
ANNUAL REPORT 2007
Austevoll Seafood ASA

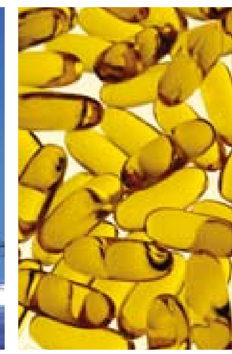













Premium Quality
Steam Dried
FISH MEAL
Chile South

NORMA





GLENRYCK
PACIFICO
DIAMOND


CONTENT

THE ROAD AHEAD

Throughout 2007 the Austevoll Seafood Group took further steps to strengthen and develop the company at every level in the value chain. Our target of creating increased values from the raw materials at our disposal by delivery of refined products to the consumer market, has been an important part of our long term strategy in order to position the Group for stronger future profits.

During the year we made considerable investments to maintain a leading position within the pelagic industry in Chile, Peru and Norway.

In January we completed the acquisition of Epax AS. Epax AS is a leading global supplier of high concentrate Omega-3 oils. By this acquisition, the Group has taken a step into another interesting part of the value chain with very positive market outlook. EPAX is recognized as one of the leading Omega-3 concentrates supplier for the dietary supplement industry. We are aiming to supply high grade crude fish oil for the Epax production from plants within the Austevoll Seafood Group.

In March we completed the sale of our salmon farming company Veststar AS to Lerøy Seafood Group ASA in which company we are now the largest shareholder. We believe that Lerøy Seafood Group is well positioned for further development.

During the summer we acquired 25% of the shares in Shetland Catch Ltd (UK), we increased our shareholding in Sir Fish to 60% and established a new pelagic sales company – Atlantic Pelagic AS. Atlantic Pelagic AS will handle all our sales of frozen pelagic products from the North Atlantic region. The Group's trading activities have shown a negative profit for 2007. However, we expect that structural changes within the Group and in our line of business, will strengthen the trading segment in the years to come.

Our joint acquisition of CORMAR in November will further strengthen our presence along the Peruvian coast and we are now in a better position to increase our share of the total catches in Peru.

To conclude, I would like to thank all our employees for their good contributions in 2007. A motivated and highly skilled workforce provides a great foundation for future results. We have had a fruitful cooperation with the management teams of our subsidiaries, and together we have sought to benefit from synergies shaped by close cross - border cooperation. Enhanced communications and a greater degree of common understanding, in respect of the activities within the various Group companies, will further contribute to mutual benefits. I sincerely hope and believe that 2008 will be a year in which to enjoy rewards of our good performance in the past.

Arne Møgster
CEO
Austevoll Seafood ASA

Omega-3 is a group of essential fatty acids which the body regularly needs but which it is unable to produce itself.
In order for the body to function as well as it can, we therefore have to obtain them from the food we eat or in the form of a dietary supplement.

HIGHLIGHTS

24.01.2007 Acquisition of Epax AS

21.03.2007 Sale of salmon activities to, and acquisition of shares in, Lerøy Seafood Group ASA

22.06.2007 Increased ownership in Sir Fish AS from 13,8% to 60%

16.07.2007 Acquisition of 491 800 shares in Lerøy Seafood Group ASA

13.08.2007 Acquisition of 381 800 shares in Lerøy Seafood Group ASA

20.08.2007 Acquisition of 1 020 000 shares in Lerøy Seafood Group ASA

27.08.2007 Acquisition of 25% of the share capital in Shetland Catch Ltd.

15.11.2007 AUSS has together with Locksley Capital Corp. completed joint acquisition of Corporacion del Mar S.A. (Cormar) Peru

20.12.2007 Acquisition of 2 566 700 shares in Lerøy Seafood Group ASA

23.01.2008 Acquisition of 40% the share capital in Bodø Sildoljefabrikk AS

Omega-3 fatty acids are perhaps the one type of natural remedy with the most documented effect and they have also become accepted within so-called orthodox medicine, amongst other reasons because of their ability to lower fat levels in blood. Omega-3 oils therefore have a proven positive effect on the cardiovascular system. Fairly high doses of Omega-3 are also used as supportive therapy in case of cardiovascular disease.

FINANCIAL CALENDAR 2008

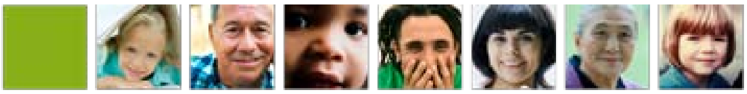
23.05.2008	**Ordinary general meeting 2007**
26.05.2008	**1st Quarter 2008**
25.08.2008	**2nd Quarter 2008**
17.11.2008	**3rd Quarter 2008**
27.02.2009	**4th Quarter 2008**

Dates are given with reservation in case of changes.

Contact person:

CFO Britt Kathrine Drivenes + 47 916 61 037

QUALITY FOR THE WORLD



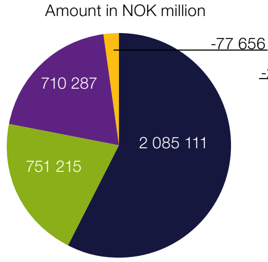
KEY FIGURES

Amounts in NOK 1.000		2007	2006	2005
Profit and loss account				
Operating income		3 468 957	2 732 629	1 700 386
Operating expenses		(2 985 547)	(2 250 264)	(1 405 170)
EBITDA		**483 410**	**482 365**	**295 216**
Depreciation, amortisation, impairment and depreciation of excess value		(204 940)	(257 002)	(72 353)
EBIT		**278 470**	**225 363**	**222 863**
Income from associated companies		65 758	16 072	34 440
Net financial items		(128 613)	(47 687)	(35 228)
Profit before tax		215 615	193 748	222 075
Net profit		**183 272**	**158 327**	**224 448**
Net profit including discontinued operations		507 545	266 665	250 608
Profit to minority interests		8 563	2 273	9 871
Balance sheet				
Intangible assets		1 624 499	1 385 260	845 562
Vessels, other property, plant and equipment		2 575 774	2 520 097	1 081 978
Other non current assets		2 451 590	241 946	276 761
Current assets		2 161 167	2 699 003	895 009
Total assets		**8 813 030**	**6 846 306**	**3 099 310**
Equity		4 228 611	3 637 000	982 045
Long term liabilities		2 933 904	2 022 676	1 408 177
Short term liabilities		1 650 515	1 186 630	709 088
Total equity and liabilities		**8 813 030**	**6 846 306**	**3 099 310**
Cash flow				
Net cash flow from operating activities		277 166	935 647	133 797
Key ratios				
Liquidity ratio	1	1,31	2,27	1,26
Equity-to-asset ratio	2	48%	53%	32%
EBITDA margin	3	14%	18%	17%
Return on equity	4	12%	7%	25%
Average no. of shares (thousands)		**183 302**	**145 550**	**28 049**
Earnings per share	5	2,72	1,82	2,15

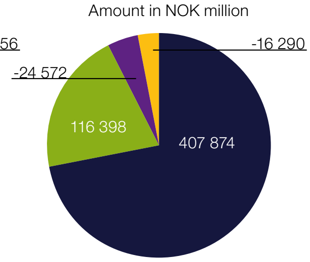
1) Current assets/short term liabilities
2) Equity/total capital
3) Operating profit/loss before depreciaton expressed as a percentage of operating income
4) Net profit after tax (incl. Discontinued operations) expressed as a percentage of book equity
5) Net profit after tax (incl. Discontinued operations)/average no. of shares
* Average no. of shares in 2005 are made equivalent to the split of shares done in 2006

Fishmeal-and oil
Human Consumption
Trading
Other/elimination

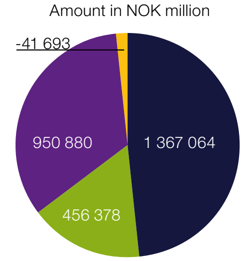
OPERATING REVENUE 2007
Amount in NOK million



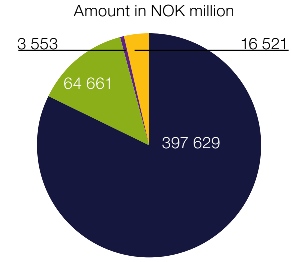
EBITDA 2007
Amount in NOK million



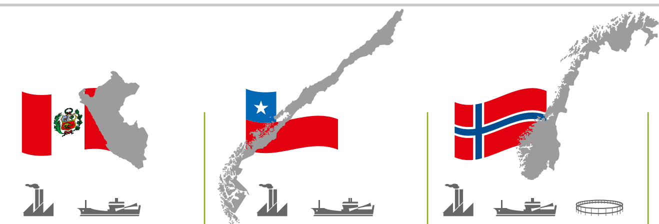
OPERATING REVENUE 2006
Amount in NOK million



EBITDA 2006
Amount in NOK million



COMPANY OVERVIEW



	Peru	Chile	Norway	Austevoll Seafood (Group)
Activities				
Harvesting capacity	15.794 m^3 of anchovy hold capasity - 38 vessels	9.1% of pelagic fishing quota - 5 vessels	- 2 vessels (2 licenses) Thru' (Br Birkeland AS) + 7 salmon licenses	**650-700.000 tons of fish - 45 vessels**
Primary Processing	9 meal & oil plants 2 canning plants 2 freezing plants	2 meal & oil plants 2 canning plants 1 freezing plant	5 meal & oil plants 1 storage/blending 1 meal & oil plant (associated) 2 freezing plants 1 freezing plant (associated)	**28 processing plants Handling over 1.45 mill tons of fish annually**
Secondary Processing			High Concentrate Omega-3 Fish Oil Plant	**6500 mt of crude fish i = 1650 mt of HCO3**
Sales & Distribution	Own sales organisation	Own sales organisation	Own sales organisation	**Wholesales with global distribution**

HISTORY

Austevoll Seafood ASA (AUSS) was created based on Austevoll Havfiske AS, one of the top pelagic fishery and salmon farming companies in Norway, with subsequent acquisitions of business units in Norway, Chile and Peru. The main shareholder of the company has been Laco AS, a company under joint control by the Møgster family.

Austevoll Havfiske AS was incorporated in 1981, but 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 (through their jointly controlled company Laco AS) 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.

AUSS established salmon farming activities in 1981, and significantly expanded this business in 2001 and 2005 by purchase of salmon licenses.
After these transactions the Group held 27 salmon licenses in Norway. In March 2007 AUSS sold the salmon farming activity to Lerøy Seafood Group ASA(LSG) and the transaction was paid by LSG shares.

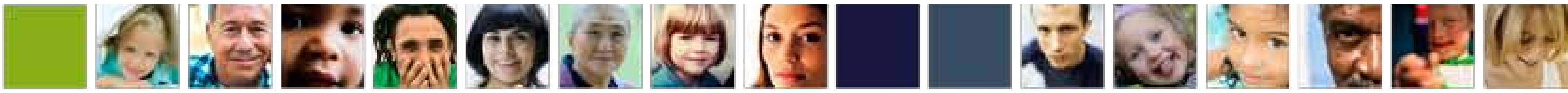
Through a contribution in kind by Laco AS in May 2006 the Norwegian company Welcon Invest AS and the Peruvian company Austral Group S.A.A became part of the AUSS group. By this transaction AUSS entered into fishmeal and oil production in Norway through Welcon Invest AS. And through Austral Group S.A.A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

Late 2006 Welcon Invest AS expanded it business by acquiring Karmsund Fiskemel AS, one of the most efficient and modern fishmeal factories in Norway.

In 2007 the group has further strengthen its position by acquisitions within the human consumption and the fishmeal and oil segment in Europe and Peru.

In January 2007 AUSS acquired Epax AS and by this entered into production of High concentrate Omga-3 oils. Epax AS is one of the leading producers of high-concentrate Omega-3 oils that are increasingly used as an ingredient in pharmaceutical products, as additives to make food healthier, and as dietary supplements.
In November 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 the strategically important area of Chimbote and Chicama.

AUSS took up its shareholding in LSG in connection with the sales of the salmon company, Veststar Holding AS, to LSG. AUSS has during the year increased its ownership in LSG and owns totally 17.860.300 shares in LSG.

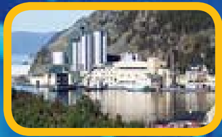


1981	Company established by the Helge, Ole Rasmus and Alf Møgster
1991	Entered into pelagic wild catch in Chile, and started expanding within the pelagic wild catch in Norway
2000	Merged with Laco II AS, which was the holding company for the salmon farming activity
2000	Acquisition of 35,8% of the shares in Br. Birkeland AS, owner of pelagic fishing vessels and salmon farming in Norway
2001	Acquisition of 100% of Veststar AS, Norway (salmon licenses)
2003	Acquisition of 100% of FoodCorp S.A. in Chile
2005/06	Acquisition of 100% of Rong Laks AS, Norway (salmon licenses)
2006	Acquisition of 89,26% of Austral Group S.A.A in Peru
2006	Acquisition of 100% of Welcon Invest AS in Norway
2006	Increased ownership in Br.Birkeland AS up to 40,2%
2006	Demerger of Austevoll Seafood by transfer of the shares in Møgsterhav AS and Møgsterfjord I AS to Møgster Havfiske AS (a wholly owned subsidiary of Laco AS)
2006	The company carried out a share issue to Norwegian and foreign investors in June and October and approx NOK 2,3 billion of new capital was added to the company. The company was listed on the OTC market following the registration of the new capital in June.
2006	The company was listed on the Oslo Stock Exchange's main list on 11th October
2006	Acquisition of 100% of the shares in Eidane Smolt AS, Norway (smolt production)
2006	Acquisition of 100% of the shares in Fiordo Austral S.A., Chile
2006	Acquisition of 100% of the shares in Karmsund Fiskemel AS, Norway
2007	Acquisition of 100% of Epax AS, Norway
2007	Sale of the salmon business to Lerøy Seafood Group ASA, increased the ownership during the year and now holds totally 17.860.300 shares in the company
2007	Increased ownership in Sir Fish AS, Norway from 13,8% to 60%
2007	Acquisition of 25% of the share capital in Shetland Catch Ltd., Shetland
2007	Acquisition of 50% of Corporacion del Mar S.A. (CORMAR) in Peru
2008	Acquisition of 40% of Bodø Sildoljefabrikk AS, Norway

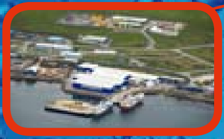
GLOBAL OPERATIONS

AUSTEVOLL SEAFOOD ASA

ASSOCIATED COMPANIES



WELCON AS
The largest fish meal/oil producer in Norway.
Operates 5 fish meal plants.
A total daily production capacity of 8.000 mt.



SHETLAND CATCH LTD.
Lerwick, Shetland (UK)

One of the largest pelagic fish processors in Europe.
Freezing capacity of 1.000 mt per day.
10 whole fish lines.
16 filleting machines.
3 vacuum packing lines.

PERU

AUSTRAL S.A.A & CORPORACION DEL MAR S.A. (CORMAR)
Operates 38 fishing vessels.
9 fish meal & oil plants.
2 canning plants.
2 freezing plants.

CHILE

FOODCORP S.A.
Operates 5 modern purse-seiner vessels.
2 fish meal & oil plants.
2 canning plants.
1 freezing plant.

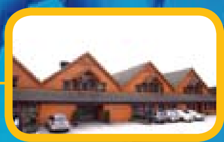
CHILEFOOD S.A.
Sales and marketing company for Angelmo.

EPAX AS
Ålesund.

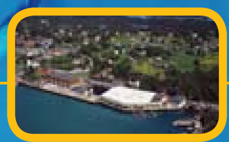
A leading producer of high-concentrate Omega-3 oil. Produces approx 1650 mt of Omega-3 oil a year.

MODOLV SJØSET AS
Træna, Norway

Processing plant for pelagic products. Production capacity of 520mt per day. 11 filleting machines.

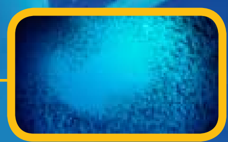


AUSTEVOLL SEAFOOD ASA
Main Office
Storebø, Austevoll.



AUSTEVOLL FISKEINDUSTRI AS
Storebø, Austevoll.

Processing plant for salmon and pelagic products. Salmon production year round. Pelagic season 9 months per year. Freezer storage 12.000 mt. Deep-water pier.



ATLANTIC PELAGIC AS
Main Office
Storebø, Austevoll.

Pelagic sales company. Sales network covering the global pelagic market.

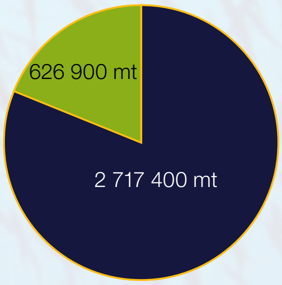
BR. BIRKELAND AS
Storebø, Austevoll.

Fishing and salmon farming company. Operates 2 modern purse-seiner fishing vessels. 7 salmon farming licences.

LERØY SEAFOOD GROUP ASA
Bergen (main office)

Sales, distribution and production company. Production of salmon and whitefish products, shellfish and seafood salads. Sales and distribution network world-wide.

Omega-3 fatty acids have been shown to have an important and positive effect on the development of the brain and the nervous system.



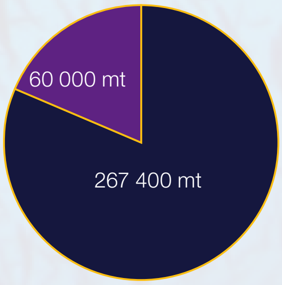
IFFO-6 Fishmeal and Fish oil Production 2007

fishmeal

fishoil

*Source from www.iffo.net

AUSS PRODUCED 327 000 MT, THIS IS ABOUT 10% OF TOTAL IFFO-6 PRODUCTION 3 344 300 MT IN 2007.



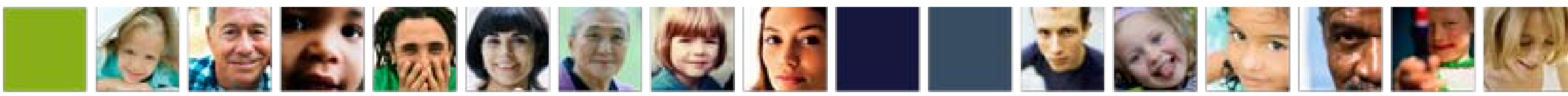
AUSS Fishmeal and Fish oil Production 2007

fishmeal

fishoil

IFFO stands for the International Fishmeal and Fish oil Organisation. It is an international non-profit organisation which represents fishmeal and fish oil producers and related trades throughout the world. IFFO is a globally respected Non-Governmental Organisation, having specialised consultative status with the UN Food and Agriculture Organisation (FAO) and a special advisory role with the World Bank, the EU Commission, the International Standards Organisation and the Codex Alimentarius Commission. IFFO-6 consist of Peru, Chile, Norway, Iceland, Denmark, UK, Ireland and Faroe Island.

The most important Omega-3 fatty acids are docosahexanoic acid (DHA) and eicosapentaenic acid (EPA).



ABOUT AUSTEVOLL SEAFOOD

The Austevoll Seafood Group is a significant player in pelagic fishery, fishmeal and oil production, processing of fish for human consumption and sale of fish products.

The company's operations are located in Europe, Chile and Peru. The head office is located in Austevoll, Norway.

Group activities are divided into three main areas – production of fishmeal and oil, products for direct human consumption and trading activities.

Fishmeal and oil production
The Group's fish oil and fishmeal production activities are operated by the following subsidiaries;

FoodCorp, Chile	**2 factories** - Both located in Coronel
Austral Group S.A.A.,Peru **Corporation Del Mar S.A.**	 **9 factories located in:** - 2 factories i Paita - Chimbote - Coishco - Huarmay - Chancay - Pisco - Ilo - Tambo de Mora
Welcon Invest AS, Norge	**5 factories located in:** - Moldtustranda - Måløy - Karmøy - Egersund - Vadsø

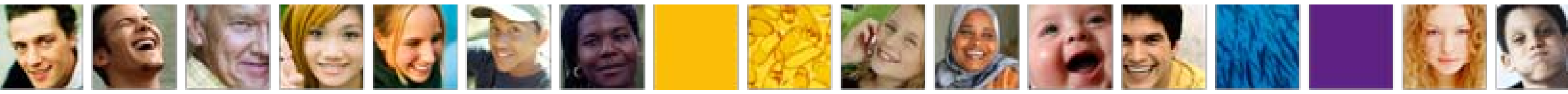
Fish meal is the core component for production of fish feed and other animal feed. This product is priced on the level of protein content. Given the growth in aquaculture worldwide, the demand for this product is believed to remain high. Fish oil is mainly used for the industrial production of fish feed and other animal feed, as well as other products where fish oil is a component. The latest years we have seen an increasing demand for fish oil from the producers of high concentrate Omega-3 oils, as this market has been growing rapidly over recent years.

