1 491 612**
Other current receivables		
Public fees and taxes receivable		256
Prepayments	2 615	677
Other current receivables	1 044	1 678
Other current receivables 31.12.	**3 659**	**2 611**

NOTE 12 TRADE RECEIVABLE

	2012	2011
Trade receivable at nominal value	2 726	9 706
Accounts receivable 31.12.	**2 726**	**9 706**
The ageing of these trade receivables are as follows:		
0 to 3 months	2 726	9 706
Total	**2 726**	**9 706**
The carrying amounts of the trade receivables are denominated in the following currencies:		
Currency		
NOK	2 726	9 706
Total	**2 726**	**9 706**

NOTE 13 GUARANTEE OBLIGATIONS

	2012	2011
Guarantee Eksportfinans	5 767	18 757
Guarantee SG Finans	7 500	7 500
Guarantee Euro Terminal	11 128	14 180
Guarantee Nordea	6 250	6 250
Guarantee Innovasjon Norge	7 500	7 500
Total	**38 145**	**54 187**

Notes to the accounts

NOTE 14 RESTRICTED BANK DEPOSITS

	2012	2011
Restricted deposits related to employee' tax deduction	819	910
Total	**819**	**910**

NOTE 15 TAX

		2012	2011
Specification of the tax expense			
Change in deferred tax		-28 314	-11 693
Tax on shareholders contribution		14	0
Taxes		**-28 300**	**-11 693**
Tax reconciliation			
Profit before tax		129 864	201 224
Taxes calculated with the nominal tax rate	28 %	36 362	56 343
Tax-free gain/loss on sale of shares		658	8 616
Other differences - including dividends		-65 335	-76 652
Utilisation of loss carried forward, previously not recognised		14	0
Taxes		**-28 300**	**-11 693**
Weighted average tax rate		**-22 %**	**-6 %**
Change in book value of deferred tax			
Opening balance 01.01.		2 831	11 655
Booked to income in the period		-28 314	-11 692
Other differences		2 748	2 868
Balance sheet value 31.12.		**-22 735**	**2 831**

Notes to the accounts

NOTE 15 TAX (CONT.)

Deferred tax	Fixed assets	Shares	Profit and loss account	Non current liabilities	Total
2011					
Opening balance 01.01.	-78	26 249	3 978	8 733	38 882
Booked to income in the period	-45	0	-796	2 600	1 759
31.12.	**-123**	**26 249**	**3 182**	**11 333**	**40 641**
2012					
Booked to income in the period	-48	0	-636	-11 333	-12 017
Currency translation differences	0	0	0	0	0
Effect of business combinations	0	0	0	0	0
31.12.	**-171**	**26 249**	**2 546**	**0**	**28 624**

Deferred tax asset	Loss carried forwards	Current liabilities	Pensions	Other differences	Total
2011					
Opening balance 01.01.	-29 089	2 882	-1 021	2 868	-24 360
Booked to income in the period	-7 964	-2 882	263	-2 868	-13 451
31.12.	**-37 053**	**0**	**-758**	**0**	**-37 811**
2012					
Booked to income in the period	-18 457	0	485	1 675	-16 297
Other differences	-1 015	2 008	0	1 755	2 748
Group contribution	0	0	0	0	0
Effect of business combinations	0	0	0	0	0
31.12.	**-56 525**	**2 008**	**-273**	**3 430**	**-51 360**

	2012	2011
Current	2 008	-
Non-current	-24 743	2 831
Total	**-22 735**	**2 831**

Notes to the accounts

NOTE 16 PENSIONS AND PENSION COMMITMENTS

The company has a defined contribution plan and a defined benefit plan in Nordea Liv Norge ASA. In 2012 the defined benefit plan comprises a total of 2 employees. The scheme comprises retirement-, disability and child's pension.

The retirement pension starts from 67 years and remains until death. The law with regards to mandatory occupational pension applies for the company, and the company's scheme complies with the rules.

