



**Austevoll Seafood ASA**

**Financial report**

**4th quarter 2006**





**The group's pro forma income for 2006 was NOK 3 465,9 million and the pro forma operating profit/loss before depreciation and amortization (EBITDA) was NOK 804,3 million for the same period.**

**The board is satisfied with the company's performance, which was in line with expectations. The board therefore considers 2006 to have been a good year for the group.**

Austevoll Seafood ASA's subsidiary Welcon AS in the 4th quarter 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.

At the end of December, Austevoll Seafood ASA signed a letter of intent with Ferd Private Equity Fund for the purchase of Epax Holding AS. The purchase was completed in mid-January 2007.

Epax Holding AS is the parent company of Epax AS, one of the world's leading producers of highly concentrated Omega 3 based on fish oil. The company currently uses around 5,000 tons of fish oil from South America. Unique stripping technology and refining processes are used to produce the highly concentrated Omega 3. These products are primarily sold as dietary supplements, food additives (nutraceuticals) and to the pharmaceutical market.

The purchase of Epax represents an important stage in the company's strategy of developing high value products based on the company's extensive access to pelagic resources. The group annually produces around 50,000 tons of fish oil. Around 30,000 tons of this are sourced from South America. The purity and high levels of Omega 3 in this fish oil make it well suited to the production of highly concentrated Omega 3.

The company in October completed a private placement of NOK 780,000,000. On 5 October 2006 the company's board approved an increase in the company's share capital of NOK 10,000,000 via the issue of 20,000,000 new shares in accordance with the board authorisation issued by the extraordinary general meeting of 15 September 2006. The new share capital therefore is NOK 89,111,812 distributed across 178,223,624 shares, each of nominal value NOK 0.50.





## Fourth quarter 2006 highlights

- Operating income was NOK 884,5 million compared with NOK 687,9 million for the same period last year.
- Operating income before depreciation and amortization (EBITDA) was NOK 183,4 million compared with NOK 119,0 million for the same period in 2005.
- Goodwill for the acquisition of Welcon Invest AS and Austral Group were allocated to intellectual property rights, fixed assets and inventory. Disposal of inventory resulted in an excess value of NOK 16,5 million, which was recognized as a cost in the accounts in the fourth quarter. This figure is presented as a separate item in the income statement under depreciation and revaluations. The cost recognition has no effect on cash.
- Profit/loss before tax in the fourth quarter was NOK 116,5 million as opposed to NOK 70,6 million in the fourth quarter 2005.
- Net interest bearing liabilities as at 31 December 2006 were NOK 527,3 million compared with NOK 1 302,7 million as at 31 December 2005.
- Shareholders equity recognized in the balance sheet as at 31 December 2006 was NOK 3 637 million compared with NOK 982 million as at 31 December 2005.

Key figures Austevoll Seafood ASA						
	4Q 2006	4Q 2005	2006	2005	Pro forma 2006	Pro forma 2005
Operating income (TNOK)	884 534	687 913	2 717 723	1 791 305	3 465 922	3 170 373
EBITDA (TNOK)*	183 386	118 961	586 818	346 341	804 299	572 483
EBITDA margin*	21 %	17 %	22 %	19 %	23 %	18 %
Total assets (TNOK)	6 846 306	3 099 310	6 846 306	3 099 310	6 846 306	N/A
Net interest bearing debt (TNOK)	527 337	1 302 732	527 337	1 302 732	527 337	N/A
Equity (TNOK)	3 637 000	982 045	3 637 000	982 045	3 637 000	N/A
Equity ratio	53 %	32 %	53 %	32 %	53 %	N/A
Earnings per share	0,45	0,88	1,82	2,15	2,83	2,13

\* Before fair value adjustment biological assets

Austevoll Seafoods key ratios for result measurement under IFRS are EBITDA (operating profit/loss before depreciation and amortization) before revaluation of biomass. Revaluation of biomass is recognized in the consolidated accounts to determine a final EBIT (operating profit/loss). Austevoll Seafood changed the principle for the calculation of revaluated biomass in the fourth quarter 2006 and comparative figures for previously reported periods have been prepared. The restatement has no effect on cash and the EBITDA before revaluation of biomass is unchanged by the revaluation. The change in the principles used for revaluation of biomass relates to immature fish (fish weighing less than 4 kg) being valued at market value instead of at cost price. Austevoll Seafood reports EBITDA before revaluation of biomass to show the result of sales in the period. Further information associated with restatement of figures can be found in note 3 later in the report and in the restatement document which can be obtained at [www.auss.no](http://www.auss.no).