The main raw materials for production of fishmeal and fish oil differ according to geographic area for the group.

In Norway, the main raw materials for production of fishmeal and fish oil are the following species: blue whiting, sandeel, herring and cuts from fish for consumption. The fishing season for blue whiting is from February to April, and this species is fished off the coast of West Ireland (the North Atlantic Ocean). The fishing season for sandeel is in May and June, in the North Sea. The fishing season for herring and fish for consumption is from September to March, in the Norwegian Sea.

In Norway, all raw materials are purchased via an auction system run by Norges Sildesalgslag (the Norwegian Fishermen's Sales Association for Pelagic Fish), with the exception of cuts from fish for consumption which are purchased directly from the production plants.

In Chile, the main raw materials for production of fishmeal and fish oil are anchoveta and cuts from fish for consumption. Anchoveta is mainly purchased from the coastal fleet, and cuts for fishmeal and oil are supplied from owned plants processing fish for consumption. The fishing season for anchoveta is principally February to July, and the main season for cuts is January to September.



In Peru, the main raw materials for production of fishmeal and fish oil are anchoveta and cuts from fish for consumption. The Group's company, Austral Group, in Peru has a quota for anchoveta fishing. Anchoveta fishing is based on the so-called "Olympic system", whereby a total quota is established for the entire Peruvian fleet. Fishing is only permitted at certain times of the year, and in recent years these have been April to June and November to December. In 2007, fishing was permitted for a total of 46 days, divided into 24 days from April to June and 22 days from November to December. Cuts for the production of fishmeal and fish oil are supplied from owned plants processing fish for consumption, and deliveries mainly take place from January to April and August to October.

In 2007, the IFFO 6 countries produced 3 344 300 tons of fishmeal and fish oil, and the Group including Karmsund Fiskemel AS produced a total of 327 000 tons of fishmeal and fish oil. The IFFO countries are Peru, Chile, Norway, Iceland, Denmark, Ireland, UK and Faroe Island.

Oily fish are the best source of Omega-3 oils, with mackerel containing the highest levels. Other oily fish, such as salmon, trout, herring, tuna and sardines, also contain high levels. If you eat fish less than 2-3 times a week, it is recommended that you take an Omega-3 or fish oil supplement.

Human Consumption

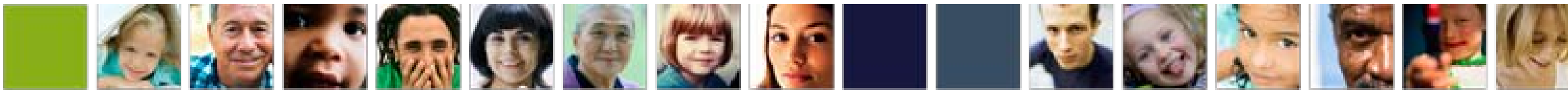
The Group's human consumption production is operated by the following subsidiaries;

FoodCorp S.A, Chile	**2 canneries located in** - Coronel - Purto Montt
	1 freezing plant located in - Coronel
Austral Group S.A.A., Peru	**2 canneries located in** - Paita - Coishco
	2 freezing plants in - Paita - Coishco
	2 plants for processing fresh fish - Pischo
Epax AS, Norway	**1 plant for processing high concentrated Omega-3 oil in** - Ålesund

The Group's human consumption products are high concentrated Omega-3 oils, canned horse mackerel, mackerel, sardines, tuna fish, salmon and mussels and frozen horse mackerel and mackerel.

Epax bases its business concept on refining marine fats to high value concentrated Omega-3 products. The products are sold in the global market for dietary supplements and food additives/functional food. Countless medical studies have shown that the Omega-3 fatty acids EPA and DHA are very important for human health. They are included in the body's cell membranes and are essential for the neurological system. The human organism is unable to produce Omega-3, and an Omega-3 rich diet is therefore very important. The richest source of Omega-3 is fatty fish. The marine raw materials used to produce EPAX products come primarily from South America.

Epax products have been included in medical clinical studies for more than 10 years and probably are the world's best documented Omega-3 products. In addition, the products are recognised as the best on the market both with respect to purity and quality. They are therefore often selected by experts for medical studies. Epax is one of the few Omega-3 producers in the world approved by the drugs authority for production of active pharmaceutical substances. Epax is



also certified in accordance with the quality control system GMP (Good Manufacturing Practice).

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 5 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.

Trading

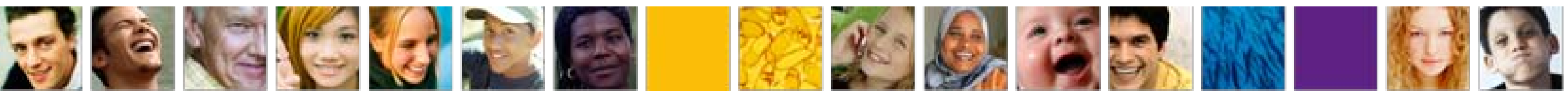
The subsidiary, Austevoll Fisk, is the main shareholder of the Norwegian fish sales and processing companies. The sales company Sea Star International AS' primary activity is purchase and sale of pelagic fish. Austevoll Fiskeindustri and Sir Fish are the Group's pelagic processing companies in Norway. The main species sold from the Group's Norwegian trading segment are mackerel, herring, jack mackerel and capelin.

Traditionally, Japan has been the main market for mackerel, either directly or via processing in China. However, we see an increasing demand for this product from Russian and Eastern Europe. Herring is mainly sold to Russia and Eastern Europe, which are areas with long consumer traditions for herring.

Atlantic Pelagic AS was established in 2007 and will, from 2008, be the sales company for the Group's Norwegian production of fish for human consumption.

Chilefood is also part of our trading segment. Chilefood is our Chilean marketing company selling our canned brand Angelmo.

MARKET OUTLOOK



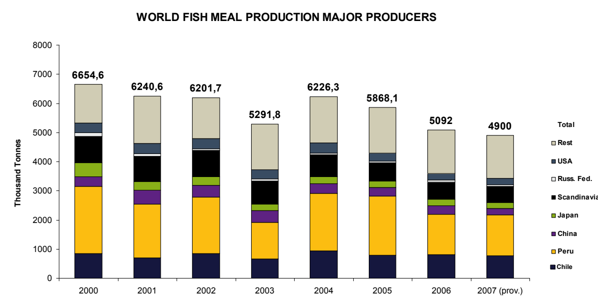
Fishmeal

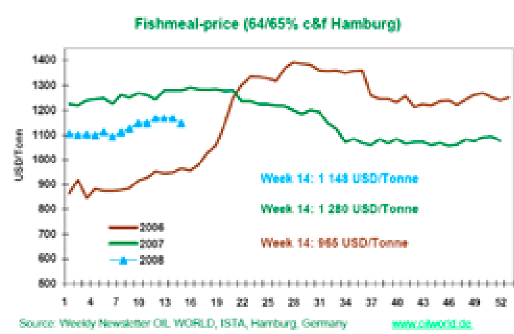
The global production of fishmeal and fish oil in 2007 is estimated to be about 4.9 million tons and 1.0 million tons respectively. According to industry sources (IFFO/Kontali) the average production of fish meal and fish oil in the last decade has been about 6.2 million tons and 1.1 million tons respectively.

The supply of fishmeal has been relatively stable in the last decade. Pelagic species such as anchoveta caught in the waters off Peru and Northern Chile, Blue whiting caught in the North Atlantic and trimmings from direct human consumption production are the main sources for fishmeal and fish oil production.

In 2007, the fishmeal market was affected in 2H by slow down of Chinese demand due to flooding, and diseases in live stocks.

In 2008 there are signs of market recovery, on accounts of decreased supply in South America. Chinese demand recovery coupled with dollar weakness give additional support to increase prices for most grades of fishmeal.

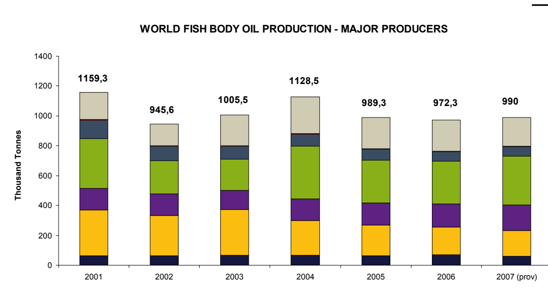


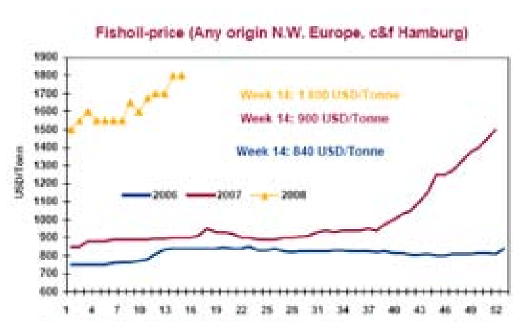


Fish Oil

The fish oil market in 2007 saw significant price development driven by Omega-3 awareness and increased Bio-diesel consumption. Prices was pushed well over USD 1000/mt by end of 2007.

In 2008, fish oil prices remain on high level, currently at USD 1800/mt. We expect fish oil prices to be on a high level throughout 2008.



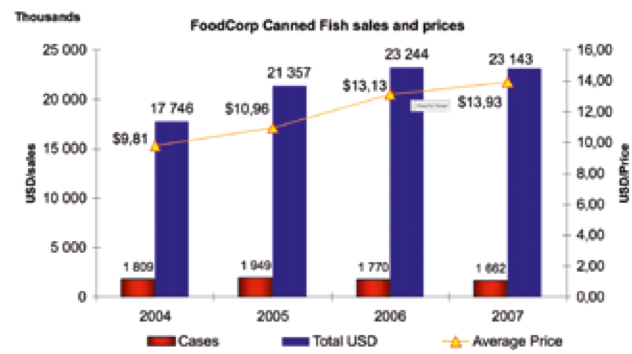


Canned Fish

In 2H 2007, due to limitation in supply coupled with increased demand, canned fish prices in South America has been pushed to higher levels.

2008 started with prices at high level and still increasing. Most markets reflects very strong demand due to limitations in supply of canned fish and the overall outlook is firm for the rest of the year

As one of the world leading producers of canned fish, Austevoll Seafood group has seen a good development both in demand for our products and increased prices during the past years. We expect this to continue in 2008.



Frozen Fish

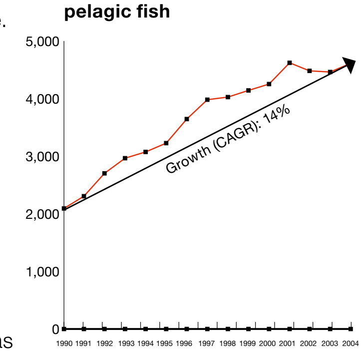
Export of frozen pelagic fish for human consumption has in average increased with 5.8% per annum in the last decade. Russia, Nigeria, Japan and Ukraine are the main markets.

In 2007 the average prices of frozen horse mackerel from South America was sold at the level of about USD540/MT FOB, with prices increasing towards the end of the year.

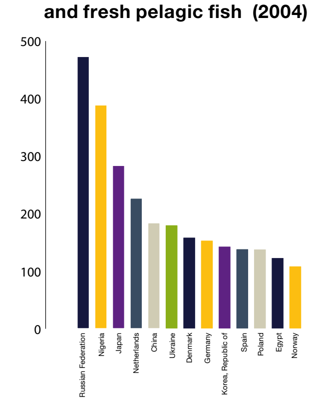
In 2008, the prices continue to increase and the demand from our major markets remain strong.

The North Atlantic region experienced an increase in quotas for Mackerel and Herring, coupled with strong demand from Russia, Ukraine and Africa in 2007.

Export of frozen and fresh pelagic fish



Main markets of frozen and fresh pelagic fish (2004)



High Concentrate Omega-3

EPAX are present in all major markets through exclusive partnerships. The global Omega-3 markets in general have developed well. Whilst the supplement market is the dominating sector, the food ingredient market shows the largest growth by percentage. The main market for EPAX is the European Union countries, North America and Australia.

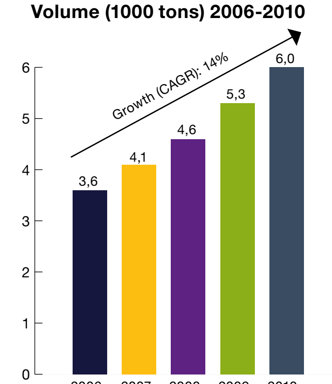
EPAX products are recognised as the number one Omega-3 concentrates for the dietary supplement industry whilst some specialty products are used as feed ingredients as well. EPAX tightened its purity specifications in 2007 and there are no other Omega-3 products in the market today, inclusive Pharmaceutical Omega-3 drugs, that fulfil stricter limits than EPAX products.

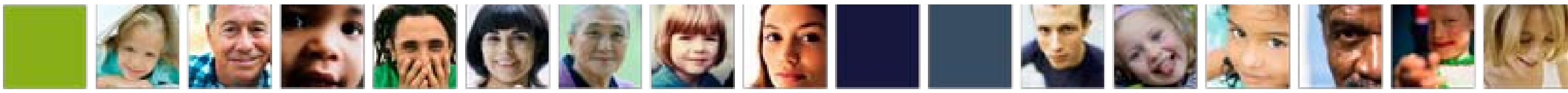
EPAX is the largest supplier of Omega-3 in the Australian and EU market and the second largest in North America. The Nordic region is now well established with some new marketing companies entered the Omega-3 business in 2007 using EPAX oil.

Currently, the fastest growing market for EPAX is the North American region where EPAX climb to above 30% growth.

In 2007, EPAX signed an exclusive partnership in Germany and the synergies of this cooperation have now started to show interesting results.

Volume (1000 tons) 2006-2010





CORPORATE GOVERNANCE
CODE OF PRACTICE DOCUMENT
AUSTEVOLL SEAFOOD ASA

1. INTRODUCTION

1.1 Background

AUSTEVOLL SEAFOOD ASA (“AUSS” or the “Company”), is the parent company in AUSS’ Group of companies (”The Group”), 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 examined a revised version of the current Corporate Governance standard, published by the Norwegian Committee for Corporate Governance (NUES) on 4 December, 2007. 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 current corporate governance standards 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 contain 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 continous and important process which the Board of Directors and the Executive Management keep a keen focus on.

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 (vhpl), the Stock Exchange Act with regulations (børsreg) and other applicable legislation.

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 annual report. The report must cover every section of the Corporate Governance Code of Practice. If the company does not fully comply with this Code of Practice, this must be explained in the report.

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

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.

3. EQUITY AND DIVIDENDS

The company shall 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.

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 must be justified.

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, 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.

5. FREELY NEGOTIABLE SHARES

Shares in listed companies must, in principle, be freely negotiable. Therefore, no form of restriction on negotiability of the Company's shares shall be included in the Company's Articles of Association.

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:

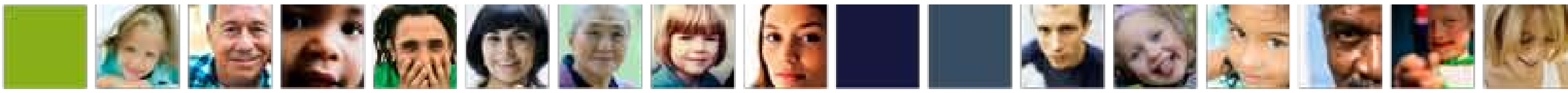
- making the notice calling the meeting and the support information on the resolutions to be considered at the general meeting, including the recommendations of the nomination committee, available on the company's website no later than 21 days prior to the date of the general meeting, and sending this information to the shareholders no later than two 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.

7. NOMINATION COMMITTEE

The Company shall 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 shall be included in the Company's Articles of Association.

The members of the nomination committee should be selected to take into account the interest of shareholders in general. The majority of the committee should be independent of the Board of Directors and the Executive Management. 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 him/herself for re-election. The nomination committee should not include the company's CEO or any other member of the company's executive management.

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

The nominations committee shall give arguments for its recommendations.

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

8. BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

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 may however serve as Directors in group subsidiaries.

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.

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 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 financial 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.

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.

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.

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.

12. REMUNERATION OF THE EXECUTIVE MANAGEMENT

The Board of Directors is required by law to establish 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.

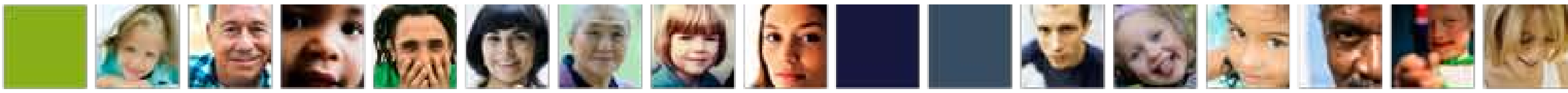
13. INFORMATION AND COMMUNICATION

The Board of Directors shall 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.



14. TAKE-OVERS

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

During the course of a take-over process, the Board of Directors and management of both party making the offer and the target company have an independent responsibility to help ensure that shareholders in the target company are treated equally, and that the target company's business activities are not disrupted unnecessarily. The Board of the target company 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.

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 evaluating the offer and making a recommendation as to whether shareholders should or should not accept the offer. If the Board finds itself unable to give a recommendation to shareholders on whether or not to accept the offer, it should explain the background for not making such a recommendation. The Board's statement on a bid 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 consider whether to arrange a valuation from an independent expert. If any member of the Board or executive management, or close associates of such individuals, or anyone who has recently held such position, is either the bidder or has a particular personal interest in the bid, the board should arrange an independent valuation in any case. This shall also apply if the bidder is a major shareholder. Any such valuation should be either appended to the Board's statement, be reproduced in the statement or be referred to in the statement.

Any transaction that is in effect a disposal of the Company's activities should be decided by a general meeting.

15. AUDITOR

The auditor should submit the main features of the plan for the audit of the company to the Board 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 Board of Directors must report the remuneration paid to the auditor at the annual general meeting, including details of the fee paid for audit work and any fees paid for other specific assignments, provided such information is available at the time of the general meeting.

Research is also being carried out into the potential health benefits of Omega-3 fatty acids in connection with joint pain, diseases of the eye, migraine, psoriasis, atopic eczema, asthma and allergies, diabetes, rheumatism, Crohn's disease and cancer.

DIRECTORS OF THE BOARD

Behind from left: Hilde Waage, Oddvar Skjegstad, Ole Rasmus Møgster
In front from left: Helge Møgster and Inga Lise L. Moldestad

Ole Rasmus Møgster
Chairman of the Board

A main owner in LACO AS, which is the Main Shareholder of DOF ASA and Austevoll Seafood ASA.

Mr Møgster was previously CEO of Austevoll Havfiske AS and has long experience from fish harvesting, fish processing and salmon farming. Holding board positions in several companies.

Oddvar Skjegstad
Member of the Board

Master of Business and Administration.

Self employed, with a wide experience from executive positions in public administration, bank and industrial activity.

Engaged in board activities within several different business sectors.

Helge Møgster
Member of the Board

Main Shareholder of LACO AS.

Mr Møgster has long experience from the fish harvesting and offshore supply market.

Holding board positions in several companies. He is the Chairman of DOF ASA and DOF Subsea ASA, both listed on Oslo Stock Exchange.

Hilde Waage
Member of the Board

MBA / CEMS Master

Senior Management Consultant / Business Coach in Mercuri Urval AS.

Mrs. Waage has a wide experience from banking, fishing and industry, and has worked in Chile for 4 years.

Inga Lise L. Moldestad
Member of the Board

MBA and State Authorised Public Accountant

Executive Vice President and partner in Holberg Fondsforvaltning, a Bergen based asset management company.

Extensive experience from securities trading from Holberg, Unibank, Skandia, Vesta. Wide experience from auditing, and consulting from Arthur Andersen, and Ernst & Young.

DIRECTORS' REPORT 2007

Introduction
Austevoll Seafood ASA (AUSS) is a vertically integrated fisheries group which is involved in activities within pelagic fisheries, production of fishmeal and oil, processing of pelagic products for consumption and sales activities in Norway, Europe and South-America.

