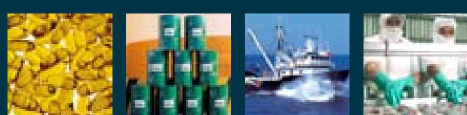
Annual Report 2006



Austevoll Seafood ASA

ARNE MØGSTER (31 YEARS)

Bachelor of Business and Administration and MSc International Shipping.

He has been working in subsidiaries of LACO AS since 1997, holding experience from the fishing, shipbuilding and offshore supply market.

He has been working one year in Brazil and has held the position as Managing Director of Norskan AS since 2003.

Our target of creating increased values from the raw materials at our disposal by delivery of refined products to the consumer market, is an important part of Austevoll Seafood's strategy.

THE ROAD AHEAD

2006 has been a busy year for Austevoll Seafood ASA, including two share issues and the listing of the Company on the Oslo Stock Exchange on 11 October. This has contributed towards our financial solidity being significantly improved, and enables us to position ourselves within our target areas in the future. Continued growth, both organic and by acquisitions will also be a main focus area for the company in 2007.

Austevoll Seafood ASA has developed into a wholly-integrated fishing company with excellent platforms in three of the major pelagic fisheries nations in the world. In June, we completed the acquisition of Welcon and Austral, a move which strengthened the company's position as a leading, global corporation within pelagic fisheries, processing and sales. The acquisition of Karsumd Fiskemel AS in December further strengthened our position as a leading supplier of fish meal and oil in Norway.

Austevoll Seafood ASA achieved a record high turnover in 2006, and the majority of our subsidiaries have witnessed a significant improvement compared with 2005. The main elements behind these positive results are increased prices for our products and improved utilisation of our raw materials. In 2006 we have moved in the right direction in respect of cost-efficient operations, but there is still room for improvement.

Our target of creating increased values from the raw materials at our disposal by delivery of refined products to the consumer market, is an important part of Austevoll Seafood's strategy. Through investments in consumer goods processing plants in South America, we have created solid foundations for increased production of consumer goods in 2007. The next step will be to strengthen and further develop our company at every level in the value chain. With the acquisition of Epax, a leading global supplier of high concentrate Omega 3 oils, the group has added another link to the value chain in a market with a very positive outlook.

In closing I would like to thank all our employees, both on sea and on land, for their contribution to the excellent results in 2006. We have cooperated well with the management teams of our subsidiaries, and have in unison collaborated to make full use of the synergies of a closer cooperation across borders. Improved communications and a higher degree of understanding of the activities of each company will contribute to an even greater improvement of our joint efforts.

Arne Møgster

Content

FINANCIAL CALENDAR 2007

15.05.2007	**Ordinary general meeting 2006**
16.05.2007	**1st Quarter 2007**
27.08.2007	**2nd Quarter 2007**
15.11.2007	**3rd Quarter 2007**

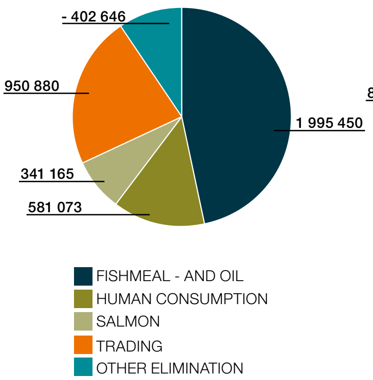
Dates are given with reservation in case of changes.

Contact person:
CFO Britt Kathrine Drivenes +47 91661037

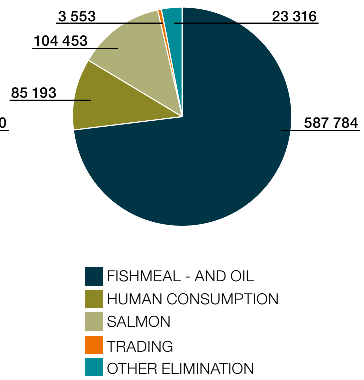
KEY FIGURES

Amounts in NOK 1.000		2006 (Proforma)	2006	2005	2004
Profit and loss account					
Operating income		3 465 922	2 717 723	1 791 305	1 147 700
Operating expenses		(2 661 623)	(2 130 905)	(1 444 964)	(1 003 650)
EBITDA (before adjustment of biomass)		**804 299**	**586 818**	**346 341**	**144 050**
Depreciation, impairment and reversal of impairments		(135 544)	(208 615)	(99 329)	(82 800)
Fair value adjustment of biomass		2 523	2 523	17 692	7 820
EBIT		671 278	380 726	264 704	69 070
Net financial items		(68 939)	(45 702)	(32 523)	(23 178)
Profit before tax		602 339	335 024	232 181	45 892
Net profit		**476 707**	**260 151**	**245 474**	**69 983**
Net profit including discontinued operations		**476 707**	**266 665**	**250 608**	**85 071**
Profit to minority interests		15 546	2 273	9 871	4 882
Balance sheet					
Non current assets			4 147 303	2 204 301	2 040 792
Current assets			2 699 003	895 009	491 480
Total assets			**6 846 306**	**3 099 310**	**2 532 272**
Equity			3 637 000	982 045	712 963
Long term liabilities			2 022 676	1 408 177	1 145 039
Short term liabilities			1 186 630	709 088	674 270
Total equity and liabilities			**6 846 306**	**3 099 310**	**2 532 272**
Cash flow					
Net cash flow from operating activities		935 647	935 647	133 797	143 694
Key ratios					
Liquidity ratio	1		2,27	1,26	0,73
Equity-to-asset ratio	2		53%	32%	28%
EBITDA margin	3	23%	22%	19%	13%
Return on equity	4	13%	7%	25%	11%
Average no. of shares*		163 224 000	145 549 500	112 195 560	112 195 560
Earnings per share	5	2,83	1,82	2,15	0,71

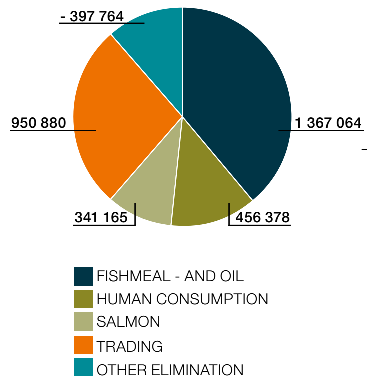
OPERATING REVENUES (P)
Amount in NOK million



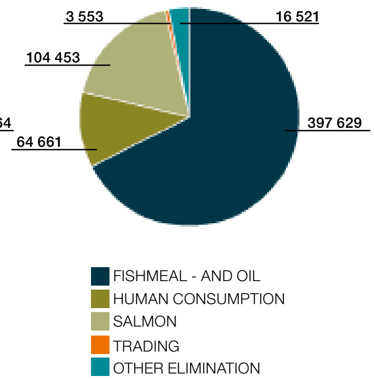
EBITDA (P)
Amount in NOK mill ion



OPERATING REVENUES
Amount in NOK million



EBITDA
Amount in NOK million



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 and 2004 are made equivalent to the split of shares done in 2006

AUSTEVOLL SEAFOOD ASA

Austevoll Seafood was created based on Austevoll Havfiske AS, one of the top pelagic fishery and salmon farming companies in Norway

The Austevoll Seafood Group is a significant player in pelagic fishery, fish meal/oil production, processing of fish for human consumption, sale of fish products and salmon farming.
The operations are located in Norway, Peru, Chile and include pelagic capture, processing of canned and frozen pelagic products for human consumption, production of fish meal/oil, salmon farming and salmon processing.
The head office is located in Austevoll, Norway.

Austevoll Seafood's history and development

Norwegian salmon farming activities were established in 1981, and significantly expanded in 2001 by purchase of 6.5 licences, and further in 2005 by acquiring Rong Laks AS

Austevoll Seafood 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 license and boat in Norway. The wild catch activities mainly comprise herring, mackerel, blue whiting and capelin – all species fall into the category of pelagic fisheries.

In 1991 the Møgster family (through their jointly controlled company Laco AS) also entered into the pelagic market in Chile after being invited by Cermaq ASA to operate their fishing vessels. The Chilean operations were gradually expanded; Austevoll Seafood now controls approx. 9.1% of Chilean jack (horse) mackerel quotas, 5 fishing vessels, 2 fish meal/oil plants, 2 canning plants and 1 freezing plant through its Chilean subsidiaries.

A 35.8% share in Br. Birkeland AS, owner of fishing vessels and salmon farming operations was acquired by Austevoll Seafood in 2000. In 2006 Austevoll Seafood increased their ownership up to 40,2% in the company. Br. Birkeland AS has 2 modern purse seiners operating in Norwegian waters.

The main shareholder of the Company, Laco AS, expanded its operations to Peru in 2004, when Laco AS together with 2 partners took over 86.14% of Austral Group S.A.A. from a bank syndicate. The 2 partners were bought out in May 2006 and all of the shares acquired by Laco AS (through Laco IV AS) were transferred to Austevoll Seafood.
Austevoll Seafood has increased its ownership, and now owns 89,26% of the company. Austral Group S.A.A. has 8.05% of the total cargo hold capacity in Peru, by far the largest pelagic fishing nation in the world. Austral Group S.A.A. has 32 fishing vessels, 6 fish meal/oil plants, 2 canning plants and 2 freezing plants.

Norwegian salmon farming activities were established in 1981, and significantly expanded in 2001 by purchase of 6.5 licences, and further in 2005 by acquiring Rong Laks AS. After this transaction the group held 27 salmon farming licenses in Norway. Through its Chilean subsidiaries Austevoll Seafood also held 3 salmon farming licenses and has applied for 22 licenses, in Chile, but no activities have so far been established. In March 2007 Austevoll Seafood ASA sold the salmon farming actitity to Lerøy Seafood Group ASA(LSG). This transaction was paid by LSG shares. Austevoll Seafood now owns 25,01% of LSG.

In 2004, Laco AS acquired 1/3 of the shares in Welcon Invest AS. In May 2006 Laco IV AS acquired the remaining 2/3 shares og Welcon Invest AS from Laco AS.

Through a contribution in kind by Laco AS of the shares of Laco IV AS into Austevoll Seafood in May 2006, Austevoll Seafood acquired all shares of Laco IV AS and thereby through Laco IV AS entered into fish meal production in Norway.

Welcon Invest AS is now a wholly owned subsidiary of Austevoll Seafood Group, and currently owns 100% of the shares in Welcon AS, which in turn owns 5 major fish meal-factories in Norway.

Throughout its history, Austevoll Seafood has acquired a significant number of companies, and has successfully integrated these businesses and created synergies and value added business through co-operation across its business areas. Austevoll Seafood aims to continue to grow strongly, particularly through consolidation in Peru and Chile.

The history of Austevoll Seafood can be summarised as follows:

- 1981 - Company established by Helge Møgster, Ole Rasmus Møgster, and their father as pelagic fishery company and fish farming company
- 1991 - Started Pacific Fisheries in Chile
- Austevoll Havfiske AS has since been developed into Norway's leading pelagic fishery company
- 2000 - Merged with Laco II AS, which was the holding company for salmon farming activities

- Acquisitions:
  - 2000: Br Birkeland AS, 35.77%
  - 2003: FoodCorp S.A., Chile, 100%
  - 2005/2006: Rong Laks, Norway, 100%
  - 2006: Austral Group S.A.A., Peru, 89,26%
  - 2006: Welcon AS, Norway, 100% (through the acquisition of 100% of Welcon Invest AS)
  - 2006: Increase in ownership Br Birkeland AS by approx 4%, current ownership 40,2%
  - 2006: Demerger of Austevoll Seafood by transfer of the shares in two Norwegian fishing vessel companies, Møgsterfjord I AS and Møgsterhav AS to Møgster Havfiske AS (a wholly owned subsidiary of Laco AS)
  - 2006: Eidane Smolt AS, Norway, 100%
  - 2006: Fiordo Austral S.A., Chile, 100%
  - 2006: Karmsund Fiskemel AS, 100%
  - 2007: Epax Holding AS, 100%

Group activities

Group activities are divided into four main activity areas - production of fishmeal and oil, products for direct human consumption, farming and trading activities.

Fishmeal and oil production

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 needing fish oil as a component.
The company's fishmeal and oil production activities are operated by the subsidiaries Welcon AS in Norway, FoodCorp S.A in Chile and Austral Group S.A.A in Peru.
Production in Norway is carried out at Welcon's factories in Egersund, Karmøy, Måløy and Moltustranda. Blue whiting and offal from pelagic production for consumption are the primary production constituents. In Norway raw materials must be purchased via Norges Sildesalgslag's auction system. Offal can however be purchased directly from production plants.
In Chile the group has two factories in Coronel. Anchoveta and offal from pelagic production for consumption are the primary production constituents. Anchoveta is mainly purchased from the coastal fleet.
In Peru the group has six factories located in Paita, Coishco, Huarmey, Chancay, Pisco and Ilo. Anchoveta and offal from pelagic production for consumption are the primary production constituents. The company has an anchoveta quota and a large proportion of production is obtained via the company's own fleet. Raw materials are also purchased from other players in the industry.
The group's factories produced 288,000 tons of fishmeal and oil from the group's factories in 2006. This figure does not include Karmsund Fiskemel AS which was taken over in December 2006. This factory produced approximately 30,000 tons of fishmeal and oil in 2006.
The most significant recent trend is that compared with ultimo 2005, the price for fishmeal and -oil has increased significantly, on average in South America and Norway by approx. 50%, while production figures for 2006 has decreased slightly in this segment.

Human consumption products

The company's direct human consumption production is operated by the subsidiaries FoodCorp S.A in Chile and

58,000 tons of canned and frozen products were produced in 2006. We expect production levels to increase in the years ahead in line with the group's strategy to use a higher proportion of raw materials on food for human consumption.

Austral Group S.A.A in Peru. Segment products are canned horse mackerel, mackerel, sardines, tuna fish, salmon and mussels. The shelf life of canned fish is up to 5 years, and the logistics are very simple since it does not require refrigeration. Canned fish is a tasty and affordable source of protein.

The group also process frozen horse mackerel. The fish is packed in 20kg 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 proteins. A lot of the products are exported to different markets and their usage varies from industrial value adding to wholesale markets. The group provides frozen fish as whole round frozen, head-off gutted or fillets.

In Chile the group has two canneries located in Coronel and Puerto Montt. A factory for processing pelagic fish for freezing was also completed in Coronel in 2006. This factory started production at the end of March 2006. Last year's production figures therefore are lower than the plant's total production capacity.
In Peru the group has two canneries located in Paita and Coishco. These two sites can also produce frozen products. The freezer plant at Coishco was completed in March 2007.
58,000 tons of canned and frozen products were produced in 2006. We expect production levels to increase in the years ahead in line with the group's strategy to use a higher proportion of raw materials on food for human consumption.

Farming
This activity is operated by the subsidiary Veststar AS, which farms salmon from egg to slaughter. The company's activities and facilities are located in the Norwegian counties of Hordaland and Rogaland. The company has 27 licences in Norway. The group's fish farms produced 12,500 tons live weight of edible fish. In the autumn of 2006 Veststar AS acquired the smolt facility Eidane Smolt AS to secure future access to smolt.
2006 has in general been a good year for Norwegian salmon producers. The price of salmon began at the start of the year around NOK 25 and peaked in June at prices around NOK 40. The price has fallen back from this high and closed at the end of the year at around NOK 27.
Operation and growth at the company's plant has been good so far in 2007. This activity was sold to Lerøy Seafood Group ASA in 2007, and paid by Lerøy Seafood Group ASA shares. Austevoll Seafood ASA now owns 25,01% in Lerøy Seafood Group ASA.

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

The sales company Sea Star International AS primary activity is the purchase and sales of salmon and pelagic fish.
Austevoll Fiskeindustri is the groups processing plant in Norway for receipt and processing of salmon, mackerel and herring for human consumption.

Group activities are divided into four main activity areas - production of fishmeal and oil, products for direct human consumption, farming and trading activities.

NORWAY

EPAX 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 AS

EPAX AS has its head office and factory in Ålesund, Norway. The company has around 60 employees that possess high levels of competence and special expertise. The factory is modern and technically advanced. A NOK 50 million investment program was started in 2006 to expand production capacity.

EPAX AS roots can be traced back to 1860 through the companies Holm, Devold and Aarsæther that were pioneer companies in the development and production of cod-liver oil in the Ålesund region. Devold as early as 1866 won a gold medal for its cod-liver oil at the fisheries trade show in Boulogne, France and for its great contribution to the development of cod-liver oil.

The Omega 3 fatty acids EPA and DHA have through countless medical studies been shown to be very important to human health. They are included in the body's cell membranes and are important in the neurological system. Omega 3 fatty acids are essential. The human organism is however not able to produce Omega 3 and intake of an Omega 3 rich diet is therefore very important. The richest sources of Omega 3 are fatty fish. EPAX AS bases its business concept on refining marine fats to high value concentrated Omega 3 products. EPAX produces, markets and sells Omega 3 concentrates in the global market for dietary supplements and food additives / Functional Food based on the values of Purity / Quality / Innovation. 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. EPAX 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 a drugs authority for production of active pharmaceutical substances. EPAX is also certified in accordance with the quality control system GMP (Good Manufacturing Practice). The market values the purity and high reliable quality of EPAX products, awarding EPAX with a growth in 2006 of three times the market growth. EPAX's market share is therefore increasing. The products were also in 2006 approved as the only Omega 3 concentrates in the Australian market. In Britain a yogurt to which Omega 3 from EPAX is added was launched.

The marine raw materials used to produce EPAX products come primarily from South America. They are based on unrefined oil produced from offal from the canning industry. EPAX wishes to contribute to a sustainable development of the marine industry and is strongly focussed on the environment. All fatty by-products from production at the Ålesund factory are processed and are increasingly used as an ingredient in biofuel production and as energy for thermal power stations.

2006 was a good year for EPAX. The company has high levels of efficiency, future prospects are good and EPAX is in a very good position to achieve further growth and increase market share.

NORWAY

The Kingdom of Norway is a Nordic country occupying the western portion of the Scandinavian Peninsula in Europe

WELCON AS

Welcon AS comprises 5 fish meal plants located along the coast of Norway, from Egersund in the south to Vadsø in the north. The company's sales office is located in Oslo. Welcon AS represents approximately 70% of the total Norwegian production capacity for fish meal and oil. The company mainly utilises whiting and offal from pelagic fish as raw materials. In Norway, these are purchased via the auction system established by Norges Sildesalgslag, with the exception of offal which is purchased directly from the various production plants.
Depending upon the season, the company employs between 110 and 120 workers throughout the year.

Vadsø Sildoljefabrikk has production capacity of approximately 2000 tons of fish a day. Storage capacity is 6000 tons of fish meal and 6000 tons of fish oil.

Welcon Moldtustranda has production capacity of approximately 1200 tons of fish a day. Storage capacity is 6800 tons of fish meal and 3100 tons of fish oil.
Welcon Moldtustranda is a one-hour drive from Ålesund.

Måløy Sildoljefabrikk has production capacity of approximately 1500 tons of fish a day. Storage capacity is 15000 tons of fish meal and 3900 tons of fish oil. Måløy Sildoljefabrikk has a central location in the harbour area on the island of Måløy.

On Måløy, the company also has a laboratory, Mat og Miljølaboratoriet AS, accredited for analyses related to the food industry, fish industry, waterworks, watercourse monitoring and control of sewage water. This is a very modern laboratory.
Mat og Miljølaboratoriet AS is located in the same premises as Måløy Sildoljefabrikk.

Karmsund Fiskemel has production capacity of approximately 1200 tons of fish a day. Storage capacity is 7500 tons of fish meal and 2600 tons of fish oil.
Karmsund Fiskemel is the most modern fish meal plant in Norway.
Karmsund Fiskemel is located in Avaldsnes on the island of Karmøy.

Welcon Egersund has production capacity of approximately 2500 tons of fish a day. Storage capacity is 6000 tons of fish meal and 8000 tons of fish oil.
Welcon Egersund has a central location in the harbour area in Egersund.

The company has a plant on the island of Karmøy which has been approved for the production of flour, the only plant of its type in Norway. The plant has production capacity of approximately 50 tons of fish a day. Storage capacity is 250 tons of flour.