Net pension cost	2012	2011
Current service cost	244	532
Interest cost	157	208
Expected return on plan assets	0	-196
Administration costs	52	49
Net actuarial losses recognised during the year	0	-3
Social security tax	64	84
Net pension cost related to defined benefit plan	**517**	**674**
Pension costs related to defined contribution plan	185	202
Social security on defined contribution plan	26	28
Net pension cost	**728**	**904**

Capitalised commitments are determined as follow		
Present value of future pension commitments	3 843	11 598
Fair value of plan assets	-2 664	-7 576
Unrecognised actuarial losses	-370	-1 881
Social security tax	166	567
Net pension commitment on the balance sheet 31.12.	**975**	**2 708**

Financial premises for the group	31.12.12	01.01.12	31.12.11
Discount rate	3,90 %	3,90 %	3,30 %
Anticipated yield on pension assets	4,00 %	4,00 %	4,80 %
Anticipated regulation of wages	3,50 %	3,50 %	4,00 %
Anticipated regulation of pensions	0,20 %	0,20 %	0,70 %
Anticipated regulation of national insurance	3,25 %	3,25 %	3,75 %
Employee turnover	0,00 %	0,00 %	0,00 %
Social security tax rate	14,10 %	14,10 %	14,10 %

Change in carrying amount of net pension commitments	
Balance sheet value at 01.01	2 708
Net pension cost	517
Pension payments and payments of pension premiums	-2 250
Balance sheet value at 31.12	**975**

Notes to the accounts

NOTE 17 INTEREST BEARING DEBT

The company and its Norwegian subsidiaries is jointly and severally liable for liabilities to financial institutions held by the company and its Norwegian subsidiaries.

Net interest-bearing assets/debt(-)	2012	2011
Liabilities to financial institutions - non-current	543 000	633 000
Bond loan - non-current	900 000	493 731
Bond loan - current	350 000	300 000
Liabilities to financial institutions - current	90 000	90 000
Liabilities to financial institutions - overdraft	16 741	26 944
Total interest-bearing debt	**1 899 741**	**1 543 675**
Cash and cash equivalents	1 121 657	652 632
Other interest-bearing assets - non-current	1 331 475	1 491 612
Net interest-bearing assets/debt(-)	**553 391**	**600 569**

Repayment profile interest bearing debt	2013*	2014	2015	2016	2017	Subsequent	Total*
Mortgage loan	90 000	90 000	210 000	130 000	0	113 000	633 000
Bond loan	350 000	0	0	0	400 000	500 000	1 250 000
Total	**440 000**	**90 000**	**210 000**	**130 000**	**400 000**	**613 000**	**1 883 000**

* Repayments of non-current liabilities which mature in 2013 are classified as current liabilities in the balance sheet.

Liabilities secured by mortgage	2012	2011
Current liabilities	106 741	116 944
Non-current liabilities	543 000	633 000
Liabilities to credit institutions incl. leasing liab.	**649 741**	**749 944**

Assets provided as security		
Shares	3 425 158	3 425 158
Trade receivables	2 726	9 706
Total assets provided as security	**3 427 884**	**3 434 864**

Fair value of non-current liabilities
Based on contractual terms of non -current borrowings (ex bond loan), the fair value of the loans are estimated to be equal to book value as of 31.12.2012.

For further information about the bond loan, please refer to note 29 in the consolidated financial statement.

Notes to the accounts

NOTE 18 OTHER CURRENT LIABILITIES

Specification of other current liabilities	2012	2011
Salary and other personnel expenses	969	1 465
Accrued interests	18 249	11 933
Other short-term liabilities	11 206	545
Other current liabilities	**30 424**	**13 943**

NOTE 19 RELATED PARTIES

2012	Operating income	Operating expenses	Net finance exp.	Net balance
Møgster Management AS	728	1 244	0	45
Marin IT AS		1 170	50	1 728
Total	**728**	**2 414**	**50**	**1 773**

2011	Operating income	Operating expenses/fee	Net finance exp.	Net balance
Møgster Management AS	3 345	969		345
Marin IT AS		2 359	53	1 678
Total	**3 345**	**3 328**	**53**	**2 023**

Møgster Management AS is owned by the company's major shareholder, Laco AS, and delivers administrative services (legal advice, catering, secretary, accounting) to the company. Marin IT AS deliver IT services, and is owned 75% by DOF ASA and 25% by Austevoll Seafood ASA.