The company's head office is located at Storebø in Austevoll Municipality, Norway.

Important events in 2007
The company has once again in 2007 completed acquisitions of companies in Europe and South-America within the company's core activity area. The company has furthermore sold its fish farming activities to Lerøy Seafood Group ASA. Below is a point by point and chronological summary of significant events that have occurred in the last year and of significant transactions carried out after 31 December 2007:

- AUSS completed the purchase of Epax Holding AS on 24 January 2007. Epax Holding AS owns 100% of the shares in Epax AS. The purchase amount was NOK 575 million based on the enterprise value (shareholders' equity + net interest bearing debt). Epax AS is one of the world's leading players within high concentrate Omega-3 oil production. Omega-3 oils are for example used in pharmaceutical products, as additives in food and as dietary supplements.

- It was decided in the AUSS board meeting of 23 February 2007 to sell the fish farming activities to Lerøy Seafood Group ASA (LSG). The purchase was settled by the transfer of 8.5 million LSG shares. LSG also carried out a private cash placement in which 2.3 million new shares were issued to AUSS. The sale of the fish farming activities was finally completed on 21 March 2007. AUSS has in the course of the year also purchased 7,060,300 LSG shares, and at the end of December 2007 in total owned 17,860,300 LSG shares which represent 33.34 % of the share capital.

- On 23 February 2007, AUSS completed a private placement of 6,093,750 new shares in AUSS.

- A bond issue of NOK 1,000,000,000 was carried out on 13 March 2007. The bond issue was fully subscribed on this day, the first day of the subscription period. The bond was quoted on the Oslo ABM market list on 2 April 2007. The bond has a 3 year period to maturity. Interest is based on 3 month NIBOR + 1.40%.

- On 22 June 2007, AUSS, via its subsidiary Sea Star International AS, increased its holding in Sir Fish AS from 13.8% to 60%. Sir Fish AS has a production plant for pelagic fish.

- On 27 August 2007, AUSS acquired 25% of Shetland Catch Ltd (SCL) shares via a private placement in SCL. SCL has one of the largest production plants for pelagic fish in Europe. AUSS has an option to increase its holding to up to 50% via a private placement at a pre-agreed price. The option expires at the end of 2008.

- On 15 November 2007, AUSS acquired 50% of the shares of the Peruvian company Corporation del Mar (CORMAR) via AUSS' subsidiary Alumrock Overseas S.A. This brought into the group 6 fishing vessels and associated licences, a fishmeal and oil factory in Chicama and increased production capacity in Coischo. The acquisition furthermore added joint control of 115 mt/hour capacity of fishmeal and oil production in Paita and Tambo de Mora.

- On 23 January 2008, AUSS, via its subsidiary Welcon Invest AS, completed the purchase of 40% of the shares of Bodø Sildoljefabrikk AS. The acquisition was partly settled by the purchase of existing shares and partly by a private placement in Bodø Sildoljefabrikk AS.

Group activities
Group activities are divided into three activity areas – production of fishmeal and oil, consumption products and trading activities.

Production of fishmeal and oil
The company's fishmeal and oil production activities are run by the subsidiaries Welcon AS in Norway, FoodCorp S.A in Chile and Austral Group S.A.A in Peru.

Production in Norway takes place at Welcon's factories in Egersund, Karmøy, Måløy and Moltustranda. Blue whiting and cut-offs from pelagic production for consumption are the main constituents included in production. In Norway, raw materials must be purchased via the Norges Sildesalgslag auction system. Cut-offs can however be purchased directly from production plants.

In Chile, the Group has two factories located in Coronel. Anchoveta and cut-offs from pelagic production for consumption are the primary production constituents. The raw material anchoveta is primarily purchased from the coastal fleet.

In Peru, the group has seven factories located in Paita, Chicama, Coishco, Huarmey, Chancay, Pisco and Ilo.

The group in addition owns 50% of a jointly controlled company which has factories located in Paita and Tambo de Mora. Anchoveta and cut-offs from pelagic production for consumption are the primary production constituents. The company has an anchoveta quota. A large proportion of the raw material is therefore obtained from the company's own fleet. Raw materials are also bought in from other players in the industry.

300,000 tons of fishmeal and oil were sold in 2007, which is approximately the same level as was achieved in 2006 (288,000 tons). The activity area reported sales of NOK 2,100 million for 2007 compared with NOK 1,400 million for 2006. The increase in sales is primarily due to the acquisition of a fishmeal and oil company in the second half of 2006 being reflected in the figures for the year 2007. The activity area had an operating profit before depreciation and amortization (EBITDA) of NOK 408 million in 2007, as opposed to NOK 398 million in 2006. The activity area achieved an increase in sales. However EBITDA is approximately the same as the previous year. This is primarily due to high raw material prices in Norway in the first half of the year and reduced fishmeal prices in the second half of 2007.

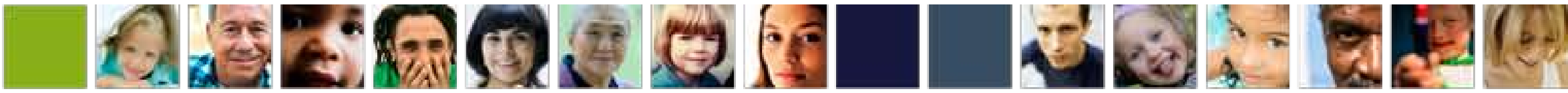
Fish oil prices increased significantly in the last part of 2007 and this has remained stable and increased so far in 2008.

Consumption products
Direct consumption production activity is run by the subsidiaries Epax AS in Norway, FoodCorp S.A in Chile and Austral Group S.A.A in Peru. The segment's products are high concentrate and low concentrate Omega-3 oils, canned horse mackerel, mackerel, sardines, tuna fish, salmon and mussels. Horse mackerel is also processed for freezing.

In January 2007, the group promoted its long term strategy to create the basis for increased value generation for its products through the acquisition of Epax AS.

Epax is one of the world's leading players within the production of high concentrate Omega-3 oils. These oils are used as an ingredient in pharmaceutical products, additives in food and as a dietary supplement. A large number of studies have shown that the intake of Omega-3 has a preventative effect for a number of disorders which are considered to be lifestyle illnesses. These include cardiovascular diseases and inflammation of the joints (rheumatism) and in the body in general. A steady intake of Omega-3 is considered to have a positive effect on cognitive disorders (ADHD, depression and Alzheimer's) and on brain functions in general, as Omega-3 is an important building material for brain tissue cell walls.

Epax had in 2007 a total high concentrate and low concentrate Omega-3 oil production capacity of approximately 1,500 tons. Epax AS' production and financial results are in line with the expectations on which the decision to purchase the company was based. It was decided in 2007 to invest in additional production capacity. The first stage of this capacity expansion is expected to be completed in the first half of 2008.



Further increases in production capacity will be completed in the course of the autumn 2008.

The Group has two canned products factories in Chile, in Coronel and Puerto Montt. There also is a factory for processing pelagic fish for freezing in Coronel. The Group has two canned products factories in Peru, in Paita and Coishco. These factories can also produce frozen products.

The activity area in 2007 sold approximately 4 million cases of canned products (Chile and Peru) and 28,000 tons of frozen products (Chile). Approximately 4.1 million cases of canned products (Chile and Peru) and 14,000 tons of frozen products (Chile) were sold in 2006.

The activity area reported sales for 2007 of NOK 751 million, compared with NOK 456 million in 2006. The sales increase is partly due to the acquisition of Epax in 2007. The activity area achieved an operating result before depreciation and amortisation (EBITDA) for 2007 of NOK 116 million as opposed to NOK 65 million in 2006.

The activity area's production of frozen products is significantly higher than in 2006. AUSS, through FoodCorp S.A, has developed to become one of the leading producers of frozen products in Chile and accounted for approximately 20% of all frozen fish exported from Chile in 2007. This is in line with the group's long term strategy, which is to gradually use more raw materials for direct consumption.

The activity area's production of canned products was lower in 2007 than 2006. This is primarily due to lower consumption fish in Peru in 2007 compared with 2006. Our activity in Peru has however maintained its share of 22% of the total Peruvian fishery of consumption fish.

Trading
The subsidiary Austevoll Fisk AS is the main shareholder of the fish sales and processing companies.

The primary activity of the sales company Sea Star International AS is the purchase and sale of pelagic fish. The primary activity of the company Austevoll Fiskeindustri AS is receipt and processing of salmon, mackerel and herring. The Group increased its holding of Sir Fish AS to 60% in the second half of 2007. Sir Fish AS operates receipt and processing activities for herring and mackerel.

The trading activity area reported sales of NOK 710 million for 2007 compared with NOK 951 million for 2006. In 2007, the activity area achieved an operating result before depreciation and amortisation (EBITDA) of minus NOK 25 million, compared with NOK 4 million in 2006. The 2007 result was negatively influenced by the disposal of the salmon activity in 2007.

Structural changes internally within the Group have been carried out in 2007. These changes combined with structural changes in the industry as a whole form the grounds for strengthening the activity area in the future.

The Russian authorities announced in 2007 that they would carry out inspections of processing plants in Norway, to approve export to the Russian market. The subsidiary Austevoll Fiskeindustri AS was inspected by the Russian authorities in the autumn of 2007 and was approved for production and export to Russia in March 2008.

Shareholder structure
AUSS had 3,056 shareholders as at 31 December 2007. The share price was NOK 39.50 at the end of December 2007 and the share capital as at 31 December 2007 was NOK 92,158,687 distributed across 184,317,374 shares of nominal value NOK 0.50.

A private placement of 6,093,750 shares was carried out in February 2007 at a price of NOK 48.50. The placement was carried out based on the board authority of 15 September 2006. The board has the authority until the ordinary general meeting in 2008 to increase the share capital by issuing 92,158,000 shares. The board furthermore has until the ordinary general meeting in 2008 the authority to buy back up to 10% of AUSS' shares at a price in the range of NOK 20 to NOK 100. At the close of the financial year, AUSS owned none of its own shares.

AUSS' goal is to maximize value generation for shareholders through good results. The goal is also to, over time, pay out 20% to 40% of the Group's net profits as dividends.

The board complies with The Norwegian Code of Practice for Corporate Governance of 28 November 2006. The board has, in association with this, in the course of 2007 carried out inspections of AUSS' management, control and monitoring of AUSS' financial situation. The board has ensured that AUSS is suitably organised and that its activities are carried out in accordance with relevant legislation and regulations and with the company's purpose and articles of association. We refer to the separate chapter in the annual report on corporate governance.

AUSS has not paid a dividend in 2006 and 2007. The board recommends that a dividend of NOK 0.30 per share is paid in 2008, the total dividend payment being NOK 55 million.

Health, Safety and the Environment
The Group in 2007 utilized 4,605 person years in 2007, 4.287 person years being utilized outside Norway. Female employees are underrepresented on the Group's vessels and are overrepresented in processing. There are 2 women on the company's board of 5 board members. The company therefore complies with the requirement that 40 per cent of the shareholder selected board members are women.

The Group places great emphasis on managing and developing all elements which can contribute to raising competence within and awareness of health, safety and the environment. High levels of financial and technical resources are invested in ensuring that the group's activities are operated in accordance with guidelines which promote the interests of the company and the environment.
The planning and implementation of new technical measures makes vessels and shore based industry more efficient, simpler to operate and more environmentally friendly.

The health and safety risks which employees are exposed to are through this reduced. The Norwegian processing industry has implemented a quality control system which complies with The Directorate of Fisheries' regulations. The group's production of fishmeal and oil in Norway requires a licence and is subject to The Norwegian Pollution Control Authority's (SFT) regulations. All of the group's Peruvian factories, which are owned by Austral Group S.A.A, are ISO 14001 certified. Epax AS has initiated work to achieve ISO standard 14001 certification.

AUSS is focussed on the sustainable development of fishery resources and actively follows up employee and management compliance with regulations and quota conditions to ensure that resources are preserved for future generations. The Group's vessels are not considered to pollute the external environment beyond small releases of exhaust gases. The Group's shore based facilities have cleaning systems linked to the production process and the company is regulated within the requirements set for this type of activity. The Group focuses on the reduction of energy and water consumption and it is the board's opinion that the Group's processing activities do not result in significant releases to the external environment and do not harm the external environment to any significant extent. An unintentional release to the sea was reported in Norway in 2007. The company was fined for this release. Clean up work was carried out and the release did not result in harm being inflicted on the environment.

Sickness absence in 2007 was 4.91% of shore based working hours in the Norwegian part of the group. Sickness absence in 2006 was 6.88%. The acquisition and sale of companies in the course of 2007 means that sickness absence in 2007 is not directly comparable with sickness absence in 2006. There has been a decline in sickness absence from 2006 and the Group actively works with measures that can bring about continuous reduction in sickness absence.

Group activity in Norway is linked to the local company health service. Personal injuries within the group were registered in 2007. However, no injuries resulted in serious consequences.

Group accounts

The Group's accounts are prepared in accordance with IFRS. As a result of the sale of the salmon activity in 2007, historical results from the salmon activity have been deducted from the individual income statement items and shown net on a separate line in the income statement specification under 'results from discontinued activities'.

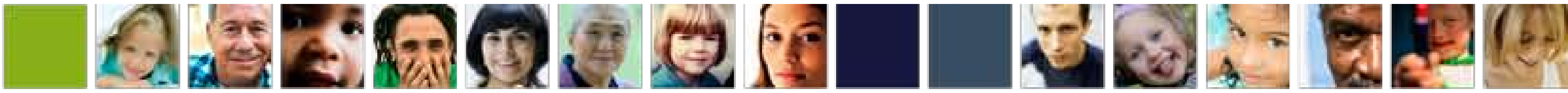
The Group's income was NOK 3,452 million in 2007 as opposed to NOK 2,708 million in 2006. The increase in sales is due to the acquisition of activities in the second half of 2006 being fully reflected in the 2007 accounts.

Operating profit before depreciation (EBITDA) was NOK 483 million in 2007 as opposed to NOK 482 million in 2006. Even though the Group has increased sales, the EBITDA in 2007 was approximately equal to the EBITDA in 2006. This is due to high raw material prices in the first half of 2007 and reduced fishmeal prices in the second half of 2007. Within consumption, the lower fishing volume of consumption fish in Peru resulted in a lower production of canned products and lower profitability within this activity area. The Norwegian kroner accounts are in addition negatively impacted by changes in currency rates.

Operating result (EBIT) was NOK 278 million in 2007 and NOK 225 million for 2006.

Profits from associated companies were NOK 66 million in 2007. The majority of this relates to the proportion of the profits of the investment in Lerøy Seafood Group ASA. Profits from associated companies in 2006 were NOK 16 mill.

DIRECTORS OF THE BOARD



Net financial expenses were NOK 129 million in 2007, net financial expenses in 2006 being NOK 48 million. The increase in net financial expenses in 2007 compared with 2006 is a result of the acquisition of a company in the course of year and the increases in general interest rates. Profit for the year after tax, including net profit from discontinued activities, was NOK 508 million as opposed to a profit after tax including profits from discontinued activities of NOK 267 million in 2006.

The net profit from discontinued activities, which was NOK 324 million in 2007, was in its entirety related to the result from the salmon activity up until the sale of the activity on 21 March 2007 and profits from the sale of the salmon activity.

The group's net cash flow from operational activities was NOK 277 million in 2007 compared with NOK 936 million in 2006. Net cash flow from investment activities was NOK -2,195 million in 2007. Investments consisted primarily of the acquisition of the company Epax AS and Cormar in Peru and participation in share issues/purchase of shares in Lerøy Seafood Group ASA. Necessary investments in maintenance have in addition been made in the course of year. The group in 2006 had a net cash flow from investment activities of NOK -862 million. The net cash flow for the year from finance was NOK 1,552 million, the issue of bonds in March 2007 representing NOK 1,000 million of this amount. The group in 2006 had a net cash flow from financing activities of NOK 1,355 million. At the start of year the group had cash holdings of NOK 1,411 million and at the end of year the group's cash holdings were NOK 1,040 million.

The group has a balance sheet total of NOK 8,813 million. Shareholders' equity was NOK 4,229 million and the equity ratio was therefore 48 %. The group had a net interest-bearing debt at the end of the year of NOK 2,515 million.

Financial risk

The group is exposed to risk associated with the value of investments in subsidiaries. The companies' competitive power and earnings potential can over time be threatened where prices in the raw materials and finished goods market change to a sufficient extent.

The group is exposed to changes in interest rate levels, as the majority of the group's debt has floating interest rates. The exposure to risk as a result of changes in interest rate levels is therefore continuously identified and evaluated.

The group is exposed to changes in currency rates, particularly the Euro, USD, Chilean Pesos and Peruvian Soles. Attempts are made to reduce this risk by entering into forward/future contracts and by the group using multi-currency overdrafts. Parts of the long term debt are furthermore adapted to earnings in the same currency.

The risk that counterparties do not have the financial capability to meet their obligations is considered to be low. This is based on the historical experience that there have been very few losses on receivables. The group has furthermore entered into credit insurances which secures parts of total receivables. Letters of credit are also used, which secure customer obligation fulfilment.

The board of AUSS considers liquidity in the company to be good. The point in time at which receivables fall due are abided by and other long term receivables are not considered renegotiated or redeemed.

The group has a satisfactory financial position. This provides the basis for the continued operation and development of the company. The group's accounts are prepared under the going concern assumption.

From left:
Ole Rasmus Møgster
Chairman of the Board

Hilde Waage
Member of the Board

Helge Møgster
Member of the Board

Inga Lise L. Moldestad
Member of the Board

Oddvar Skjegstad
Member of the Board

Company accounts for Austevoll Seafood ASA
Austevoll Seafood ASA is the group's holding company and has 12 employees. The company's primary activity is the owning of shares in underlying companies and the carrying out of strategy processes, board work, accounting and finance services and technical operation services for underlying subsidiaries.

The parent company accounts are prepared in accordance with simplified IFRS.

Parent company income was NOK 7 million in 2007 as opposed to NOK 10 million in 2006.

The operating result before depreciation (EBITDA) was NOK -23 million in 2007, as opposed to NOK -19 million for 2006.

Net financial income was NOK 407 million in 2007, the profits from the sale of the salmon company accounting for NOK 373 million of this. Net financial income in 2006 was NOK 52 million. Profit for the year after tax was NOK 384 million as opposed to a result after tax of NOK 24 million in 2006.

The parent company net cash flow from operational activities was NOK 171 million in 2007 compared with NOK 12 million in 2006. Net cash flow from investment activities was NOK -1,472 million in 2007. This figure reflects the acquisition of Epax AS and the purchase of shares in Lerøy Seafood Group ASA. The parent company in 2006 had a net cash flow from investment activities of NOK -1,063 million. In 2007, the parent company had a cash flow from financing activities of NOK 1,262 million, the bond issue in March 2007 accounting for NOK 1,000 million of this. At the start of the year the parent company had cash holdings of NOK 909 million, which at the end of the year had become NOK 870 million.

The parent company had a balance sheet total of NOK 5,323 million. Shareholders' equity was NOK 3,677 million and the equity ratio was therefore 69%. The company had positive net interest bearing receivables of NOK 767 million at the end of the year.

The parent company annual accounts show a profit of NOK 384 million. The board recommends that it is paid as a dividend of NOK 0.30 per share, in total NOK 55 million and that the remaining amount is transferred to other shareholders' equity. After the above profit allocation has been completed, the company's non-restricted shareholders' equity was NOK 501 million.

Future prospects
2007 has been a challenging year. The prices of raw materials have increased, the prices of fishmeal fell in the second half of the year and the value of the dollar has fallen. There is a much better relationship between raw material prices and expected fishmeal prices at the start of 2008 than in the equivalent period in 2007.

The board expects stable to increasing fishmeal prices and continued good fish oil prices. Steady good demand and increasing prices are expected for the group's consumption products.

The global and national quota allocations for the individual year influence group operation. The group expects quotas for 2008 to be approximately the same as for 2007 in the countries in which the group has pelagic activity.

We continually work to increase sales and processing activity volumes in the group. A task which has a continuous high priority in processing is the search for measures that can further promote cost effective production in the future.

The group, with the acquisition of Epax AS, is well positioned to participate in the positive development in the Omega-3 market and the increase of production capacity at the factory in Ålesund is on schedule.

Catch patterns and quota regulations affect the group's quarterly total catch and purchase of raw materials and therefore the utilisation of the group's production plants. This results in seasonal fluctuations in produced and sold quantities in the year's four quarters.