Welcon Protein AS is the sales and marketing company for the Welcon group.

The company also has a storage plant in Egersund, Ryttervik. Storage capacity at Ryttervik is 32000 tons of fish meal and 16000 tons of fish oil.
Ryttervik also has approval to import fish meal and fish oil from countries outside the EU, the only plant in Norway with this type of approval for fish meal.
The plant is located in the harbour area in Egersund.

NORWAY

VESTSTAR AS

Veststar is a medium-sized salmon producer with 27 licenses in Hordaland, Norway. In addition the company has, through Eidane Smolt AS (100%) and Sørsmolt AS (49.15%), a smolt production of approximately 10 million smolt annually. In 2006 the company sold approximately 11,000 tons gwt of salmon. The 26th of February Austevoll Seafood ASA (AUSS) and Lerøy Seafood Group ASA (LSG) entered into an agreement whereby AUSS would sell its salmon business, Veststar Holding AS (VS), which includes smolt production, 27 fish farming licenses in Norway, distribution operations in France and licenses in Chile, to LSG. The 21st March 2007 the sale of Veststar to Lerøy Seafood Group was completed, and Austevoll Seafood ASA now owns 25,01% in Lerøy Seafood Group ASA.

BR. BIRKELAND AS

Austevoll Seafood owns 40,2% of Br. Birkeland .
Br. Birkeland AS owns the two large and modern purse seiners Talbor and Birkeland, each with the maximum Norwegian quota of 650 “basis tons”. This accounts for about 3 percent of the total Norwegian pelagic quota.
The two vessels were built in 2001 and 2004, which means that they have new and efficient equipment, securing good quality and high prices for the catch and low maintenance costs.
Br. Birkeland AS holds 7 operating licenses and 1 R&D license.

AUSTEVOLL FISKEINDUSTRI AS

Austevoll Fiskeindustri AS is fully owned by Austevoll Fisk AS, a 99.6% owned subsidiary of Austevoll Seafood. It operates a modern processing plant for salmon and pelagic fish, and has extensive cold storage and freezing capacity. The facilities are located in Austevoll with their own deep-water pier and excellent infrastructure for shipment. Austevoll Fiskeindustri AS processes all the farmed salmon from Veststar AS. Austevoll Fiskeindustri employs about 60 – 120 workers depending on the season.
Austevoll Fiskeindustri AS renewed the filleting line for pelagic fish end of 2006. The installment consist of 8 new fully automatic Baader 221 machines and two vacuum packing lines. Capacity increased by 100% and the factory can operate bigger loads of fish and secure the best quality during production.

SEA STAR INTERNATIONAL AS

Sea Star International AS is a subsidiary of Austevoll Fisk AS which is owned by Austevoll Seafood. Sea Star International is a sales company with 13 employees, and its main area of business is the purchase and sale of fish products. The main products are herring, mackerel, capelin and salmon. The company procures the majority of its raw materials from within the corporation, and the remainder is procured via collaboration agreements and at auctions.

PERU

Peru, officially the Republic of Peru, is a country in western South America. It is bordered on the north by Ecuador and Colombia, on the east by Brazil, on the south-east by Bolivia, on the south by Chile, and on the west by the Pacific Ocean. It is the home of many indigenous ethnic groups.

AUSTRAL GROUP – A LEADER IN QUALITY AND ENVIRONMENTAL RESPONSIBILITY.

Austral Group is a recognized leader in the Peruvian fishing industry both in terms of product quality and environmental responsibility. The vision of the company is to continue to set the course for the industry for innovation and excellence creating value for our shareholders through maximising value added to raw material caught and processed.

Fleet – the search for efficiency and effectiveness in a highly competitive environment

The anchovy catch in the main fishing zones of the Peruvian coast are controlled by a global quota system with boat fishing licences limiting daily tonnage unload and control of fishing periods fixing total catch. Optimizing fleet effectiveness is key to ensure maintenance of share of total catch in an ever more competitive environment evidenced by the doubling of national daily tonnage unload in two years. In the same period following the acquisition of Austral (initially as an associate company in 2004 and subsequently as a full subsidiary in 2006) and investments made the Austral fleet increased its daily anchovy unload average by almost 3 times. As a consequence the length of the fishing period reduced from 162 days in 2004 to 103 in 2005 and 47 in 2006. This resulted in a reduction in 2006 vs 2005 of anchovy catch by Austral`s fleet of 38% as the total quota for the year was reduced. In the same time the company has consolidated its fleet optimising costs through the transfer of anchovy licences from dedicated small boats to larger boats which were previously dedicated mackerel boats allowing the reduction of the active fleet from 37 to 32 boats. In parallel Austral`s mackerel catch increased 8 fold following investments made in its 8 boats with refrigerated sea water systems.

Production – adding value at the same time as being environmentally responsible

Through effective investments average tonnes anchovy processed daily in the fishing season has accompanied the increase in fleet daily tonnage caught increasing 2.5 times in 2 years. Similarly yields have increased particularly of fish oil following investments in secondary recovery processes. This has been achieved while improving our environmental standards evidenced by being the first fishing company in South America to be awarded the Environmental Management Standard ISO 14001: 2004 in December 2006 in all our plants.

Austral has 6 fishmeal and oil processing plants in strategic locations along the whole Peruvian coast allowing it to optimise catch and unload independent of the distribution of the fish in each season.

Austral also has two canning facilities and freezing facilities in the centre-north of the country. Following investments in these plants and recovery of the mackerel catch, canned fish production more than doubled. This volume increase led to a turnaround of the Seafoods business unit from a loss at EBITDA in 2005 to a profit in 2006.

Social responsibility – our contract with the community

Austral not only provides quality products but is also concerned with the local community. In 2006, Austral Group devised the "Aulas dignas para los más necesitados" ('Decent classrooms for the less fortunate') project, part of our corporate service program. Austral fixed, refurbished and built a number of schools in poor areas of the country contributed to the well being of around 1135 children.

Employees – our most important asset

Austral employs close to 4,000 people, making it a major employer in Peru. Austral has a clear strategy to reflect the importance we place on our staff, based on three pillars as follows:

Be prepared: Having properly trained personnel.

Be efficient: Having world-class administrative processes.

Being a Responsible Leader: Creating a great place to work and being recognized as the fishing company with greatest social responsibility in the country.

CHILE

Chile, officially the Republic of Chile, is a country in South America occupying a long and narrow coastal strip wedged between the Andes mountains and the Pacific Ocean. The Pacific forms the country's entire western border, with Peru to the north, Bolivia to the northeast, Argentina to the east, and the Drake Passage at the country's southernmost tip.

FOODCORP S.A., PRODUCTIVITY, QUALITY AND SAFETY

Foodcorp has its production facilities and fleet base in the port of Coronel, southern Chile. Fishing is one of the main activities in the area, employing a large number of the region´s available human resources.

The vision is to be leaders in the pelagic activity in Chile with special care for our customers, workers, the community and the environment.

Austevoll Seafood started activities in Chile in 1991, through the operation of pelagic fishing vessels based in the same port, acquiring Foodcorp by the end of 2002.
In 2006 a freezing facility started production, adding more value to the Company product portfolio.

Catching
Chile has the third biggest volume of landings of marine capture, only after China and Peru. The Chilean jack mackerel represent by far the biggest volume, followed by the Peruvian anchoveta.

The fishing fleet
The fisheries in Chile can be categorized into the industrial fishing sector, which account for the bulk of the landings, and the artisanal fishing sector, coastal fishermen. The fishing vessels and owners in the industrial fishing sector must be registered in the National Industrial Fisheries Register. During the last years, the artisanal sector has seen increased regulation from the government, and now they also must be registered in regional artisanal registries.
Foodcorp operates a fleet of 5 purse seiner vessels, all equipped for direct human consumption catches of jack mackerel, mackerel and anchovy. The technology is complemented with high skilled crews that positions it as a leading shipowner in Chile.

Production Plants – Adding value
After the establishment of individual quotas in year 2001, more and more value has been added to the fish, in all productions lines: fishmeal and fishoil, canning and frozen.

Foodcorp has 1 freezing, 2 canning and 2 fishmeal/fishoil processing plants; all certified to deliver to the most demanding markets in the world.

Sales – Differentiation from commodities
The constant concern for quality and innovation has placed Foodcorp as a strategical partner by our main clients. Being able to meet customer's tight specifications accurately has allowed to offer more than a commodity product, adding more value to our different products.

Social responsibility – Care for the community
Workers, their families and the whole community are a big concern and responsibility to Foodcorp. In order to better understand their main requirements, an association with an important Chilean University was made in 2006.

Sports and social activities have been encouraged as a contact point between workers, their families and community. In this area, we have our first and most grateful project: Support to “Apandi”, the only disabled children school in the area.
Education is the centre of the social responsibility program. With it, more skilled workers will be prepared for the increasing technical challenges. It will also be the engine to drive the development of the Community and the Country. Foodcorp is already active player in this development.

Employees
During the fishing season, Foodcorp employs in total around 1’000 workers.

The program named “working with life quality” is in progress to all our workers. We have provided them with the knowledge of self care, with the concept of Productivity, Quality and Safety, which has created a good working environment.

We are very proud and thankful of the great work performed by this excellent human team.

MARKET OUTLOOK

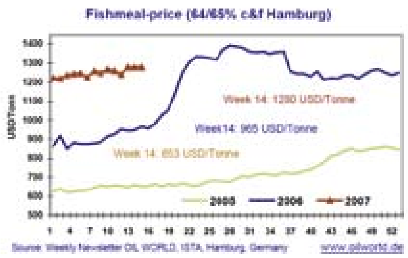
The production of fish meal and oil in 2006 was estimated to be 5,2 million and 0,9 million tons respectively. According to industry sources (IFFO/Kontali) the average production of fish meal and fish oil the last decade was about 6,2 million tons and 1,1 million tons respectively.

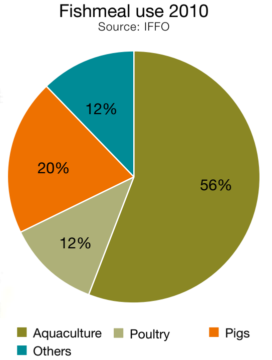
The supply of fish meal has been relatively stable during the last decade. The pelagic species anchoveta caught in the waters off Nothern Chile and Peru, Blue Whiting caught in the North Atlantic and waste from direct human consumption production are the main sources for fish meal and fish oil production.

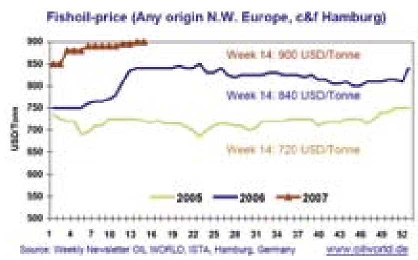
Peru is the dominating producer of pelagic fish for industrial use; Chile is the second largest producer. The other important suppliers are Norway, Iceland and Denmark. These five countries are commonly referred to as the IFFO-5.

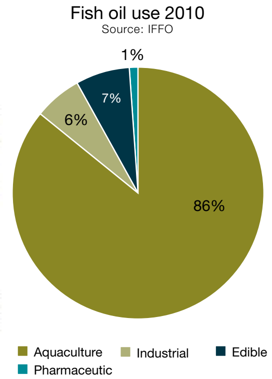
Approx. 50% of the total world fish meal production today is consumed by the Aquaculture industry, and for fish oil this figure is 86%. We expect that more of the fish oil will be used for human consumption (high concentrated omega 3 oil) in the future Prices, both for fish meal and fish oil, increased in 2006, and we expect prices to stay at high level also in 2007.

Overviews of demand for fish meal and fish oil and price development are set out in the graphs to the right.





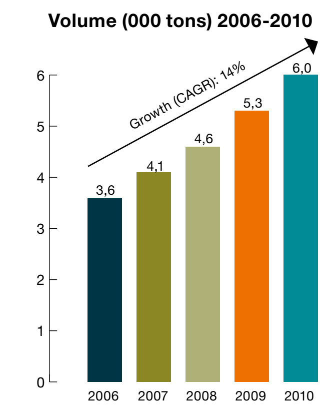




Epax AS, our producer of high consentrate Omega 3 oils, is operating in a 3.550 ton global high concentrate market, divided into Europe with 1.450 tons, North America with 1.500 tons and the rest of the world with 600 tons. A rapid growth is expected. An overview of the global high concentrate market development is set out in the graph to the right

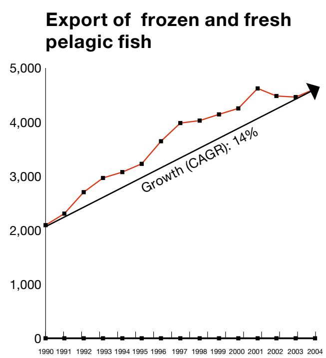
The annually growth is estimated to be 13% in Europe, 15% in North America and 12% in the rest of the world.

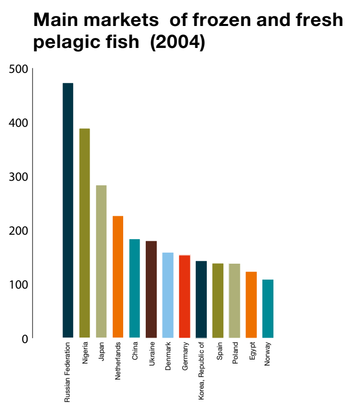
(Source: Euromonitor, competitor and customer interviews, EPAX)



Export of frozen and fresh pelagic fish for human consumption has on average increased with 5.8% annually. Russia, Nigeria, Japan and Ukraine are the main markets for our products.

An overview of the export of frozen and fresh pelagic fish for human consumption and main markets for frozen and fresh pelagic fish for human consumption are set out in the graphs to the right.





Austevoll Seafood group is one of the world leading producers of canned fish. We have seen a good development both in demand for our products and increased prices during the past few years, and expect this to continue also in 2007. 30% of our production is sold domestic in Chile and Peru and 70% of our production is exported. We will continue developing our own brands in South America and continue building long term relations with our customers. Our main export markets are USA, EU, Bolivia, Jamaica and Africa.

CORPORATE GOVERNANCE

Corporate governance is defined as the goals and general principles by which the company is governed and controlled, and also the structures that regulate the interaction between the management bodies and the rest of the company's interest groups. AUSS considers good corporate governance to be a precondition for increased shareholder value, investor confidence and low capital expenditure. Good corporate governance is based on accountability in communication between the shareholders, the Board of Directors and the company's management in the long-term work of achieving the company's goals. Efficient cooperation is required between management and the Board of Directors, as well as respect for shareholder interests and open and honest communication with the outside world concerning both corporate activities and matters relating to corporate governance. The AUSS group's corporate governance guidelines are based on Norwegian recommendations with regard to owner-management and corporate management. Corporate governance is subjected to an annual review by the Board of Directors.

Main principles

Communication: In order to ensure that the company's shares are priced correctly, AUSS will strive at all times to provide its shareholders, the Oslo Stock Exchange and the financial markets in general with up-to-date and accurate information. This information will be provided in the form of annual and interim reports, press releases, stock market announcements and investor presentations.

Composition of the Board of Directors: The Board of Directors must consist of between five and seven members, including employee representatives. A majority of the board's members must have no connection with the company's day-to-day management and its major commercial connections, and no one involved in the day-to-day management of the company may be a board member. In addition, at least two members of the board must have no connection with the company's principal shareholders, i.e. shareholders who own more than 10% of the company's shares.

The tasks of the Board of Directors: The Board of Directors' duties include the strategic management of AUSS, efficient monitoring of senior management, controlling and monitoring the company's financial situation and its responsibility to and communication with the shareholders.

Equal treatment for all shareholders: The Board of Directors shall take into consideration the interests of all the company's shareholders and strive to treat all shareholders fairly. All major transactions between the company and a shareholder, member of the Board of Directors or senior employee, or anyone close to any of these people, shall be subject to a value assessment by an independent third party.

Shareholder and dividend policy

The company's goal is to provide its shareholders with competitive returns on invested capital by distributing dividends and by an increase in value on the share price. When considering the level of the dividend payout, the Board of Directors has attached importance to ensuring sufficient equity for the company in a fluctuating market, financial resources for future growth and lowest possible capital expenditure. These factors are weighed up against the requirement for competitive yield for shareholders.

The board has the authority until next annual general meeting to increase the share capital via the issue of 23.906.250 shares. The board also has the authority until next ordinary annual general meeting to buy back up to 10% of the company`s shares at a price in the range of NOK 0,50 to NOK 100.

Independence

The Board of Directors and management must be independent of any special interests and must act accordingly. When assessing the independence of prospective board members, account must be taken of whether the person in question:

- has been an employee of the company during the last three years,
- has been or is still in receipt of any remuneration from the company other than remuneration as a member of the Board of Directors
- has had any significant business connections with the company over the last three years,
- has close family connections with any of the company's board members or senior executives, and
- has been on the Board of Directors for more than eight years from the date of his or her first appointment.

The work of the Board of Directors

The Board of Directors must meet at least once every quarter. The duties of the Board of Directors include the strategic management of AUSS, efficient supervision in conjunction with the company's management, controlling and monitoring the company's financial situation, dealing with matters which, in accordance with the law or instructions, or by their nature, must be dealt with by the Board of Directors, and also the company's responsibility towards and communication with the shareholders.

The Board of Directors must ensure that the company is well organised and that its activities are carried out in accordance with all relevant laws and regulations, in a way that is compatible with AUSS objective and in accordance with its articles of association and guidelines as issued at any given time by the shareholders' general meetings.

On a regular basis, at a board meeting or in some other way, the Chief Executive Officer must provide the Board of Directors with a written report of the company's activity, position and earnings trend.

Remuneration

The Board of Directors must advance proposals at ordinary general meetings for the remuneration of members of the Board of Directors.

Takeover

Shares in AUSS are free for transfer, and AUSS must not establish any mechanisms that might hinder or deter takeover bids, unless this has been decided by the general meeting with a two-thirds majority.

Auditor

The company's auditor is elected by the shareholders at the general meeting. The Board of Directors must give its recommendations to the general meeting with regard to the election, appointment and approval of an auditor, and it must monitor the independence of the auditor, including how the auditor carries out any work other than the audit. The Board of Directors must have a meeting with the auditor at least once a year, without any representatives from the company's management being present, and in other respects strive to achieve a close and open working relationship with the company's auditor.

Members of the board

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.

Helge Møgster
Member of the Board

CEO and 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 Geo ASA, both listed on Oslo Stock Exchange.

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.

Hilde Waage
Member of the Board

CEMS Master.

Senior Business Consultant in Mercuri Urval AS.

Mrs Waage holds a wide experience from bank, fishing and industry, and was working in Chile for 4 years.

Inga Lise L. Moldestad
Member of the Board

NHH (Norwegian School of Economics) MSc.

CEO and partner in Holberg Fonds-forvaltning, a Bergen based asset management company.

Extensive experience from Unibank Asset Management, Skandia Asset Management, and Arthur Andersen.

Group activities are divided into four main activity areas - production of fishmeal and oil, products for direct human consumption, farming and trading activities.

DIRECTORS REPORT 2006

Austevoll Seafood ASA is a vertically integrated fisheries group which is engaged in activities within pelagic fisheries, fishmeal and oil production, processing of pelagic products for consumption, farming of salmon and sales in Norway, Europe and South America.

The company's head office is located at Storebø in the municipality of Austevoll, Norway.

Important events in 2006

The company has experienced significant growth in 2006 as a result of the acquisition of companies in Norway and South America within the company's core activity areas. Below is a point by point and chronological summary of significant events that occurred in the previous year and significant transactions carried out after 31 December 2006:

✓ In the annual general meeting of 11 May 2006 Laco AS, the company's main shareholder, made a non cash contribution which resulted in the company becoming owner of 1/3 of the companies Welcon Invest AS and Dordogne Holdings Inc. Welcon Invest AS owns the Welcon group which is a major fishmeal and oil producer in Norway. Dordogne Holding Inc at the point in time at which the non cash contribution was made owned 88.14% of the Peruvian fisheries company Austral Group S.A.A, a significant player in Peru within pelagic fisheries, fishmeal and oil production and processed products for consumption. Laco AS' shareholding of the fish farming company Veststar Holding AS was also incorporated into the company at this point in time.