In 2012 the company have paid TNOK 3 550 (2011: TNOK 396) to subsidiaries for rent and administrative services.

NOTE 20 INTERCOMPANY BALANCES

	2012		2011	
Specification of intercompany balances	**Current**	**Non-current**	**Current**	**Non-current**
Loans to Group companies	307 760	1 331 475	269 289	1 491 612
Total intercompany receivables	**307 760**	**1 331 475**	**269 289**	**1 491 612**
Liabilities to Group companies	4 328	0	10 000	0
Total intercompany liabilities	**4 328**	**0**	**10 000**	**0**
Net intercompany balances	**303 432**	**1 331 475**	**259 289**	**1 491 612**

Notes to the accounts

NOTE 21 EARNINGS PER SHARE AND DIVIDEND PER SHARE

Basic earning per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares issued during the year.

Basis for calculation of earnings per share	**2012**	**2011**
The year's earnings	158 164	216 481
No. of shares at the balance sheet date (thousands)	202 717	202 717
Average no. of shares (thousands)	202 717	202 717
Earnings per share	**0,78**	**1,07**
Diluted earnings per share	**0,78**	**1,07**
Suggested dividend per share	**1,20**	**1,00**

NOTE 22 CLAIM AGAINST THE COMPANY RELATED TO TAXATION OF LAFJORD FISKEBÅTREDERI AS

Up to 2005, Austevoll Seafood ASA (AUSS) owned 49.98% of the shares in Lafjord Fiskebåtrederi AS (Lafjord). AUSS sold these shares in 2005 to eight owners of fishing boats (the Buyers), who then went on to reorganise Lafjord's fishing quotas according to the prevailing structural quota scheme for the deep-sea fishing fleet, via a tax-free reorganisation. Subsequently, the tax authorities have adopted a resolution to amend taxation for Lafjord and the Buyers as a result of this reorganisation. The Buyers have disputed the tax claim. In their judgement of 8 March 2012, the Nordhordland county court found for the tax authorities. The Buyers have now appealed to the Gulating Appellate Court. Four of the Buyers have issued a recourse claim against AUSS for the tax claim for which they will be liable if their appeal is not upheld. AUSS is of the opinion that this recourse claim has no factual or legal basis, and contests the claim in full.

Responsibility Statement

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2012 have been prepared in accordance with current applicable account standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the group taken as a whole. We also confirm that the management report includes a true and fair review of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties facing the entity and the group.