Storebø, 28 March 2008

Ole Rasmus Møgster
Chairman

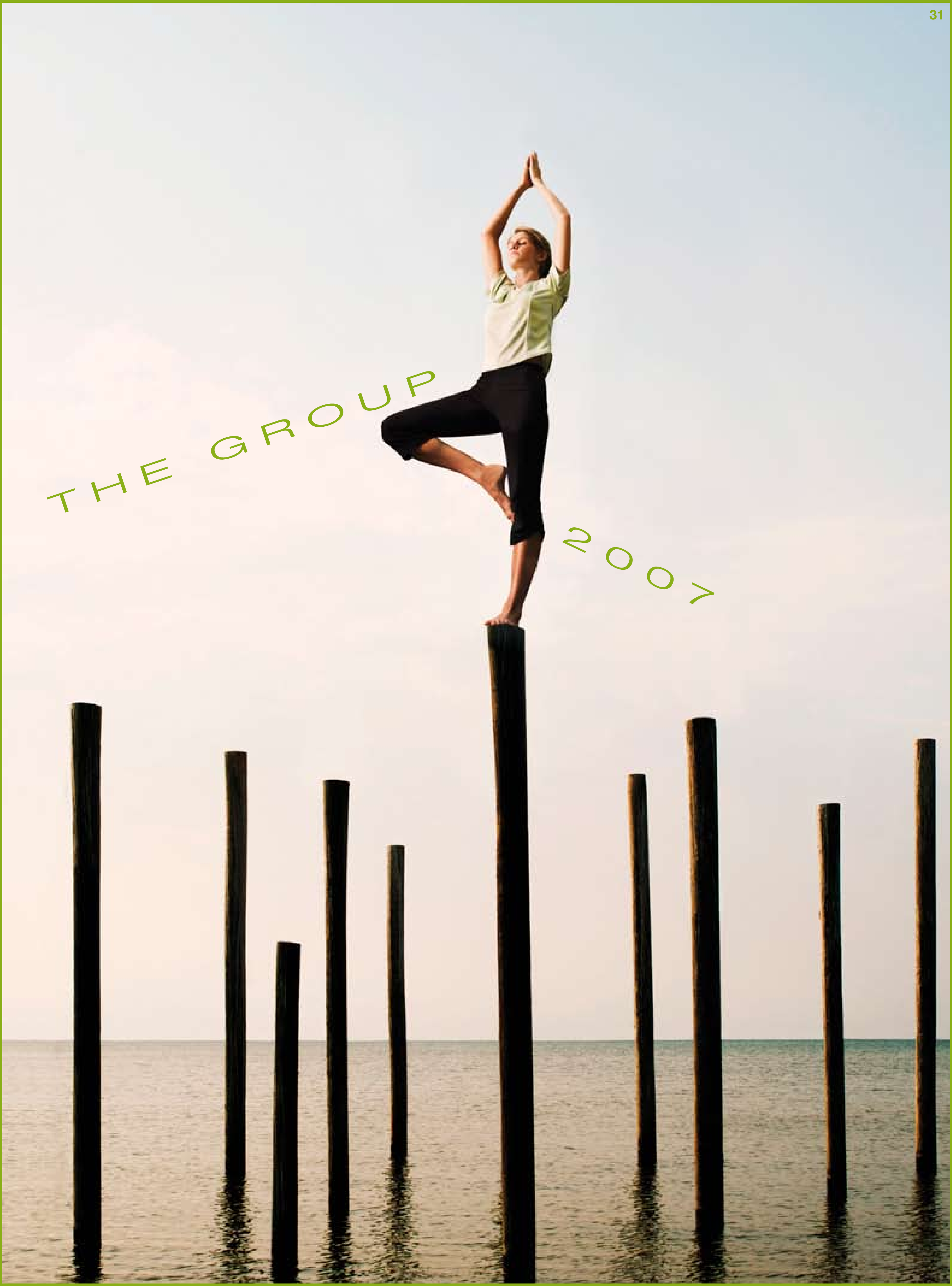
Helge Møgster

Hilde Waage

Inga Lise L. Moldestad

Oddvar Skjegstad

Arne Møgster
President & CEO


THE GROUP
2007

CONSOLIDATED INCOME STATEMENT

Amounts in NOK 1 000

	Note	2007	2006	2005
Sales revenue	3,10,11,32	**3 451 985**	**2 707 663**	**1 541 453**
Other income	3,11	8 786	3 664	8 788
Other gains and losses	3,11	8 186	21 302	150 145
Change in inventories		37 462	-329 918	49 287
Raw materials and consumables used		-2 211 814	-1 501 375	-1 096 997
Salaries and personnel expenses	12,27	-342 924	-168 978	-120 226
Other operating expenses	12,30,32	-468 271	-249 993	-237 234
Operating profit before depreciation		**483 410**	**482 365**	**295 216**
Depreciation	16	-200 601	-116 781	-64 056
Amortisation of intangible assets	15	-14	0	-8 297
Depreciation of excess value inventory		-3 000	-140 221	0
Impairments/reversal of impairments	16	-1 325	0	0
Operating profit	10	**278 470**	**225 363**	**222 863**
Income from associated companies	17	65 758	16 072	34 440
Financial income	13	135 991	89 224	61 999
Financial expenses	13	-264 604	-136 911	-97 227
Profit before taxes		**215 615**	**193 748**	**222 075**
Income tax expense	26	-32 343	-35 421	2 373
Net profit from discontinued operations	8	324 273	108 338	26 160
Profit for the year		**507 545**	**266 665**	**250 608**
Profit attributable to minority interests		8 563	2 273	9 871
Profit attributable to equityholders of Austevoll Seafood ASA		498 982	264 392	240 737
Average no. of shares (thousands)	14	183 302	145 550	28 049
Earnings per share (NOK)	14	2,72	1,82	8,58
Earnings per share - diluted (NOK)	14	2,72	1,82	8,58

CONSOLIDATED BALANCE SHEET

Amounts in NOK 1 000

Assets	Note	31.12.07	31.12.06
Goodwill	15	686 880	267 735
Deferred tax asset	26	12 252	0
Licenses	15	773 916	1 117 525
Brand/trademarks	15	151 451	0
Vessels	16	708 906	696 978
Other property, plant and equipment	16	1 866 868	1 823 119
Associated companies	17	2 352 440	151 658
Investments in other shares	18	32 124	19 764
Non-current receivables	19	67 026	70 524
Total non-current assets		**6 651 863**	**4 147 303**
Inventories	20	528 055	434 604
Biological assets	21	0	224 771
Accounts receivable	3,22,32	390 218	429 290
Other current receivables	19	201 983	188 417
Investments in other shares	18	0	10 428
Cash and cash equivalents	24,29	1 040 911	1 411 493
Total current assets		**2 161 167**	**2 699 003**
Total assets		**8 813 030**	**6 846 306**
Equity and liabilities	**Note**	**31.12.07**	**31.12.06**
Share capital	25	92 159	89 112
Share premium		3 083 918	2 798 795
Retained earnings and other reserves		965 313	665 893
Minority interest		87 221	83 200
Total equity		**4 228 611**	**3 637 000**
Deferred tax liabilities	26	514 762	621 381
Pension obligations	27	18 089	18 287
Borrowings	3,29	2 380 534	1 354 378
Other non-current liabilities	29	20 519	28 630
Total non-current liabilities		**2 933 904**	**2 022 676**
Borrowings	3,29	1 221 678	614 453
Accounts payable	3,32	267 967	367 447
Tax payable	26	11 715	36 724
Accrued salary expense and public tax payable		17 385	38 707
Other current liabilities	32	131 770	129 299
Total current liabilities		**1 650 515**	**1 186 630**
Total liabilities		**4 584 419**	**3 209 306**
Total equity and liabilities		**8 813 030**	**6 846 306**

Storebø, 28th March 2008

Ole Rasmus Møgster
Chairman

Helge Møgster

Hilde Waage

Inga Lise L. Moldestad

Oddvar Skjegstad

Arne Møgster
President & CEO

CONSOLIDATED CASH FLOW STATEMENT

Amounts in NOK 1 000

	Note	2007	2006
Profit before income taxes		215 615	193 748
Taxes paid for the period	26	-129 024	-20 437
Depreciation and amortisation	15, 16	200 601	116 781
Depreciation of excess value inventory	15, 16	3 000	140 221
Reversal of impairments	15, 16	1 339	0
(Gain) on sale of property, plant and equipment		4 014	7 649
(Gain) on investments		-8 119	-68
Fair value losses on financial assets/instruments through profit or loss		0	3 126
Share of (profit) from associates	17	-65 758	-16 072
Interest paid		226 694	98 782
Dividend income		-261	-5 341
Change in inventories		-34 462	297 288
Change in accounts receivables and other receivables		36 511	78 217
Change in accounts payables and other payables		-72 800	-12 983
Change in other accruals		-35 207	-4 582
Exchange (gains)		-74 798	0
Net operating cash flow from discontinued operations		9 821	59 319
Net cash flow from operating activities		**277 166**	**935 647**
Proceeds from sale of fixed assets		13 089	91 383
Proceeds from sale of shares and other equity instruments		33 435	242 981
Purchase of fixed assets		-352 293	-170 610
Purchase of shares and equity investments in other companies		-1 943 290	-968 621
Dividend received (incl dividends from associates)		64 335	0
Currency translation differences		-10 049	0
Net investing cash flow from discontinued operations	8	-685	-56 955
Net cash flow from investing activities		**-2 195 459**	**-861 821**
Proceeds from issuance of long-term interest bearing debt		1 130 993	17 886
Proceeds from issuance of short-term interest bearing debt		815 723	3 829
Repayment of long-term interest bearing debt		-201 839	-364 740
Repayment of short-term interest bearing debt		-83 068	-486 556
Interest paid		-226 694	-98 782
Cash contribution minority interests		1 440	0
Share issues	25	0	2 291 887
Currency translation differences		115 234	0
Net financing cash flow from discontinued operations/demergers		0	-8 708
Net cash flow from financing activities		**1 551 789**	**1 354 816**
Net cash flow from purchase of minority interest		**0**	**-135 056**
Net change in cash and cash equivalents		**-366 504**	**1 293 586**
Cash and cash equivalents at 01.01.	**24**	**1 411 493**	**126 493**
Currency exchange gains on opening balance of cash and cash equivalents		-4 079	-8 586
Cash and cash equivalents at 31.12.	**24**	**1 040 911**	**1 411 493**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in NOK 1 000

	Note	Share capital	Share premium	Currency translation differences	Retained earnings	Minority interests	Total equity
Equity 01.01.06		**56 097**	**512 088**	**42 713**	**294 113**	**77 034**	**982 045**
Profit for the period		**0**	**0**	**0**	**264 392**	**2 273**	**266 665**
Currency translation differences		0	0	-23 296	0	0	-23 296
Total gains and losses charged directly to equity		**0**	**0**	**-23 296**	**0**	**0**	**-23 296**
Total recognised income for the period		**0**	**0**	**-23 296**	**264 392**	**2 273**	**243 369**
Mergers and demergers		-9 023	-58 956	0	-35 278	-22 858	-126 115
Acquisition of minorities		0	0	0	-124 525	-92 614	-217 139
Minority interests arising from business combinations		0	0	0	0	119 365	119 365
Revaluation of existing interests related to business comb.		0	0	0	247 774	0	247 774
New equity from cash contributions and contrib. in kind		42 038	2 411 164	0	0	0	2 453 202
Expenses related to share issues (net of tax)		0	-65 501	0	0	0	-65 501
Total equity from shareholders in the period		**33 015**	**2 286 707**	**0**	**87 971**	**3 893**	**2 411 586**
Total change of equity in the period		**33 015**	**2 286 707**	**-23 296**	**352 363**	**6 166**	**2 654 955**
Equity 31.12.06		**89 112**	**2 798 795**	**19 417**	**646 476**	**83 200**	**3 637 000**
Profit for the period		**0**	**0**	**0**	**498 982**	**8 563**	**507 545**
Currency translation differences		0	0	-180 333	0	-7 608	-187 941
Other gains and losses charged directly to equity		0	0	0	-153	0	-153
Total gains and losses charged directly to equity		**0**	**0**	**-180 333**	**-153**	**-7 608**	**-188 094**
Total recognised income for the period		**0**	**0**	**-180 333**	**498 829**	**955**	**319 452**
Minority interests arising from business combinations		0	0	0	0	2 291	2 291
Revaluation of existing interests related to business comb.		0	0	0	-579	0	-579
New equity from cash contributions and contrib. in kind	25	3 047	292 500	0	-19 163	1 440	277 824
Expenses related to share issues (net of tax)		0	-7 377	0	0	0	-7 377
Total equity from shareholders in the period		**3 047**	**285 123**	**0**	**-19 076**	**3 065**	**272 159**
Total change of equity in the period		**3 047**	**285 123**	**-180 333**	**479 753**	**4 021**	**591 611**
Equity 31.12.07		**92 159**	**3 083 918**	**-160 916**	**1 126 229**	**87 221**	**4 228 611**

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 March 28th, 2008.

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 harvestable 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 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 consolidated financial statements, are disclosed in note 4.

Standards, amendment and interpretations effective in 2007
• IFRS 7, Financial Instruments: Disclosures, and the complementary Amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures. IFRS 7 introduces new disclosures relating to financial instruments. This standard does not have any impact on the classification and valuation of the Group's financial instruments.

• IFRIC 8, Scope of IFRS 2. IFRIC 8 requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of IFRS 2. This standards does not have any impact on the Group's financial statements.

• IFRIC 10, Interim Financial Reporting and Impairment. IFRIC 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. This standards does not have any impact on the Group's financial statements.

Standards, amendments and interpretations effective in 2007 but not relevant
The following interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 May 2006 or later periods but are not relevant for the Group's operations:
- IFRS 4, Insurance contracts
- IFRIC 7, Applying the restatement approach under IAS 29, Financial reporting in hyperinflationary economies; and
- IFRIC 9, Re-assessment of embedded derivatives.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group
The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods, but the Group has not early adopted them:

• IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009). The amendment to the standard is still subject to endorsement by the European Union. It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The group will apply IAS 23 (Amended) from 1 January 2009.

• IFRS 8, 'Operating segments ' (effective from 1 January 2009). IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The group will apply IFRS 8 from 1 January 2009, but it is not expected to have any impact on the Group's reporting.

• IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' (effective from 1 January 2008). IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The group will apply IFRIC 14 from 1 January 2008, but it is not expected to have any impact on the group's accounts.

Interpretations to existing standards that are not yet effective and not relevant for the Group's operations
The following interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods but are not relevant for the Group's operations:

• IFRIC 12, 'Service concession arrangements' (effective from 1 January 2008). IFRIC 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. IFRIC 12 is not relevant to the group's operations because none of the group's companies provide for public sector services.

• IFRIC 13, 'Customer loyalty programmes' (effective from 1 July 2008). IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. IFRIC 13 is not relevant to the Group's operations because none of the Group's companies operate any loyalty programmes.

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. 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 purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated, but also considered as an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with minority interests
The group applies a policy of treating transactions with minority interests as transactions with equity owners of the group. For purchases from minority interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to minority interests are also recorded in equity. For disposals to minority interests, differences between any proceeds received and the relevant share of minority interests are also recorded in equity.

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 and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against 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 obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group'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 equity.

The fair value of the Group's investments in 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. In the fair value assessment of impairment tests, the decrease in value must be significant, i.e. in the region of 20%, and prolonged, in this case six months or more. 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 fair value (recoverable amount). Impairments may be reversed at a later reporting date.

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.

Transactions under common control
For acquisitions of businesses under common control, the company has elected to use IFRS 3 as their accounting policy. For other transfers of assets under common control, predecessor values are used when the consideration is shares and the assets do not form part of the operating cycle of any of the entities.

Segment reporting
A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment provides products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Foreign currency translation
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.

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 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 as a separate component of equity.

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 to the functional currency at 31.12.

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. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land and buildings comprise mainly of factories and offices. Land is not depreciated. Depreciation on other assets are calculated using the straight-line method to allocate cost less residual value over estimated useful lives, as follows:
– Buildings 20 - 50 years
– Vessels 20 - 25 years
– Machinery 3 - 11 years
– Vehicles 7 years
– Furniture, fittings and equipment 3 -5 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.

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
Fishing 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.

Licenses that have a definite useful life are amortized over this definite time period. Depreciated licenses are tested for impairment only if indications of impairment exist.

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 include the customer base related to the brand because it is assumed that brands have no value without a customer base and vice versa. Brand acquired as part of a business combination are valued at fair value based on valuation done by external brokers.

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 suffered an impairment 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.

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 19).

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 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. Dividends on available-for-sale equity instruments are recognised in the income statement 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.

Investments 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.

Regular purchases and sales of investments are recognised on 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 or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets at fair value through profit and loss are subsequently carried at fair value.

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.

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
The Group 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 remeasured at fair value. Changes in the fair value of any derivative instruments are recognised immediately in the income statement within 'other gains and losses'.

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
The accounting treatment of living fish by companies applying IFRS is regulated by IAS 41 Agriculture. IAS 41 comprises a hierarchy of methods for accounting measurement of biological assets. The basic principle is that such assets shall be measured at fair value.

Fish in sea with a round weight above 4 kg at balance sheet date is considered as mature fish ready for harvest. For weight categories above 4 kg round weight there exist an active market for slaughtered fish. As slaughtered fish for these weight categories are considered as similar assets, fair value is calculated based on the market price on slaughtered fish at balance sheet date. The market price used is an average of offer prices for the various weight categories for fish above 4 kg round weight. The price is adjusted for quality differences (superior, ordinary and prod.) and for freight. Further, estimated slaughtering expenses are subtracted.

For fish in sea at balance sheet date with round weight below 4 kg, the company considers the market for slaughtered fish at these weight categories not to be active. Further, the company considers fish with round weight below 4 kg not to be commercially ready for harvest, i.e. immature. Hence, fair value for immature fish is calculated with basis on market prices on mature fish. Immature fish in sea has a potential of growing to mature sizes, normally bringing the average production cost per kg below levels for immature fish.

Further, slaughtering expenses per kg for mature fish are lower compared with immature fish. In the company's valuation of immature fish, these aspects are considered.

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 payable 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 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.

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.

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 products and collectibility of the related receivables is reasonably assured. The sales income is recognised 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 payables. 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 is depreciated over the shorter of the useful life of the asset or the lease term.

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 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 balance sheet date
New information after the balance sheet date concerning the Group'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 Group's financial position on the balance sheet 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's overall risk management programme 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 exchange risk
The 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.

To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group, 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 Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Group has no formal hedging strategy to reduce this exposure.

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. The table below summarizes the Groups exposure towards different currencies as per year end 2006 and 2007.

The Group does not make use of financial instruments connected to ordinary activities such as accounts receivable, accounts payable etc. Neither does the Group make use of financial instruments for management of financial risk regarding long-term financing, with the exception of parts of the Group's loan denominated in foreign currency.

The Group 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.

The Group has a significant part of its turnover in different currencies while a major part of the costs payable are in NOK, CLP and PEN. As a result of international activities, the Group is exposed to fluctuations in exchange rates. The table below indicates the Group's turnover, accounts receivable, accounts payable and long-term liabilities to credit institutions converted to Norwegian kroner on balance sheet date:

Note 3 FINANCIAL RISK MANAGEMENT (CONT.)

	2007			2006		
	Currency	NOK	Share %	Currency	NOK	Share %
Turnover:						
NOK		1 125 431	33%		740 414	27%
USD	298 813	1 751 344	51%	189 167	1 213 688	45%
CLP	25 752 341	280 443	8%	22 089 099	262 830	10%
EUR	21 193	169 933	5%	32 702	263 285	10%
Other currency		124 833	4%		227 446	8%
Total		**3 451 985**	**100%**		**2 707 663**	**100%**
Accounts receivable						
NOK		44 754	11%		71 691	17%
USD	25 591	138 471	35%	36 560	230 664	54%
CLP	5 405 051	58 861	15%	4 997 982	61 525	14%
EUR	18 166	144 622	37%	5 033	41 146	10%
Other currency		3 511	1%		24 264	6%
Total		**390 218**	**100%**		**429 290**	**100%**
Accounts payable:						
NOK		82 669	31%		78 455	21%
USD	19 511	105 576	39%	21 929	137 165	37%
CLP	3 107 474	33 840	13%	2 946 599	34 564	9%
PEN		0	0%	57 478	112 599	31%
Other currency		45 882	17%		4 664	1%
Total		**267 967**	**100%**		**367 447**	**100%**
Bond loans, liabilities to credit institutions and financial lease						
NOK		2 364 717	66%		1 016 391	52%
USD	228 700	1 237 495	34%	167 811	952 440	48%
Total		**3 602 212**	**100%**		**1 968 831**	**100%**

(ii) Price risk
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, and investment in equity of other entities that are publicly traded and treated as associated companies.