✓ It was resolved at this annual general meeting to demerge the Norwegian fleet, operated by the companies Møgsterhav AS and Møgsterfjord I AS. The demerger, and the associated reduction in the company's share capital, was finally carried out in July after the creditor notification period had expired.

✓ The company carried out a share issue to Norwegian and foreign investors in June and NOK 1.5 billion of new capital was added to the company. The company was listed on the OTC market following the registration of this capital.

✓ The company acquired the remaining shares in Welcon Invest AS and Dordogne Holdings Inc in June. The company became through this the sole owner of these companies.

✓ In September the company's subsidiary FoodCorp S.A. acquired a cannery located in Puerto Montt, Chile. This area represents a strategic location for the production of raw materials from pelagic fisheries, mussels and salmon.

A new share issue was carried out in October to Norwegian and foreign investors and the issue added NOK 780 million of new capital to the company.

✓ The company was listed on the Oslo Stock exchange's main list on 11 October 2006.

✓ In November the company's subsidiary Welcon AS purchased all shares in Karmsund Fiskemel AS. The Norwegian Competition Authority however ordered Welcon AS to carry out a full notification of the company merger in accordance with the Competition Act section 18, third paragraph. This resulted in the takeover being finally completed on 19 December 2006.

✓ On 22 December the company entered into an agreement with Ferd Private Equity Fund for the purchase of 100% of the shares of Epax Holding AS. Epax Holding AS is the parent company of Epax AS, one of the world's leading producers of high concentrate Omega 3 based fish oil. These products are primarily sold as dietary supplements, nutraceuticals and to the pharmaceutical market. Final takeover of the company took place in January 2007.

✓ The company decided in a board meeting of 23 February 2007 to sell the farming activity to Lerøy Seafood Group ASA (LSG), settlement being via the transfer of 8.5 million LSG shares. LSG was furthermore to

carry out a private cash placement to the company in the form of 2.3 million shares. The company immediately prior to this purchased 2.6 million shares in LSG. The sale of the farming activity was finally completed on 21 March 2007, after which the company owned 25.01% of LSG.

Group activities
Group activities are divided into four main activity areas - production of fishmeal and oil, products for direct consumption, farming and trading activities.

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

Production in Norway is carried out at Welcon's factories in Egersund, Karmøy, Måløy and Moltustranda. Blue whiting and offal from pelagic production for consumption are the primary production constituents. In Norway raw materials must be purchased via Norges Sildesalgslag's auction system. Offal can however be purchased directly from production plants.

In Chile the group has two factories in Coronel. Anchoveta and offal from pelagic production for consumption are the primary production constituents. Anchoveta is mainly purchased from the coastal fleet.

In Peru the group has six factories located in Paita, Coishco, Huarmey, Chancay, Pisco and Ilo. Anchoveta and offal from pelagic production for consumption are the primary production constituents. The company has an anchoveta quota and a large proportion of production is obtained via the company's own fleet. Raw materials are also purchased from other players in the industry.
The group's factories produced 288,000 tons of fishmeal and oil from the group's factories in 2006. This figure does not include Karmsund Fiskemel AS which was taken over in December 2006. This factory produced approximately 30,000 tons of fishmeal and oil in 2006.

Fishmeal prices have shown a very positive development in 2006 compared with 2005.

Consumption products
The company's direct consumption production is operated by the subsidiaries FoodCorp S.A in Chile and Austral Group S.A.A in Peru. Segment products are canned horse mackerel, mackerel, sardines, tuna fish, salmon and mussels. Processed horse mackerel for freezing is also produced.

In Chile the group has two canneries located in Coronel and Puerto Montt. A factory for processing pelagic fish for freezing was also completed in Coronel in 2006. This factory started production at the end of March 2006. Last year's production figures therefore are lower than the plant's total production capacity.

In Peru the group has two canneries located in Paita and Coishco. These two sites can also produce frozen products. The freezer plant at Coishco was completed in March 2007.

58,000 tons of canned and frozen products were produced in 2006. We expect production levels to increase in the years ahead in line with the group's strategy to use a higher proportion of raw materials on food for human consumption.

Farming
This activity is operated by the subsidiary Veststar AS, which farms salmon from egg to slaughter. The company's activities and facilities are located in the Norwegian counties of Hordaland and Rogaland. The company has 27 licences in Norway. The group's fish farms produced 12,500 tons live weight of edible fish. In the autumn of 2006 Veststar AS acquired the smolt facility Eidane Smolt AS to secure future access to smolt.

2006 has in general been a good year for Norwegian salmon producers. The price of salmon began at the start of the year around NOK 25 and peaked in June at prices around NOK 40. The price has fallen back from this high and closed at the end of the year at around NOK 27.

Operation and growth at the company's plant has been good so far in 2007. This activity was sold to Lerøy Seafood Group ASA in 2007.

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

The sales company Sea Star International AS primary activity is the purchase and sales of salmon and pelagic fish. The fish farming industry has, as mentioned above, had a very good year in 2006. It has however been difficult to achieve the margins required in pelagic activities. This is due to strong competition for raw materials and price volatility in the course of the season.

Austevoll Fiskeindustri´s primary activity is the receipt and processing of salmon, mackerel and herring. The company has had a decline in pelagic fish receipts in relation to 2005. Access to salmon has been good and production in 2006 has been efficient and given good results.

Maximizing value generation for shareholders is a company goal.

Austevoll Fiskeindustri has been inspected by the Directorate of Fisheries' a little more than 20 times. The company is also regularly inspected by Norges Sildesalgslag representatives during landing of pelagic fish. No discrepancies have been recorded in association with the above inspections.

Br. Birkeland AS
After the purchase of a further 4% of the company in December 2006, Austevoll Seafood ASA owns 40.2% of Br. Birkeland AS. This company owns and operates salmon and pelagic fishery farms. The company achieved a good result in 2006

Shareholder structure
There have been significant changes in the company's ownership structure in 2006. The company was listed on the OTC market for unlisted shares in June and was listed on Oslo Stock exchange's main list on 11 October 2006.

The company had 2,264 shareholders as at 31 December 2006. The share price on the same date was NOK 42.20.

The share capital as at 31 December 2006 was NOK 89,111,812 distributed across 178,223,624 shares of nominal value NOK 0.50.

Two cash issues were carried out by the company in 2006. In June a private placement of 43,771,430 shares was carried out at subscription price of NOK 36. The placement was carried out based on a board authorization from 2 June 2006.

In October a private placement of 20,000,000 shares was carried out a subscription price of NOK 39. The placement was carried out based on a board authorization issued on 15 September 2006.

The board has the authority until the next annual general meeting to increase the share capital via the issue of 23,906,250 shares. The board also has the authority until the next ordinary annual general meeting authority to buy back up to 10% of the company's shares at a price in the range NOK 0.50 to NOK 100. At the close of the financial year the company owned none of its own shares.

Maximizing value generation for shareholders is a company goal. A component in achieving this goal is that the company achieves good results and therefore good yields for shareholders.

The company has not paid dividends in 2005 and 2006. It is recommended that a dividend is not paid in 2007.

Health, Environment and Safety
The group utilized in total 2,389 person years in 2006. The proportion of female employees onboard ships and working with farming has historically been low. The men/women ratio is more balanced in other parts of the group. The group aims to gradually increase the proportion of women employees in parts of the company where this proportion is low. There are 2 women on the company's board of 5 board members.

The group places great emphasis on maintaining and developing all factors which can contribute to raising competence and awareness within health, environment and safety. Financial and technical resources are invested in ensuring that the group's activities are operated in accordance with guidelines which are for the best of the company and the external environment. The planning and implementation of new technical measures makes shipping and shore based industry more efficient, simpler to operate and less polluting. The health and safety risks employees are exposed to are also reduced. The Norwegian processing industry has implemented a quality control system which complies with regulations issued by The Norwegian Directorate of Fisheries. The group's production of fishmeal and oil in Norway is subject to licences and subject to The Norwegian Pollution Control Authority's (SFT) regulations.

Sickness absence in 2006 was 6.88% of shore based working hours in the Norwegian part of the group. The acquisition of companies means that the absence figures for 2006 are not directly comparable with 2005. The group actively works on the development and implementation of measures to reduce sickness absence throughout the group. Group companies in Norway are linked to the local company health service. Personal injuries have been registered within the group's processing activities in 2006. However, none of the injuries resulted in serious consequences.

The operation of the group's vessels is not considered to result in any pollution of the external environment beyond low level exhaust gas releases.

The group's shore based production facilities have treatment plants and the company is regulated within the requirements set for this type of activity. These plants have not reported any polluting events. All of the group's Peruvian factories, owned by Austral Group S.A.A, have achieved ISO 14001 certification. Austral Group S.A.A is the first company in South America in this industry to have achieved this certification.

Group accounts
The group's accounts are prepared in

Austevoll Seafood ASA is the group's holding company.

accordance with IFRS. Welcon Invest AS and Dordogne Holdings Inc are included in the consolidated accounts as from 3rd quarter 2006. All company acquisitions are consolidated from the point in time of takeover of control. The figures for 2006 are therefore not directly comparable with the previous year.

The group's revenue was NOK 2,681.2 million in 2006 as opposed to NOK 1,614.6 million in 2005.

Profit before depreciation (EBITDA) was NOK 586.8 million in 2006, as opposed to NOK 346.3 million for the previous year. The increase is primarily due to acquisitions, but is also attributed to the positive price development of the group's products.

The write downs on salmon licences have been reversed. The total reversal was NOK 78 million. When Welcon Invest AS and Dordogne Holdings Inc were acquired, excess values were allocated to identifiable assets and goodwill. An excess value of NOK 140 million was allocated to inventory. This amount in full was recognized as costs in the accounts in 2006 in association with realization of the inventory. The amount is stated in a separate line under depreciation in the group's income statement.

Operating result (EBIT) was NOK 380.7 million in 2006 and NOK 264.7 million for the previous year.

Net financial costs were NOK -61.8 million in 2006. Net financial costs in 2005 were NOK -49.6 million.

Profit for the year after tax, including net profit from activities that are not a going concern, was NOK 266.7 million as opposed to a profit after tax including profits from activities that are not a going concern of NOK 250.6 million in 2005.

The group's net cash flow from operational activities was NOK 936 million in 2006 compared with NOK 134 million in 2005. The increase in net cash flow from operational activities is due to the acquisition of activities and that the group has achieved good prices for its products. Net cash flow from investment activities was NOK -862 million in 2006. Investments primarily consisted of the acquisition of the companies Welcon Invest AS, Dordogne Holdings Inc, Pesquera Austral S.A. and Karmsund Fiskemel. Some maintenance investments were also made. In 2005 the group had a net cash flow from investment activities of NOK -163 million. The net cash flow for the year from financing activities was NOK 1,354 million which is in particular linked to issues carried out in 2006. In 2005 the group had a cash flow from financing activities of NOK 132 million. In 2006 the group bought out minorities for a total of NOK 135 million. At the start of the year the group had a cash holding of NOK 126 million and at the end of the year the group's cash holdings were NOK 1,411 million.

The group has a balance sheet total of NOK 6,846 million. Shareholders' equity is NOK 3,637 million and the equity ratio was 53%. The group had at the end of the year net interest bearing liabilities of NOK 527 million and NOK 1,411 million in cash holdings.

Financial risk

The group is partly financed using a multi currency group overdraft which is used to meet the financing requirements of the parent company and Norwegian subsidiaries. Long term financing in which individual vessels, buildings and assets are mortgaged is in addition to this overdraft. Long term liabilities are primarily in NOK and USD.

The group is exposed to changes in currency rates, in particular changes in Euro, USD and the Peruvian Sol rates. This risk is attempted reduced by entering into future contracts and by the group using a multi currency overdraft. Parts of long term liabilities are furthermore matched to earnings in the same currency. The group is exposed to changes in interest rates as the majority of the group's liabilities have floating interest rates.

The group has entered into credit insurance agreements which insure a part of outstanding receivables. The group has historically had a low proportion of defaults on receivables.

The group has a satisfactory financial position which provides the basis for continued operation and development of the company. The accounts are therefore presented under the going concern assumption. The company had at the end of the year a cash holding of NOK 1,411 million. In March 2007 the company carried out a bond issue of NOK 1 billion.

Company accounts of Austevoll Seafood ASA

Austevoll Seafood ASA is the group's holding company. The company has 12 employees. The company's primary activities are the owning of shares of the underlying companies and carrying out accounting and finance services and technical operation services for subsidiaries.

The parent company accounts are prepared in accordance with IFRS.
Parent company revenue was NOK 9.5 million in 2006 as opposed to NOK 47.3 million in 2005

The operating loss before depreciation (EBITDA) was NOK -19.4 million in 2006, as opposed to a profit of NOK 3.3 million for the previous year.

Net financial costs were NOK 51.6 million in 2006. Net financial costs in 2005 were NOK 123.5 million. The figures for 2005 include profits from the sales of shares of NOK 133.2.

The profit for the year after tax was NOK 24.5 million as opposed to a profit after tax of NOK 117.7 million in 2005.

The parent company's net cash flow from operational activities was NOK 12.2 million in 2006 compared with NOK 0.2 million in 2005. Net cash flow from investment activities was NOK -1,062.7 in 2006. In 2005 the group had a net cash flow from investment activities of NOK 7.9 million. The net cash flow for the year from financing activities of NOK 1,958.1 million is linked to issues carried out in 2006. In 2005 the group had a net cash flow from financing activities of NOK -7.7 million. At the beginning of the year the parent company had a cash holding of NOK 1.1 million which at the end of the year was NOK 908.7 million.

The parent company has a balance sheet total of NOK 3,333 million. Shareholders' equity is NOK 3,079 million and the equity ratio was 92%. The company had no net interest bearing liabilities at the end of the year. Net interest bearing assets at the end of the year were NOK 2,139 million, of which NOK 909 million was cash holdings.

The parent company annual accounts show a profit of NOK 24.5 million. The board recommends that the profit is transferred to other equity. After the above allocation of the profit, the company's distributable shareholders' equity was NOK 191.1 million.

Future prospects

The company expects the market for the group's products to also be good in 2007. Prices in 2007 have so far been positive. Prices for fish oil in particular have shown an upward trend compared with the previous year.

Global and national quota allocations for each year will influence group operation. The group expects quotas for 2007 to be approximately equal to the quotas for 2006 in the countries in which the group has its pelagic activities.

The company continuously works to increase sales and processing activities volumes in the group. Searching for means to further increase the cost effectiveness of production of pelagic fish and salmon has been prioritized within process activities

The group, with the acquisition of Epax AS, is well positioned to participate in the positive development in the Omega-3 market and the company expects increased sales in most markets. To meet expected increased demand in the market, a project has been initiated which aims to increase capacity at the factory in Ålesund.

Storebø, 30th March 2007
The Board of Directors
Austevoll Seafood ASA

Ole Rasmus Møgster
Chariman

Helge Møgster

Hilde Waage

Inga Lise Moldestad

Oddvar Skjegstad

Arne Møgster
President & CEO

The Group

Mathematics is the science that draws the necessary conclusions

BENJAMIN PEIRCE

INCOME STATEMENT

	Note	2006	2005	2004
		Amounts in NOK 1 000		
Sales revenue	10	2 681 247	1 614 598	1 147 700
Other income		36 476	176 707	0
Total income	**11**	**2 717 723**	**1 791 305**	**1 147 700**
Change in inventories	20	-289 822	10 211	-53 368
Raw materials and consumables used		-1 360 714	-1 038 433	-658 709
Salaries and personnel expenses	12	-193 853	-141 244	-124 652
Other operating expenses	12	-286 516	-275 498	-166 921
Operating profit bef. deprec. and fair value adjust. of bio. assets		**586 818**	**346 341**	**144 050**
Depreciation	16	-144 586	-91 032	-74 745
Amortisation of intangible assets	15	-1 740	-8 297	-8 055
Depreciation of excess value inventory	7	-140 221	0	0
Reversal of impairments	15	77 932	0	0
Operating profit before fair value adjustment of biological assets		**378 203**	**247 012**	**61 250**
Fair value adjustment of biological assets	21	2 523	17 692	7 820
Operating profit	**10**	**380 726**	**264 704**	**69 070**
Income from associated companies	17	16 072	17 066	2 163
Financial income	13	93 985	64 298	38 416
Financial expenses	13	-155 759	-113 887	-63 757
Profit before taxes		**335 024**	**232 181**	**45 892**
Income tax expense	26	-74 873	13 293	24 091
Net profit		**260 151**	**245 474**	**69 983**
Net profit from discontinued operations	8	6 514	5 134	15 088
Profit for the year		**266 665**	**250 608**	**85 071**
Profit attributable to minority interests		2 273	9 871	4 882
Profit attributable to equityholders of Austevoll Seafood ASA		264 392	240 737	78 029
Average no. of shares (thousands)*	14	145 550	28 049	28 049
Earnings per share (NOK)	14	1,82	8,58	3,03
Earnings per share - diluted (NOK)	14	1,82	8,58	3,03

* Earnings per share in 2006 are influenced by a share split, see note 25.