## Profit/loss and operations for fourth quarter 2006

Earnings before depreciation and amortization (EBITDA) for the 4th quarter were NOK 183,4 million compared with NOK 119 million for the same period last year.





The group in the fourth quarter sold approximately 58,000 tons of fishmeal and oil. This is lower than the amount sold in the third quarter, which normally is the period of highest sales. Total sales for hermetic and frozen products was approximately 13,000 tons. Production of frozen products in Chile from the middle of December 2006 has been good.

Prices for all our products have been in line with company expectations. The price of fishmeal has fallen in the fourth quarter compared with the third quarter. The price has however stabilised at a high level, which also is reflected in 2007.

On the catch, purchase and production side, there have been high levels of activity in Peru as a result of the opening of the last anchoveta fishing period. In Chile, catch volumes are normally lowest in the fourth quarter. We have however fished horse mackerel from the middle of December for freezing.

Net financial items were NOK 8,8 million as opposed to NOK 7,6 million in the fourth quarter of 2005, of which income from associated companies was NOK 6,2 million in the fourth quarter 2006 as opposed to NOK 9,9 million in the fourth quarter 2005.

### **Profit/loss and operation in 2006**

Profit/loss before depreciation and amortization (EBITDA) as at 31 December 2006 were NOK 586,8 million compared with NOK 346,3 million for the same period last year. This marked increase in EBITDA is primarily attributed to the acquisition of companies which were fully consolidated as from the 1 July 2006. *Pro forma profit/loss before depreciation and amortization (EBITDA) as at 31 December 2006 was NOK 804,3 million.*

In addition to ordinary depreciation, the figures as at 31 December 2006 include the reversal of previous years write downs of salmon licences of NOK 77,9 million and depreciation of added value on inventory from acquired companies of NOK 140,2 million.

Net financial items were NOK -45,7 million compared with NOK -32,5 million for the same period last year, of which profit/loss shares from associated companies were NOK 16,6 million for the year as opposed to NOK 17 million for the same period last year.

### **Balance sheet as at 31 December 2006**

The consolidated balance sheet total as at 31 December 2006 was NOK 6 846,3 million compared with NOK 3 099,3 million at year end 2005. The group's net interest bearing liabilities have been reduced from NOK 1 302,7 million as at 31 December 2005 to NOK 527,3 million as at 31 December 2006. The increase in the balance sheet total is attributed to the acquisition of companies in Norway and Peru in 2006.

## **Segments**

### **Fish meal and oil**

Fishmeal prices have increased markedly in the course of 2006. The group has achieved good prices for its products in the quarter, and as at 31 December 2006 the EBITDA margin was 29%.

Catch patterns and quota regulations affect the group's quarterly total catch and therefore the utilisation of the group's production facilities. This results in seasonal variations in production and sales volumes. The Group has sold in total 288.000 tons of fishmeal- and oil in 2006, out of this 58.000 tons were sold in 4<sup>th</sup> quarter.





## **Consumer products**

The total quantity sold for human consumption in the fourth quarter was approximately the same as that sold in the third quarter. In Chile, due to the start up of a new freezing plant in March 2006, part of the horse mackerel quota has been utilized for frozen products.

The Group has in total sold 58.000 tons of canned and frozen products, out of these 13.000 tons were sold in 4<sup>th</sup> quarter.

## **Trading**

Trading activity has generated a profit in the fourth quarter, after a difficult start of the autumn season.