(iii) Cash flow and fair value interest rate risk
As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

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. However a immaterial part of the Group`s loans are issued at fixed rates.

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 company 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

Note 3 FINANCIAL RISK MANAGEMENT (CONT.)

an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, 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 in accordance with practice and limits set by the Group.

For information of the Group`s financial liabilities see note 29.

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.

	2007	2006
Total borrowings (note 29)	3 622 730	1 997 460
Less: cash and cash equivalents (note 24)	1 107 937	1 470 125
Net debt	**2 514 793**	**527 335**
Total equity	4 228 611	3 637 000
Capital employed	**6 743 404**	**4 164 335**
Gearing ratio	**37%**	**13%**

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.

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 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 Group has to a limited degree such financial instruments.

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.

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.

Estimated impairment 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.

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.

Fish farming licenses

The value of fish farming licenses are affected by the same factors as the biological assets, but the interest rate level and discount rate, long-term growth in demand, competitive situation and behaviour, strength of the production link in the value chain and thereby the expectations concerning long-term profit margins, are also significant. The different parameters may have different significance for the license values over time. Changes in these important assumptions will cause corresponding impairments, or reversals of impairments, of the license values, in accordance with the accounting policy stated in note 2.

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.

Biological assets

The fair value assessment of biological assets includes several estimates. For both commercially harvestable fish and immature fish market price at the balance sheet date are used. These market prices usually fluctuates significantly during the growth period of the fish.

Further, for immature fish, the fair value calculation includes estimates of production cost pr kg, expected slaugthering expenses, quality and freight expenses. All these estimates are encumbered with uncertainly.

Accounts 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.

Note 5 GROUP COMPANIES

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

Company	Note	Country	Parent company	Ownership %
Atlantic Pelagic AS		Norway	Austevoll Seafood ASA	100,00%
Epax Holding AS		Norway	Austevoll Seafood ASA	100,00%
Epax AS		Norway	Epax Holding AS	100,00%
Austevoll Fisk AS		Norway	Austevoll Seafood ASA	99,61%
Austevoll Fiskeindustri AS		Norway	Austevoll Fisk AS	100,00%
Sea Star International AS		Norway	Austevoll Fisk AS	90,10%
Sea Star International AS		Norway	Austevoll Seafood ASA	9,90%
Sir Fish AS		Norway	Sea Star International AS	60,00%
Aumur AS		Norway	Austevoll Seafood ASA	100,00%
Murman Fishing Company Ltd.		Cyprus	Aumur AS	100,00%
Austevoll Eiendom AS		Norway	Austevoll Seafood ASA	98,96%

Note 5 GROUP COMPANIES (CONT.)

Company	Note	Country	Parent company	Ownership %
Laco IV AS		Norway	Austevoll Seafood ASA	100,00%
Welcon Invest AS		Norway	Laco IV AS	100,00%
Welcon AS		Norway	Welcon Invest AS	100,00%
Måløy Sildoljefabrikk AS		Norway	Welcon AS	100,00%
Welcon Moldtustranda AS		Norway	Welcon AS	100,00%
Welcon Egersund AS		Norway	Welcon AS	100,00%
Karmsund Fiskemel AS		Norway	Welcon AS	100,00%
Vadsø Sildoljefabrikk AS		Norway	Welcon AS	96,28%
Welcon Protein AS		Norway	Welcon AS	100,00%
Mat Miljø- Laboratoriet AS		Norway	Welcon AS	100,00%
KW Protein Technologies Limited	a	Ireland	Welcon AS	50,00%
Vadsø Maritime Næringspark AS		Norway	Welcon Invest AS	16,67%
Vadsø Maritime Næringspark AS		Norway	Vadsø Sildoljefabrikk AS	41,66%
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 Op. Funds	33,33%
Austral Group S.A.A		Peru	Dordogne Holdings Ltd.	89,26%
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%
P. Nuevo Horizonte		Chile	Beechwood Ltd.	99,00%
Pesquera Caldera Ltd.		Chile	Consortium Enterprises (Jersey) Ltd.	99,00%
FoodCorp S.A.		Chile	Consortium Enterprises (Jersey) Ltd.	72,98%
FoodCorp S.A.		Chile	Inversiones Pacfish Ltda.	22,91%
Pesquera Cazador Limitada		Chile	FoodCorp Chile S.A.	99,73%
Pemesa S.A		Chile	FoodCorp Chile S.A.	100,00%
Pesquera del Cabo S.A.		Chile	FoodCorp Chile 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%
Pesquera Austral S.A.		Chile	FoodCorp Chile S.A.	100,00%
Chilefood S.A.		Chile	FoodCorp Chile S.A.	100,00%
Pesquera Del Norte Dos S.A.		Chile	Consortium Enterprises (Jersey) Ltd.	73,00%
Pesquera Del Norte Dos S.A.		Chile	Inversiones Pacfish Ltda.	22,00%
Cultivos Pacfish S.A.		Chile	Inversiones Pacfish Ltda.	100,00%
Alumrock Overseas S.A.		Chile	FoodCorp Chile S.A.	100,00%
JC Cormar	a	Peru	Alumrock Overseas S.A.	50,00%

Note:
a - Business under jointly control.

Note 6 INTRAGROUP TRANSACTIONS

The fish farming company Veststar Holding AS (discountinued - see note 8) sold a major part of its production of salmon to Sea Star International AS. These transactions are based upon commercial terms. This intragroup sale amounted to NOK 25 mill in 1Q 2007, 322 mill. in 2006 and NOK 258 mill in 2005.

Slaughtering, packaging and storage of salmon are delivered by Austevoll Fiskeindustri AS to Sea Star International AS and Veststar (discontinued). The terms and rates for these services are negotiated yearly between the parties. These services amounted to NOK 40 mill. (Sea Star International) and NOK 3,5 mill. (Veststar - only 1Q) in 2007, NOK 80 mill. in 2006 and NOK 92 mill. in 2005.

Sea Star International AS has bought pelagic products from several other group companies. The intragroup transactions amounted to NOK 56 mill in 2007. Sea Star International AS has also sold products to group companies. The value of these transactions was NOK 7 mill in 2007. All transactions are based upon commercial terms.

Welcon AS (and its subsidiaries) has bought fish oil and fish meal from other group companies. The value of these transactions was NOK 115 mill. in 2007. Welcon AS has also sold fish oil to Epax AS. The value of these transactions was NOK 6 mill. in 2007. All transactions are based upon commercial terms.

Austevoll Fiskeindustri AS rents a major part of its land and buildings from Austevoll Eiendom AS. The yearly rent was NOK 4 mill. for 2007 and 2006, and NOK 3 mill. for 2005 for this lease. Other group companies rents offices from Austevoll Eiendom AS. The rent was NOK 0,4 mill for 2007 and NOK 0,3 mill for 2006.

Note 7 BUSINESS COMBINATIONS

Acquisition of Epax AS

The acquisition of Epax AS was completed medio January after required conditions were met. The transaction was carried through by acquiring all the shares in Epax Holding AS, owning 100% of the shares in Epax AS, from Ferd Private Equity Fund. Epax is a leading producer of high-concentrate Omega-3 oils that are increasingly used as an ingredient in pharmaceutical products, as additives to make food healthier, and as dietary supplements.

Acquisition of JV Cormar

The acquisition of Corporacion del Mar (JV Cormar) was completed on 15 November. The acquisition was executed via AUSS' s subsidiary Alumrock Overseas S.A. and together with Locksley Capital Corporation (Locksley). Cormar has a total fleet of 4,414 m3 and production capacity of 244 tons/hour in 6 plants along the coast of Peru. As a result of the agreement with Locksley, AUSS acquires 50% of the fleet, 6 vessels, production plants with 45 ton/hour capacity in Chicama, 35 ton/hour capacity in Chimbote and a 50% share of a cooperation agreement with Locksley for the operation of a plant with 115 ton/hour capacity in Tambo de Mora and Paita.

Details of net assets acquired and goodwill are as follows:	**Epax Holding AS**	**JV Cormar**
Purchase consideration:		
- Cash paid	333 357	355 405
- Direct costs relating to acquisition	1 399	2 256
Total purchase consideration	**334 756**	**357 662**
Fair value of net assets acquisition	-242 256	-204 125
Goodwill	**92 500**	**153 537**

Note 7 BUSINESS COMBINATIONS (CONT.)

The assets and liabilities arising from the acquisition are as follows:

Company name	Epax Holding AS		JV Cormar	
ASSETS	**Book Value**	**Fair Value**	**Book Value**	**Fair Value**
Goodwill*	210 077	302 577	0	153 537
Licenses	0	0	4 031	204 574
Brand	111	150 111	0	0
Other property, plant and equipment	92 308	122 308	59 543	69 905
Vessels	0	0	19 609	71 290
Other long-term receivables	345	345	0	10 752
Total non-current assets	**302 841**	**575 341**	**83 183**	**510 057**
Inventories	53 420	56 420	6 877	9 345
Accounts receivable	42 685	42 685	38 515	38 515
Other receivables	8 571	8 571	0	0
Cash and cash equivalents	7 546	7 546	2 348	2 348
Total current assets	**112 223**	**115 223**	**47 741**	**50 209**
Total assets	**415 065**	**690 564**	**130 925**	**560 266**
Equity and liabilities	**Book Value**	**Fair Value**	**Book Value**	**Fair Value**
Total equity	**110 497**	**334 756**	**32 549**	**357 662**
Deferred tax liabilities	9 759	60 999	9 009	106 959
Borrowings	249 113	249 113	49 473	49 473
Total non-current liabilities	**258 872**	**310 112**	**58 482**	**156 432**
Borrowings	0	0	14 090	14 090
Accounts payable	14 374	14 374	10 027	10 027
Tax payable	15 243	15 243	1 520	1 520
Accrued salary expense and public tax payable	10 729	10 729	0	0
Contingent liabilities	0	0	14 256	20 535
Other current liabilities	5 349	5 349	0	0
Total current liabilities	**45 696**	**45 696**	**39 894**	**46 172**
Total liabilities	**304 568**	**355 808**	**98 376**	**202 604**
Total equity and liabilities	**415 065**	**690 564**	**130 925**	**560 266**

* Goodwill is a residual in the purchase price allocation and represents both expected future synergies from combining operation of licenses and the fact that deferred tax on excess values related to licenses is recognised at a nominal amount.

	Epax Holding	**JV Cormar**
Purchase consideration settled in cash	334 756	357 662
Cash and cash equivalents in subsidiary acquired	-7 546	-2 348
Cash outflow on acquisition	**327 210**	**355 313**

Note 8 DISCONTINUED OPERATIONS

Descriptions of discontinued operations
In May 2006 the Board and General Meeting of Austevoll Seafood decided to demerge by transferring the Company's shares in Møgsterfjord I AS and Møgsterhav AS to Møgster Havfiske AS. The two mentioned companies both own a fishing vessel with licenses for pelagic fishery in the North Sea. After the demerger the Group is no longer engaged in pelagic fishery in the North Sea.

In February 2007 the Board of Directors in Austevoll Seafood ASA (AUSS) agreed to sell the salmon business (Veststar Holding AS), which included smolt production, 27 fish farming licenses in Norway, distribution operations in France and licenses in Chile, to Lerøy Seafood Group ASA. Closing date for the transaction was 21th of March 2007.

The pelagic fishery in the North Sea (Møgsterfjord 1 AS and Møgsterhav AS) and the salmon business are presented as discontinued operations in the face of the income statement. Below is a table showing key financial figures from discontinued operations.

Key financial figures on discontinued operations	**2007**	**2006**	**2005**
Revenue	25 348	386 668	469 982
Other gains and losses	324 262	0	0
Operating result	4 110	164 853	64 601
Net financial items	-3 663	-17 053	-37 354
Income taxes	436	36 919	-19 790
Profit for the year from discontinued operations	**324 273**	**108 338**	**26 160**

Cash flow generated from discountinued operations	**2007**	**2006**	**2005**
Operating activities	9 821	59 319	151 019
Investing activities	-685	-56 955	-87 226
Financial activities	0	-8 708	-63 162
Total cash flow from discontinued operations	**9 136**	**-6 344**	**631**

* 2007 - Austevoll Seafood ASA paid Veststar Holding AS a cash contribution of NOK 336 mill.

Note 9 EVENTS AFTER BALANCE SHEET DATE

Business combinations
Acquisition of Bodø Sildoljefabrikk AS
The acquisition of 40% of the shares in Bodø Sildoljefabrikk AS was completed on January 23, 2008. The acquisition was completed partly via the purchase of existing shares and partly via a private placing in Bodø Sildoljefabrikk AS. The company has a strategic location in relation to important catch areas for pelagic fish.

Total equity after the private placing was appr. NOK 66 mill. There has not been prepared a puchase price allocation yet. Total purchase price for 40 % of the equity was NOK 53,8 mill splittet between purchase of shares NOK 24,4 mill and emission of shares of NOK 29,4 mill.

Note 10 SEGMENT INFORMATION

The Austevoll Seafood group operates within three segments in relation to strategic types of activities. The different business segments are divided into Fishmeal/Oil, Human Consumption and Trading.

Fishmeal/oil
The fishmeal/oil business is operated through the Group company FoodCorp S.A. in Chile, Austral Group in Peru and Welcon in Norway. FoodCorp operates two plants in Chile, Austral operates six plants in Peru and Welcon operates five fishmeal/oil plants in Norway.

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

In January of this year the group aquired one of the world s leading producers (Epax AS) of high concentrated Omega 3 based on fish oil. These products are included in the consumption products segment.

Trading
The trading segment consists of Sea Star International AS (SSI), Austevoll Fiskeindustri AS (AFI) and Chile Food SA. SSI's business is sale of pelagic fish for the international market. AFI operates a plant for harvest and processing of salmon and pelagic species.

Associates
The associated company Br. Birkeland AS is involved in salmon farming and pelagic fishery in Norway. The associated company Lerøy Seafood Group ASA is involved in salmon farming and sale of salmon in the international market.

Geographical segment
The Group divides its activities into two geographical regions based on location of fishing and production facilities; South America and North Europe.
As of December 31, 2007 South America consists of Chile and Peru.

Segment information

Business segments	Fish meal/oil		Human Consumption		Trading		Other/eliminations		Group	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
External operating revenue	2 076 009	1 367 064	679 101	386 813	710 287	920 439	13 959	69 207	3 479 356	2 743 523
Inter-segment revenue	9 102	0	72 114	69 565	0	30 441	-91 615	-110 900	-10 399	-10 894
Segment revenue	**2 085 111**	**1 367 064**	**751 215**	**456 378**	**710 287**	**950 880**	**-77 656**	**-41 693**	**3 468 957**	**2 732 629**
Operating expenses	-1 677 237	-969 435	-634 817	-391 717	-734 859	-947 327	61 366	58 214	-2 985 547	-2 250 265
Operating profit before depreciation	**407 874**	**397 629**	**116 398**	**64 661**	**-24 572**	**3 553**	**-16 290**	**16 521**	**483 410**	**482 364**
Depreciation and amortisation	-126 917	-212 578	-59 315	-36 789	-15 201	-8 178	-3 507	545	-204 940	-257 000
Impairment/Reversal of impairments	0	0	0	0	0	0	0	0	0	0
Operating profit/ segment result	**280 957**	**185 051**	**57 083**	**27 872**	**-39 773**	**-4 625**	**-19 797**	**17 065**	**278 470**	**225 363**
Segment assets	3 483 829	3 122 683	1 654 264	1 178 245	356 693	313 108	0	902 795	5 494 786	5 516 832
Associates	0	0	0	0	0	0	2 352 440	151 658	2 352 440	151 658
Unallocated/parent company	0	0	0	0	0	0	965 804	1 177 816	965 804	1 177 816
Total assets	**3 483 829**	**3 122 683**	**1 654 264**	**1 178 245**	**356 693**	**313 108**	**3 318 244**	**2 232 269**	**8 813 030**	**6 846 306**
Liabilities	280 967	237 300	97 695	104 202	92 350	133 965	0	57 763	471 012	533 230
Investments in property and equipment in the period	298 851	1 284 401	287 452	405 441	26 958	40 787	0	49 045	613 261	1 779 674
Investments in intangible assets in the period	368 245	398 320	454 030	151 572	1 733	2 805	0	14 500	824 008	567 197
Cash flow operations	78 085	789 660	101 425	69 353	-12 703	-9 403	110 359	86 036	277 166	935 647
Cash flow investment	-509 862	-701 825	-492 803	-240 432	-16 234	-36 701	-1 176 560	117 137	-2 195 459	-861 821

Inter-segment sales consists of Bi-products from the human consumption business is used in the fish meal/oil operations.
The basis for inter-segment pricing is based on normal commercial conditions available to third parties.

Note 10 SEGMENT INFORMATION (CONT.)

Geographical segments	South America		North Europe		Other/eliminations		Group	
	2007	2006	2007	2006	2007	2006	2007	2006
Operating income	1 680 075	1 175 803	1 911 932	1 176 263	-123 050	24 492	3 468 957	2 376 558
Segment assets	3 614 256	3 297 859	1 880 530	2 218 973	0	0	5 494 786	5 516 832
Associates	0	0	2 352 440	151 658	0	0	2 352 440	151 658
Investments in property and equipment for the period	414 518	1 185 047	198 743	545 582	0	0	613 261	1 730 629
Investments in intangible assets for the period	368 271	458 942	455 737	93 755	14 500	0	838 508	552 697

Note 11 INCOME

	2007	2006	2005
Sales revenue			
Sale of goods and services	**3 451 985**	**2 707 663**	**1 541 453**
Other income			
Other operating income	**8 786**	**3 664**	**8 788**
Other gains and losses			
Gains and losses on sale of property, plant and equipment	1 455	21 302	63 220
Gains and losses on sale of shares	6 731	0	86 925
Total other gains and losses	**8 186**	**21 302**	**150 145**

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

	2007	2006	2005
Salary and holiday pay	264 380	113 682	97 941
Hired personnel	20 157	14 456	0
Other remunerations	2 707	250	0
National insurance contribution	23 387	18 578	8 314
Pension costs (note 27)	10 008	5 690	1 667
Other personnel costs	22 285	16 321	12 304
Total	**342 924**	**168 978**	**120 226**
Average man-labour year excl. discontinued operations	4 605	2 345	906

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, that include salary, bonuses, pensions and other remuneration. Austevoll Seafood 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. An eventual 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 a 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, pension cost and other remuneration to CEO and other group executives and members of the parent company's board were:

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

2007 - Remunerations to the company's officers	Wages	Pension cost	Director's fee	Other remuneration	Total
Arne Møgster, CEO	941	56	0	155	1 152
Britt Kathrine Drivenes, CFO	878	152	0	150	1 181
Ole Rasmus Møgster, Working Chairman of the Board*	1 172	160	180	93	1 605
Helge Møgster, Member of the Board	0	0	150	0	150
Oddvar Skjegstad, Member of the Board	0	0	150	6	156
Inga Lise L. Moldestad, Member of the Board	0	0	150	0	150
Hilde Waage, Member of the Board	0	0	150	0	150
Total	**2 991**	**368**	**780**	**405**	**4 544**

2006 - Remunerations to the company's officers	Wages	Pension cost	Director's fee	Other remuneration	Total
Arne Møgster, CEO	551	50	0	41	642
Britt Kathrine Drivenes, CFO	804	214	0	47	1 065
Ole Rasmus Møgster, Working Chairman of the Board*	1 092	106	0	65	1 263
Total	**2 447**	**370**	**0**	**153**	**2 970**

2005 - Remunerations to the company's officers	Wages	Pension cost	Director's fee	Other remuneration	Total
Britt Kathrine Drivenes, CFO	577	56	0	11	644
Ole Rasmus Møgster, Working Chairman of the Board*	1 053	99	20	42	1 214
Total	**1 630**	**155**	**20**	**53**	**1 858**

* Ole Rasmus Møgster was the CEO of the company from 01.01.05 - 31.05.06, and has been working chairman since 01.06.06.

No loans or securities have been issued in 2007, 2006 and 2005 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 pension payments up to 70% of salary (12 times the base amount) on retirement.