BALANCE SHEET

		Amounts in NOK 1 000	
Assets	**Note**	**31/12/2006**	**31/12/2005**
Goodwill	15	267 735	76 172
Licenses	15	1 117 525	769 390
Vessels	16	696 978	484 899
Other property, plant and equipment	16	1 823 119	597 079
Associated companies	17	151 658	143 106
Investments in other shares	18	19 764	18 412
Non-current receivables	19	70 524	115 243
Total non-current assets		**4 147 303**	**2 204 301**
Inventories	20	434 604	111 401
Biological assets	21	224 771	181 995
Accounts receivable	22	429 290	204 080
Other current receivables	19	188 417	271 040
Investments in other shares	18	10 428	0
Cash and cash equivalents	24	1 411 493	126 493
Total current assets		**2 699 003**	**895 009**
Total assets		**6 846 306**	**3 099 310**
Equity and liabilities	**Note**	**31/12/2006**	**31/12/2005**
Share capital	25	89 112	56 097
Share premium		2 798 795	512 088
Retained earnings and other reserves		665 893	336 826
Minority interest		83 200	77 034
Total equity		**3 637 000**	**982 045**
Deferred tax liabilities	26	621 381	282 852
Pension obligations	27	18 287	4 546
Borrowings	29	1 354 378	1 007 087
Other non-current liabilities	29	28 630	113 692
Total non-current liabilities		**2 022 676**	**1 408 177**
Borrowings	29	614 453	444 339
Accounts payable		367 447	161 445
Tax payable	26	36 724	3 499
Accrued salary expense and public tax payable		38 707	20 390
Other current liabilities	32	129 299	79 415
Total current liabilities		**1 186 630**	**709 088**
Total liabilities		**3 209 306**	**2 117 265**
Total equity and liabilities		**6 846 306**	**3 099 310**

Storebø, 30th March 2007

Ole Rasmus Møgster
Chariman

Helge Møgster

Hilde Waage

Inga Lise Moldestad

Oddvar Skjegstad

Arne Møgster
President & CEO

CASH FLOW STATEMENT

	Note	2006	2005
		Amounts in NOK 1 000	
Profit before income taxes		335 024	232 182
Fair value adjustment on biological assets	21	-2 523	-17 672
Taxes paid for the period		-20 437	-3 491
Depreciation and amortisation	15, 16	146 326	99 329
Depreciation of excess value inventory		140 221	0
Reversal of impairments		-77 932	0
(Gain) on sale of property, plant and equipment		6 719	-63 221
(Gain) on investments		-68	-132 286
Fair value losses on financial assets/instruments through profit or loss		3 126	1 081
Share of (profit) from associates	17	-16 072	-17 066
Interest paid		118 755	81 357
Dividend income		-5 341	0
Change in inventories		254 412	-9 210
Change in accounts receivables and other receivables		54 633	-42 905
Change in accounts payables and other payables		12 189	8 187
Change in other accruals		-2 623	-81 457
Net operating cash flow from discontinued operations		-10 761	78 969
Net cash flow from operating activities		**935 647**	**133 797**
Proceeds from sale of fixed assets		93 513	136 740
Proceeds from sale of shares and other equity instruments		242 981	90 049
Purchase of fixed assets		-205 205	-303 428
Purchase of shares and equity investments in other companies		-993 110	-26 793
Net investing cash flow from discontinued operations		0	-59 397
Net cash flow from investing activities		**-861 821**	**-162 829**
Proceeds from issuance of long-term interest bearing debt		20 995	555 102
Proceeds from issuance of short-term interest bearing debt		39 740	189 523
Repayment of long-term interest bearing debt		-396 767	-418 405
Repayment of short-term interest bearing debt		-486 556	-105 375
Interest paid		-118 755	-81 357
Dividends paid		0	-1 417
Share issues		2 291 887	0
Net financing cash flow from discontinued operations/demergers		4 271	-6 428
Net cash flow from financing activities		**1 354 816**	**131 643**
Net cash flow from purchase of minority interest		**-135 056**	
Net change in cash and cash equivalents		**1 293 586**	**102 611**
Cash and cash equivalents at 01.01.	**24**	**126 493**	**22 640**
Currency exchange gains on opening balance of cash and cash equivalents		-8 586	1 250
Cash and cash equivalents at 31.12.	**24**	**1 411 493**	**126 501**

STATEMENT OF CHANGES IN EQUITY

Amounts in NOK 1 000

	Share capital	Share premium	Retained earnings	Currency translation differences	Minority interests	Total equity
Equity 01.01.2005	**56 097**	**512 088**	**38 957**	**-9 556**	**115 017**	**712 603**
Profit for the period	0	0	240 737	0	9 871	**250 608**
Currency translation differences	0	0	0	52 269	757	**53 026**
Other gains and losses charged directly to equity	0	0	172	0	-2 983	**-2 811**
Total gains and losses charged directly to equity	**0**	**0**	**172**	**52 269**	**-2 226**	**50 215**
Total recognised income for the period	**0**	**0**	**240 909**	**52 269**	**7 645**	**300 823**
Dividends	0	0	0	0	-1 417	**-1 417**
Acquisition of minorities	0	0	14 247	0	-85 023	**-70 776**
Minority interests arising from business combinations	0	0	0	0	40 812	**40 812**
Total equity from shareholders in the period	**0**	**0**	**14 247**	**0**	**-45 628**	**-31 381**
Total change of equity in the period	**0**	**0**	**255 156**	**52 269**	**-37 983**	**269 442**
Equity 31.12.05	**56 097**	**512 088**	**294 113**	**42 713**	**77 034**	**982 045**
Profit for the period	0	0	264 392	0	2 273	**266 665**
Currency translation differences	0	0	0	-23 296	0	**-23 296**
Total gains and losses charged directly to equity	**0**	**0**	**0**	**-23 296**	**0**	**-23 296**
Total recognised income for the period	**0**	**0**	**264 392**	**-23 296**	**2 273**	**243 369**
Mergers and demergers	-9 023	-58 956	-35 278	0	-22 858	**-126 115**
Acquisition of minorities	0	0	-124 525	0	-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	247 774	0	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**	**87 971**	**0**	**3 893**	**2 411 586**
Total change of equity in the period	**33 015**	**2 286 707**	**352 363**	**-23 296**	**6 166**	**2 654 955**
Equity 31.12.06	**89 112**	**2 798 795**	**646 476**	**19 417**	**83 200**	**3 637 000**

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 annual, statutory accounts, based upon International Financial Reporting Standards (IFRS) as adopted by EU, were approved by the Board of Directors at March 30th, 2007.

The group's activities are described in note 10. 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 early adopted by the Group
IFRS 7, Financial Instruments: Disclosures, and the complementary Amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures, were early adopted in 2006. 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.

Interpretations to existing standards that are not yet effective and have not been early adopted by the Group
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 that the Group has not early adopted:

IFRIC 8, Scope of IFRS 2 (effective for annual periods beginning on or after 1 May 2006). 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. The Group will apply IFRIC 8 from 1 January 2007, but it is not expected to have any impact on the Group's accounts; and

IFRIC 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006). 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. The Group will apply IFRIC 10 from 1 January 2007.

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 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:

IFRIC 7, Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies (effective from 1 March 2006). IFRIC 7 provides guidance on how to apply requirements of IAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional Currency, when the economy was not hyperinflationary in the prior period. As none of the group entities have a Currency of a hyperinflationary economy as its functional Currency, IFRIC 7 is not relevant to the Group's operations; and

IFRIC 9, Reassessment of embedded derivatives (effective for annual periods beginning on or after 1 June 2006). IFRIC 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. As none of the group entities have changed the terms of their contracts, IFRIC 9 is not relevant to the Group's operations.

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 parties internal to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded directly against equity. In the case of purchase of minority interests,

the compensation is charged against minority interests related to this investment, and the remaining difference is charged against other equity. Thus, purchase of minority does not generate or change excess values, including goodwill.

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.

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. 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.

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 the closing rate.

Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the cost will flow to the Group and the cost of the item can be measured reliably. 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 and licenses with indefinite economic life are subject to annual impairment tests. Impairment tests are performed more frequently if indications of impairment exist. Depreciated licenses are tested for impairment only if indications of impairment exist.

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'. 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 concessions and fish farming licenses that have an indefinite useful life are not amortised but reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying amount may have decreased. Concessions and licenses with indefinite useful lives are distributed to the company by the Government, and the distribution is not contingent on future compliance of any specific conditions. Further, these are not limited in terms of time.

Licenses that have an definite useful life are amortised over this definite time period. These licenses are also distributed by the Government, but the limited terms of time is publicly known in advance.

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, held-to-maturity investments, 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 and re-evaluates this designation at every reporting date.

For 2004 Norwegian Generally Accepted Accounting Principles are being used, but the measurement of financial assets and liabilities were identical to IFRS as implemented as of January 1, 2005. The Group did not have any derivatives in 2004. Consequently, early adoption of IAS 32 and IAS 39 would not have had any impact on measurements of amounts in the Group's income statement for 2004.

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).

For loans and receivables the company assesses each balance sheet whether there is any objective evidence that the assets are impaired. Such objective evidence are for instance

- breach of contracts, such as a default or delinquecy in interest or principal payments
- it becoming probably that borrower will enter banckruptcy or other financial reorganisation

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

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.

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.

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 financial income/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.

Trade receivables
Trade 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 trade 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 trade 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'.

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.

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.

Deferred income tax
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 Group has only defined benefit plans. 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. Revenue is recognised as follows:

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.

Harvestable biological assets
Changes in fair value of biological assets are recognized in the income statement. This fair value adjustment is reported on a separate line; "fair value adjustment biological assets".

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 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 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, 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. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

(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. The Group is exposed to commodity price risk related to sale of salmon and pelagic species.

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 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.

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.

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 nominal 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.

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 receivables
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.

Income taxes
The Group is subject to income taxes in numerous jurisdictions. Significant judgement 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.

Note 5 RESTATEMENT OF 2004 AND 2005 FIGURES RELATED TO ASSESSMENT OF FAIR VALUE OF BIOLOGICAL ASSETS

In 2004 and 2005 all mature or harvestable fish were valued at fair value while immature fish were valued at the lower of cost or realisable value, following industry practice. Mature fish were for this purpose defined as fish larger than 4kg round weight.

In early 2006, Kredittilsynet, the Norwegian regulatory body responsible for overseeing the accounts of listed companies, determined that an alternative method to fair value biological assets must be applied following the standard. The industry appealed to the Norwegian government against this decision in February 2006. In the meantime Austevoll Seafood continued to account for biological assets using the industry agreed method.

At the end of December 2006 the Norwegian government communicated its decision to uphold Kredittilsynets determination, but with important modifications. Austevoll Seafood, along with the listed fish farming companies in Norway, were obliged to restate the fair value adjustment on biological assets for the current and prior periods in line with the government's guidelines. The adjustment affects the fair value adjustment on inventory line, and deferred tax movements thereon. The restatement covers the 2004 and 2005 financial statements.

Below is a table showing the effect of the restatement on the income statement and equity for 2004 and 2005.

Effects of restatement related to biological assets	**2005**	**2004**
Effects on Income Statement		
Previously reported fair value adjustment	-1 108	4 820
Fair value adjustment according to new principles	17 692	7 820
Increase of operating profit	**18 800**	**3 000**
Previously effect on tax expenses related to fair value adjustment of biological assets	-310	1 350
Tax effect of fair value adjustments according to new principles	4 954	2 190
Increase of tax expenses	**5 264**	**840**
Previously reported profit for the year	237 072	82 911
Profit for the year according to new principles	250 608	85 071
Increase of profit for the year	**13 536**	**2 160**
Effects on Equity		
Previously reported carrying value of equity	977 869	721 963
Opening balance effect of new principles	-9 360	-11 520
Increase of profit for the year	13 536	2 160
Carrying value of equity according to new principles	**982 045**	**712 603**

Note 6 GROUP COMPANIES

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

Company	Note	Country	Parent company	Ownership %
Austevoll Fisk AS		Norway	Austevoll Seafood ASA	99,61%
AS Austevoll Fiskeindustri		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%
SAS Euro Salmon	a	France	Sea Star International AS	60,00%
Veststar Holding AS	a	Norway	Austevoll Seafood ASA	99,73%
Veststar AS	a	Norway	Veststar Holding AS	100,00%
Eidane Smolt AS	a	Norway	Veststar AS	100,00%
Aumur AS		Norway	Austevoll Seafood ASA	100,00%
Murman Fishing Company Ltd.		Cyprus	Aumur AS	100,00%
Austevoll Eiendom AS		Norway	Austevoll Seafood ASA	98,96%
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%
Sea Grain AS		Norway	Welcon AS	100,00%
KW Protein Technologies Limited	b	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 Op. Funds		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%
Pacific Seafoods	a	Chile	Inversiones Pacfish Ltda.	99,90%

Note 6 GROUP COMPANIES (CONT.)

Company	Note	Country	Parent company	Ownership %
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	Consortium Enterprises (Jersey) Ltd.	99,00%
Pesquera Caldera Ltd.		Chile	Consortium Enterprises (Jersey) Ltd.	99,00%
Foodcorp S.A.		Chile	Consortium Enterprises (Jersey) Ltd.	77,10%
Foodcorp S.A.		Chile	Inversiones Pacfish Ltda.	22,90%
Pesquera Cazador Limitada		Chile	Foodcorp Chile S.A.	99,73%
Pemesa S.A		Chile	Foodcorp Chile S.A.	100,00%
Pemesa Dos 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 Chile S.A.	100,00%
Pesquera Austral S.A.		Chile	Foodcorp Chile S.A.	100,00%
Chilefood S.A.		Chile	Foodcorp Chile S.A.	100,00%

Note:
a - The investment in these companies have been sold in March 2007. See note 8.
b - Business under common control.

Note 7 SIGNIFICANT ACQUISITIONS

Through a contribution in kind as of May 11, 2006 from the company's major shareholder, Laco AS, the Group acquired 100% of Laco IV AS, a holding company that owned 33,33% of Welcon Invest AS, a Norwegian fish meal and oil producing company, and 33,33% of Dordogne Ltd, a holding company that at that time controlled 88,14% of the shares in Austral Group S.A.A., a public listed pelagic fishery company in Peru.
In June 2006 the group has acquired the remaining outstanding shares in Welcon Invest AS and Dordogne Ltd, and now controls 100% of the shares in the two mentioned companies.

In September 2006, the group acquired Pesquera Austral S.A. a canning plant. The plant is located in the Puerto Mont area, and has a strategic location in relation to the production of raw ingredients from pelagic fish, mussels and salmon

In December the group purchased 100% of the shares of Karmsund Fiskemel AS. Takeover took place on 19 December 2006 after final approval was granted by The Norwegian Competition Authority. Karmsund Fiskemel AS is one of the most efficient and modern fish meal plants in Norway. In 2006 the plant produced approximately 30,000 tons of fish meal and oil. The plant has a design capacity of 50,000 tons.

The group's acquisition of operations	Acquisition date	Owner share/ voting rights	Excess value goodwill and licences	Excess values inventory	Excess values tangible assets	Deferred tax on excess values	Book value of equity at acquisition date	Acquisition cost
2006								
Pesquera Austral S.A.	27-Sep-06	100%	18 822	0	0	0	37 468	56 290
Welcon Invest AS	30-Jun-06	100%	27 270	65 054	166 800	64 919	87 080	246 674*
Dordogne Holdings Inc*	30-Jun-06	100%	262 846	73 260	34 190	92 143	288 619	460 271*
Karmsund Fiskemel AS	31-Dec-06	100%	63 680	0	31 000	8 680	90 750	176 750
Acquisition cost 31.12.			**372 617**	**138 314**	**231 990**	**165 742**	**503 917**	**939 985**
Depreciation of excess values inventory 06			0	138 314	4 659	1 328		
Currency difference			0	1 907	30	11		
Accumulated 31.12.06			**0**	**140 221**	**4 689**	**1 339**	**0**	**0**
Carrying value at 31.12.06			**372 617**	**0**	**227 301**	**164 404**	**503 917**	**939 985**
Depreciation period			N/A		10-15y			
Depreciation plan			N/A		Linear			
Pro forma 2006			**Operating income**	**Operating expenses**	**Operating profit**	**Profit before tax**	**Net profit**	
			3 465 922	**-2 661 623**	**804 299**	**602 339**	**476 707**	

* Represents the group purchase price for 100% of the shares

The pro forma financial information is prepared for illustrative purposes. The combined income statements addresses a hypothetical situation and does not represent the actual consolidated financial statements for the Austevoll Seafood Group (excluding Møgsterfjord I AS and Møgsterhav AS, ref. note 8), Welcon Invest AS and Dordogne Ltd. for the full year 2006. There is a greater degree of uncertainty associated with pro forma figures than with actual reported results. The pro forma financial information is based on judgements and assumptions made by the management of the Company that not necessarily would have occurred had the acquisitions and the demerger described been made at an earlier point of time.

The summation and subtraction of proforma figures are adjusted for additional depreciation of any excess values on operational fixed assets, adjustment of financial expenses and tax effects of financing expenses and depreciation of excess values. To the extent the acquisition was financed with a share issue, and the share issue is directly attributed to the acquisition, no adjustments are made in the pro forma figures. Inter company transactions between the parties are eliminated. No significant transactions between the parties ahead of the acquisition have been identified.

Note 7 SIGNIFICANT ACQUISITIONS (CONT.)

Company name	Pesquera Austral S.A.		Welcon Invest AS		Karmsund Fiskemel AS		Dordogne Holdings Inc	
Assets	**Book Value**	**Fair Value**	**Book Value**	**Fair Value**	**Book Value**	**Fair Value**	**Book Value**	**Fair Value**
Goodwill*	1 032	19 854	0	27 270	0	63 680	9 576	72 728
Licenses	0	0	0	0	0	0	166 679	366 373
Deferred tax asset	1 883	1 883	33 288	33 288	7 309	7 309	0	0
Property, plant and equipment	33 283	33 283	136 495	303 295	83 291	114 291	1 004 295	1 038 485
Other long-term receivables	844	844	34 671	34 671	8 270	8 270	94	94
Total non-current assets	**37 043**	**55 864**	**204 454**	**398 524**	**98 870**	**193 550**	**1 180 644**	**1 477 680**
Inventories	0	0	369 439	434 493	12 419	12 419	238 986	312 246
Accounts receivable	0	0	181 077	181 077	6 042	6 042	142 670	142 670
Other receivables	1 001	1 001	69 258	69 258	391	391	0	0
Cash and cash equivalents	13	13	7 316	7 316	45 530	45 530	36 685	36 685
Total current assets	**1 013**	**1 013**	**627 090**	**692 144**	**64 382**	**64 382**	**418 341**	**491 601**
Total assets	**38 056**	**56 878**	**831 544**	**1 090 668**	**163 252**	**257 932**	**1 598 985**	**1 969 281**
Equity and liabilities	**Book Value**	**Fair Value**	**Book Value**	**Fair Value**	**Book Value**	**Fair Value**	**Book Value**	**Fair Value**
Total equity**	**37 468**	**56 290**	**158 153**	**352 358**	**90 770**	**176 771**	**488 441**	**766 593**
Deferred tax liabilities	0	0	0	64 919	0	8 680	233 497	325 641
Pension obligations	0	0	8 804	8 804	3 504	3 504	0	0
Borrowings	0	0	157 600	157 600	49 500	49 500	162 130	162 130
Other long-term liabilities	0	0	124 376	124 376	0	0	0	0
Total non-current liabilities	**0**	**0**	**290 780**	**355 699**	**53 004**	**61 684**	**395 627**	**487 771**
Borrowings	0	0	252 035	252 035	0		523 843	523 843
Accounts payable	244	244	49 651	49 651	8 977	8 977	0	0
Other current liabilities	344	344	80 925	80 925	724	724	191 074	191 074
Total current liabilities	**588**	**588**	**382 611**	**382 611**	**19 477**	**19 477**	**714 917**	**714 917**
Total liabilities	**588**	**588**	**673 391**	**738 310**	**72 481**	**81 161**	**1 110 544**	**1 202 688**
Total equity and liabilities	**38 056**	**56 878**	**831 544**	**1 090 668**	**163 251**	**257 932**	**1 598 985**	**1 969 281**

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

** Equity includes minority interests

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. Consequently, the pelagic fishery in the North Sea is 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	**2006**	**2005**	**2004**
Revenue	45 503	121 064	102 307
Operating result	12 013	37 752	25 408
Net financial items	-2 966	-22 992	-4 449
Income taxes	-2 533	-9 626	-5 871
Profit for the year from discontinued operations	**6 514**	**5 134**	**15 088**

Cash flow generated from	**2006**	**2005**	**2004**
Operating activities	-10 761	78 969	47 783
Investing activities	0	-59 397	-3 069
Financial activities	4 271	-6 428	-13 580
Total cash flow from discontinued operations	**-6 490**	**13 144**	**31 135**

Note 9 EVENTS AFTER BALANCE SHEET DATE

Acquisition of Epax AS
On 22 December 2006, Austevoll Seafood announced the entering into an LOI to acquire Epax AS. The acquisition 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.

The transaction price was NOK 575 millions based on enterprise value (value of equity and net interest bearing debt). As of 31.12.2006, Epax is not consolidated in the financial statements of Austevoll Seafood. Below is a preliminary purchase price allocation. Fair value at acquisition date in the table below is the preliminary purchase price allocation which will be reflected in the consolidated accounts of 2007. However, the final valuation will be carried out during 2007 and excess values and the goodwill will have to be adjusted after this valuation. Net excess values and goodwill totalled NOK 224,26 million.

	Carrying amount at acquisition date	**Excess values, prelim. allocation**	**Fair values at time of consolidation**
Goodwill	210 200	92 500	302 700
Other intangible assets	0	150 000	150 000
Other fixed assets	93 500	30 000	123 500
Current assets	108 100	3 000	111 100
Total assets	**411 800**	**275 500**	**687 300**
Equity	110 200	224 260	334 460
Long term debt and liabilities	257 100	51 240	308 340
Current debt	44 500	0	44 500
Total equity and liabilities	**411 800**	**275 500**	**687 300**

Note 9 EVENTS AFTER BALANCE SHEET DATE (CONT.)

Disposal of the fish farming business to Lerøy Seafood Group (LSG) and acquisition of shares in LSG:
The 23rd of February 2007, the Board of Directors in Austevoll Seafood ASA (AUSS) and Lerøy Seafood Group ASA (LSG) entered into an agreement whereby AUSS sold its salmon business, Veststar Holding AS (VS), which includes smolt production, 27 fish farming licenses in Norway, distribution operations in France and licenses in Chile, to LSG. Closing date for the transaction was 21th of March 2007.

The enterprise was acquired with no debt and with settlement in 8.5 million LSG shares. Using the closing price on 21th of March 2007 this equals a consideration of NOK 1,113.5 millions, which gives the Group a total gain of NOK 309.6 millions in first quarter of 2007. In 2007 the fish farming business will be reported as discontinued operations in accordance with IFRS 5, implying also that the gain will be classified as result from discontinued operations.