## **Salmon**

Approximately 4.000 tons of salmon were sold in the quarter, and total sold quantity for the year is 11.000 tons. The company slaughtered less fish than planned due to the mortality of a locality. This has contributed to a lower EBITDA than expected in the period.

## **Company s shareholders**

The company had as at 31 December 2006 2 264 shareholders. The company was registered as an unlisted company (OTC) up to the date of Stock Exchange listing on the Oslo Stock Exchange, which was 11 October 2006.

## **Market and outlook**

The board is satisfied with the result for the year 2006 and expects continued good prices of our products and volumes in accordance with expectations.

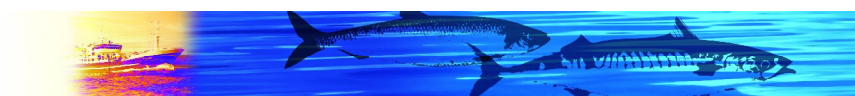
Storebø, Norway, 23 February 2006  
Austevoll Seafood ASA Board of Directors





# FINANCIAL REPORT 4th QUARTER 2006

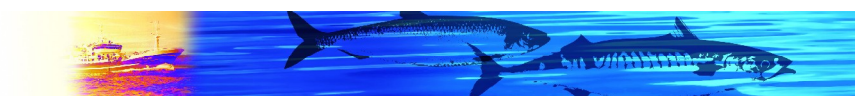
Condensed Consolidated Income Statement						
<i>All figures in NOK 1.000</i>	4Q 2006	4Q 2005	2006	2005	Pro forma 2006	Pro forma 2005
Operating income	884 534	687 913	2 717 723	1 791 305	3 465 922	3 170 373
Operating expenses	-701 148	-568 952	-2 130 905	-1 444 964	-2 661 623	-2 597 890
<b>Op.profit bef. Deprec. and adj. biom.</b>	<b>183 386</b>	<b>118 961</b>	<b>586 818</b>	<b>346 341</b>	<b>804 299</b>	<b>572 483</b>
Depreciation and amortisation	-48 750	-45 411	-146 326	-99 329	-213 476	-229 707
Depreciation of excess value inventory	-16 519	0	-140 221	0		
Impairment/Reversal of impairments	-	0	77 932	0	77 932	-1 909
<b>Operatin profit bef.adj.biomass</b>	<b>118 117</b>	<b>73 550</b>	<b>378 203</b>	<b>247 012</b>	<b>668 755</b>	<b>340 867</b>
Fair value adjustment of biomass	7 176	4 686	2 523	17 692	2 523	17 692
<b>Operating profit</b>	<b>125 293</b>	<b>78 236</b>	<b>380 726</b>	<b>264 704</b>	<b>671 278</b>	<b>358 559</b>
Income from associated companies	6 222	9 937	16 593	17 082	16 593	17 098
Net financial items	-14 994	-17 543	-62 295	-49 605	-85 532	-6 208
<b>Profit before tax</b>	<b>116 521</b>	<b>70 630</b>	<b>335 024</b>	<b>232 181</b>	<b>602 339</b>	<b>369 449</b>
Income tax expense	-30 877	41 890	-74 873	13 293	-125 632	-21 977
<b>Net profit</b>	<b>85 644</b>	<b>112 520</b>	<b>260 151</b>	<b>245 474</b>	<b>476 707</b>	<b>347 472</b>
Net profit from discontinued operations		-5 501	6 514	5 134	0	0
<b>Net profit including discontinued operations</b>	<b>85 644</b>	<b>107 019</b>	<b>266 665</b>	<b>250 608</b>	<b>476 707</b>	<b>347 472</b>
Profit to minority interests	6 075	8 378	2 273	9 871	15 546	10 264
Profit attribut. to equity holders of parent	79 569	98 641	264 392	240 737	461 161	337 208
Earnings per share	0,45	0,88	1,82	2,15	2,83	2,13
Diluted earnings per share	0,45	0,88	1,82	2,15	2,83	2,13





