



Austevoll Seafood ASA

Financial Report Q4 2010



Fourth quarter also achieved record-high operating result

Good market and good prices for salmon and trout

Several interruptions to the fishing season in Peru resulting in reduced catches due to large numbers of small fish, expectations for next fishing season are high

The Board of Directors proposes a dividend payment of NOK 1.50 per share

Market outlook for the Group's business segments remains positive

Q4 2010

- Group income in Q4 2010 totalled NOK 3,504 million, an increase from NOK 3,201 million in the same period in 2009.
- The Group operating result before depreciation and value adjustment of biomass (EBITDA) for Q4 2010 was NOK 754 million compared with NOK 556 million in Q4 2009.
- The Group achieved good prices for its products in the fourth quarter, with considerably higher prices for Atlantic salmon and fishmeal than in the same period last year. The fourth quarter is normally a good production quarter for the Group's pelagic business. However, delayed fishing during the quarter has resulted in a decline in activities. The fishing season for anchoveta in Peru was impacted by large numbers of smaller fish, resulting in periodic interruptions. The season ended in mid January, with a total volume for the industry as a whole of just under 800,000 tons, compared to the total quota for the season of 2,070,000 tons. In our opinion, these delays reflect a good and long-term management of the fishing resources in Peru.
- On 1 October, Austevoll Seafood ASA (AUSS) completed the placement of a senior unsecured bond loan totalling NOK 500 million with interest rate terms 3 month NIBOR + 3.90 % per year. The bond loan falls due on 14 October 2013. The new bond loan is listed on Oslo's alternative bond market (ABM).
- AUSS carried out a transaction comprising the sale of 100% of the shares in Epax Holding AS in November, generating NOK 562 million in cash for AUSS.
- Lerøy Seafood Group ASA carried out a transaction comprising the purchase of 50.71% of the shares in Sjøtroll Havbruk AS in November.



Key figures for the Group

All figures in NOK 1.000	Q4 10	Q4 09	2010	2009
Operating income	3.503.761	3.201.071	12.744.751	11.324.609
EBITDA	753.743	555.666	2.540.827	1.921.695
EBITDA %	22 %	17 %	20 %	17 %
Earnings per share	2,14	1,13	6,03	3,83
Earnings per share excl.fair value adj biomass	1,86	0,98	5,35	3,68
Total assets	19.042.235	16.291.209	19.042.235	16.291.209
Equity	9.110.861	7.095.483	9.110.861	7.095.483
Equity ratio	48 %	44 %	48 %	44 %
Net interest bearing debt (NIBD)	-3.161.929	-4.091.474	-3.161.929	-4.091.474

Events after balance sheet date

AUSS entered into a merger agreement with Norway Pelagic ASA regarding a possible merger between AUSS' pelagic consumer business in the North Atlantic with Norway Pelagic ASA' subsidiary, Norway Pelagic AS. If the transaction takes place, AUSS will receive shares in Norway Pelagic ASA and increase its shareholding from 33% to approx. 43%. For further information, please see the relevant stock exchange report.

Financial information Q4 2010

The Group reported operating income of NOK 3,504 million for the quarter (Q4 2009 NOK 3,201 million). EBITDA before value adjustment for biomass in Q4 was NOK 754 million (Q4 2009 NOK 556 million).

Sales prices achieved for fishmeal and oil, Atlantic salmon and trout in Q4 2010 have been higher than the prices achieved in Q4 2009. The Group achieved good prices for its other products, but these were more in line with the prices achieved for Q4 2009. The transaction involving the sale of 100% of the shares in Epax Holding AS was completed in the fourth quarter, and a gain from this sale of NOK 73 million has been recognised on the accounts. The sale generated NOK 562 million in cash for AUSS.

EBIT before value adjustment for biomass in Q4 was NOK 573 million (Q4 2009 NOK 423 million). EBIT after value adjustment for biomass in Q4 was NOK 700 million (Q4 2009 NOK 488 million). Write-downs of NOK 51 million were made during the quarter, mainly related to vessels in Peru which the Group does not expect to use in the future.

Income from associated companies for Q4 totalled NOK 60 million (Q4 2009 NOK 23 million). The largest associated companies are Norskott Havbruk AS (owner of the Scotland-based fish farming company Scottish Sea Farms Ltd.), Norway Pelagic ASA and Brødrene Birkeland AS.