Specification of auditor's fee	2007	2006	2005
Audit fee	2 857	2 449	1 548
Audit fee to other auditors	369	0	0
Other audit services	0	1 813	0
Other assurance services	12	217	57
Tax advice	90	6	17
Other services	1 313	2 251	356
Total	**4 641**	**6 736**	**1 978**

Note 13 OTHER FINANCIAL INCOME AND EXPENSES

	2007	2006	2005
Interest income from related parties	420	854	796
Other interest income	77 041	38 468	16 330
Dividends	0	5 342	0
Currency gains (unrealised and realised)	57 763	36 877	6 339
Other financial income	767	7 682	38 534
Total other financial income	**135 991**	**89 224**	**61 999**
Interest expenses (note 29)	218 863	94 399	68 075
Currency losses (unrealised and realised)*	31 107	0	0
Other financial expenses	14 634	42 511	29 152
Total other financial expenses	**264 604**	**136 911**	**97 227**
Net finance cost	**-128 613**	**-47 687**	**-35 228**

* Currency losses (unrealied and realised) for 2006 and 2005 are included in other financial expenses.

Note 14 EARNINGS PER SHARE AND DIVIDEND PER SHARE

Basic
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	2007	2006	2005
The year's earnings	498 982	264 392	240 737
No. of shares at the balance sheet date (thousands)	184 317	178 224	28 049
Average no. of shares (thousands)	**183 302**	**145 550**	**28 049**
Earnings per share	**2,72**	**1,82**	**8,58**
Diluted earnings per share	2,72	1,82	8,58
Suggested dividend per share	**0,30**	**0,00**	**0,00**

No dividends were paid in 2005, 2006 and 2007.

Note 15 INTANGIBLE ASSETS

2006	Goodwill	Licenses fishfarming Norway	Licenses pelagic fisheries Norway	Licenses pelagic fisheries South America	Brand/ Trademarks	Total
Per 01.01.						
Acquisition cost	76 172	404 619	75 216	389 265	0	945 272
Accumulated amortisation	0	-6 959	-14 819	0	0	-21 778
Accumulated impairment	0	-77 932	0	0	0	-77 932
Balance sheet value at 01.01.	**76 172**	**319 728**	**60 397**	**389 265**	**0**	**845 562**
Balance sheet value at 01.01.	76 172	319 728	60 397	389 265	0	845 562
Currency translation differences	-1 561	0	0	-41 732	0	-43 293
Acquisitions through business combinations	193 124	7 500	0	366 373	0	566 997
Intangible assets acquired	0	0	0	200	0	200
Intangible assets sold	0	0	-60 397	0	0	-60 397
Amortisation dicontinued operations	0	-1 740	0	0	0	-1 740
Reversal of impairment discontinued opererations	0	77 932	0	0	0	77 932
Balance sheet value at 31.12.	**267 735**	**403 420**	**0**	**714 105**	**0**	**1 385 261**
Per 31.12.						
Acquisition cost	267 735	412 119	0	714 105	0	1 393 960
Accumulated amortisation	0	-8 699	0	0	0	-8 699
Balance sheet value at 31.12.	**267 735**	**403 420**	**0**	**714 105**	**0**	**1 385 261**
2007						
Balance sheet value at 01.01.	267 735	403 420	0	714 105	0	1 385 261
Currency translation differences	-24 177	0	0	-73 321	0	97 499
Reclassification	78 559	0	0	-78 559	0	0
Acquisitions through business combinations	457 820	0	0	204 706	150 111	812 637
Intangible assets acquired	234	0	0	9 782	1 354	11 370
Intangible assets sold/demerged	-93 292	-403 420	0	-2 796	0	-499 508
Amortisation	0	0	0	0	-14	-14
Balance sheet value at 31.12.	**686 880**	**0**	**0**	**773 916**	**151 451**	**1 612 248**
Per 31.12.						
Acquisition cost	686 880	0	0	773 916	151 465	1 612 261
Balance sheet value at 31.12.	**686 880**	**0**	**0**	**773 916**	**151 451**	**1 612 247**
- of which assets with indefinite lives	686 880	0	0	773 916	151 354	1 612 150
- of which assets with definite lives	0	0	0	0	97	97
- remaining years for assets with definite useful lives (years)	-	-	-	-	6	-

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.

Note 15 INTANGIBLE ASSETS (CONT.)

Cash generating units	Location	2007 Carrying amount of allocated goodwill	2007 Carrying amount of allocated licenses/brands with indefinite useful lives	2006 Carrying amount of allocated goodwill	2006 Carrying amount of allocated licenses with indefinite useful lives
FoodCorp S.A.[1)]	Chile				
Human Consumption		25 906	71 152	13 009	104 096
Fish meal/oil		60 688	165 929	30 353	242 891
Epax Holding AS[2)]	Norway				
Human Consumption		302 577	151 465		
Austral Group S.A.A.[3)]	Peru				
Human Consumption		15 530	99 674	21 862	110 135
Fish meal/oil		36 237	232 573	51 012	256 983
Veststar Holding AS[4)]	Norway				
Salmon				57 744	391 023
Welcon AS[5)]	Norway				
Fish meal/oil		90 950		90 950	
Cormar[6)]	Peru				
Fish meal/oil		153 537	204 574		
Others					
Trading		1 455		2 805	
Total		**686 880**	**925 367**	**267 735**	**1 105 128**

1) Identified partly through the acqui-sition of Chilefood S.A. in 2004. Both goodwill and licenses are allocated between human consumption and fish meal/oil on a pro rata basis.
2) Identified partly through the acquisition of Epax Holding AS in 2007
3) Identified partly through the acquisition of Austral Group (Dordogne) in 2006. Both goodwill and licenses are allocated between human consumption and fish meal/oil on a pro rata basis. Approximately 52 MNOK of the goodwill relates to deferred tax on excess values related to licenses with indefinite useful lives
4) Identified through a business combination in 2002, and relates to synergy effects expected to occur through co-ordinated operation of 27 fish farming licenses. Approximately 23 MNOK of the goodwill relates to deferred tax on excess values related to fish farming licenses with indefinite useful lives.
5) Identified through the acquisition of Welcon Invest AS and Karmsund Fiskemel AS in 2006.
6) Identified through the acquisition of 50% of the shares in Corporacion del Mar in 2007. Approximately 74 MNOK of the goodwill relates to deferred tax on excess values related to licenses with indefinite useful lives

Business segments	Fish meal/oil		Human Consumption		Salmon		Trading	
	2007	2006	2007	2006	2007	2006	2007	2006
Carrying amount of allocated goodwill	341 412	172 315	344 013	34 871	0	57 744	1 455	2 805
Carrying amount of allocated licenses and brands with indefinite useful lives	603 076	499 874	322 291	214 231	0	391 023	0	0

Impairment tests for goodwill, licenses and brands
The recoverable amount of a CGU is determined based on a value-in-use calculation. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five year period are extrapolated using the estimated growth rate in a range between 2% to 3%. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Financial budgets are based on weighted historical performance for each entity and segment for the latest years. As the group operates within different geographical areas and legislation, there is different performance history within the different segments. There is a range from 8% to 11% in the discount rate used in the various calculations.

Note 16 TANGIBLE FIXED ASSETS

2006	Land	Projects in progress	Buildings/ property	Plant, equipment and other fixtures	Vessels	Total
Per 01.01.						
Acquisition cost	40 439	24 476	246 452	676 273	638 411	1 626 051
Accumulated depreciation	0		-60 014	-330 548	-153 512	-544 074
Balance sheet value at 01.01.	**40 439**	**24 476**	**186 438**	**345 725**	**484 899**	**1 081 977**
Balance sheet value at 01.01.	40 439	24 476	186 438	345 725	484 899	1 081 977
Currency translation differences	1 457	1 351	-28 976	3 809	8 995	-13 363
Acquisitions through business combinations	161 116	0	493 643	408 015	327 465	1 390 239
Tangible fixed assets acquired	0	28 530	116 066	291 171	130 156	565 923
Tangible fixed assets sold	-6	0	-132 708	-11 290	-216 210	-360 213
Depreciation	0	0	-31 608	-46 845	-38 328	-116 781
Depreciation dicontinued operations	0	0	-1 738	-25 948	0	-27 686
Balance sheet value at 31.12.	**203 006**	**54 357**	**601 117**	**964 639**	**696 977**	**2 520 096**
Per 31.12.						
Acquisition cost	203 006	54 357	694 477	1 367 979	888 817	3 208 636
Accumulated depreciation	0	0	-93 360	-403 341	-191 840	-688 541
Balance sheet value at 31.12.	**203 006**	**54 357**	**601 117**	**964 639**	**696 977**	**2 520 096**
Balance sheet value of finance lease included above	**0**	**0**	**0**	**105 859**	**49 634**	**155 493**

2007	Land	Projects in progress	Buildings/ property	Plant, equipment and other fixtures	Vessels	Total
Balance sheet value at 01.01.	203 006	54 357	601 117	964 639	696 977	2 520 096
Other changes	1 273	0	3 321	-4 361	0	234
Currency translation differences	-8 660	-9 206	-25 645	-77 726	-53 703	-174 941
Reclassification	598	-52 989	20 766	31 386	240	0
Acquisitions through business combinations	12 275	6 348	65 929	116 450	71 337	272 339
Tangible fixed assets acquired	4 220	130 104	15 502	134 433	56 664	340 923
Tangible fixed assets sold/demerged	-4 084	-264	-45 616	-121 586	-9 401	-180 950
Depreciation	0	0	-32 055	-115 339	-53 207	-200 601
Impairment	0	0	0	-1 325	0	-1 325
Balance sheet value at 31.12.	**208 628**	**128 349**	**603 319**	**926 571**	**708 907**	**2 575 774**
Per 31.12.						
Acquisition cost	208 628	128 349	728 734	1 446 575	953 954	3 466 240
Accumulated depreciation	0	0	-125 413	-518 679	-245 047	-889 142
Accumulated impairment	0	0	0	-1 325	0	-1 325
Balance sheet value at 31.12.	**208 628**	**128 349**	**603 319**	**926 571**	**708 908**	**2 575 774**
Balance sheet value of finance lease included above	**0**	**0**	**795**	**41 486**	**63 173**	**105 455**
Depreciation on finance lease included above	**0**	**0**	**276**	**8 409**	**5 265**	**13 950**

Note 17 ASSOCIATED COMPANIES AND INVESTMENTS IN JOINT VENTURES

Associated companies	2007	2006
Beginning of year	151 658	143 106
Acquisitions	2 143 066	35 121
Sold	-	-40 985
Share of profit/(loss)*	65 758	16 072
Other equity movements:	-8 042	-1 656
End of year	**2 352 440**	**151 658**

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

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

Name	Country of incorporation	Assets	Liabilities	Revenues	Profit/loss	% interest held
2006						
Br. Birkeland AS	Norway	578 327	422 884	224 594	91 668	40,20%
Modolv Sjøset AS	Norway	171 155	137 429	235 192	-5 602	24,94%

Name	Country of incorporation	Assets	Liabilities	Revenues	Profit/loss	% interest held
2007						
Br. Birkeland AS	Norway	641 595	498 556	257 510	10 953	40,20%
Modolv Sjøset AS	Norway	182 971	157 067	267 457	-8 922	49,88%
Lerøy Seafood Group ASA	Norway	7 506 110	3 727 267	6 290 898	279 564	33,34%
Shetland Catch Ltd.	Great Britain	330 399	220 103	425 051	-20 981	25,00%

Financial year
All the associated companies except Shetland Catch Ltd follow the same financial year as the Group. Shetland Catch Ltd. has financial year 01.04 - 31.03.

Lerøy Seafood Group ASA
The Group owe 17 860 300 shares in Lerøy Seafood Group ASA. Lerøy Seafood Group ASA is listed on the Oslo Stock Exchange, and the market value of the shares were pr 31.12.07 NOK 113. Average carrying amount per share is appr. NOK 122.

Investments in joint venture	Period	Location	Business	Voting share
KW Protein Technologies Limited	2007	Ireland	Fish oil/fish meal	50%
JV Cormar	15.11.07-31.12.07	Peru	Fish oil/fish meal	50%

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

The following amounts represent the Group's 50% share of the assets and liabilities, and sales and results of the joint venture. They are included in the balance sheet and income statement:

Assets	2007	2006
Non-current assets	573 039	73 527
Current assets	45 435	6 340
Total assets	**618 474**	**79 867**
Liabilities		
Non-current liabilities	128 408	0
Current liabilities	473 422	59 857
Total liabilities	**601 831**	**59 857**
Total equity	**16 643**	**20 010**
Income	27 365	3 096
Expenses	-30 224	-3 687
Net result	**-2 859**	**-591**

Note 18 INVESTMENTS IN OTHER SHARES

2007 - Non-current	Business location	Number of shares	Ownership/ voting share	Acquisition cost	Fair value
Company					
Odra Industries ASA	Bergen, Norway	4 271 839	18,48%	19 675	13 239
Austevoll Notverkstad AS	Austevoll, Norway	822	5,60%	1 233	1 233
TD Moreproduct	Mykolajiv, Ukraina		50,00%	14 986	14 986
Others				2 666	2 666
Total non-current				**38 560**	**32 124**

2006 - Non-current	Business location	Number of shares	Ownership/ voting share	Acquisition cost	Fair value
Company	Bergen, Norway	4 271 839	18,48%	19 675	14 378
Odra Industries ASA					
Austevoll Notverkstad AS	Austevoll, Norway	822	5,60%	1 233	1 233
Sir Fish AS	Hå, Norway	834 000	13,80%	3 179	3 179
Others				974	974
Total non-current				**25 061**	**19 764**

2006 - Current	Business location	Number of shares	Ownership/ voting share	Acquisition cost	Fair value
Company					
Aker Seafood ASA	Oslo, Norway	347 600	0,72%	13 487	10 428
Total current				**13 487**	**10 428**

Note 18 INVESTMENTS IN OTHER SHARES (CONT.)

Reconsiliation of the carrying amount of investments in other shares	**2007**	**2006**
Beginning of year	30 192	30 192
Acquisition of Sir Fish AS	-3 179	0
Additions	15 539	0
Net gains/losses	-10 428	0
End of year	**32 124**	**30 192**
Less: non-current portion	32 124	19 764
Current portion	**0**	**10 428**

There were no impairment provisions on investments in other shares in 2007 or 2006.

Investments in other shares are denominated in the following currencies:	**2007**	**2006**
NOK	31 449	32 124
USD	675	0
Total	**32 124**	**32 124**

The fair value of unlisted securities are based on cash flows discounted using a rate based on the market interest and the risk premium spesific to the unlisted securities.

None of the financial assets is either past due or impaired.

Note 19 OTHER RECEIVABLES

NON-CURRENT PORTION **Other non-current receivables**	**2007**	**2006**
Loan to third parties	53 764	55 901
Contingent assets	10 874	0
Other non-current receivables	2 388	14 623
Other non-current receivables 31.12.	**67 026**	**70 524**

None of the other current receivables are impaired as the company assess the receivables as secure.

The carrying amounts of the Group's non-current receivables are denominated in the following currencies: Currency	**2007**	**2006**
US dollar	57 097	55 677
NOK	9 929	14 847
Total	**67 026**	**70 524**

The fair values of other receivables are as follows:	**2007**	**2006**
Loan to third parties	53 764	55 901
Contingent assets	10 874	0
Other non-current receivables	2 388	14 623
Total	**67 026**	**70 524**

Note 19 OTHER RECEIVABLES (CONT.)

CURRENT PORTION

Other current receivables*	**2007**	**2006**
Public fees and taxes receivable	62 684	55 842
Short-term loans to suppliers	46 106	20 549
Refundable demerger cost	3 371	0
Accrual of income (from insurance)	6 147	9 342
Balance on sale of equipment	34 375	33 728
Short term loans	29 544	0
Other current receivables	19 756	68 957
Other current receivables 31.12.	**201 983**	**188 417**

* Fair value of other current receivables is estimated to be equal to its carrying amount

None of the other non-current receivables are impaired as the Group assess the receivables as secure.

The carrying amounts of the Group's current receivables are denominated in the following currencies:

Currency	**2007**	**2006**
US dollar	140 307	138 523
NOK	61 676	49 894
Total	**201 983**	**188 417**

Note 20 INVENTORIES

	2007	**2006**
Raw materials	157 493	96 110
Work in progress	6 849	0
Finished goods	385 326	344 118
Obsoleteness	-21 613	-5 624
Total	**528 055**	**434 604**
Write-down of inventories as of 31.12.	21 613	5 624
Write-down of inventories expensed	15 989	4 409

Note 21 BIOLOGICAL ASSETS

	2007	**2006**
Biological assets 01.01.	**224 771**	**181 995**
Increases due to production	0	318 643
Increase/decrease due to company acquisitions/disposals	-224 771	3 278
Decreases due to sales / harvesting	0	-281 630
Reversal of fair value adjustment of fish at beginning of period	0	-4 751
Fair value adjustment of fish at period end	0	7 236
Biological assets 31.12.	**0**	**224 771**

The company sold the salmon business (Veststar Holding AS) in first quarter 2007. The salmon business is presented as discountinued operation in the face of the income statement (see note 8).

Note 22 ACCOUNTS RECEIVABLE

	2007	2006
Accounts receivable at nominal value	398 099	442 273
Provision for bad debts	-7 880	-12 983
Accounts receivable 31.12.	**390 218**	**429 290**
Change in provision for bad debts	5 130	6 167
Realised bad debts	2 669	6 544
Reversed realised bad debts	0	-56
Recognised in the Income Statement	**7 799**	**12 655**

Fair value of other accounts receivable is estimated to be equal to its carrying amount.

The ageing of these account receivables is as follows:	2007	2006
0 to 3 months	371 756	429 290
3 to 6 months	14 334	0
Over 6 months	4 128	0
Total	**390 218**	**429 290**

The carrying amounts of the Group's accounts receivable are denominated in the following currencies:

Currency	2007	2006
US dollar	138 471	242 765
Euro	144 622	58 796
NOK	44 754	127 729
Chilean pesos	58 861	0
Other currencies	3 511	0
Total	**390 218**	**429 290**

Note 23 GUARANTEE OBLIGATIONS

	2007	2006
Other guarantees	2 124	8 450
Total	**2 124**	**8 450**

Note 24 RESTRICTED BANK DEPOSITS

	2007	2006
Restricted deposits related to employee` tax deduction	5 709	4 960
Other restricted deposits	7 667	2 596
Total	**13 376**	**7 556**

Note 25 SHARE CAPITAL AND SHAREHOLDERS

Share capital:
As of December 31, 2007 the Company has 184.317.374 shares at nominal value of NOK 0,50 per share. None of the shares are owned by any group company.