Storebø, 11 April 2013
Board of Directors in Austevoll Seafood ASA

Helge Singelstad
Chairman of the Board

Hilde Waage

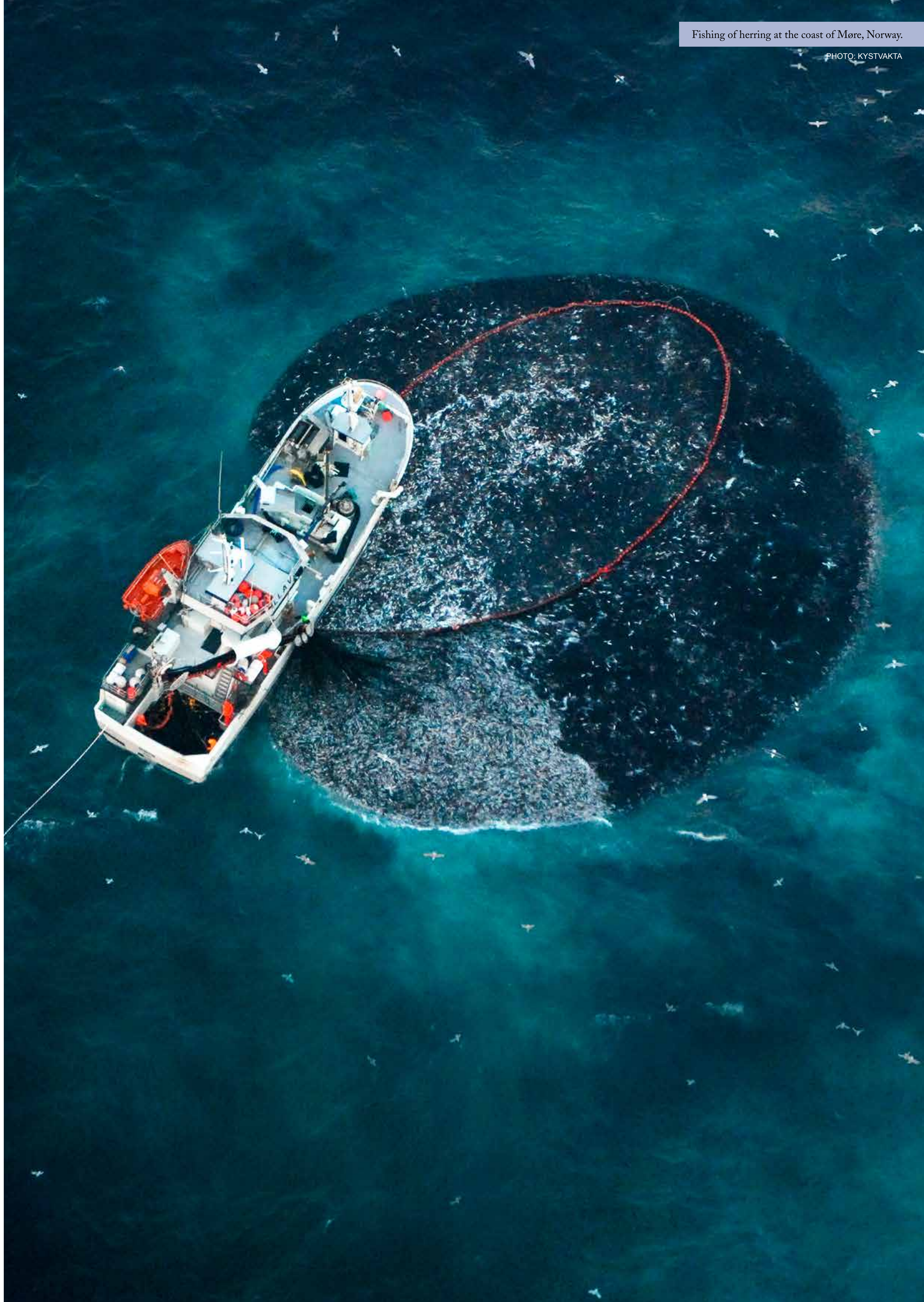
Helge Møgster

Oddvar Skjegstad
Deputy Chairman

Inga Lise L. Moldestad

Lill Maren Møgster

Arne Møgster
President & CEO



Fishing of herring at the coast of Møre, Norway.
PHOTO: KYSTVAKTA

To the Annual Shareholders' Meeting of Austevoll Seafood ASA

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of Austevoll Seafood ASA, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at 31 December 2012, income statement, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the balance sheet as at 31 December 2012, income statement, statement of comprehensive income, changes in equity, and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with simplified IFRS pursuant to § 3-9 of the Norwegian Accounting Act and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by EU and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion on the financial statements of the parent company

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T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of Austevoll Seafood ASA as at 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with simplified IFRS pursuant to § 3-9 of the Norwegian Accounting Act.

Opinion on the financial statements of the group

In our opinion, the financial statements of the group are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of the group Austevoll Seafood ASA as at 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and statement of corporate governance principles and practices

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report and statement of corporate governance principles and practices concerning the financial statements and the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Bergen, 11 April 2013
PricewaterhouseCoopers AS

Hallvard Aarø
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

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