The Group's net interest costs in Q4 2010 totalled NOK 52 million (Q4 2009 NOK 59 million).

The result before tax for the quarter totalled NOK 678 million (Q4 2009 NOK 454 million). The result before tax with value adjustment for biomass for the quarter totalled NOK 551 million (Q4 2009 NOK 389 million).



Business segments

Fishmeal and fish oil

Operating income in Q4 2010 totalled NOK 374 million (NOK 444 million in Q4 2009) and EBITDA amounted to NOK 36 million (NOK 147 million in Q4 2009).

The second season for anchoveta fishing in Peru started on 20 November and lasted until the end of January 2011. The total quota was stipulated as approx. 2.1 million tons for the season. As a result of an unusually large mix of small fish, there were several interruptions during the season which finally closed on 18 January 2011. AUSS' fleet in Peru fished approx. 38% of their quota before ending the season. For the industry as a whole, a total volume of under 800,000 tons was fished, representing approx. 38% of the quota established for the season. The developments during this season, in our opinion, indicate that Peru has a satisfactory and proactive management of its fishing resources, based on a long-term philosophy and sustainability.

As is normal for the fourth quarter, production in Europe was good. However, the fourth quarter saw a slight decline in the volumes received for production when compared with the same quarter in 2009.

The lower volumes of raw ingredients in both Europe and Peru had an obvious impact on operating margins and volumes sold for the quarter. In total, approx. 37,000 tons of fishmeal and fish oil were sold in Q4, compared with approx. 66,000 tons in the same quarter of 2009. The prices for fishmeal and oil have, as expected, been higher in Q4 2010 when compared with the same quarter last year.

Write-downs of NOK 42 million were made during the quarter, mainly related to vessels in Peru which the Group does not expect to use in the future.

Consumer products

Operating income in Q4 2010 totalled NOK 209 million (NOK 204 million in Q4 2009) and EBITDA amounted to NOK 97 million (NOK 18 million in Q4 2009).

The transaction comprising the sale of 100% of the shares in Epax Holding AS was executed in November. The transaction generated NOK 562 million in cash for AUSS, with a gain from the sale of NOK 73 million recognised on the accounts.

The total volume sold for consumption is distributed as follows; approx. 1,000 tons of frozen products (Chile) compared with 5,400 tons in the same period last year. Approx. 337,000 boxes of canned products were sold, compared with approx. 461,000 boxes for the same period in 2009 (Chile and Peru). During the period, the Group sold approx. 136 tons (October) of high and low concentrate Omega 3 oils compared with approx. 362 tons in the same period last year.

Prices realised for canned products were in line with the same period last year, while the Group achieved higher prices for frozen products than during the same period last year. The business segment has been impacted by low volumes of own fishing for consumers in Chile. In Peru, production has been based exclusively on purchased



materials. The low volume of raw materials affected the utilisation of the segment's production facilities and thereby the products available for sale.

In Q4, a write-down of NOK 9 million was made to goodwill related to one of the sales and distribution companies in Chile.

Production, sale and distribution of Atlantic salmon and trout

This business segment comprises Lerøy Seafood Group ASA. In Q4 2010, the segment reported operating income of NOK 2,574 million (Q4 2009 NOK 2,184 million) and EBITDA before value adjustment of biomass of NOK 602 million (Q4 2009 NOK 366 million). The segment reported harvests of 35,770 tons gutted weight of salmon and trout in Q4 2010 compared with 35,000 tons in the same quarter last year.

Lerøy Seafood Group ASA completed the take-over of 50.71% of the shares in Sjøtroll Havbruk AS on 10 November, and Sjøtroll Havbruk AS is consolidated within the Group with effect from November 2010.

The segment has experienced a significant growth in operating result and in EBITDA when compared with Q4 2009, totalling 64 %. This growth is the result of an increase in volume and an improvement in prices achieved for the main products, Atlantic salmon and trout, and an extremely positive development in sales and distribution. The market was positive throughout the quarter and the segment has a strong position on the major global fish market.

Pelagic Northern Atlantic

Operating income in Q4 2010 totalled NOK 449 million (NOK 417 million in Q4 2009) and EBITDA amounted to NOK 24 million (NOK 24 million in Q4 2009).