In addition to this AUSS has, in accordance with the agreement, subscribed 2,3 million new shares in LSG in a separate transaction at a price of NOK 130 per share with settlement in cash. This transaction, together with the 8,5 million LSG shares as consideration for the sale of Veststar Holding AS, gave AUSS a 20,1% ownership in LSG, and LSG will therefore be treated as an associated company in the AUSS accounts.

Further, AUSS entered into an agreement in respect of acquisition of 2,600,000 shares of LSG. The compensation for 2,250,000 of these shares were made through a private placement in AUSS, and the remuneration consisted of 6,093,750 shares in AUSS at a subscription price of NOK 48,50 per share. The settlement for the additional 350,000 LSG shares were made in cash.

The transactions above gave AUSS in total 25,01% of the shares in LSG. The issued shares in LSG in connection with the transactions will not be traded on Oslo Stock Exchange until a required listing prospectus is approved by the Exchange.

For financial information regarding the fish farming business in 2005 and 2006, see note 10.

New unsecured bond loan
At 13th of March 2007 the Group issued a new unsecured bond loan. The loan amount is NOK 1,000 million, and the bond has 3 year duration with a coupon of 3 months NIBOR +1.40%.

Note 10 SEGMENT INFORMATION

Business segment
The Austevoll Seafood group operates within four segments in relation to strategic types of activities. The different business segments are divided into Fishmeal/Oil, Human Consumption, Trade and Salmon.

Fishmeal/oil **|** The fishmeal/oil business is mainly operated through the Group company FoodCorp S.A. in Chile. FoodCorp S.A. operates two plants. FoodCorp's own catch is mainly mackerel and horse mackerel. In 2006 the Group acquired Welcon and Austral, two major parties in the industry. Welcon operates four fishmeal/oil plants in Norway, while Austral operates six plants in Peru.
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. Further, in 2006 a new freezing plant for pelagic fish was completed. This plant started its operations by end of March. In Peru the Group operates two canning plants.

Trading **|** The trading segment consists of Seastar International AS (SSI) and Austevoll Fiskeindustri AS (AFI). SSI's business is sale of salmon and pelagic fish for the international market. AFI operates a plant for harwest and processing of salmon and pelagic species.
Salmon **|** The salmon farming business is mainly operated by Veststar AS in Norway. Veststar AS holds 27 licenses.
Associates **|** The associated company Br. Birkeland AS is involved in salmon farming and pelagic fishery in Norway.

Geographical segment
The group divides its activities into two geographical regions based on location of fishing and production facilities; South America and Norway. As of December 31, 2006 South America consists of Chile and Peru.

Segment information

Business segments	**Fish meal/oil**		**Human Consumption**		**Trading**		**Salmon**		**Other/eliminations**		**Group**	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
External operating revenue	1 367 064	206 029	386 813	273 177	920 439	1 009 933	18 915	90 920	24 492	211 246	2 717 723	1 791 305
Inter-segment revenue	0	0	69 565	0	30 441	0	322 250	257 998	-422 256	-257 998	0	0
Segment revenue	**1 367 064**	**206 029**	**456 378**	**273 177**	**950 880**	**1 009 933**	**341 165**	**348 918**	**-397 764**	**-46 752**	**2 717 723**	**1 791 305**
Operating expenses	-969 435	-165 135	-391 717	-240 142	-947 327	-992 580	-236 712	-293 238	414 285	246 131	-2 130 906	-1 444 964
Op.profit bef. deprec. and adj. biom.	**397 629**	**40 894**	**64 661**	**33 035**	**3 553**	**17 353**	**104 453**	**55 680**	**16 521**	**199 379**	**586 817**	**346 341**
Depreciation and amortisation	-212 578	-3 409	-36 789	-32 472	-8 178	-8 183	-29 545	-31 530	545	-23 734	-286 545	-99 328
Impairment/Reversal of impairments	0	0	0	0	0	0	77 932	0	0	0	77 932	0
Operating profit bef.adj. biomass	**185 051**	**37 485**	**27 872**	**563**	**-4 625**	**9 170**	**152 840**	**24 150**	**17 065**	**175 645**	**378 203**	**247 013**
Fair value adjustment of biomass	0	0	0	0	0	0	2 523	17 692	0	0	2 523	17 692
Operating profit/ Segment result	**185 051**	**37 485**	**27 872**	**563**	**-4 625**	**9 170**	**155 363**	**41 842**	**17 065**	**175 645**	**380 725**	**264 704**
Profit from associates	0	0	0	0	0	0	0	0	16 072	17 066	16 072	17 066
Segment assets (excluding associates)	3 122 683	875 081	1 178 245	638 968	313 108	234 902	902 795	727 100	0	0	5 516 832	2 476 050
Associates	0	0	0	0	0	0	0	0	151 658	143 106	151 658	143 106
Unallocated/parent company	0	0	0	0	0	0	0	0	1 177 816	480 154	1 177 816	480 154
Total assets	3 122 683	875 081	1 178 245	638 968	313 108	234 902	902 795	727 100	151 658	143 106	6 846 306	3 099 310
Segment liabilities	237 300	23 357	104 202	44 167	133 965	95 538	57 763	37 411	0	0	533 230	200 473
Investments in property and equipment in the period	1 284 401	93 317	405 441	161 448	40 787	7 408	49 045	56 298	0	0	1 779 674	318 470
Investments in intangible assets in the period	398 320	27 959	151 572	11 983	2 805	0	14 500	227 153	0	0	567 197	267 095
Cash flow operations	789 660	43 919	69 353	18 823	-9 403	-55 901	70 384	90 550	15 652	36 406	935 647	133 797
Cash flow investment	-701 825	-86 157	-240 432	-36 925	-36 701	-15 648	-56 954	-27 829	174 091	3 730	-861 821	-162 829
Cash flow financing	257 225	115 159	137 390	49 354	46 438	74 391	-12 821	-75 233	926 584	-32 028	1 354 816	131 643

Inter-segment sales consists of
- Fish produced by the Salmon segment are slaughtered and sold by the Trade segment.
- 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		Norway		Other/eliminations		Group	
	2006	2005	2006	2005	2006	2005	2006	2005
Operating income	1 175 803	479 206	1 517 428	1 100 853	24 492	211 246	2 717 723	1 791 305
Segment assets	3 297 859	1 514 048	2 218 973	962 002	0	0	5 516 832	2 476 050
Associates	0	0	151 658	143 106	0	0	151 658	143 106
Investments in property and equipment for the period	1 185 047	254 764	594 627	63 706	0	0	1 779 674	318 470
Investments in intangible assets for the period	458 942	39 942	108 255	227 153	0	0	567 197	267 095

Note 11 INCOME

	2006	2005	2004
Sale of goods and services	2 681 247	1 614 598	1 147 700
Total sales revenue	**2 681 247**	**1 614 598**	**1 147 700**
Gain on sale of property, plant and equipment	21 302	63 220	0
Gain on sale of shares	0	86 925	0
Other operating income	15 174	26 562	0
Total other income	**36 477**	**176 707**	**0**
Total income	**2 717 723**	**1 791 305**	**1 147 700**

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

	2006	2005	2004
Salary and holiday pay	134 711	115 756	112 000
Hired personnel	14 456	0	0
Other remunerations	250	0	0
National insurance contribution	21 533	10 945	5 653
Pension costs (note 27)	5 690	1 667	1 597
Other personnel costs	17 213	12 876	5 402
Total	**193 853**	**141 244**	**124 652**
Average man-labour year	2 389	946	961

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

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. 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 programs to any employees.

Salary, service cost (pensions) and other remuneration to CEO and other group executives and members of the parent company's board were:

Remunerations to the company's officers	Salary	Service cost	Other remuneration	Total
Arne Møgster, CEO (01.06.06 - 31.12.06)	551	60	41	652
Britt Kathrine Drivenes, CFO	804	68	47	919
Ole Rasmus Møgster, Chairman of the Board*	1 092	105	65	1 262
Other members of the Board	0	0	0	0
Total	**2 447**	**233**	**153**	**2 833**

* Ole Rasmus Møgster was the CEO of the company from 01.01.06 - 31.05.06.

No loans or securities have been issued in 2005 and 2006 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	2006	2005	2004
Audit fee	2 449	1 804	1 539
Other audit services	1 813	0	0
Other assurance services	217	57	0
Tax advice	6	17	0
Other services	2 251	461	357
Total	**6 736**	**2 339**	**1 896**

Note 13 OTHER FINANCIAL INCOME AND EXPENSES

	2006	2005	2004
Interest income from related parties	854	796	768
Other interest income	43 148	18 960	17 001
Dividends	5 342	0	
Currency gains (unrealised and realised)	36 877	6 339	163
Other financial income	7 764	38 203	20 484
Total other financial income	**93 986**	**64 298**	**38 416**
Loss on shares	3 126	4 770	0
Interest expenses (note 29)	112 922	82 859	58 584
Other financial expenses, including currency losses	39 712	26 258	5 173
Total other financial expenses	**155 759**	**113 887**	**63 757**

Note 14 EARNINGS PER SHARE AND DIVIDEND PER SHARE

Basis for calculation of earnings per share	**2006**	**2005**	**2004**
The year’s earnings	266 665	250 608	85 071
No. of shares at the balance sheet date (thousands)	178 224	28 049	28 049
Average no. of shares (thousands)	145 550	28 049	28 049
Earnings per share*	**1,82**	**8,58**	**3,03**
Diluted earnings per share	1,82	8,58	3,03
* Earnings per share in 2006 are influenced by a share split, see note 25.			
Dividend per share	**0,00**	**0,00**	**0,00**

No dividends were paid in 2004, 2005 and 2006.

Note 15 INTANGIBLE ASSETS

2005	Good-will	Licenses fishfarming Norway	Licenses pelagic fisheries Norway	Licenses pelagic fisheries South America	Total
Per 01.01.					
Acquisition cost	73 320	291 505	194 873	323 206	882 904
Accumulated amortisation		-5 104	-24 278	0	-29 382
Accumulated impairment	0	-91 205	0	0	-91 205
Balance sheet value at 01.01.	**73 320**	**195 196**	**170 595**	**323 206**	**762 317**
Balance sheet value at 01.01.	73 320	195 196	170 595	323 206	762 317
Currency translation differences	6 434	0	0	29 154	35 588
Acquisitions through business combinations	48 427	178 726	0	0	227 153
Intangible assets acquired			2 700	39 942	42 642
Intangible assets sold	-52 009	-52 339	-106 456	-3 037	-213 841
Amortisation	0	-1 855	-6 442	0	-8 297
Impairment	0	0	0	0	0
Reversal of impairment	0	0	0	0	0
Balance sheet value at 31.12.	**76 172**	**319 728**	**60 397**	**389 265**	**845 562**
Per 31.12.					
Acquisition cost	76 172	404 619	75 216	389 265	945 272
Accumulated amortisation	0	-6 959	-14 819	0	-21 778
Accumulated impairment	0	-77 932	0	0	-77 932
Balance sheet value at 31.12.	**76 172**	**319 728**	**60 397**	**389 265**	**845 562**
2006					
Balance sheet value at 01.01.	76 172	319 728	60 397	389 265	845 562
Currency translation differences	-1 561	0	0	-41 733	-43 293
Acquisitions through business combinations	193 124	7 500	0	366 373	566 997
Intangible assets acquired	0	0	0	200	200
Intangible assets sold/demerged	0	0	-60 397	0	-60 397
Amortisation	0	-1 741	0	0	-1 741
Impairment	0	0	0	0	0
Reversal of impairment	0	77 932	0	0	77 932
Balance sheet value at 31.12.	**267 736**	**403 420**	**0**	**714 105**	**1 385 260**
Per 31.12.					
Acquisition cost	267 736	412 119	0	714 105	1 393 960
Accumulated amortisation	0	-8 700	0	0	-8 700
Accumulated impairment	0	0	0	0	0
Balance sheet value at 31.12.	**267 736**	**403 420**	**0**	**714 105**	**1 385 260**
- of which assets with indefinite lives	267 736	391 023	0	714 105	1 372 863
- of which assets with definite lives	0	12 397	0	0	12 397
- remaining years for assets with definite useful lives (years)		10-15	N/A	N/A	

Included in licenses fishfarming above is a privilege for utilisation of waterfalls with definite useful lives.
The pelagic fishing licenses with definite useful lives are all part of a demerger in 2006.

Estimated value in use is used as basis when calculating the recoverable amount. Impairment occurs when the carrying value is lower than the recoverable amount.

When calculating value in use, a weighted rate of return of 10% is applied for all regions. The estimates of future net cash flows are based on the Group's prognosis for the next 3 years period. No growth in the terminal value beyond this period is assumed since the Group expects to operate with full production on existing licenses in 2008. The calculations are sensitive with regards to the assumed fish prices. The calculations are based on the assumption that the company must expect a certain future margin, defined as the difference between sales price and total production costs before financial items, at least equalling the value of employed capital for the cash-generating unit including recognized licences and goodwill. With the current price level, there are no indications of impairment for any cash generating units.

In second quarter 2006 there was made a reversal of previous impairment losses on fish farming licenses of MNOK 77,9. The principles for reversals of impairment losses follows from IAS 36 Impairment of Assets, section 109-123. The cash generating unit under consideration was the fish farming activities located in Norway, and the recoverable amount is based upon value in use. Before reversal of the impairment, the Group's 27 licenses in Norway had an average carrying value of MNOK 11,9 per license. After reversal of the impairment, average book value per license is MNOK 14,7. Factors considered in the reversal of the impairment are improved operating margins in the fish farming activities, both due to improvements in production and the prices of salmon. In March 2007 the Group disposed it's salmon activities. For further information, see note 9.

Cash generating units	**Location**	**Carrying amount of allocated goodwill**	**Carrying amount of allocated licenses with indefinite useful lives**	
Foodcorp S.A.	Chile			Identified partly through the acquisition of Chilefood S.A. in 2004. Both goodwill and licenses are allocated between human consumtion and fish meal/oil on a pro rata basis.
Human Consumption		13 009	104 096	
Fish meal/oil		30 353	242 891	
Veststar Holding AS (Salmon)	Norway	57 744	391 023	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.
Austral Group S.A.A.	Peru			Identified partly through the acquisition of Austral Group (Dordogne) in 2006. Both goodwill and licenses are allocated between human consumtion and fish meal/oil on a pro rata basis. Approximately 60 MNOK of the goodwill relates to deferred tax on excess values related to licenses with indefinite useful lives.
Human Consumption		21 862	110 135	
Fish meal/oil		51 012	256 983	
Welcon AS	Norway	90 950		Identified through the acquisition of Welcon Invest AS and Karmsund Fiskemel AS in 2006.
Euro Salmon	France	2 805		Identified through the acquisition of Euro Salmon in 2006.
Total		**267 735**	**1 105 128**	

Note 16 TANGIBLE FIXED ASSETS

2005	Land	Buildings/ property	Plant, equipment and other fixtures	Vessels	Total
Per 01.01.					
Acquisition cost	2 835	255 745	474 834	853 851	1 587 265
Accumulated depreciation	0	-48 005	-269 859	-206 575	-524 439
Accumulated impairment	0	0	0	0	0
Balance sheet value at 01.01.	**2 835**	**207 740**	**204 975**	**647 276**	**1 062 826**
Balance sheet value at 01.01.	2 835	207 740	204 975	647 276	1 062 826
Currency translation differences	0	7 416	20 589	37 152	65 157
Reclassification	0	0	0	0	0
Acquisitions through business combinations	127	4 857	16 384	0	21 368
Acc depreciation acquisitions	0	0	0	0	0
Tangible fixed assets acquired	3 000	12 978	187 061	221 028	424 067
Tangible fixed assets sold	0		-12 404	-372 951	-385 355
Depreciation	0	-12 075	-46 404	-47 606	-106 085
Impairment	0	0	0	0	0
Reversal of impairment	0	0	0	0	0
Balance sheet value at 31.12.	**5 962**	**220 916**	**370 201**	**484 899**	**1 081 978**
Per 31.12.					
Acquisition cost	5 962	280 930	700 749	638 411	1 626 052
Accumulated depreciation	0	-60 014	-330 548	-153 512	-544 074
Accumulated impairment	0	0	0	0	0
Balance sheet value at 31.12.	**5 962**	**220 916**	**370 201**	**484 899**	**1 081 978**
Balance sheet value of finance lease included above	**0**	**0**	**37 097**	**15 227**	**52 324**
2006					
Balance sheet value at 01.01.	5 962	220 916	370 201	484 899	1 081 978
Currency translation differences	1 457	-28 857	5 160	8 995	-13 244
Acquisitions through business combinations	88 081	755 887	408 015	327 465	1 579 448
Tangible fixed assets acquired	0	116 066	130 492	130 156	376 714
Tangible fixed assets sold/demerged	-6	-132 708	-11 290	-216 210	-360 213
Depreciation	0	-33 465	-72 793	-38 328	-144 586
Impairment	0	0	0	0	0
Reversal of impairment	0	0	0	0	0
Balance sheet value at 31.12.	**95 495**	**897 838**	**829 786**	**696 978**	**2 520 097**
Per 31.12.					
Acquisition cost	95 495	991 318	1 233 127	888 817	3 208 756
Accumulated depreciation	0	-93 479	-403 341	-191 840	-688 660
Accumulated impairment	0	0	0	0	0
Balance sheet value at 31.12.	**95 495**	**897 838**	**829 786**	**696 978**	**2 520 097**
Balance sheet value of finance lease included above	**0**	**0**	**105 859**	**49 634**	**155 493**

Note 17 ASSOCIATED COMPANIES AND INVESTMENTS IN JOINT VENTURES

Associated companies	Share capital	Equity interest	Voting share
Br. Birkeland AS	19 224	62 488	40,20%
Modolv Sjøset AS *	10 087	8 411	24,94%

* Sea Star International AS has in 2007 bought 24,94 % (2 516 shares) in Modolv Sjøset AS and Sea Star owns 49,88 % after this.

2006

Overview of balance sheet value	Lafjord Fiskebåt-rederi AS	Brødrene Birkeland AS	Modolv Sjøset AS	Others	Total
Acquisition cost		**91 339**	**6 500**	**0**	**97 839**
Book value 01.01.	40 930	92 478	9 328	370	143 106
Additions	0	34 974	0	147	35 121
Disposals	-40 930	0	0	-55	-40 985
Gain on sale to associated companies (downstream)	0	0	-541	0	-541
Others changes	0	0	-1 115	0	-1 115
Share of profit for the year	0	17 257	-1 139	-46	16 072
Book value 31.12.	**0**	**144 709**	**6 533**	**416**	**151 658**
Excess value identifiable assets	0	96 809	0	0	96 809
Excess value not depreciated 31.12.		**96 809**	**0**	**0**	**96 809**

Summarised financial information of the associated companies:	
Revenue	459 786
Net result	86 066
Total assets	828 380
Liabilities	639 212

The associated companies follow the same financial year as the group.

Investments in joint venture	Period	Location	Business	Voting share
KW Protein Technologies Limited	30.06.06 - 31.12.06	Ireland	Fish oil	50%

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:

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

Assets	2006
Non-current assets	73 527
Current assets	6 340
Total assets	**79 867**
Liabilities	
Non-current liabilities	0
Current liabilities	59 857
Total liabilities	**59 857**
Total equity	**20 010**
Income	3 096
Expenses	-3 687
Net result	**-591**

There are no contingent liabilities relating to the Group's interest in the joint venture, and no contingent liabilities of the venture itself.