## Condensed Consolidated Balance Sheet

<i>All figures in NOK 1.000</i>	<b>31.12.2006</b>	<b>31.12.2005</b>
<b>Assets</b>		
Deferred tax benefit		-
Intangible assets	1 385 261	845 562
Vessels	704 408	484 899
Other property, plant and equipment	1 815 689	597 079
Investments in associated companies	145 124	102 176
Investments in other shares	26 298	59 342
Other long-term receivables	70 524	115 243
<b>Total non-current assets</b>	<b>4 147 303</b>	<b>2 204 301</b>
Inventories	434 604	111 401
Biological assets	224 771	181 995
Accounts receivable	429 290	204 080
Other current receivables	188 417	271 032
Available-for-sale financial assets	10 428	8
Cash and cash equivalents	1 411 492	126 493
<b>Total current assets</b>	<b>2 699 003</b>	<b>895 009</b>
<b>Total assets</b>	<b>6 846 306</b>	<b>3 099 310</b>
<i>All figures in NOK 1.000</i>	<b>31.12.2006</b>	<b>31.12.2005</b>
<b>Equity and liabilities</b>		
Share capital	89 112	56 097
Share premium fund	2 798 795	512 088
Retained earnings and other reserves	665 893	336 826
Minority interests	83 200	77 034
<b>Total equity</b>	<b>3 637 000</b>	<b>982 045</b>
Deferred tax liabilities	621 381	282 852
Pension obligations	18 287	4 546
Borrowings	1 354 378	1 007 087
Other long-term liabilities	28 630	113 692
<b>Total non-current liabilities</b>	<b>2 022 677</b>	<b>1 408 177</b>
Short term borrowings	233 913	173 209
Overdraft facilities	380 540	264 745
Accounts payable	367 447	161 445
Other current liabilities	204 729	109 689
<b>Total current liabilities</b>	<b>1 186 629</b>	<b>709 088</b>
<b>Total liabilities</b>	<b>3 209 306</b>	<b>2 117 265</b>
<b>Total equity and liabilities</b>	<b>6 846 306</b>	<b>3 099 310</b>





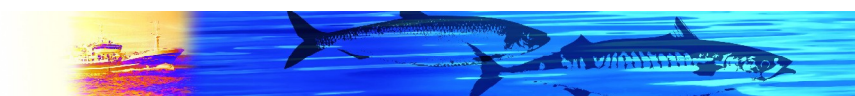
## Consolidated Statement of changes in Equity

All figures in NOK 1.000	4Q 2006	4Q 2005	2006	2005
<b>Equity period start</b>	<b>2 920 048</b>	<b>918 594</b>	<b>982 045</b>	<b>712 603</b>
Profit for the period	85 644	107 019	266 665	250 608
Currency translation differences	-55 454	30 019	-23 296	53 026
Other gains and losses charged directly to equity		-2 811		-2 811
Total gains and losses charged directly to equity	-55 454	27 208	-23 296	50 215
<b>Total recognised income for the period</b>	<b>30 190</b>	<b>134 227</b>	<b>243 369</b>	<b>300 823</b>
Dividends		-		-1 417
Mergers and demergers	-6 514	-	-126 115	
Acquisition of minorities	-17 852	-70 776	-217 136	-70 776
Minority interests arising from business combinations	-291	-	119 365	40 812
Revaluation of existing interests related to business comb.	-40 912	-	247 774	-
New equity from cash contributions and contrib. in kind	780 000	-	2 453 199	-
Expenses related to share issues (net of tax)	-27 669	-	-65 501	-
<b>Total equity from shareholders in the period</b>	<b>686 762</b>	<b>-70 776</b>	<b>2 411 586</b>	<b>-31 381</b>
<b>Total change of equity in the period</b>	<b>716 952</b>	<b>63 451</b>	<b>2 654 955</b>	<b>269 442</b>
<b>Equity at period end</b>	<b>3 637 000</b>	<b>982 045</b>	<b>3 637 000</b>	<b>982 045</b>