Pelagic Northern Atlantic comprises the sales company Atlantic Pelagic AS, which carries out all sales activities for the production companies Austevoll Fiskeindustri AS, Sir Fish AS, Modolv Sjøset AS and North Capelin Honningsvåg AS. This company is also responsible for the results of the production companies Austevoll Fiskeindustri AS, Sir Fish AS, Modolv Sjøset AS and North Capelin Honningsvåg AS.

The fourth quarter is normally a good production and sales quarter for this business segment. The season started slightly earlier than usual this year, due to the transfer of 70,000 tons of mackerel from the 2009 quota to 2010. Receipt of materials in the fourth quarter has been dominated by NVG herring and a smaller volume of mackerel, due to the fact that the season for these fish started as early as August.

Cash flow

Cash flow from operating activities for the fourth quarter 2010 was NOK 487 million (NOK 353 million in Q4 2009). The strong cash flow from operations reflects the good operating result achieved for the quarter. Cash flow from investment activities for Q4 2010 was NOK -65 million (NOK -19 million in Q4 2009). Cash flow from investments in Q4 2010 comprises normal maintenance investments, acquisition of



shares in Sjøtroll Havbruk AS and the sale of shares in Epax Holding AS. Cash flow from financing activities for Q4 2010 was NOK 1,062 million (NOK -184 million in Q4 2009). Cash flow from financing in the quarter comprises payment of ordinary instalments, changes in short-term credit, taking up a new bond loan in AUSS and taking up new financing in connection with the acquisition of shares in Sjøtroll Havbruk AS. Net change in cash in Q4 2010 was NOK 1,484 million (NOK 150 million in Q4 2009). The Group's cash reserves at the end of December 2010 totalled NOK 2,811 million compared with NOK 1,623 million at the end of December 2009.

Financial information, 2010 as a whole

At the end of December, the Austevoll Seafood Group reported operating income of NOK 12,744 million (NOK 11,325 million at 31 December 2009).

The Group achieved an EBITDA before value adjustment for biomass at end December of NOK 2,541 million (NOK 1,922 million as of 31 December 2009).

EBIT before value adjustment for biomass in 2010 was NOK 1,984 million (2009 NOK 1,442 million). EBIT after value adjustment for biomass in 2010 was NOK 2,282 million (2009 NOK 1,503 million).

Income from associated companies for 2010 totalled NOK 192 million (2009 NOK 80 million).

The Group's net financial costs in 2010 totalled NOK 249 million (2009 NOK 253 million).

The result after tax for the year totalled NOK 1,766 million (2009 NOK 988 million). The Board of Directors is satisfied with the Group's profit performance.

Balance sheet as of 31 December 2010

At the end of December 2010, the Group had a total balance sheet of NOK 19,042 million compared with NOK 16,291 million at year-end 2009. At the end of December 2010, the Group equity was NOK 9,111 million compared with NOK 7,095 million at year-end 2009. The equity ratio was 48% as of end of December 2010 compared with 44% as of year-end 2009.

Net interest-bearing debt amounted to NOK 3,162 million at the end of December 2010 compared with NOK 4,091 million in the same period last year. The Group's cash reserves at the end of December 2010 totalled NOK 2,811 million compared with NOK 1,623 million at the end of December 2009. The Group's cash reserves do not include unutilised drawing rights.

Risk and uncertainty factors

The Group's risk exposure is described in the consolidated annual report for 2009. Group activities are mainly global and will always be more or less impacted by developments in world economy. Based on the unrest on the financial markets in



recent years, the general consensus is that the uncertainty related to macro-economics is higher than what could be considered as normal. Although this situation may have an impact on the real economy for the majority of markets, we believe that AUSS' core business is founded on long-term sustainable values within interesting seafood industries.

The Group is exposed to risk related to the value of investments in subsidiaries in the event of price changes in the raw material and finished goods markets, to the extent that these changes impact on the company's competitive edge and earnings potential over time. Operating conditions and price developments, including marine biomass, fishing conditions, for the Group's input factors are also central parameters which have an impact on Group risk.