Date	Type of change	Change in share capital (NOK)	Nominal value per share (NOK)	Total share capital	Number of ordinary shares
01.01.			0,50	89 111 812	178 223 624
23.02	Share issue	3 046 875	0,50	92 158 687	6 093 750
31.12.					**184 317 374**

The shareholders in Austevoll Seafood ASA, were as of 31.12.:	Number of shares	Shareholding
Laco AS	112 605 876	61,09%
Verdipapirfond Odin	7 394 987	4,01%
Bank of New York	6 055 885	3,29%
Verdipapirfond Odin	5 699 600	3,09%
Pareto Aksje Norge	4 123 900	2,24%
Morgan Stanley & Co	3 877 273	2,10%
Investors Bank & Tru	2 465 150	1,34%
Cheyne Global Cataly	2 074 250	1,13%
Mitsui and Co Ltd	1 782 236	0,97%
Odin Europa SMB	1 776 000	0,96%
Pareto Aktiv	1 758 300	0,95%
LBPB Nominess Limited	1 755 439	0,95%
Br. Birkeland AS	1 722 223	0,93%
JPMorgan Chase Bank S/A	1 716 575	0,93%
State Street Bank An AC	1 619 843	0,88%
State Street Bank An AC	1 514 600	0,82%
Deutsche Bank AG	1 164 086	0,63%
Vital Forsikring ASA	1 103 021	0,60%
Nordea Bank Plc	921 000	0,50%
Holberg Norden	829 090	0,45%
Total 20 largest	**161 959 334**	**87,87%**
Total others	22 358 040	12,13%
Total numbers of shares	**184 317 374**	**100,00%**

Shares controlled by Board members and management:	Number of shares	Shareholding
Board of Directors:		
Ole Rasmus Møgster (Laco AS)	45 042 350	24,44%
Helge Møgster (Laco AS)	22 521 175	12,22%
Oddvar Skjegstad (Rehua AS)	55 000	0,03%
Management group:		
CEO Arne Møgster (Laco AS)	5 630 294	3,05%
CFO Britt Kathrine Drivenes (Lerkehaug AS)	125 367	0,07%
Total shares controlled by Board members and management	**73 374 186**	**39,81%**

Note 26 TAX

	2007	2006	2005
Specification of the tax expense			
Tax payable	118 240	66 498	7 266
Change in deferred tax	-85 896	10 908	-25 556
Change in deferred tax classified as discontinued operations	0	-41 985	20 663
Taxes	**32 343**	**35 421**	**2 373**
Tax reconciliation			
Profit before tax	**215 623**	**193 748**	**222 075**
Taxes calculated with the nominal tax rates	67 675	40 848	48 250
Tax effects of:			
Income from associated companies	-14 789	-6 172	-4 323
Tax-free gain on sale of shares	-4 058	0	-29 400
Other differences	3 857	2 275	-12 154
Change in deferred tax liabilities	-4 260	0	0
Utilisation of loss carried forward, previously not recognized	-16 081	-1 530	0
Taxes	**32 343**	**35 421**	**2 373**
Weighted average tax rate	**15,00%**	**18,28%**	**-5,73%**

The gross movement on the deferred income tax account is as follows:	**2007**	**2006**	**2005**
Opening balance 01.01.	621 382	282 852	287 975
Booked to income in the period	-85 896	10 908	-25 556
Emission costs	-2 868	0	0
Group contribution	15 277	0	0
Currency translation differences	-35 868	-20 897	0
Effect of business combinations	-9 516	348 519	20 433
Balance sheet value 31.12.	**502 510**	**621 382**	**282 852**

Note 26 TAX (CONT.)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities	Licenses	Fixed assets	Biological assets	Receiv-ables	Current liabilities	Profit and loss account		Total
2006								
Opening balance 01.01.	146 131	125 006	52 574	-17	-5 538	20 395		338 551
Booked to income in the period	10 235	-10 869	11 333	11	6 477	-1 228		15 959
Currency translation differences	-500	4 871	1 240	0	0	0		5 611
Effect of business combinations	114 233	276 625	0	0	1 276	-1 525		390 609
31.12.	**270 099**	**395 633**	**65 147**	**-6**	**2 215**	**17 642**		**750 730**
2007								
Booked to income in the periode	19 485	-42 523	0	-95	-2 131	-7 222		-32 486
Currency translation differences	-20 180	-19 294	0	0	0	0		-39 473
Effect of business combinations	-45 413	89 576	-65 147	234	0	-911		-21 661
31.12.	**223 992**	**423 392**	**0**	**133**	**84**	**9 509**		**657 110**

Deferred tax asset	Loss carried forwards	Fixed assets	Pensions	Receiv-ables	Current liabilities	Profit and loss account	Inventory	Total
2006								
Opening balance 01.01.	-31 136	-2 477	70	-5 128	1 691	-18 307	-413	-55 699
Booked to income in the period	32 735	-212	-1 046	5 090	-707	0	-40 912	-5 052
Currency translation differences	-26 116	-616	0	0	224	0	0	-26 508
Effect of business combinations	-62 087	-2 614	-3 758	-18	-11 945	-2 787	41 119	-42 090
31.12.	**-86 604**	**-5 919**	**-4 734**	**-56**	**-10 737**	**-21 094**	**-206**	**-129 349**
2007								
Booked to income in the periode	-45 840	-1 516	-409	-129	3 353	-4 847	-4 022	-53 410
Emission costs	-2 868	0	0	0	0	0	0	-2 868
Group contribution	15 277	0	0	0	0	0	0	15 277
Currency translation differences	245	-723	0	0	1 343	2 838	-97	3 605
Effect of business combinations	8 724	146	779	51	-543	0	2 988	12 145
31.12.	**-111 065**	**-8 011**	**-4 364**	**-134**	**-6 584**	**-23 103**	**-1 337**	**-154 601**

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. The offset amounts are as follows:

Deferred tax assets	2007	2006
Deferred tax asset to be recovered after more than 12 months	-8 056	-10 999
Deferred tax asset to be recovered within 12 months	-146 544	-118 350
Total	**-154 601**	**-129 349**

Deferred tax liabilities	2007	2006
Deferred tax asset to be recovered after more than 12 months	217	67 356
Deferred tax asset to be recovered within 12 months	656 893	683 374
Total	**657 110**	**750 730**
Deferred tax liabilities (net)	**502 510**	**621 381**

Note 27 PENSIONS AND PENSION COMMITMENTS

Some group entities have pension schemes which provide the employees the right to established future pension payments. The collective schemes comprises a total of 154 employees and 12 retired people as of 31 December 2007. All pensions are funded and the group's funded pension schemes is administered by a pension company.

Austevoll Fiskeindustri AS has a contractual early retirement scheme (AFP) for its employees. This scheme comprises a total of 19 employees and 1 retired person as of 31 December 2007. According to the scheme, employees are on certain conditions entitled to leave the company after reaching the age of 62, being entitled to a pension covered partly by the company and partly by the Government. The Group's financial commitments associated with this scheme are included in the pension calculations below.

Net pension cost	**2007**	**2006**
Current service cost	5 475	3 946
Interest cost	2 807	2 136
Expected return on plan assets	-2 264	-2 093
Administration costs	198	183
Net actuarial losses recognised during the year	902	350
Social security tax	770	1 167
Net pension cost related to defined benefit plan	**7 887**	**5 690**
Pension costs related to defined contribution plan	1 858	0
Social security on defined contribution plan	262	0
Net pension cost	**10 008**	**5 690**

Capitalised commitments are determined as follow	**Secured**	**AFP**	**Unsecured**	**Total 2007**	**Total 2006**
Present value of future pension commitments	62 435	3 565	163	66 163	75 349
Fair value of plan assets	-41 819	0	0	-41 819	-44 108
Unrecognised actuarial losses	-8 175	-1 413	62	-9 525	-17 355
Social security tax	2 802	447	21	3 270	4 402
Net pension commitment on the balance sheet 31.12.	**15 243**	**2 599**	**247**	**18 089**	**18 287**

The principal actuarial assumptions	**31/12/2007**	**1/1/2007**	**31/12/2006**
Discount rate	4,70%	4,35%	4,35%
Anticipated yield on pension assets	5,75%	5,40%	5,40%
Anticipated regulation of wages	4,50%	4,50%	4,50%
Anticipated regulation of pensions	2,00%	4,25%	4,25%
Anticipated regulation of national insurance	4,25%	4,25%	4,25%
Social security tax rate	14,10%	14,10%	14,10%

Change in carrying amount of net pension commitments	
Balance sheet value at 01.01	18 287
Pension commitments through business combinations*	-2 780
Net pension cost defined benefit schemes	7 887
Pension benefits paid, AFP/unsecured - incl. sosial security tax	-807
Pension payments and payments of pension premiums	-4 499
Balance sheet value at 31.12	**18 089**

* Aquistion of Epax Holding AS and disposal of Veststar Holding AS.

Note 28 CONTINGENCIES

Contingent liabilities

The Chilean subsidiary Pemesa S.A. is the defendant in a tax related lawsuit for an approximated amount of THUS$ 891 (NOK 4,8 mill.). This case originates from the usage by Pemesa S.A. of the benefit of early recovery of export VAT, under Law 348, during the year 1996. However, the internal revenue service, alleging the existence of non-export sales as a result of the leaseback operation entered into by the Company, concluded that said recovery should not have been taken place, suing the Company in order to recover the amount paid to the Company. At this time the lawsuit is at the Santiago Supreme Court.

Note 29 INTEREST BEARING DEBT

Non-current	**2007**	**2006**
Bank borrowings	1 300 217	1 223 726
Bond loan	1 000 000	0
Other loans	20 519	28 630
Leasing liabilities	80 317	130 651
Total non-current	**2 401 053**	**1 383 007**

Current	**2007**	**2006**
Bank overdrafts	284 538	380 562
Bank borrowings	908 138	210 903
Leasing liabilities	29 001	22 988
Total current	**1 221 677**	**614 453**
Total non-current and current	**3 622 730**	**1 997 460**

Net interest-bearing debt	**2007**	**2006**
Cash and cash equivalents	1 040 911	1 411 493
Other interest-bearing assets - non-current	67 026	58 632
Net interest-bearing debt	**2 514 793**	**527 335**

Repayment profile interest bearing debt	**2008***	**2009**	**2010**	**2011**	**2012**	**Subse-quent**	**Total***
Mortgage loan	908 138	248 697	205 704	208 007	147 191	490 619	2 208 355
Bond loan	0	0	1 000 000	0	0	0	1 000 000
Leasing liabilities	29 001	20 094	13 373	9 532	8 057	29 261	109 318
Bank overdraft	284 538	0	0	0	0	0	284 538
Other non-current liabilities	0	0	0	0	0	20 519	20 519
Total	**1 221 677**	**268 791**	**1 219 077**	**217 539**	**155 248**	**540 399**	**3 622 730**

* Repayments of non-current liabilities which mature in 2008 are classified as current liabilities in the balance sheet.

Note 29 INTEREST BEARING DEBT (CONT.)

Liabilities secured by mortgage	2007	2006
Current liabilities	1 221 677	614 453
Non-current liabilities	1 380 534	1 354 378
Liabilities to credit institutions incl. leasing liab.	**2 602 211**	**1 968 831**

Assets provided as security		
Fixed assets, inventory, shares and receivables	5 361 000	3 553 749
Total assets provided as security	**5 361 000**	**3 553 749**

The exposure of the group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:	2007	2006
6 months or less	3 326 083	1 606 003
6-12 months	55 192	31 901
1-5 years	179 375	287 109
Over 5 years	62 080	72 447
Total	**3 622 730**	**1 997 460**

The carrying amounts and fair value of the non-current liabilities	Carrying amount		Fair value	
are as follows:	**2007**	**2006**	**2007**	**2006**
Mortgage loan	1 300 217	1 223 726	1 300 217	1 223 726
Bond loan	1 000 000	0	1 000 000	0
Leasing liabilities	80 317	130 651	80 317	130 651
Other non-current liabilities	20 519	28 630	20 519	28 630
Total	**2 401 053**	**1 383 007**	**2 401 053**	**1 383 007**

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant.

The carrying amounts of short-term borrowings approximate their fair value.

The carrying amounts of the group's borrowings are denominated in the following currencies:	2007	2006
NOK	2 385 235	1 045 020
USD	1 237 495	952 440
Total	**3 622 730**	**1 997 460**

Bond
Austevoll Seafood ASA issued an unsecured bond loan of NOK 1 billion in March 2007. The bond has a period to maturity of 3 years based on 3 mth NIBOR + 1.40 % p.a.

Note 30 LEASE CONTRACTS

Overview of future minimum operating leases	Within 1 year	1-5 years	Subsequent	Total
Minimum lease amount, operating leasing contracts maturing:	3 057	3 142	0	6 199
Present value of future minimum lease (discount rate 5%)	2 911	2 992	0	5 903

Overview of future minimum financial leases	Within 1 year	1-5 years	Subsequent	Total
Minimum lease amount, financial leasing contracts maturing:	38 683	55 087	56 610	150 380
Interest component	9 681	21 148	10 232	41 062
Present value of future minimum lease	29 002	33 939	46 378	109 319

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	2007	2006
Salary and other personel expenses	41 873	53 946
Provisions	48 020	0
Other short-term liabilities	41 878	75 353
Other current liabilities	**131 770**	**129 299**

Note 32 RELATED PARTIES

The Group is controlled by Laco AS which owns 61,09 % of the company's shares. The remaining 38,91 % of the shares are widely held. The ultimate parent of the Group is Laco AS.

All transactions with related parties are entered into on ordinary terms and conditions for such type of agreements, and are based on the principle of "arm's length" pricing.

The following transactions were carried out with related parties:

a) Sales of goods and services	2007	2006
Sales of goods:		
- associates	30 719	56
Sales of services		
- associates	41 154	2 676
- the ultimate parent and its subsidiary (administration services)	1 560	547
Total	**73 433**	**3 279**

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

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	2007	2006
Purchase of goods:		
- associates	67 166	0
Purchase of services		
- an entity controlled by key management personell	1 419	0
- the immediate parent and its subsidiary (management services)	3 032	5 265
Total	**71 617**	**5 265**

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, receiption, catering, accounting and secretary- and financial from associated companies.

c) Year-end balances arising from sales/purchase of goods/services	2007	2006
Receivables from related parties:		
- ultimate parent	0	141
- associates	1 024	0
Payables to related parties		
- immediate parent	1 944	0
Total	**2 968**	**141**

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.

PARENT COMPANY 2007

INCOME STATEMENT

Amounts in NOK 1 000

	Note	2007	2006	2005
Sales revenue	4,19	6 530	9 534	47 251
Total income		**6 530**	**9 534**	**47 251**
Raw materials and consumables used		0	-30	-8 337
Salaries and personnel expenses	5,16	-13 670	-13 062	-11 442
Other operating expenses	5,19	-15 631	-15 862	-24 175
Operating profit before depreciation		**-22 771**	**-19 420**	**3 297**
Depreciation	7	-595	-571	-565
Operating profit		**-23 366**	**-19 991**	**2 732**
Financial income	6	559 016	77 412	153 934
Financial expenses	6	-151 822	-25 793	-30 405
Profit before taxes		**383 828**	**31 628**	**126 261**
Income tax expense	15	454	-7 138	-8 540
Net profit for the year		**384 282**	**24 490**	**117 721**

BALANCE SHEET

Amounts in NOK 1 000

Assets	Note	31.12.07	31.12.06
Other property, plant and equipment	7	358	954
Shares in subsidiaries	8	592 013	658 467
Shares in associated companies	9	2 369 220	127 046
Shares in other companies	10	6 125	6 165
Long terms receivables on Group companies	11,17,20	1 315 265	1 465 964
Other long receivable	11,17	1 826	1 043
Total non-current assets		**4 284 807**	**2 259 639**
Accounts receivable	12	3 611	5 325
Short term receivable on Group companies	17,20	156 060	141 571
Other current receivables	11	7 972	7 156
Investments in other shares		0	10 428
Cash and cash equivalents	14,17	870 160	908 675
Total current assets		**1 037 804**	**1 073 155**
Total assets		**5 322 610**	**3 332 794**

Equity and liabilities	Note*	31.12.07	31.12.06
Share capital	25 CFS	92 159	89 112
Share premium		3 083 918	2 798 795
Retained earnings and other reserves		500 963	191 140
Total equity		**3 677 040**	**3 079 047**
Deferred tax liabilities	15	4 895	8 218
Pension obligations	16	2 652	1 089
Borrowings	17	1 089 720	115 933
Other non-current liabilities to Group companies	17,20	15 482	15 285
Total non-current liabilities		**1 112 749**	**140 525**
Borrowings	17	467 118	100 424
Accounts payable		2 077	3 041
Accrued salary expense and public tax payable		1 124	1 162
Other current liabilities to Group companies	17,20	2 610	3 942
Dividends	14 CFS	55 295	0
Other current liabilities	18	4 597	4 652
Total current liabilities		**532 821**	**113 222**
Total liabilities		**1 645 570**	**253 747**
Total equity and liabilities		**5 322 610**	**3 332 794**

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

Storebø, 28th March 2008
Board of Directors
of Austevoll Seafood ASA

Ole Rasmus Møgster
Chairman

Helge Møgster

Hilde Waage

Inga Lise L. Moldestad

Oddvar Skjegstad

Arne Møgster
President & CEO

CASH FLOW STATEMENT

Amounts in NOK 1 000	2007	2006
Profit before income taxes	383 828	31 628
Depreciation and amortisation	595	571
(Gain) on sale of property, plant and equipment	0	2 683
(Gain) on investments	-377 801	-30
Fair value losses on financial assets/instruments through profit or loss	0	3 126
Interest paid	78 321	22 530
Dividend income	-8 302	-22 245
Change in accounts receivable and other receivables	95 043	-5 186
Change in accounts payable and other payables	-964	-18 388
Change in other accruals	137	-2 465
Net cash flow from operating activities	**170 858**	**12 224**
Proceeds from sale of fixed assets	0	82 000
Proceeds from sale of shares and other equity instruments	15 335	163 910
Purchase of fixed assets	0	-2 393
Purchase of shares and equity investments in other companies	-1 551 399	-158 755
Dividend income	64 074	806
Loans granted to group companies	261	-1 148 291
Net cash flow from investing activities	**-1 471 729**	**-1 062 723**
Proceeds from issuance of long-term interest bearing debt	973 984	0
Proceeds from issuance of short-term interest bearing debt	366 694	0
Repayment of long-term interest bearing debt	0	-128 120
Repayment of short-term interest bearing debt	0	-158 362
Interest paid	-78 321	-22 530
Share issues	0	2 291 887
Change in cash and cash equivalents by mergers and demergers	0	-24 795
Net cash flow from financing activities	**1 262 358**	**1 958 080**
Net change in cash and cash equivalents	**-38 514**	**907 581**
Cash and cash equivalents at 01.01.	**908 675**	**1 094**
Cash and cash equivalents at 31.12.	**870 160**	**908 675**

STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Share premium	Retained earnings	Total equity
Equity 31.12.05		**56 097**	**512 088**	**164 187**	**732 372**
Profit for the year 2006		**0**	**0**	**24 490**	**24 490**
Total recognised income		**0**	**0**	**24 490**	**24 490**
Mergers and demergers		-9 023	-58 956	2 463	-65 516
New equity from cash contributions and contrib. in kind		42 038	2 411 164	0	2 453 202
Expenses related to share issues (net of tax)		0	-65 501	0	-65 501
Total equity to/from shareholders		**33 015**	**2 286 707**	**2 463**	**2 322 185**
Total change of equity in 2006		**33 015**	**2 286 707**	**26 953**	**2 346 675**
Equity 31.12.06		**89 112**	**2 798 795**	**191 140**	**3 079 047**
Profit for the year 2007		**0**	**0**	**384 282**	**384 282**
Total recognised income		**0**	**0**	**384 282**	**384 282**
New equity from cash contributions and contrib. in kind		3 047	285 123	-19 164	269 006
Dividends		0	0	-55 295	-55 295
Total equity to/from shareholders		**3 047**	**285 123**	**-74 459**	**213 711**
Total change of equity in 2007		**3 047**	**285 123**	**309 823**	**597 993**
Equity 31.12.07		**92 159**	**3 083 918**	**500 963**	**3 677 040**

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 are required by law.

For a description of the applied acounting principles, see note 2 to the consolidated financial statements.

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 separate financial statements of Austevoll Seafood ASA (Company) were approved by the board of Directors of Austevoll Seafood ASA March 28th 2008. 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 are required by law.

The consolidated 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 consolidated financial statements, are disclosed in note 4 in the consilidated financial statements.

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

Subsidiaries and associates
Investment in subsidiaries and associates are accounted for at cost, c.f. IAS 27 nr. 37a.

The fair value of the company's investments in 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. In the fair value assessment of impairment tests, the decrease in value must be significant, i.e. in the region of 20%, and prolonged, in this case six months or more. 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 fair value (recoverable amount). Impairments may be reversed at a later reporting date.

Depreciations may be reversed.

Foreign currency translation
Functional and presentation currency
The consolidated 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 are calculated using the straight-line method to allocate cost less residual value over estimated useful lives, as follows:
- Vehicles 3 - 5 years
- Furniture, fittings and equipment 3 - 8 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.

Impairment of non-financial assets
Assets that have an indefinite useful life, e.g. goodwill, 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 suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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 adjustment 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. 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.

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 sustantially all risks and rewards of ownership. Financial assets at fair value through profit and loss are subsequently carried at fair value.

Financial instruments must be accounted for according to IFRS 7 with certain exceptions, even if the financial statements are prepared in accordance with simplified IFRS. 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 remeasured 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'.

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 a defined benefit plan. The scheme is generally funded through payments to insurance companies or trustee-administered funds, 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. Dividend income is recognised when the right to receive payment is established, and is disclosed as financial income in the year the dividend is suggested.

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.

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. Cash flows resulting from the disposal of operations are presented under investing activities.

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.

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
As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

The Company's interest rate risk 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.

Credit risk
The Company has policies in place to ensure that sales of products are made to customers with an appropriate credit history. Normally the Company 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 Company, 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 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 (note 17) on the basis of expected cash flow.