Note 18 INVESTMENTS IN OTHER SHARES

Non-current Company	Business location	Number of shares	Ownership/ voting share	Acquisition cost	Fair value
Odra Industries ASA	Bergen, Norway	4 271 839	18,48%	19 675	14 378
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**

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

Note 19 OTHER RECEIVABLES

Other non-current receivables	**2006**	**2005**
Intragroup non-current receivables	0	30 392
Loan to third parties	55 901	79 234
Other non-current receivables	14 623	5 617
Other non-current receivables 31.12.	**70 524**	**115 243**
Impairment losses expensed	0	0

Other current receivables	**2006**	**2005**
Public fees and taxes receivable	55 842	35 312
Short-term loans to suppliers	20 549	60 843
Balance on sale of shares	0	133 458
Accrual of income (from insurance)	9 342	13 000
Balance on sale of equipment	33 728	0
Other current receivables	68 957	28 427
Other current receivables 31.12.	**188 417**	**271 040**
Impairment losses expensed	0	0

Note 20 INVENTORIES

	2006	**2005**
Raw materials	96 110	8 913
Work in progress	0	10 352
Finished goods	344 118	93 351
Obsoleteness	-5 624	-1 215
Total	**434 604**	**111 401**
Write-down of inventories as of 31.12.	5 624	1 215
Write-down of inventories expensed	4 409	0

Note 21 BIOLOGICAL ASSETS

	2006	2005
Biological assets 01.01.	**181 995**	**158 238**
Increases due to purchases	0	0
Increases due to production	318 643	291 826
Increase due to company acquisitions	3 278	41 555
Decreases due to sales / harvesting	-281 630	-326 266
Reversal of fair value adjustment of fish at beginning of period	-4 751	11 891
Fair value adjustment of fish at period end	7 236	4 751
Biological assets 31.12.	**224 771**	**181 995**

Biomass status 31.12.05	**Number of fish (1.000)**	**Biomass (tons)**	**Cost of production**	**Fair value adjustment**	**Book value**
Fish below 4 kg LWT, including smolt	10 276	8 150	177 244	4 751	181 995
Fish above 4 kg LWT	0	0	0	0	0
Total	**10 276**	**8 150**	**177 244**	**4 751**	**181 995**

Biomass status 31.12.06	**Number of fish (1.000)**	**Biomass (tons)**	**Cost of production**	**Fair value adjustment**	**Book value**
Fish below 4 kg LWT, including smolt	15 400	8 231	217 535	7 236	224 771
Fish above 4 kg LWT	0	0	0	0	0
Total	**15 400**	**8 231**	**217 535**	**7 236**	**224 771**

Note 22 ACCOUNTS RECEIVABLE

	2006	2005
Accounts receivable at nominal value	442 273	210 896
Provision for bad debts	-12 983	-6 816
Accounts receivable 31.12.	**429 290**	**204 080**
Change in provision for bad debts	6 167	6 286
Realised bad debts	6 544	39 130
Reversed realised bad debts	-56	0
Recognised in the Income Statement	**12 655**	**45 416**

Note 23 GUARANTEE OBLIGATIONS

	2006	2005
Guarantee for European customs authority	0	9 100
Other guarantees	8 450	5 050
Total	**8 450**	**14 150**

Note 24 RESTRICTED BANK DEPOSITS

	2006	2005
Restricted deposits related to employee` tax deduction	4 960	3 672
Other restricted deposits	2 596	0
Total	**7 556**	**3 672**

Note 25 SHARE CAPITAL AND SHAREHOLDERS

Share capital: As of December 31, 2006 the company has 178.223.624 shares at nominal value of NOK 0,50 per share.
None of the shares are owned by any group company.

Date of registration	Type of change	Change in share capital (NOK)	Nominal value per share (NOK)	Total share capital	Number of ordinary shares
01.01.			2,00	56 097 780	28 048 890
15.05.2006	Increase of share capital by contribution in kind	9 704 184	2,00	65 801 964	32 900 982
15.05.2006	Share split	0	0,50	65 801 964	131 603 928
15.05.2006	Increase of share capital by cash contribution	446 969	0,50	66 248 933	132 497 866
09.06.2006	Increase of share capital by cash contribution	21 885 715	0,50	88 134 648	176 269 296
26.07.2006	Reduction of share capital (demerger)	-9 022 836	0,50	79 111 812	158 223 624
09.10.2006	Private Placement	10 000 000	0,50	89 111 812	178 223 624
31.12.					**178 223 624**

The shareholders in Austevoll Seafood ASA, were as of 31.12.:	**Number of shares**	**Shareholding**
Laco AS	112 605 876	63,18%
Bank of New York	4 840 492	2,72%
Bear Stearns Securit A/C	4 308 798	2,42%
Verdipapirfond Odin	4 064 650	2,28%
Verdipapirfond Odin	4 040 937	2,27%
Goldman Sachs & Co	3 858 000	2,16%
UBS AG	3 081 000	1,73%
Deutsche Bank AG	2 759 586	1,55%
Investors Bank & Tru AC	2 503 800	1,40%
Pareto Aksje Norge	2 294 200	1,29%
State Street Bank An AC	1 847 425	1,04%
Mitsui and Co Ltd	1 782 236	1,00%
Br. Birkeland AS	1 722 223	0,97%
Credit Suisse Securi	1 641 400	0,92%
Trond Mohn	1 405 000	0,79%
Odin Europa SMB	1 276 000	0,72%
Pareto Aktiv	1 023 200	0,57%
Glitnir Bank	881 400	0,49%
Nordea Bank Plc	730 000	0,41%
Cinus AS	642 000	0,36%
Total 20 largest	**157 308 223**	**88,26%**
Total others	20 915 401	11,74%
Total numbers of shares	**178 223 624**	**100,00%**

Note 25 SHARE CAPITAL AND SHAREHOLDERS (CONT.)

Shares controlled by Board members and management:	Number of shares	Shareholding
Board of Directors:		
Ole Rasmus Møgster (Laco AS)	45 042 350	25,27%
Helge Møgster (Laco AS)	22 521 175	12,64%
Oddvar Skjegstad (Rehua AS)	55 000	0,03%
Management group:		
CEO Arne Møgster (Laco AS)	5 630 294	3,16%
CFO Britt Kathrine Drivenes (Lerkehaug AS)	125 367	0,07%
Total shares controlled by board members and management	**73 374 186**	**41,17%**

Note 26 TAX

	2006	2005	2004
Specification of the tax expense			
Tax payable	66 498	7 266	10 590
Change in deferred tax	10 908	-25 556	-29 766
- of which classified as operating income (part of gain on sale of shares in subsidiaries and/or joint ventures)	0	14 623	956
Change in deferred tax classified as discontinued operations	-2 533	-9 626	-5 871
Taxes	**74 873**	**-13 293**	**-24 091**
Tax reconciliation			
Profit before tax	335 024	232 181	45 892
Taxes calculated with the nominal tax rates	80 406	51 080	10 096
Income from associated companies	-6 172	-4 323	-606
Tax-free gain on sale of shares	0	-29 400	-1 446
Other differences	4 703	-7 094	-26 264
Utilisation of loss carried forward, previously not recognized	-1 530	-13 930	0
Taxes on discontinued operations	-2 533	-9 626	-5 871
Taxes	**74 873**	**-13 293**	**-24 091**
Weighted average tax rate	**22,35%**	**-5,73%**	**-52,49%**
Change in book value of deferred tax			
Opening balance 01.01.	282 852	287 975	340 297
Booked to income in the period	10 908	-25 556	-29 766
Currency translation differences	-20 897	1 763	-2 015
Effect of business combinations	348 519	18 670	-20 541
Balance sheet value 31.12.	**621 381**	**282 852**	**287 975**

Note 26 TAX (CONT.)

Deferred tax	Licenses	Fixed assets	Biological assets	Receiv-ables	Current liabilities	Profit and loss account	Inventory	Total
2005								
Opening balance 01.01.	105 797	157 090	35 608	111	10 431	13 195		322 232
Booked to income in the period	-16 222	-26 575	13 783	445	18 714	1 265		-8 590
Currency translation differences	1 763	0	0	0	0	0		1 763
Effect of business combinations	19 248	-15 429	3 183	0	0	94		7 096
31.12.	**110 586**	**115 086**	**52 574**	**556**	**29 145**	**14 553**		**322 500**
2006								
Booked to income in the periode	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.	**234 554**	**385 713**	**65 147**	**567**	**36 898**	**11 800**		**734 679**

Deferred tax asset	Loss carried forwards	Fixed assets	Pensions	Receiv-ables	Current liabilities	Profit and loss accoun	Inventory	Total
2005								
Opening balance 01.01.	-25 985	-2 668	-1 228	-7 479	-258	3 484	-123	-34 257
Booked to income in the period	-14 502	-476	322	2 026	1 211	-697	-4 850	-16 966
Currency translation differences	0	0	0	0	0	0		0
Effect of business combinations	11 736	1 483	-282	-339	-1 024	0		11 575
31.12.	**-28 751**	**-1 661**	**-1 188**	**-5 793**	**-70**	**2 787**	**-4 973**	**-39 648**
2006								
Booked to income in the periode	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.	**-84 219**	**-5 103**	**-5 992**	**-721**	**-12 498**	**0**	**-4 766**	**-113 298**

	2006	**2005**
Current	84 627	71 439
Non-current	536 754	211 413
Total	**621 381**	**282 852**

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 183 employees and 24 retired people as of 31 December 2006.
All pensions are funded and the group's funded pension schemes is administered by a pension company.

AS Austevoll Fiskeindustri has a contractual early retirement scheme (AFP) for its employees. This scheme comprises a total of 22 employees and 2 retired people as of 31 December 2006. 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	**2006**	**2005**
Current service cost	3 946	1 287
Interest cost	2 136	681
Expected return on plan assets	-2 093	-633
Administration costs	183	126
Net actuarial losses recognised during the year	350	0
Social security tax	1 167	206
Net pension cost	**5 690**	**1 667**

Capitalised commitments are determined as follow	**Secured**	**AFP**	**Unsecured**	**Total 2006**	**Total 2005**
Present value of future pension commitments	72 416	2 728	205	75 349	18 087
Fair value of plan assets	-44 108	0	0	-44 108	-11 531
Unrecognised actuarial losses	-16 513	-869	27	-17 355	-2 868
Social security tax	3 989	384	29	4 402	858
Net pension commitment on the balance sheet 31.12.	**15 783**	**2 243**	**261**	**18 287**	**4 546**

Financial premises for the group	**12/31/2006**	**1/1/2006**	**12/31/2005**
Discount rate	4,35%	4,00%	4,00%
Anticipated yield on pension assets	5,40%	6,00%	6,00%
Anticipated regulation of wages	4,50%	3,00%	2,00%
Anticipated regulation of pensions	4,25%	2,50%	2,00%
Anticipated regulation of national insurance	4,25%	3,00%	2,00%
Social security tax rate	14,10%	14,10%	14,10%

Change in carrying amount of net pension commitments	
Balance sheet value at 01.01	4 546
Pension commitments acquired through business combinations	12 308
Net pension cost	5 690
Pension payments and payments of pension premiums	-4 257
Balance sheet value at 31.12	**18 287**

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 5,9 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 Concepción Appeals Court.

Note 29 INTEREST BEARING DEBT

Norway
The Norwegian part of the group is financed by group account agreements which regulates both short term and long term financing. There is one group account agreement for fish farming activity, and one for the rest of the group. Credit limit on short term financing depends on booked values of accounts receivables and stock (“borrowing base”), with a total ceiling of 700 MNOK, distributed with 200 MNOK to fish farming activity, 380 MNOK to fish meal activity and 120 MNOK to remaining activities. Arrangements contains a covenant which says that book equity in the group Austevoll Seafood ASA shall be at least 25%, and that EBITDA compared to net interest bearing debt shall be at least 15%. There are joint and several liabilities for the financing within the different loan agreements for Austevoll Seafood ASA and the Norwegian subsidiaries.

Fish farming
The fish farming activity is financed by overdraft facilities with credit limit at 200 MNOK, and a mortgage loan at the same value.

Property and production
Property and production activities in Norway are partly financed by loans from Innovasjon Norge. The loans are both mortgage loans and risk loans. Loan agreements are within normal terms. Production activities are also financed by mortgage loans through the group.

Chile
The Chilean part of the group is mainly financed by separate mortgage loans for the different fixed assets. Financing also includes credit from the ultimate parent in Norway.

Peru
The Peruvian part of the group is mainly financed by separate mortgage loans for the different fixed assets. Financing also includes credit from the ultimate parent in Norway.

Note 29 INTEREST BEARING DEBT (CONT.)

Net interest-bearing debt	2006	2005
Liabilities to financial institutions - non-current	1 223 726	966 084
Leasing liabilities - non-current	130 651	41 003
Liabilities to financial institutions - current	210 903	166 638
Bank overdraft - current	380 562	264 745
Leasing liabilities - current	22 988	12 956
Other interest-bearing debt - non-current	28 630	113 692
Total interest-bearing debt	**1 997 461**	**1 565 118**
Cash and cash equivalents	1 411 493	126 493
Other interest-bearing assets - non-current	58 632	109 930
Net interest-bearing debt	**527 336**	**1 328 695**

Repayment profile non-current liabilities	2007*	2008	2009	2010	2011	Subse-quent	Total*
Mortgage loan	210 903	168 641	207 501	169 422	211 235	466 927	1 434 629
Leasing liabilities	22 988	25 305	16 255	11 534	9 041	68 517	153 640
Bank overdraft						0	0
Other non-current liabilities	12	2 401	1 795	1 301	1 394	21 727	28 630
Total	**233 903**	**196 347**	**225 551**	**182 256**	**221 670**	**557 171**	**1 616 899**

* Repayment of non-current liabilities which mature in 2006 are classified as current liabilities on the balance sheet.

Liabilities secured by mortgage	2006	2005
Current liabilities	614 453	444 339
Non-current liabilities	1 354 378	1 007 087
Liabilities to credit institutions incl. leasing liab.	**1 968 831**	**1 451 426**
Assets provided as security		
Fixed assets, inventory, biological assets, shares and receivables	3 553 749	1 665 221
Total assets provided as security	**3 553 749**	**1 665 221**

Note 29 INTEREST BEARING DEBT (CONT.)

Description of debt	Effective interest rate	Maturity	2006 Current portion	2006 Non-current portion	2005 Current portion	2005 Non-current portion
Financing of vessels						
SR-Bank (AUSS)	3,81%	2007	15	0	3 700	3 700
Nordea (AUSS)	3,46%	2006	0	0	7 700	42 566
DnBNOR (Møgsterhav)	3,30%	2017	0	0	6 580	67 680
DnBNOR (Møgsterfjord)	3,05%	2014	0	0	5 000	37 500
Mortgage loans on fixed assets						
DnBNOR (AUSS)	5,18%	2006	0	0	23 306	
Innovasjon Norge (Austevoll Eiendom)	3,60%	2011-2017	2 574	18 429	3 140	13 632
DnBNOR (Austevoll Eiendom)			864	17 712	0	0
DnBNOR (Austevoll Fiskeindustri)	4,65%	2006	0	0	1 857	0
Innovasjon Norge and others (Austevoll Fiskeindustri)	3,60-5,90%	2013-2018	1 076	10 300	1 077	10 327
DnBNOR (Veststar)	3,55%	2007-2013	25 909	152 346	19 420	184 670
Ewos (Veststar)		2007	1 495	0	0	0
DnBNOR (Fishmarket)		2010	0	0	150	600
DnBNOR (Foodcorp)		2019	3 384	35 973	3 696	42 973
Banco de Chile/Santander and others (Foodcorp)		2007-2016	73 579	251 061	56 644	326 764
Banco Financiero/del Peru and others (Austral Group)	0,50-8,54%	2007-2024	32 399	336 312		
Other (Austral Group)	0-8,00%	2009-2024	0	21 655		
DnBNOR/Nordea (Welcon Invest)	4,37-5,50%	2007-2019	35 000	179 850		
Innovasjon Norge (Welcon Invest)	4,73-6,00%	2014	500	6 750		
Financing related to acquisitions						
DnBNOR (AUSS)	3,50-3,55%	2013-2020	21 207	115 932	20 409	137 949
DnBNOR (A-Fish)	5,16%	2008	12 901	77 407	13 960	97 724
Leasing liabilities						
Norway		2011	9 002	40 002	5 741	19 304
Chile		2010	4 991	9 727	7 215	21 700
Peru		2008-2018	8 995	80 922		
Total			**233 891**	**1 354 378**	**179 595**	**1 007 089**

Note 30 LEASE CONTRACTS

Overview of future minimum operating leases	Within 1 year	1-5 years	Subse-quent	Total
Minimum lease amount, operating leasing contracts maturing:	4 031	4 546	0	8 576
Present value of future minimum lease (discount rate 5%)	3 839	4 269	0	8 108

Overview of future minimum financial leases	Within 1 year	1-5 years	Subse-quent	Total
Minimum lease amount, financial leasing contracts maturing:	31 645	86 112	88 974	206 731
Interest component	8 656	23 977	20 458	53 091
Present value of future minimum lease	22 988	62 135	68 516	153 639

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 FINANCIAL MARKET RISK

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:

	2006			2005		
	Currency	NOK	Share %	Currency	NOK	Share %
Turnover:						
NOK		750 475	28%		648 906	34%
USD	189 167	1 213 688	45%	101 325	700 113	37%
CLP	22 089 099	262 830	10%	16 381 343	205 779	11%
EUR	32 702	263 285	10%	33 415	267 557	14%
Other currency		227 446	8%		90 014	5%
Total		**2 717 724**	**100%**		**1 912 369**	**100%**
Accounts receivable						
NOK		71 691	17%	0	21 327	10%
USD	36 560	230 664	54%	14 702	97 364	48%
CLP	4 997 982	61 525	14%	4 330 120	56 911	28%
EUR	5 033	41 146	10%	2 533	20 006	10%
Other currency		24 265	6%		8 472	4%
Total		**429 290**	**100%**		**204 080**	**100%**
Accounts payable:						
NOK		78 455	21%		98 493	61%
USD	21 929	137 165	37%	2 195	14 761	9%
CLP	2 946 599	34 564	9%	3 651 865	47 990	30%
PEN	57 478	112 599	31%	0	0	0%
Other currency		4 664	1%		201	0%
Total		**367 447**	**100%**		**161 445**	**100%**
Bond loans, liabilities to credit institutions and financial lease						
NOK		892 583	45%		816 109	57%
USD	167 811	1 049 674	53%	92 293	624 703	43%
EUR	3 201	26 368	1%	530	4 229	0%
Other currency		208	0%			
Total		**1 968 831**	**100%**		**1 445 041**	**100%**

Note 32 OTHER CURRENT LIABILITIES

Specification of other current liabilities	**2006**	**2005**
Salary and other personnel expenses	53 946	12 211
Balance on purchase of shares	0	30 477
Fair value loss on currency forward contracts	0	1 081
Other short-term liabilities	75 353	35 646
Other current liabilities	**129 299**	**79 415**

Note 33 RELATED PARTIES

2005	**Operating income**	**Operating expenses**	**Net finance exp.**	**Net balance**
Møgster Management AS	0	4 852	0	0
Alfabygget AS	0	372	0	0
Hardsjø AS	0	0	0	333
Austevoll Invest AS	0	0	0	19 624
Bravo Tug AS	0	0	0	-19 389
Møgster II AS	0	0	0	-1 989
Laco AS	0	0	0	-29 589
Total	**0**	**5 224**	**0**	**-31 010**

2006	**Operating income**	**Operating expenses**	**Net finance exp.**	**Net balance**
Møgster Management AS	547	5 265	0	1 411
Laco AS	0	0	0	0
Total	**547**	**5 265**	**0**	**1 411**

Note 33 RELATED PARTIES (CONT.)

All of the transactions/agreements are entered into on ordinary terms and conditions for such type of agreements, and are based on the principle of “arm’s length” pricing.

Transfer of shareholdings from Laco AS to Austevoll Seafood in 2006
In May 2006 Austevoll Seafood acquired shares in several companies from Laco AS. The transfer of shares was executed through an increase of share capital in Austevoll Seafood, approved in a general meeting held on 11 May 2006. Laco AS transferred the shares as a contribution in kind, and received payment in form of a total of 4,821,359 new shares in Austevoll Seafood, each having a nominal value of NOK 2 (i.e prior to the share split 1:4 resolved in the same general meeting). The following assets were transferred to Austevoll Seafood as part of this transaction:

- 100% of the shares in Laco IV AS (1,000 shares at par value NOK 100), a wholly owned subsidiary of Laco AS. At the time of the transfer, Laco IV AS owned – directly and indirectly – 33.33% of the shares in Welcon Invest AS and 28.66% of the shares in Austral Group S.A.A.
- 42% of the shares in Austevoll Invest AS (42,000 shares at par value NOK 1.-). After this transfer, Austevoll Invest AS became a wholly owned subsidiary of Austevoll Seafood and was merged into Austevoll Seafood.
- 13.05% of the shares in Veststar Holding AS (272,543 shares at par value NOK 1.-) After this transfer, Austevoll Seafood owns 99.7282% of this company. This company holds 100% of the shares in Veststar AS and has been renamed Veststar Holding AS.
- 100% of the shares in Alfabygget AS (later merged with Austevoll Eiendom - 1,264 shares at par value NOK 350)

The issuance of shares was based on the fair value of the assets. For accounting purposes the contribution in kind was recognized at predecessor values.