Changes in fishing patterns and quota regulations result in fluctuating catch volumes from quarter to quarter and from year to year, and subsequently in the utilisation of the Group's production facilities. The seasonal fluctuations in catch volumes create similar fluctuations in the interim key figures.

The main share of the Group's liabilities has a floating interest rate.

The Group is exposed to fluctuations in foreign exchange rates, particularly for the EURO, USD, Chilean Peso and Peruvian Soles. Measures to reduce this risk include forward contracts and multi-currency overdraft facilities. Furthermore, parts of the long-term liabilities are adapted in relation to earnings in the same currency.

Shareholders

As of 31 December 2010, the company had 3,952 shareholders in relation to a comparison figure of 4,192 shareholders at the end of December 2009. The share price was NOK 49.60 at year-end 2010 compared with NOK 36.20 at year-end 2009.

The Board of Directors intends to propose to the company's ordinary general meeting a dividend payment of NOK 1.50 per share in 2011.

Market and outlook

Fishmeal and fish oil

Fishmeal prices took a downward trend in the fourth quarter but have shown a strong recovery to date in the first quarter of 2011, with current levels per ton of USD 1,800-1,850 (FOB Peru, Standard 65-66%). Fish oil prices have been on the increase in Q4 and to date in Q1, supported by the increasing prices for vegetable oils. Demand for the products from the most important markets is expected to remain regular and high.

Consumption

The Board of Directors expects to see a high demand for the Group's consumer products in the future, along with increasing prices.



Production, sale and distribution of salmon and trout

The development in demand for Atlantic salmon and trout has been positive throughout 2010 and to date in 2011. A higher increase in the global offering of salmon and trout is expected in the near future when compared with the past two years. Correspondingly, we expect to see a positive development in global demand for Atlantic salmon. The above-mentioned factors, combined with expectations for improved productivity for the segment, including improvements to biology, allow for a positive attitude towards developments.

The Group

The development of long-lasting values requires patience and the ability to think in the long term. The Group is strong, has shown positive developments and now has an excellent position within a number of segments of the global seafood industry. The Group aims to grow and further develop over time within the segments in which it is already active.

The Board of Directors is in the main satisfied with the Group's profit performance in 2010, and the Board of Directors would like to take this opportunity to thank all the Group employees for their hard work and excellent results achieved throughout the year.

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

Storebø, 22 February 2011
The Board of Directors in Austevoll Seafood ASA



INTERIM REPORT Q4

Condensed Consolidated Income Statement (unaudited)

All figures in NOK 1.000	Fourth quarter			(audited)
	2010	2009	2010	2009
Operating income	3.503.761	3.201.071	12.744.751	11.324.609
Raw material and consumables used	2.034.501	2.058.371	7.818.639	7.203.017
Salaries and personnel expenses	354.451	425.047	1.253.809	1.274.850
Other operating expenses	361.066	161.987	1.131.476	925.047
Operating profit before depreciation (EBITDA)	753.743	555.666	2.540.827	1.921.695
Depreciation and amortisation	129.058	119.290	495.479	465.535
Impairment	51.186	13.667	61.573	13.667
EBIT before fair value adjustment biomass	573.499	422.709	1.983.775	1.442.493
Fair value adjustment biomass	126.707	64.862	298.538	60.483
Operating profit	700.206	487.571	2.282.313	1.502.976
Income from associated companies	60.222	23.362	191.761	80.341
Net interest expenses	-51.887	-59.347	-208.965	-281.556
Net other financial items (incl. agio/disagio)	-30.369	2.424	-39.617	28.571
Profit before tax	678.172	454.010	2.225.492	1.330.332
Income tax expenses	-45.164	-118.737	-459.412	-342.383
Net profit	633.008	335.273	1.766.080	987.949
Profit to minority interests	198.422	106.764	544.547	264.606
Profit attribut. to equity holder of parent	434.586	228.509	1.221.533	723.343
Earnings per share	2,14	1,13	6,03	3,83
Diluted earnings per share	2,14	1,13	6,03	3,83
Earnings per share excl. fair value adj biomass	1,86	0,98	5,35	3,68

Statement of Comprehensive income (unaudited)