For information of the Company`s financial liabilities see note 17.

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

	2007	2006	2005
Sale of goods	0	0	13 761
Sales commision	0	0	25 000
Rendering of services	6 530	9 461	8 490
Other revenue	0	73	0
Total sales revenue	**6 530**	**9 534**	**47 251**

Note 5 PAYROLL, FEES, NO. OF EMPLOYEES ETC.

	2007	2006	2005
Salary and holiday pay	8 976	8 523	9 178
Hired personnel	645	375	0
National insurance contribution	1 457	1 418	1 028
Pension costs (note 15)	2 055	828	653
Other personnel costs	536	1 918	583
Total	**13 670**	**13 062**	**11 442**
Average no. of employees	12	12	12

Pension costs are described in detail in note 15.

Accumulated expenses for wages, pension premiums and other remuneration to managing director, other executives and members of the parent company's board accordingly were:

2007 - Remunerations to the company's officers	Wages	Pension cost	Director's fee	Other remuneration	Total
Arne Møgster, CEO	941	56	0	155	1 152
Britt Kathrine Drivenes, CFO	878	152	0	150	1 181
Ole Rasmus Møgster*, Working Chairman of the Board	1 172	160	180	93	1 605
Helge Møgster, Member of the Board	0	0	150	0	150
Oddvar Skjegstad, Member of the Board	0	0	150	6	156
Inga Lise L. Moldestad, Member of the Board	0	0	150	0	150
Hilde Waage, Member of the Board	0	0	150	0	150
Total	**2 991**	**368**	**780**	**405**	**4 544**

2006 - Remunerations to the company's officers	Wages	Pension cost	Director's fee	Other remuneration	Total
Arne Møgster, CEO	551	50	0	41	642
Britt Kathrine Drivenes, CFO	804	214	0	47	1 065
Ole Rasmus Møgster*, Working Chairman of the Board	1 092	106	0	65	1 263
Total	**2 447**	**370**	**0**	**153**	**2 970**

Note 5 PAYROLL, FEES, NO. OF EMPLOYEES ETC. (CONT.)

2005 - Remunerations to the company's officers	Wages	Pension cost	Director's fee	Other remuneration	Total
Arne Møgster, CEO	0	0	0	0	0
Britt Kathrine Drivenes, CFO	577	56	0	11	644
Ole Rasmus Møgster, Working Chairman of the Board	1 053	99	20	42	1 214
Total	**1 630**	**155**	**20**	**53**	**1 858**

* Ole Rasmus Møgster was the CEO of the company from 01.01.05 - 31.05.06, and has been working chairman since 01.06.06.

No loans or securities have been issued in 2006 and 2007 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 pension payments up to 70% of salary (12 times the base amount) on retirement.

See note 12 in group notes for the guidelines for remuneration to executive management.

Specification of auditor's fee	2007	2006	2005
Audit fee	600	500	200
Other assurance services	0	1 213	0
Other audit services	0	73	4
Tax advice	0	6	17
Other services	733	1 584	178
Total	**1 333**	**3 376**	**399**

The main part of the fees in 2006 is related to services rendered in relation to the listing on Oslo Stock Exchange.

Note 6 FINANCIAL INCOME AND FINANCIAL EXPENSES

	2007	2006	2005
Interest income from companies within the same group	71 538	16 679	4 921
Other interest income	59 657	27 425	10 554
Dividends and group contributions	49 130	22 245	1 123
Currency gains	768	10 720	4 115
Sale of shares	377 711	43	133 163
Other financial income	212	300	58
Total financial income	**559 016**	**77 412**	**153 934**
Change in value of financial instrument	0	3 126	0
Loss on shares	40	12	4 770
Interest expenses to companies within the same group	810	1 443	5 453
Other interest expenses	77 512	20 704	19 331
Currency losses	65 962	333	704
Other financial expenses	7 499	175	147
Total financial expenses	**151 822**	**25 793**	**30 405**
Net financial items	**407 194**	**51 619**	**123 529**

Note 7 TANGIBLE FIXED ASSETS

2006	Plant, equipment and other fixtures	Vessels	Total
Per 01.01.			
Acquisition cost	4 074	82 753	86 827
Accumulated depreciation	-2 854	0	-2 854
Balance sheet value at 01.01.	**1 220**	**82 753**	**83 973**
Balance sheet value at 01.01.	1 220	82 753	83 973
Tangible fixed assets acquired	305	2 089	2 394
Tangible fixed assets sold	0	-84 842	-84 842
Depreciation	-571	0	-571
Balance sheet value at 31.12.	**954**	**0**	**954**
Per 31.12.			
Acquisition cost	4 379	0	4 379
Accumulated depreciation	-3 425	0	-3 425
Balance sheet value at 31.12.	**954**	**0**	**954**

2007	Plant, equipment and other fixtures	Vessels	Total
Balance sheet value at 01.01	954	0	954
Depreciation	-595	0	-595
Balance sheet value at 31.12.	**359**	**0**	**359**
Per 31.12.			
Acquisition cost	4 379	0	4 379
Accumulated depreciation	-4 021	0	-4 021
Balance sheet value at 31.12.	**358**	**0**	**358**

Note 8 SHARES IN SUBSIDIARIES

2007 - Subsidiaries	**Gross numbers (100%)**				
Company name	**Net profit**	**Equity**	**Share capital**	**Carrying value**	**Voting share**
Austevoll Eiendom AS	(160)	15 002	9 370	54 277	98,96%
Austevoll Fisk AS	(32 735)	(8 738)	12 311	52 372	99,61%
Sea Star International AS*	(25 348)	(4 489)	10 231	10 000	9,90%
Atlantic Pelagic AS	(254)	(81)	100	110	100,00%
A-Fish AS	(23 228)	81 728	1 100	60 100	100,00%
Inv. Pacfish Ltda	18 865	131 151	36 048	58 709	100,00%
Laco IV AS	(13 130)	(14 096)	100	5 436	100,00%
Aumur AS	258	5 575	100	15 391	100,00%
Epax Holding AS	4	64 182	1 000	335 618	100,00%
Total				**592 013**	

2006 - Subsidiaries	**Gross numbers (100%)**				
Company name	**Net profit**	**Equity**	**Share capital**	**Carrying value**	**Voting share**
Austevoll Eiendom AS	(307)	15 775	9 370	54 277	98,96%
Austevoll Fisk AS	(7 641)	23 997	12 311	52 372	99,61%
Sea Star International AS*	(5 093)	14 958	10 231	10 000	9,90%
Veststar Holding AS	52 418	244 884	2 089	402 183	99,73%
A-Fish AS	59 075	300 151	1 100	60 100	100,00%
Inv. Pacfish Ltda	20 781	131 757	36 048	58 709	100,00%
Laco IV AS	120 123	133 089	100	5 436	100,00%
Aumur AS	197	5 308	100	15 390	100,00%
Total				**658 467**	

* Sea Star International AS: 90,10 % of the shares are owned through Austevoll Fisk AS.

All subsidiaries have the same accounting year as Austevoll Seafood ASA.

Note 9 SHARES IN ASSOCIATED COMPANIES

2007	Gross numbers (100%)				
Company name	**Net profit**	**Equity**	**Share capital**	**Carrying value**	**Voting share**
Br. Birkeland AS	10 953	143 040	19 224	125 808	40,20%
Lerøy Seafood Group ASA	279 564	3 778 843	53 577	2 225 629	33,34%
Shetland Catch Ltd.	-20 981	110 296	13 845	17 784	25,00%
Total				**2 369 220**	

2006	Gross numbers (100%)				
Company name	**Net profit**	**Equity**	**Share capital**	**Carrying value**	**Voting share**
Br. Birkeland AS	42 540	78 015	19 224	126 713	40,20%
Hardsjø AS	101	1 009	1 000	333	33,33%
Total				**127 046**	

The associated companies except Shetland Catch Ltd follow the same financial year as the Group. Shetland Catch Ltd. has financial year 01.04 - 31.03.

The company owe 17 860 300 shares in Lerøy Seafood Group ASA. The market value of the shares were pr 31.12.07 NOK 113. Average cost price per share is appr. NOK 124.

Note 10 INVESTMENTS IN OTHER SHARES

2007 Company name	Geographical location	Number of shares	Owner-/ voting share	Fair value
Odra Industries AS	Bergen	1 526 025	6,60%	4 727
Austevoll Notverksted AS	Austevoll	822	5,60%	1 233
Other shares				165
Total				**6 125**

2006 Company name	Geographical location	Number of shares	Owner-/ voting share	Fair value
Odra Industries AS	Bergen	1 526 025	6,60%	4 727
Austevoll Notverksted AS	Austevoll	822	5,60%	1 233
Other shares				205
Total				**6 165**

Note 11 OTHER RECEIVABLES

Other non-current receivables	2007	2006
Intragroup non-current receivables	1 315 265	1 465 964
Other non-current receivables	1 826	1 043
Other non-current receivables 31.12.	**1 317 091**	**1 467 007**
Impairment losses expensed	0	0

Other current receivables	2007	2006
Short-term loans to suppliers	6 506	895
Other current receivables	1 466	6 261
Other current receivables 31.12.	**7 972**	**7 156**
Impairment losses expensed	0	0

Note 12 ACCOUNTS RECEIVABLE

	2007	2006
Accounts receivable at nominal value	3 611	5 325
Provision for bad debts	0	0
Accounts receivable 31.12.	**3 611**	**5 325**

The ageing of these account receivables is as follows:	2007	2006
0 to 3 months	3 611	5 325
Total	**3 611**	**5 325**

The carrying amounts of the account receivables are denominated in the following currencies:

Currency	2007	2006
NOK	3 611	5 325
Total	**3 611**	**5 325**

Note 13 GUARANTEE OBLIGATIONS

	2007	2006
Guarantee Eksportfinans	70 392	86 395
Guarantee Nordea	50 000	0
Personal guarantee DnB NOR	0	400 000
Total	**120 392**	**486 395**

Note 14 RESTRICTED BANK DEPOSITS

	2007	2006
Restricted deposits related to employee` tax deduction	568	593
Total	**568**	**593**

Note 15 TAX

		2007	2006	2005
Specification of the tax expense				
Tax payable				6 732
Other tax				-4 507
Change in deferred tax		-454	7 138	6 315
Taxes		**-454**	**7 138**	**8 540**
Tax reconciliation				
Profit before tax		**383 828**	**31 628**	**126 261**
Taxes calculated with the nominal tax rate	28%	107 472	8 856	35 353
Tax effects of:				
Tax-free gain on sale of shares		-105 748	-9	-31 467
Other differences		-2 178	-178	4 654
Utilisation of loss carried forward, previously not recognised		0	-1 530	0
Taxes		**-454**	**7 138**	**8 540**
Weighted average tax rate		**-0,12%**	**22,57%**	**6,76%**
Change in book value of deferred tax				
Opening balance 01.01.		8 218	21 943	15 628
Booked to income in the period		-454	7 138	6 315
Other differences		0	-4 507	0
Effect of business combinations/emission costs		-2 869	-16 356	0
Balance sheet value 31.12.		**4 895**	**8 218**	**21 943**

Note 15 TAX (CONT.)

Deferred tax	Licenses	Fixed assets	Biological assets	Receiv-ables	Shares	Profit and loss account	Non current liabilities	Total
2006								
Opening balance 01.01.	0	3 101	0	0	26 066	-489	124	28 802
Booked to income in the period	0	-3 281	0	0	545	21	2 091	-624
Effect of business combinations	0	0	0	0	-362	10 179	0	9 817
31.12.	**0**	**-180**	**0**	**0**	**26 249**	**9 711**	**2 215**	**37 995**
2007								
Booked to income in the periode	0	-71	0	0	0	-1 942	-20 591	-22 605
31.12.	**0**	**-251**	**0**	**0**	**26 249**	**7 769**	**-18 376**	**15 390**

Deferred tax asset	Loss carry forwards	Fixed assets	Pensions	Receiv-ables	Current liabilities	Profit and loss account	Other differences	Total
2006								
Opening balance 01.01.	3 453	0	-62	-5 742	0	0	-4 507	-6 858
Booked to income in the period	-2 243	0	-243	5 742	0	0	4 507	7 763
Emission costs	-25 472	0	0	0	0	0	0	-25 472
Group contribution	-4 507	0	0	0	0	0	0	-4 507
Effect of business combinations	-702	0	0	0	0	0	0	-702
31.12.	**-29 472**	**0**	**-305**	**0**	**0**	**0**	**0**	**-29 777**
2007								
Booked to income in the periode	9 693	0	-436	0	1 462	0	0	10 718
Emission costs	-2 869	0	0	0	0	0	0	-2 869
Group contribution	11 432	0	0	0	0	0	0	11 432
31.12.	**-11 216**	**0**	**-742**	**0**	**1 462**	**0**	**0**	**-10 495**

	2007	2006
Non-current	4 895	8 218
Total	**4 895**	**8 218**

Note 16 PENSIONS AND PENSION COMMITMENTS

The company has a pension scheme in Nordea Liv Norge ASA. In 2007 the scheme comprises a total of 11 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	**2007**	**2006**
Current service cost	1 328	664
Interest cost	383	179
Expected return on plan assets	-188	-181
Administration costs	27	25
Net actuarial losses recognised during the year	286	45
Social security tax	219	97
Net pension cost	**2 055**	**828**

Capitalised commitments are determined as follow	**Secured**	**Unsecured**	**2007**	**2006**
Present value of future pension commitments	7 774	0	7 774	8 733
Fair value of plan assets	3 939	0	3 939	3 145
Unrecognised actuarial losses	-1 725	0	-1 725	-5 287
Social security tax	541	0	541	788
Net pension commitment on the balance sheet 31.12.	**2 652**	**0**	**2 652**	**1 089**

Financial premises for the group	**31/12/2007**	**1/1/2007**	**31/12/2006**
Discount rate	4,70%	4,35%	4,35%
Anticipated yield on pension assets	5,75%	5,40%	5,40%
Anticipated regulation of wages	4,50%	4,50%	4,50%
Anticipated regulation of pensions	2,00%	4,25%	4,25%
Anticipated regulation of national insurance	4,25%	4,25%	4,25%
Employee turnover	0,00%	0,00%	0,00%
Social security tax rate	14,10%	14,10%	14,10%
AFP-uttakstilbøyelighet 62-67 år:	0,00%	0,00%	0,00%

Change in carrying amount of net pension commitments	
Balance sheet value at 01.01	1 089
Net pension cost	2 055
Pension payments and payments of pension premiums	-492
Balance sheet value at 31.12	**2 652**

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(-)	**2007**	**2006**
Liabilities to financial institutions - non-current	89 720	115 933
Bond loan	1 000 000	0
Liabilities to financial institutions - current	354 349	21 222
Liabilities to financial institutions - overdraft	112 769	79 202
Other interest-bearing debt - current	2 610	3 942
Other interest-bearing debt - non-current	15 482	15 285
Total interest-bearing debt	**1 574 930**	**235 584**
Cash and cash equivalents	870 160	908 675
Other interest-bearing assets - current	156 060	141 571
Other interest-bearing assets - non-current	1 315 265	1 465 964
Net interest-bearing assets/debt(-)	**766 555**	**2 280 626**

Repayment profile non-current liabilities	**2008***	**2009**	**2010**	**2011**	**2012**	**Subsequent**	**Total***
Mortgage loan	354 349	12 380	12 380	12 380	12 380	40 199	444 069
Bond loan	0	0	1 000 000	0	0	0	1 000 000
Other non-current liabilities	0	0	0	0	0	15 482	15 482
Total	**354 349**	**12 380**	**1 012 380**	**12 380**	**12 380**	**55 681**	**1 459 551**

* Repayment of non-current liabilities which mature in 2008 are classified as current liabilities on the balance sheet.

Liabilities secured by mortgage	**2007**	**2006**
Current liabilities	463 867	100 424
Non-current liabilities	89 720	115 933
Liabilities to credit institutions incl. leasing liab.	**553 587**	**216 357**
Assets provided as security		
Shares	125 808	273 539
Account receivables	3 611	5 325
Total assets provided as security	**129 419**	**278 864**

Bond loan
Austevoll Seafood ASA issued an unsecured bond loan of NOK 1 billion in March 2007. The bond has a period to maturity of 3 years based on 3 mth NIBOR + 1.40 % p.a.

Note 18 OTHER CURRENT LIABILITIES

Specification of other current liabilities	2007	2006
Salary and other personnel expenses	1 536	812
Other short-term liabilities	3 061	3 840
Other current liabilities	**4 597**	**4 652**

Note 19 RELATED PARTIES

2006	Operating income	Operating expenses	Net finance exp.	Net balance
Møgster Management AS	145	2 271	0	-694
Hardsjø AS	0	0	0	333
Total	**145**	**2 271**	**0**	**-361**

2007	Operating income	Operating expenses/fee	Net finance exp.	Net balance
Møgster Management AS	1 227	3 032	0	-976
Br. Birkeland AS	744	0	0	333
Lerøy Austevoll AS	1 344	0	0	0
Eikelie Invest AS	0	1 419	0	0
Total	**3 314**	**4 451**	**0**	**-643**

Møgster Management AS is owned by the company's major shareholder, Laco AS, and delivers administrative services (IT, legal advice, catering, secretary, accounting) to the company.

For further description of equity transactions with related parties, see note 32 in the consolidated financial statements.

Note 20 INTERCOMPANY BALANCES

	2007		2006	
Specification of intercompany balances	**Current**	**Non-current**	**Current**	**Non-current**
Loans to Group companies	156 060	1 315 265	141 571	1 465 964
Total intercompany receivables	**156 060**	**1 315 265**	**141 571**	**1 465 964**
Liabilities to Group companies	2 610	15 482	3 942	15 285
Total intercompany liabilities	**2 610**	**15 482**	**3 942**	**15 285**
Net intercompany balances	**153 450**	**1 299 782**	**137 629**	**1 450 679**

Note 21 EARNINGS PER SHARE AND DIVIDEND PER SHARE

Basic

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	2007	2006	2005
The year's earnings	384 282	24 490	117 721
No. of shares at the balance sheet date (thousands)	184 317	178 224	28 049
Average no. of shares (thousands)	183 302	145 550	28 049
Earnings per share	**2,10**	**0,17**	**4,20**
Diluted earnings per share	2,10	0,17	4,20
Suggested dividend per share	**0,30**	**0,00**	**0,00**
No dividends were paid in 2005, 2006 and 2007.			

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To the Annual Shareholders' Meeting of Austevoll Seafood ASA

Auditor's report for 2007

We have audited the annual financial statements of Austevoll Seafood ASA as of December 31, 2007, showing a profit of NOK 384 282 000 for the parent company and a profit of NOK 507 545 000 for the group. We have also audited the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The annual financial statements comprise the financial statements of the parent company and the group. The financial statement of the parent company comprises the balance sheet, the statements of income and cash flows, the statement of changes in equity and the accompanying notes. The financial statement of the group comprises the balance sheet, the statement of income and cash flows, the statement of changes in equity and the accompanying notes. Simplified IFRS according to the Norwegian accounting act § 3-9 have been applied in the preparation of the financial statements of the parent company. International Financial Reporting Standards as adopted by the EU have been applied in the preparation of the financial statements of the group. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with the laws, regulations and auditing standards and practices generally accepted in Norway, including standards on auditing adopted by The Norwegian Institute of Public Accountants. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

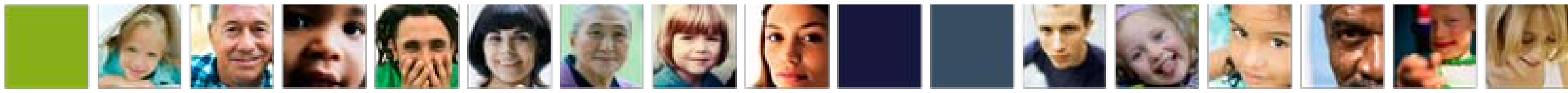
In our opinion,

- the financial statements of the parent company have been prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Company as of December 31, 2007, and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with simplified IFRS according to the Norwegian accounting act § 3-9
- the financial statements of the group have been prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Group as of December 31, 2007,and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information in accordance with the law and good bookkeeping practice in Norway
- the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit are consistent with the financial statements and comply with the law and regulations.

Bergen, March 28, 2008
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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Published by: Austevoll Seafood ASA | Design and idea: Oktan Puls | Circulation: 1000 | Paper: Multiart matt | www.auss.no

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