Transfer of shareholding from Møgster II AS to Austevoll Seafood 2006
In May 2006 Austevoll Seafood acquired 76% of the shares in Storebø Kai AS (later merged with Austevoll Eiendom AS) from Møgster II AS (a subsidiary of Laco AS). The transfer of shares was executed through an increase of share capital in Austevoll Seafood, approved in a general meeting held on 11 May 2006. The shares in Storebø Kai AS were transferred as a contribution in kind, and Møgster II AS received payment in form of 30,733 new shares in Austevoll Seafood with par value NOK 2 (i.e. 122,932 shares following the share split resolved in the same general meeting). The issuance of shares was based on the fair value of the assets. For accounting purposes the contribution in kind was recognized at predecessor values.

De-merger of Austevoll Seafood 2006
In May 2006 the general meeting in Austevoll Seafood approved a demerger of the Company, whereby the Company’s shareholdings in Møgsterfjord I AS and Møgsterhav AS together with financial assets and liabilities were transferred to a company incorporated through the demerger, Møgster Havfiske AS (a wholly owned subsidiary of Laco AS). Based on the estimates of the fair values of the transferred and remaining assets, the demerger entailed an allocation of net fair values by 13.7% to Møgster Havfiske AS and 86.3% remaining in Austevoll Seafood. The share capital of Austevoll Seafood was allocated in the same ratio by a reduction of share capital of NOK 9,022,836, from NOK 65,801,964 to NOK 56,779,128.

Other acquisitions 2006

- Medio 2006, Austevoll Seafood acquired 4,258,517 shares in Austevoll Fisk AS at par value NOK 1.00 and 100% of the shares in Storebø Notbøteri AS (later merged with Austevoll Eiendom AS - 1,000 shares at par value NOK 1.00) from its associated company Br. Birkeland AS.
- Austevoll Seafood has bought approx. 4% of the shares in Br. Birkeland AS in 2006.

Business relationships with related parties

- Møgster Management AS provides services for the Austevoll Seafood Group at its main office at Storebø, Austevoll. These services include certain administrative services such as IT, reception, catering, accounting and secretary- and financial services. The Austevoll Seafood Group is invoiced on an annual basis for these services.
- Consecutive transactions between the companies within the Austevoll Seafood Group take place on a daily basis.
- Sea Star International AS has a 24,94% shareholding in Modolv Sjøset AS. In January 2007 the company used an option of acquisition of further 24,94% of the shares in Modolv Sjøset AS. Sea Star International AS has entered into an agreement for marketing and sale of all products from Modolv Sjøset AS.
- Sea Star International AS has a 13.8% shareholding in Sir Fish AS, and has entered into an agreement for marketing and sale of all products from Sir Fish AS.
- In May 2006 Welcon Egersund AS sold complete factory equipment to the newly established company KW Protein Technologies Ltd (see note 17). At this time Welcon was not a part of the Austevoll Seafood Group. Welcon AS own 50 % of KW Protein Technologies Ltd. The factory equipment is planned to be moved to Northern Irland in the near future. Welcon Egersund AS leases the equipment until it is ready to be moved. The lease payment is € 1.250.000 a year.

Note 34 INTRAGROUP TRANSACTIONS

The fish farming company Veststar Holding AS sells 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 322 mill. in 2006, NOK 258 mill. in 2005 and NOK 198 mill. in 2004.

Slaughtering, packaging and storage of salmon is delivered by AS Austevoll Fiskeindustri to Sea Star International AS and Veststar.

The terms and rates for these services are negotiated yearly between the parties. These services amounted to NOK 80 mill. in 2006, NOK 92 mill. in 2005 and NOK 86 mill. in 2004.

AS Austevoll Fiskeindustri rents a major part of its land and buildings from Austevoll Eiendom AS. The yearly rent was NOK 4 mill. for 2006, NOK 3 mill. for 2005 and NOK 3 mill. for 2004 for this lease.

Parent Company

Even the strongest number needs the support of the zeros.

ZARKO PETRAN

INCOME STATEMENT

	Note*	2006	2005
		Amounts in NOK 1 000	
Sales revenue	3	9 534	47 251
Other income		0	0
Total income		**9 534**	**47 251**
Raw materials and consumables used		-30	-8 337
Salaries and personnel expenses	4	-13 062	-11 442
Other operating expenses		-15 862	-24 175
Operating profit before depreciation		**-19 420**	**3 297**
Depreciation	6	-571	-565
Operating profit		**-19 991**	**2 732**
Financial income	5	77 412	153 934
Financial expenses	5	-25 793	-30 405
Profit before taxes		**31 628**	**126 261**
Income tax expense	14	-7 138	-8 540
Net profit for the year		**24 490**	**117 721**

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

BALANCE SHEET

Assets	Note*	31/12/2006	31/12/2005
		Amounts in NOK 1 000	
Vessels	6		82 753
Other property, plant and equipment	6	954	1 220
Shares in subsidiaries	7	658 467	600 124
Shares in associated companies	8	127 046	91 728
Shares in other companies	9	6 165	303
Long terms receivables on Group companies	10,19	1 465 964	410 235
Other long receivable	10	1 043	0
Total non-current assets		**2 259 639**	**1 186 362**
Accounts receivable	11	5 325	4 283
Short term receivable on Group companies	19	141 571	113 723
Other current receivables	10	7 156	183 016
Investments in other shares	9	10 428	4 133
Cash and cash equivalents	13	908 675	1 094
Total current assets		**1 073 155**	**306 250**
Total assets		**3 332 794**	**1 492 612**

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

Equity and liabilities	Note*	31/12/2006	31/12/2005
Share capital	25 CFS	89 112	56 097
Share premium		2 798 795	512 088
Retained earnings and other reserves		191 140	164 187
Total equity		**3 079 047**	**732 372**
Deferred tax liabilities	14	8 218	21 584
Pension obligations	15	1 089	1 507
Borrowings	16	115 933	184 215
Other non-current liabilities to Group companies	16,19	15 285	279 347
Total non-current liabilities		**140 525**	**486 653**
Borrowings	16	100 424	164 337
Accounts payable		3 041	2 269
Accrued salary expense and public tax payable		1 162	1 072
Other current liabilities to Group companies	19	3 942	98 043
Other current liabilities	17	4 652	7 867
Total current liabilities		**113 222**	**273 588**
Total liabilities		**253 747**	**760 240**
Total equity and liabilities		**3 332 794**	**1 492 612**

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

Storebø, 30th March 2007
Board of Directors
of Austevoll Seafood ASA

Ole Rasmus Møgster
Chariman

Helge Møgster

Hilde Waage

Inga Lise Moldestad

Oddvar Skjegstad

Arne Møgster
President & CEO

CASH FLOW STATEMENT

	Amounts in NOK 1 000	
	2006	**2005**
Profit before income taxes	31 628	126 261
Depreciation and amortisation	571	565
(Gain) on sale of property, plant and equipment	2 683	0
(Gain) on investments	-30	-128 393
Fair value losses on financial assets/instruments through profit or loss	3 126	0
Interest paid	22 530	17 187
Dividend income	-22 245	-1 123
Change in accounts receivables and other receivables	-5 186	5 837
Change in accounts payables and other payables	-18 388	-3 716
Change in other accruals	-2 465	-16 462
Net cash flow from operating activities	**12 224**	**156**
Proceeds from sale of fixed assets	82 000	0
Proceeds from sale of shares and other equity instruments	163 910	25 395
Purchase of fixed assets	-2 393	-6 753
Purchase of shares and equity investments in other companies	-158 755	-4 369
Dividend income	806	1 123
Loans granted to group companies	-1 148 291	-7 491
Net cash flow from investing activities	**-1 062 723**	**7 905**
Proceeds from issuance of long-term interest bearing debt	0	16 922
Proceeds from issuance of short-term interest bearing debt	0	62 273
Repayment of long-term interest bearing debt	-128 120	-69 702
Repayment of short-term interest bearing debt	-158 362	0
Interest paid	-22 530	-17 187
Share issues	2 291 887	0
Change in cash and cash equivalents by mergers and demergers	-24 795	0
Net cash flow from financing activities	**1 958 080**	**-7 694**
Net change in cash and cash equivalents	**907 581**	**367**
Cash and cash equivalents at 01.01.	**1 094**	**727**
Cash and cash equivalents at 31.12.	**908 675**	**1 094**

STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Share premium and other reserves	Retained earnings	Total equity
Equity 31.12.2004 NGAAP		**56 097**	**667 352**	**-48 417**	**675 032**
Impacts of transition to IFRS	2	0	-155 264	95 520	-59 744
Equity 01.01.2005 IFRS		**56 097**	**512 088**	**47 103**	**615 288**
Profit for the year 2005		0	0	117 721	117 721
Gains and losses charged directly to equity		0	0	-637	-637
Total gains and losses charged directly to equity		**0**	**0**	**-637**	**-637**
Total recognised income		**0**	**0**	**117 084**	**117 084**
Total equity to/from shareholders		**0**	**0**	**0**	**0**
Total change of equity in 2005		**0**	**0**	**117 084**	**117 084**
Equity 31.12.05		**56 097**	**512 088**	**164 187**	**732 372**
Profit for the year 2006				24 490	24 490
Gains and losses charged directly to equity		0	0	0	0
Total gains and losses charged directly to equity		**0**	**0**	**0**	**0**
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**

Note 1 ACCOUNTING PRINCIPLES

The separate financial statements of Austevoll Seafood ASA (parent company) have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. 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. However, according to IAS 27, investments in subsidiaries and associates are accounted for at cost, ref IAS 27 nr 37 a).

Note 2 TRANSITION TO IFRS

2.1 Basis of transition to IFRS

2.1.1 Application of IFRS 1

The financial statements for the year ended 31 December 2005 will be the first annual financial statements that comply with IFRS for the parent company. These financial statements have been prepared as described in Note 2.1. The Company has applied IFRS 1 in preparing these consolidated financial statements.

Austevoll Seafood ASA's transition date is 1 January 2005. The Company prepared its opening IFRS balance sheet at that date. The reporting date of these consolidated financial statements is 31 December 2006. The Company's IFRS adoption date is 31 December 2006.

In preparing these consolidated financial statements in accordance with IFRS 1, the Companyhas applied the mandatory exceptions and certain of the optional exemptions from full retrospective application of IFRS.

2.1.2 Exemptions from full retrospective application – elected by the Company

Austevoll Seafood ASA has elected to apply the following optional exemptions from full retrospective application.

(a) Business combinations exemption
For the parent company Austevoll Seafood ASA this exemption is not relevant.

(b) Fair value as deemed cost exemption
Austevoll Seafood ASA has not elected to measure any items of property, plant and equipment at fair value as at 1 January 2005.

(c) Employee benefits exemption
Austevoll Seafood ASA has elected to recognise all cumulative actuarial gains and losses as at 1 January 2005. The application of this exemption is detailed in later this note.

(d) Cumulative translation differences exemption
For the parent company Austevoll Seafood ASA this exemption is not relevant.

(e) Compound financial instruments exemption
The Comnpany has not issued any compound instruments; this exemption is not applicable.

(f) Assets and liabilities of subsidiaries, associates and joint ventures exemption
This exemption is not applicable, as the use of the exemption is made at the level of the subsidiary, associate or joint venture that adopts IFRS later than its parent company.

(g) Exemption from restatement of comparatives for IAS 32 and IAS 39
The Company elected to apply this exemption. It applies previous N GAAP rules to derivatives, financial assets and financial liabilities and to hedging relationships for the 2005 comparative information.

(h) Designation of financial assets and financial liabilities exemption
The Company did not reclassify any securities as available-for-sale investments or as financial assets at fair value through profit and loss. The adjustments relating to IAS 32 and IAS 39 at the opening balance sheet date of 1 January 2005 - the IAS 32/39 transition date - are detailed later in this note

(i) Share-based payment transaction exemption
The Company has no share-based transactions, and this exemption is not applicable.

(j) Insurance contracts exemption
The Company does not issue insurance contracts; this exemption is not applicable.

(k) Decommissioning liabilities included in the cost of property, plant and equipment exemption
The Company has no such liabilities; and this exemption is not applicable.

(l) Fair value measurement of financial assets or liabilities at initial recognition
The Company has not applied the exemption offered by the revision of IAS 39 on the initial recognition of the financial instruments measured at fair value through profit and loss where there is no active market. This exemption is therefore not applicable.

2.1.3 Exceptions from full retrospective application followed by the Company

Austevoll Seafood ASA has applied the following mandatory exceptions from retrospective application.

(a) Derecognition of financial assets and liabilities exception
Financial assets and liabilities derecognised before 1 January 2005 are not re-recognised under IFRS. The application of the exemption from restating comparatives for IAS 32 and IAS 39 means that the Company recognised from 1 January 2005 any financial assets and financial liabilities that do not meet the IAS 39 derecognition criteria. Management did not chose to apply the IAS 39 derecognition criteria to an earlier date.

(b) Hedge accounting exception
Management has not claimed any hedge accounting from 1 January 2005. Consequently, the application of this exception at the opening balance sheet date of 1 January 2005 is not relevant.

(c) Estimates exception
Estimates under IFRS at 1 January 2005 should be consistent with estimates made for the same date under previous GAAP, unless there is evidence that those estimates were in error.

(d) Assets held for sale and discontinued operations exception
Austevoll Seafood ASA did not have any assets that met the held-for-sale criteria during the period presented. No adjustment was required.

Note 2 TRANSITION TO IFRS (CONT.)

2.2 Reconciliations between IFRS and GAAP
The following reconciliations provide a quantification of the effect of the transition to IFRS.
- equity at 1 January 2005 (Note 2.2.1)
- net income 31 December 2005 (Note 2.2.2)
- equity at 31 December 2005 (Note 2.2.3)
- explanations of the transition effects (Note 2.2.4)

The transition did not have any significant effect on the Company's cash flow statement. Implementation of IAS 32 and IAS 39 did not have any effect on measurement of the Company's account balances as of January 1, 2005.

2.2.1 Consolidated Balance Sheet IFRS Opening balance - 1 January 2005	**Note**	**Balances according to N GAAP**	**Effect of the transition to IFRS**	**Balances according to IFRS**
Assets				
Vessels		0		0
Other property, plant and equipment		1 785		1 785
Investments in subsidiaries	a	722 787	-63 434	659 353
Associated companies	b	100 968	4 617	105 585
Available for sale financial assets		80		80
Non-current receivables		402 744		402 744
Total non-current assets		**1 228 364**	**-58 817**	**1 169 547**
Accounts receivables		10 119		10 119
Other current receivables		219 128		219 128
Available for sale financial assets		2		2
Cash and cash equivalents		726		726
Total current assets		**229 975**	**0**	**229 975**
Total assets		**1 458 339**	**-58 817**	**1 399 522**
Equity and liabilities				
Share capital		56 097		56 097
Share premium and other reserves		667 352	-155 264	512 088
Retained earnings		-48 417	95 520	47 103
Total equity		**675 032**	**-59 744**	**615 288**
Deferred tax liabilities	e	15 629	-360	15 269
Pension obligations	d	85	1 287	1 372
Borrowings	c	223 096	54 432	277 528
Other non-current liabilities		265 816		265 816
Total non-current liabilities		**504 626**	**55 359**	**559 985**
Borrowings	c	147 898	-54 432	93 466
Accounts payable		5 985		5 985
Accrued salary expense and public tax payable		1 435		1 435
Other current liabilities		123 363		123 363
Total current liabilities		**278 681**	**-54 432**	**224 249**
Total liabilities		**783 307**	**927**	**784 234**
Total equity and liabilities		**1 458 339**	**-58 817**	**1 399 522**

Note 2 TRANSITION TO IFRS (CONT.)

2.2.2 Consolidated Income Statement 2005	Note	Income statement according to N GAAP	Effect of the transition to IFRS	Income statement according to IFRS
Sales revenues		47 251		47 251
Other income	i	86 925	-86 925	0
Total income		**134 176**	**-86 925**	**47 251**
Change in inventory				0
Raw materials and consumables used		-8 337		-8 337
Salaries and personnel expenses		-11 442		-11 442
Other operating expenses		-24 175		-24 175
Operating profit before depreciation		**90 222**	**-86 925**	**3 297**
Depreciation		-565		-565
Operating profit		**89 657**	**-86 925**	**2 732**
Income from subsidiaries	a	99 969	-99 969	0
Income from associated companies	b	13 741	-13 741	0
Financial income	a,f,i	38 318	115 616	153 934
Financial expenses		-30 405		-30 405
Profit before tax		**211 280**	**-85 019**	**126 261**
				0
Income tax expense		-8 540		-8 540
Profit for the year		**202 740**	**-85 019**	**117 721**

Note 2 TRANSITION TO IFRS (CONT.)

2.2.3 Consolidated Balance Sheet 31 December 2005	Note	Balances according to N GAAP	Effect of the transition to IFRS	Balances according to IFRS
Assets				
Vessels		82 753		82 753
Other property, plant and equipment		1 220		1 220
Investments in subsidiaries	a	808 532	-208 408	600 124
Associated companies	b	92 448	-720	91 728
Available for sale financial assets		303		303
Other long-term receivables		410 235		410 235
Total non-current assets		**1 395 491**	**-209 128**	**1 186 363**
Accounts receivable		4 283		4 283
Other receivables		296 739		296 739
Available for sale financial assets		4 133		4 133
Cash and cash equivalents		1 094		1 094
Total current assets		**306 249**	**0**	**306 249**
Total assets		**1 701 740**	**-209 128**	**1 492 612**
Equity and liabilities				
Share capital		56 097		56 097
Share premium fund		793 363	-281 275	512 088
Retained earnings and other reserves		92 967	71 220	164 187
Total equity		**942 427**	**-210 055**	**732 372**
Deferred tax liabilities	e	21 944	-360	21 584
Pension obligations	d	220	1 287	1 507
Borrowings	c	232 945	-48 730	184 215
Other long-term liabilities		279 347		279 347
Total non-current liabilities		**534 456**	**-47 803**	**486 653**
Borrowings	c	115 607	48 730	164 337
Accounts payable		2 269		2 269
Tax payable		0		0
Accrued salary expense and public tax payable		1 072		1 072
Other current liabilities		105 909		105 909
Total current liabilities		**224 857**	**48 730**	**273 587**
Total liabilities		**759 313**	**927**	**760 240**
Total equity and liabilities		**1 701 740**	**-209 128**	**1 492 612**

Note 2 TRANSITION TO IFRS (CONT.)

2.2.4 Explanations of the transition effects

a) Investments in subsidiaries
In previous GAAP the equity method was used for accounting for subsidiaries. Under IFRS the cost method is being used in the separate financial statements for the parent company, and the accounts have been restated to reflect this fact.