All figures in NOK 1.000	Fourth quarter			(audited)
	2010	2009	2010	2009
Net earnings in the period	633.008	335.273	1.766.080	987.949
Other comprehensive income				
Currency translation differences	-13.967	-48.676	28.970	-448.553
Other gains and losses in comprehensive income	-	-	-	-
Total other comprehensive income	-13.967	-48.676	28.970	-448.553
Comprehensive income in the period	619.041	286.597	1.795.050	539.396
Allocated to;				
Minority interests	183.970	84.391	544.854	231.560
Majority interests	435.070	202.206	1.250.196	307.836



Condensed Consolidated Statement of Financial Position (unaudited)

All figures in NOK 1.000	31.12.2010	(audited) 31.12.2009
Assets		
Intangible assets	6.024.816	5.599.398
Vessels	567.480	697.851
Property, plant and equipment	3.297.464	3.173.199
Investments in associated companies	953.051	492.391
Investments in other shares	39.558	40.728
Other long term receivables	76.247	136.690
Total non-current assets	10.958.616	10.140.257
Inventories	3.465.006	2.696.923
Accounts receivables	1.341.112	1.476.172
Other current receivables	466.947	354.241
Cash and Cash equivalents	2.810.554	1.623.616
Total current assets	8.083.619	6.150.952
Total assets	19.042.235	16.291.209
Equity and liabilities		
Share capital	101.359	101.359
Share premium fund	3.713.549	3.713.549
Retained earnings and other reserves	2.682.409	1.700.891
Non-controlling interests	2.613.544	1.579.684
Total equity	9.110.861	7.095.483
Deferred tax liabilities	1.986.804	1.757.247
Pension and other obligations	18.973	28.386
Borrowings	4.866.188	4.508.519
Other long-term liabilities	28.330	28.984
Total non-current liabilities	6.900.295	6.323.136
Short term borrowings	771.472	616.778
Overdraft facilities	382.740	697.499
Account payable	841.069	881.079
Other current liabilities	1.035.798	677.234
Total current liabilities	3.031.079	2.872.590
Total liabilities	9.931.374	9.195.726
Total equity and liabilities	19.042.235	16.291.209



Condensed Consolidated Cash flow statement (unaudited)

All figures in NOK 1.000	Q4 2010	Q4 2009	2010	2009 (audited)
Net cash flow from operating activities	486.655	353.423	2.112.276	1.679.107
Net cash flow from investing activities	-65.027	-18.838	-587.092	180.600
Net cash flow from financing activities	1.062.064	-184.855	-338.246	-879.627
Net change in cash and cash equivalents	1.483.692	149.730	1.186.938	980.080
Cash and cash equivalents at beginning of period	1.326.862	1.473.886	1.623.616	643.536
Cash and cash equivalents at period end	2.810.554	1.623.616	2.810.554	1.623.616

Condensed Consolidated Statement of changes in Equity (unaudited)

All figures in NOK 1.000	2010	(audited) 2009
Equity period start	7.095.482	5.619.768
Comprehensive income in the period	1.795.050	539.396
Dividends	-390.248	-56.166
Business combinations/acquisition	575.245	31.894
Effect option programme	-1.426	2.243
Acquisitions of minorities/sales to minorities	-	319.516
Workers profit sharing Peru	42.517	638.831
Other	-5.759	
Total changes of equity in the period	2.015.379	1.475.714
Equity at period end	9.110.861	7.095.482



Selected notes to the accounts

Note 1 Accounting principles

This interim report has been prepared in accordance with the International Financial Reporting Standards (IFRS) and the related standard for interim reports (IAS 34). The interim report, including historical comparison figures, is based on current IFRS standards and interpretation. Changes in the standard and interpretations may result in changes to the result. The quarterly report is prepared in accordance with the same principles applied to the previous annual report, but does not contain all the information and notes required for an annual report.

This report must therefore be read in the context of the last annual report from the company (2009).

Note 2 Transactions with closely related parties

There were transactions with closely related parties in Q4 2010. Transactions between closely related parties take place according to market terms.

Note 3 Biological assets

The Group estimates the fair value of biological assets (fish in the sea) on the basis of market prices for gutted salmon and trout on balance sheet date. 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 valuation of fish in the sea with an average weight of under 4 kg is based on the same principles. However, the price is adjusted in relation to the phase of the growth cycle for the fish. The price will not be adjusted to lower than the cost price, unless the Group expects to generate a loss from future sales.

	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010
Total fish in sea (LWT)	79.114	79.558	73.779	66.431	77.911	93.867
Fish > 4 kg (LWT)	27.691	30.506	22.876	16.739	23.678	24.621
Adjustment inventory	231.573	296.435	566.447	498.362	468.266	669.196
P&L effect adjustment	-143.248	64.862	270.012	-68.085	-30.096	126.707



Note 4 Segment information

	(all figures in NOK 1.000)			
	Fourth quarter	Fourth quarter	YTD	(audited)
	2010	2009	2010	2009
<u>Fishmeal and oil</u>				
Operating revenue	374.391	443.620	2.001.756	2.037.200
EBITDA	35.807	146.938	521.096	531.784
EBITDA %	10 %	33 %	26 %	26 %
EBIT before fair value adj.biomass	-46.971	95.934	317.551	367.764
<i>Volumes sold fishmeal (tons)*</i>	27.818	53.955	160.952	255.192
<i>Volumes sold fishoil (tons)*</i>	9.332	12.011	50.617	59.783
<i>Fishmeal/oil sold for associated company</i>	-	-	-	7.163
<u>Human Consumption **</u>				
Operating revenue	208.984	204.123	807.855	972.035
EBITDA	96.717	18.342	166.405	176.893
EBITDA %	46 %	9 %	21 %	18 %
EBIT before fair value adj.biomass	68.863	-1.009	59.189	91.623
<i>Canning (cases)</i>	337.400	460.611	1.534.714	2.186.014
<i>Frozen fish (tons)</i>	729	5.405	5.481	33.488
<i>HC and LC Omega 3 products (tons)</i>	136	362	1.531	1.815
<u>Pelagic North Atlantic</u>				
Operating revenue	449.324	417.148	1.436.160	1.111.347
EBITDA	23.806	24.408	63.311	65.792
EBITDA %	5 %	6 %	4 %	6 %
EBIT before fair value adj.biomass	18.158	17.619	41.634	43.873
<u>Production, sales & distribution salmon/trout</u>				
Operating revenue	2.573.862	2.183.911	8.887.671	7.473.807
EBITDA	602.081	366.312	1.805.874	1.154.163
EBITDA %	23 %	17 %	20 %	15 %
EBIT before fair value adj.biomass	539.190	311.443	1.586.250	950.156
Volumes sold own production (gwt tons)	35.770	35.000	116.807	108.500
<u>Elimination/not allocated AUSS</u>				
Elimination/not allocated AUSS	-102.800	-47.730	-388.691	-269.779
EBITDA	-4.669	-333	-15.859	-6.936
EBIT before fair value adj.biomass	-5.741	-1.280	-20.849	-10.925
<u>Total group</u>				
Operating revenue	3.503.761	3.201.072	12.744.751	11.324.610
EBITDA	753.742	555.667	2.540.827	1.921.696
EBITDA %	22 %	17 %	20 %	17 %
EBIT before fair value adj.biomass	573.499	422.707	1.983.775	1.442.491

* From February 1, 2009 Welcon Group is proportionally consolidated (50%)

** Includes gain from sale of Epax



Note 5 Associated companies

		Q4 2010	Q4 2009	2.010	2009
Norskott Havbruk AS	50 %	37.354	10.716	117.738	56.928
Br. Birkeland AS	40 %	10.445	10.383	49.816	21.016
Norway Pelagic ASA	33 %	14.041	-	28.976	-
Others		-1.618	2.263	-4.769	2.397
Total		60.222	23.362	191.761	80.341
Total investment				953.051	492.391

The table shows income from associated companies as per Q4 2010 and Q4 2009 and as per 31.12.2010 and 31.12.09.

Note 6 Mergers

On 28 September 2010, AUSS' subsidiary, Lerøy Seafood Group ASA, entered into an agreement with Biomar AS regarding the acquisition of Biomar's shareholding in Sjøtroll Havbruk AS, corresponding to 50.71%. The date for takeover of the shares was 10 November 2010. Sjøtroll Havbruk AS' share capital comprises class A and B shares, with restriction of voting rights on the class B shares. The shares acquired from Biomar AS have a combined voting share of 50.912%.