Under the equity method internal gains are eliminated, but recognized as gain (financial income) under the cost method.

b) Investments in associated companies
In previous GAAP the equity method was used for accounting for associated companie. Under IFRS the cost method is being used in the separate financial statements for the parent company, and the accounts have been restated to reflect this fact.

c) Borrowings
Unlike previous GAAP, IFRS requires first year's instalments on borrowings to be classified as current liabilities.

d) Pensions
Austevoll Seafood ASA has in line with IFRS 1 elected to recognise all cumulative actuarial gains and losses as of 1 January 2005 in equity.

e) Deferred tax
Deferred taxes are influenced by deferred taxes on other changes due to IFRS-implementation.

f) Dividends
Under IFRS dividends are not considered a liability until it is decided by the General Meeting. Under previous GAAP dividends were considered as a liability as of the financial year-end for the accounts being considered by the Annual General Meeting.

g) Group contributions
Under IFRS group contributions are not considered a liability until it is decided by the General Meeting. Under previous GAAP group contributions were considered as a liability as of the financial year-end for the accounts being considered by the Annual General Meeting. Under IFRS group contributions from subsidiaries will normally be recognised as income in the year it is decided by the General Meeting. Group contributions from the Company to its subsidiaries will accordingly be recognised as an increase in the book value of the subsidiary int the year the contribution is decided by the General Meeting.

h) Financial instruments
Applying NGAAP, measurement of financial assets and liabilities were identical to IFRS. The Company did not have any derivatives in 2004. Consequently, early adoption of IAS 32 and IAS 39 would not have had any impact on amounts in the Company's income statement for 2004.

i) Gain on sale of shares in subsidiaries
Gain on sale of shares in subsidiaries is reclassified from other income to financial income.

Note 3 INCOME

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

Note 4 PAYROLL, FEES, NO. OF EMPLOYEES ETC.

	2006	2005
Salary and holiday pay	8 523	9 178
Hired personnel	375	0
National insurance contribution	1 418	1 028
Pension costs (note 15)	828	653
Other personnel costs	1 918	583
Total	**13 062**	**11 442**
Average no. of employees	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 for 2006 were:

Remunerations to the company's officers	Wages	Service cost	Other remuneration	Total
Arne Møgster, CEO (01.06.06 - 31.12.06)	551	59	41	651
Britt Kathrine Drivenes, CFO	804	68	47	919
Ole Rasmus Møgster, Chairman of the Board and former CEO (01.01.06 - 31.05.06)	1 092	105	65	1 262
Members of the Board	0	0	0	0
Total	**2 447**	**232**	**153**	**2 832**

No loans or securities have been issued in 2005 and 2006 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	2006	2005
Audit fee	268	200
Other assurance services	1 213	0
Other audit services	73	4
Tax advice	6	17
Other services	1 585	178
Total	**3 144**	**399**

The main part of the increase inn fees compared to 2005 is related to services rendered in relation to the listing on Oslo Stock Exchange.

Note 5 FINANCIAL INCOME AND FINANCIAL EXPENSES

	2006	2005
Interest income from companies within same group	16 679	4 921
Other interest income	27 425	10 554
Dividends and group contributions	22 245	1 123
Currency gains	10 720	4 115
Sale of shares	43	133 163
Other financial income	300	58
Total financial income	**77 412**	**153 934**
Change in value of financial instrument	3 126	0
Loss on shares	12	4 770
Interest expenses to companies within the same group	1 443	5 453
Other interest expenses	20 704	19 331
Other financial expenses (incl. currency losses)	508	851
Total financial expenses	**25 793**	**30 405**
Net financial items	**51 619**	**123 529**

Note 6 TANGIBLE FIXED ASSETS

2005	Plant, equipment and other fixtures	Vessels	Total
Per 01.01.			
Acquisition cost	4 074	0	4 074
Accumulated depreciation	-2 289	0	-2 289
Accumulated impairment	0	0	0
Balance sheet value at 01.01.	**1 785**	**0**	**1 785**
Balance sheet value at 01.01.	1 785	0	1 785
Tangible fixed assets acquired	0	82 753	82 753
Tangible fixed assets sold	0	0	0
Depreciation	-565	0	-565
Impairment	0	0	0
Reversal of impairment	0	0	0
Balance sheet value at 31.12.	**1 220**	**82 753**	**83 973**
Per 31.12.			
Acquisition cost	4 074	82 753	86 827
Accumulated depreciation	-2 854	0	-2 854
Accumulated impairment	0	0	0
Balance sheet value at 31.12.	**1 220**	**82 753**	**83 973**

2006	Plant, equipment and other fixtures	Vessels	Total
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
Impairment	0	0	0
Reversal of impairment	0	0	0
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
Accumulated impairment	0	0	0
Balance sheet value at 31.12.	**954**	**0**	**954**

Note 7 SHARES IN SUBSIDIARIES

Subsidiaries	Gross numbers (100%)							
Company name	**Revenue**	**Net profit**	**Assets**	**Liabilit.**	**Equity**	**Share capital**	**Carrying value**	**Voting share**
Austevoll Eiendom AS	5 809	(307)	64 566	48 791	15 775	9 370	54 277	98,96%
Austevoll Fisk AS	1 075	(7 641)	28 706	4 709	23 997	12 311	52 372	99,61%
Sea Star International AS*	905 634	(5 093)	240 034	225 076	14 958	10 231	10 000	9,90%
Veststar Holding AS	52	52 418	429 334	184 450	244 884	2 089	402 183	99,73%
A-Fish AS	199	59 075	784 197	484 046	300 151	1 100	60 100	100,00%
Inv. Pacfish Ltda	1 463	20 782	181 410	49 653	131 757	36 048	58 709	100,00%
Laco IV AS	210	120 123	500 616	367 527	133 089	100	5 436	100,00%
Aumur AS	0	197	5 466	158	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 8 SHARES IN ASSOCIATED COMPANIES

	Gross numbers (100%)							
Company name	**Revenue**	**Net profit**	**Assets**	**Liabilities**	**Equity**	**Share capital**	**Carrying value**	**Voting share**
Br. Birkeland AS	173 840	42 540	401 734	323 719	78 015	21 477	126 713	40,22%
Hardsjø AS	840	101	5 174	4 165	1 009	1 000	333	33,33%
Total							**127 046**	

All associated companies have the same accounting year as Austevoll Seafood ASA.

Note 9 INVESTMENTS IN OTHER SHARES

Shares where change in fair value is charged directly to equity ("available for sale"):

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
Andre aksjer				205
Total				**6 165**

Shares where change in fair value in recognized through profit and loss:

Company name	**Geographical location**	**Number of shares**	**Owner-/voting share**	**Fair value**
Aker Seafood ASA	Oslo	347 600	0,72%	10 428
Total				**10 428**

Note 10 OTHER RECEIVABLES

Other non-current receivables	2006	2005
Intragroup non-current receivables	1 465 964	410 235
Other non-current receivables	1 042	0
Other non-current receivables 31.12.	**1 467 006**	**410 235**
Impairment losses expensed	0	0

Other current receivables	2006	2005
Public fees and taxes receivable	0	57
Short-term loans to suppliers	895	205
Receivable related to sale of shares	0	163 910
Other current receivables	6 261	18 844
Other current receivables 31.12.	**7 156**	**183 016**
Impairment losses expensed	0	0

Note 11 ACCOUNTS RECEIVABLE

	2006	2005
Accounts receivable at nominal value	5 325	4 283
Provision for bad debts	0	0
Accounts receivable 31.12.	**5 325**	**4 283**
Change in provision for bad debts	0	0
Realised bad debts	0	6 237
Reversed realised bad debts	0	0
Recognised in the Income Statement	**0**	**6 237**

Note 12 GUARANTEE OBLIGATIONS

	2006	2005
Guarantee Eksportfinans - related to financing of the chilean group companies	77 193	77 193
Guarantee Eksportfinans	9 202	0
Guarantee DnBNOR	0	7 719
Personal guarantee DnB NOR regarding fish farming business	400 000	400 000
Total	**486 395**	**484 912**

Note 13 RESTRICTED BANK DEPOSITS

	2006	2005
Restricted deposits related to employee` tax deduction	593	419
Other restricted deposits	0	0
Total	**593**	**419**

Note 14 TAX

		2006	2005
Specification of the tax expense			
Tax payable		0	6 732
Other tax		0	-4 507
Change in deferred tax		7 138	6 315
- of which classified as operating income (part of gain on sale of shares in subsidiaries and/or joint ventures)		0	0
Taxes		**7 138**	**8 540**
Tax reconciliation			
Profit before tax		31 628	126 261
Taxes calculated with the nominal tax rate	28%	8 856	35 353
Income from associated companies		0	0
Tax-free gain on sale of shares		-9	-31 467
Other differences		-179	4 654
Withholding tax		0	0
Change in deferred tax liabilities		0	0
Utilisation of loss carried forward, previously not recognized		-1 530	0
Tax losses carried forward not recognized		0	0
Taxes		**7 139**	**8 540**
Weighted average tax rate		**23%**	**7%**
Change in book value of deferred tax			
Opening balance 01.01.		21 584	15 269
Booked to income in the period		7 138	6 315
Currency translation differences		-4 507	0
Effect of business combinations/emission costs		-16 356	0
Balance sheet value 31.12.		**7 858**	**21 584**

Note 14 TAX (CONT.)

Deferred tax	Licenses	Fixed assets	Biological assets	Receivables	Shares	Profit and loss account	Non current liabilities	Total
2005								
Opening balance 01.01.	0	-107	,0	0	26 346	0	82	26 322
Booked to income in the period	0	3 208	0	0	-281	0	41	2 968
Currency translation differences	0	0	0	0	0	0	0	0
Effect of business combinations	0	0	0	0	0	0	0	0
31.12.	**0**	**3 101**	**0**	**0**	**26 066**	**0**	**124**	**29 290**
2006								
Booked to income in the period	0	-3 281	0	0	545	21	2 091	-625
Currency translation differences	0	0	0	0	0	0	0	0
Effect of business combinations	0	0	0	0	-362	10 179	0	9 818
31.12.	**0**	**-180**	**0**	**0**	**26 249**	**10 200**	**2 214**	**38 483**

Deferred tax asset	Loss carry forwards	Fixed assets	Pensions	Receivables	Current liabilities	Profit and loss account	Group contribution	Total
2005								
Opening balance 01.01.	-2 630	0	-384	-7 428	0	-611		-11 053
Booked to income in the period	1 576	0	-38	1 686	0	122		3 347
Group contribution	4 507	0	0	0	0	0	-4 507	0
Effect of business combinations	0	0	0	0	0	0		0
31.12.	**3 453**	**0**	**-422**	**-5 742**	**0**	**-489**	**-4 507**	**-7 706**
2006								
Booked to income in the period	-2 243	0	-244	5 742	0	0	4 507	7 762
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**	**-665**	**-0**	**0**	**0**	**0**	**-30 625**

	2006	2005
Current	0	-10 249
Non-current	7 858	31 833
Total	**7 858**	**21 584**

Note 15 PENSIONS AND PENSION COMMITMENTS

The company has a pension scheme in Nordea Liv Norge ASA. In 2006 the scheme comprises a total of 12 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	**2006**	**2005**
Current service cost	664	531
Interest cost	179	145
Expected return on plan assets	-181	-129
Administration costs	25	25
Net actuarial losses recognised during the year	45	0
Social security tax	97	81
Net pension cost	**828**	**653**

Capitalised commitments are determined as follow	**Secured**	**Unsecured**	**2006**	**2005**
Present value of future pension commitments	8 733	0	8 733	4 405
Fair value of plan assets	3 145	0	3 145	2 390
Unrecognised actuarial losses	-5 287	0	-5 287	-792
Social security tax	788	0	788	284
Net pension commitment on the balance sheet 31.12.	**1 089**	**0**	**1 089**	**1 507**

Financial premises for the group	**31/12/2006**	**1/1/2006**	**31/12/2005**
Discount rate	4,35%	4,00%	4,00%
Anticipated yield on pension assets	5,40%	6,00%	6,00%
Anticipated regulation of wages	4,50%	3,00%	2,00%
Anticipated regulation of pensions	4,25%	2,50%	2,00%
Anticipated regulation of national insurance	4,25%	3,00%	2,00%
Social security tax rate	14,10%	14,10%	14,10%

Change in carrying amount of net pension commitments	
Balance sheet value at 01.01	1 507
Net pension cost	828
Pension payments and payments of pension premiums	-1 247
Balance sheet value at 31.12	**1 089**

Note 16 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(-)	2006	2005
Liabilities to financial institutions - non-current	115 933	184 215
Liabilities to financial institutions - current	21 222	48 730
Liabilities to financial institutions - overdraft	79 202	115 607
Other interest-bearing debt - current	3 942	98 043
Other interest-bearing debt - non-current	15 285	279 347
Total interest-bearing debt	**235 584**	**725 942**
Cash and cash equivalents	908 675	1 094
Other interest-bearing assets - current	141 571	113 723
Other interest-bearing assets - non-current	1 465 963	410 235
Net interest-bearing assets/debt(-)	**2 139 054**	**-314 613**

Repayment profile non-current liabilities	2007*	2008	2009	2010	2011	Subsequent	Total*
Mortgage loan	21 222	21 207	21 207	21 207	21 207	31 105	137 155
Other non-current liabilities	0	0	0	0	0	15 285	15 285
Total	**21 222**	**21 207**	**21 207**	**21 207**	**21 207**	**46 390**	**152 440**

* Repayment of non-current liabilities which mature in 2006 are classified as current liabilities on the balance sheet.

Liabilities secured by mortgage	2006	2005
Current liabilities	100 424	164 337
Non-current liabilities	115 933	184 215
Liabilities to credit institutions incl. le asing liab.	**216 357**	**348 552**
Assets provided as security		
Shares	273 539	273 539
Fixed assets	0	82 753
Trade receivables	5 325	4 283
Total assets provided as security	**278 864**	**360 575**
Average rate of interest	**3,8 %**	**3,3 %**

Spesification of liabilities to financial institutions		Effective rate	Maturity	2006 Current	2006 Non-current	2005 Current	2005 Non-current
SR-bank	Mortgage loan	3,81%	2007	15	0	3 700	3 700
Nordea	Mortgage loan	3,46%	2006	0	0	5 451	44 815
DnBNOR	Mortgage loan	3,55%	2020	9 821	54 018	9 821	63 839
DnBNOR	Mortgage loan	3,50%	2013	2 500	13 750	2 500	16 750
DnBNOR	Mortgage loan	4,22%	2013	4 335	24 128	5 806	26 512
DnBNOR	Mortgage loan	4,22%	2013	4 551	24 037	4 530	28 598
DnBNOR	Mortgage loan	5,18%	2006	0	0	16 922	0
DnBNOR	Overdraft facility			79 202	0	115 607	0
Total				**100 424**	**115 933**	**164 337**	**184 215**

Note 17 OTHER CURRENT LIABILITIES

Specification of other current liabilities	2006	2005
Salary and other personnel expenses	812	832
Accrued interests	1 761	2 144
Other short-term liabilities	2 079	4 891
Other current liabilities	**4 652**	**7 867**

Note 18 RELATED PARTIES

2005	Operating income	Operating exp.	Net finance exp.	Net balance
Møgster Management AS	0	1 823	0	0
Alfabygget AS	0	148	0	0
Hardsjø AS	0	0	0	333
Bravo Tug AS	0	0	0	-19 389
Møgster II AS	0	0	0	-1 989
Laco AS	0	0	0	-24 410
Total	**0**	**1 971**	**0**	**-45 455**

2006	Operating income	Operating exp.	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**

Møgster Management AS is owned by the company's major shareholder, Laco AS, and delivers group services (IT, legal advice, accounting) to the company.
For further description of equity transactions with related parties, see note 33 in the consolidated financial statements.

Note 19 INTERCOMPANY BALANCES

	2006		2005	
Specification of intercompany balances	**Current**	**Non-current**	**Current**	**Non-current**
Loans to Group companies	141 571	1 465 964	113 723	410 235
Total intercompany receivables	**141 571**	**1 465 964**	**113 723**	**410 235**
Liabilities to Group companies	3 942	15 285	98 043	279 347
Total intercompany liabilities	**3 942**	**15 285**	**98 043**	**279 347**
Net intercompany balances	**137 629**	**1 450 679**	**15 680**	**130 888**

Laco As is the company´s major shareholder. Loans to and from companies within the Laco-group are interest-bearing. Interest on loans is calculated according to market rates and terms.

PRICEWATERHOUSECOOPERS

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To the Annual Shareholders' Meeting of Austevoll Seafood ASA

Auditor's report for 2006

We have audited the annual financial statements of Austevoll Seafood ASA as of December 31, 2006, showing a profit of NOK 24 490 000 for the parent company and a profit of NOK 266 665 000 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 balance sheet, the statements of income and cash flows, the statement of changes in equity, the accompanying notes and the group accounts. International Financial Reporting Standards as adopted by the EU have been applied in the preparation of the financial statements. 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.

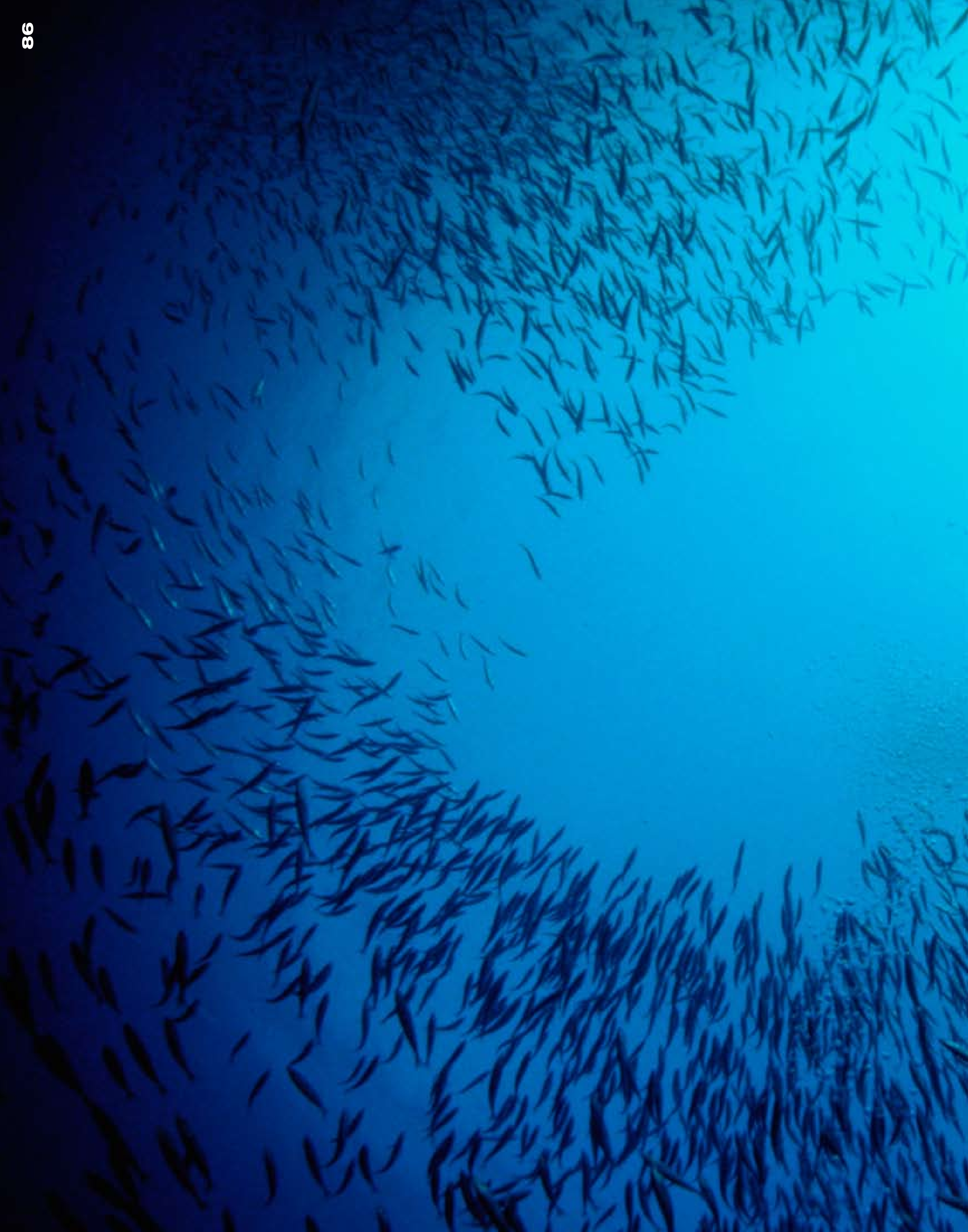
In our opinion,

- the financial statements have been prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Company and the Group as of December 31, 2006 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 30, 2007
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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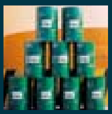

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