Sjøtroll Havbruk AS is involved in the production of fry/smolt and fish for consumption, slaughtering and processing. The company's production of fish for consumption is covered by 25 licences for farming of salmon and trout. Sjøtroll Havbruk AS also has a 27.5% shareholding in the breeding company, SalmoBreed AS. The annual prognosis for the company for 2011 is 26,000 tons of slaughtered weight of salmon and trout. The company has approximately 250 employees. Sjøtroll Havbruk AS has two subsidiaries involved in slaughtering and processing of fish: Rexstar Seafood AS and Brandasund Fiskeforedling AS.

Subsequent to this acquisition, the seafood corporation Lerøy Seafood Group ASA will have a total of 130 licences in Norway for production of salmon and trout in addition to a significant volume of production in Scotland. Moreover, the Group has its own facilities for production of roe and satisfactory coverage of the Group's requirement for quality smolt. As a result of this acquisition and with the Group's centralised functions for farming, processing, sale and distribution, the Group can benefit from considerable synergy effects.

Goodwill has been estimated for both the controlling and non-controlling ownership interests. The total goodwill generated by the merger amounts to NOK 206 million, with NOK 104.3 million for controlling ownership interests and NOK 101.6 million for non-controlling ownership interests. Goodwill is mainly related to deferred tax on licences. The expense item of NOK 0.2 million regarding the issue of consideration shares in Lerøy Seafood Group ASA is recognised as a reduction of equity. Other acquisition expenses are charged to the result.

A cash flow model has been utilised for the valuation of the licences. The required pre-tax rate of return (WACC) is 12.5%. There is no control premium calculated for



the controlling ownership interests. The non-controlling ownership interests' share of the identifiable added value is therefore calculated in relation to shareholding.

Sjøtroll Havbruk AS was consolidated within Lerøy Seafood Group ASA with effect from November 2010. The result figures for the period from January 2010 to October 2010, which have not been consolidated, are based on NGAAP. The figures from Sjøtroll Havbruk AS have been converted in relation to IFRS prior to consolidation.

If consolidation had taken place with effect of 1 January 2010, the turnover from the business segment for Production, sale and distribution of salmon and trout in 2010 would have been NOK 9,590 million and the operating result would have been NOK 2,043 million.

Virkelig verdi av samlet overført vederlag / Fair value of total consideration transferred

Kontanter / Cash	408.500
1 million aksjer i LSG ASA / 1 million shares in LSG ASA	131.500
Samlet vederlag / Total consideration	540.000

	Book IFRS value in Sjøtroll Havbruk AS	Identified added/dec. value	Fair value at time of acquisition
Added value analysis			
Licences	334.100	339.413	673.513
Goodwill	82.928	-82.928	0
Fixed assets	306.374	0	306.374
Financial assets	9.575	-5.319	4.256
Inventory	470.436	0	470.436
Short-term receivables	82.554	0	82.554
Bank, cash	9.078	0	9.078
Total assets	1.295.045	251.166	1.546.211
Equity	720.274	138.730	859.004
Deferred tax	222.717	89.436	312.153
Other long-term liabilities	286.346	0	286.346
Short-term liabilities	65.708	23.000	88.708
Sum equity and liabilities	1.295.045	251.166	1.546.211
Acquisition analysis	100,00 %	50,71 %	49,29 %
Equity recognized in Sjøtroll Havbruk AS	720.274	365.224	355.050
Net added value identified in Sjøtroll Havbruk AS	138.730	70.345	68.385
Identified values in Sjøtroll Havbruk AS	859.004	435.568	423.436
Calculation of goodwill	100,00 %	50,71 %	49,29 %
Consideration to seller:	1.064.958	540.000	524.958
Controlling and non-controlling interests' share of identified values:	859.004	435.568	423.436
Controlling and non-controlling interests' share of goodwill	205.954	104.432	101.523

Note 7 Sale of company

In November, AUSS carried out a transaction involving the sale of 100% of the shares in Epax Holding AS. The transaction generated NOK 562 million in cash for AUSS and a gain on the sale of NOK 73 million. The transaction is recognised as the disposal of a subsidiary, and added value related to immaterial assets and equity has been reduced by NOK 489 million, whereof NOK 217 million is immaterial assets and NOK 272 million is equity.