## Condensed Consolidated Cash Flow Statement

All figures in NOK 1.000	4Q 2006	4Q 2005	2006	2005
<b>Net cash flow from operating activities</b>	<b>358 391</b>	<b>-31 173</b>	<b>935 647</b>	<b>53 690</b>
<b>Net cash flow from investing activities</b>	<b>-155 619</b>	<b>27 421</b>	<b>-1 005 464</b>	<b>-162 829</b>
<b>Net cash flow from financing activities</b>	<b>492 682</b>	<b>-11 421</b>	<b>1 354 816</b>	<b>212 992</b>
<b>Net change in cash and cash equivalents</b>	<b>695 454</b>	<b>-15 173</b>	<b>1 284 999</b>	<b>103 853</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>716 038</b>	<b>141 666</b>	<b>126 493</b>	<b>22 640</b>
<b>Cash and cash equivalents at period end</b>	<b>1 411 492</b>	<b>126 493</b>	<b>1 411 492</b>	<b>126 493</b>

### Note 1







## Segment information

Business segments							4Q 2006						
<i>All figures in NOK 1.000</i>							Operating revenue	EBITDA before fair value adj.biomass	EBITDA %	EBIT before fair value adj.biomass	EBIT %	Operating profit	
Fishmeal/oil							427 360	136 229	32 %	90 690	21 %	90 690	
Human Consumption							209 824	26 205	12 %	19 758	9 %	19 758	
Trading							323 530	9 038	3 %	6 212	2 %	6 212	
Salmon							115 552	15 971	14 %	6 921	6 %	14 097	
Not allocated/elimination							-191 732	-4 057		-5 464		-5 464	
<b>Total Group</b>							<b>884 534</b>	<b>183 386</b>	<b>21 %</b>	<b>118 117</b>	<b>13 %</b>	<b>125 293</b>	

Business segments							4Q 2005						
<i>All figures in NOK 1.000</i>							Operating revenue	EBITDA before fair value adj.biomass	EBITDA %	EBIT before fair value adj.biomass	EBIT %	Operating profit	
Fishmeal/oil							20 542	3 948	19 %	9 331	45 %	9 331	
Human Consumption							94 281	9 149	10 %	-17 209	-18 %	-17 209	
Trading							363 615	-120	0 %	-2 724	-1 %	-2 724	
Salmon							71 079	11 141	16 %	-973	-1 %	3 711	
Not allocated/elimination							138 396	94 843		85 125		85 127	
<b>Total Group</b>							<b>687 913</b>	<b>118 961</b>	<b>17 %</b>	<b>73 550</b>	<b>11 %</b>	<b>78 236</b>	

Business segments							Full year 2006						
<i>All figures in NOK 1.000</i>							Operating revenue	EBITDA before fair value adj.biomass	EBITDA %	EBIT before fair value adj.biomass	EBIT %	Operating profit	
Fishmeal/oil							1 367 064	397 629	29 %	185 051	14 %	185 051	
Human Consumption							456 378	64 661	14 %	27 872	6 %	27 872	
Trading							950 880	3 553	0 %	-4 625	0 %	-4 625	
Salmon							341 165	104 453	31 %	152 840	45 %	155 363	
Not allocated/elimination							-397 764	16 521		17 066		17 066	
<b>Total Group</b>							<b>2 717 723</b>	<b>586 817</b>	<b>22 %</b>	<b>378 204</b>	<b>14 %</b>	<b>380 727</b>	

Business segments							Full year 2005						
<i>All figures in NOK 1.000</i>							Operating revenue	EBITDA before fair value adj.biomass	EBITDA %	EBIT before fair value adj.biomass	EBIT %	Operating profit	
Fishmeal/oil							206 029	40 894	20 %	37 485	18 %	37 485	
Human Consumption							273 177	33 035	12 %	563	0 %	563	
Trading							1 009 933	17 353	2 %	9 170	1 %	9 170	
Salmon							348 918	55 680	16 %	24 150	7 %	23 042	
Not allocated/elimination							-46 752	199 379		175 645		194 444	
<b>Total Group</b>							<b>1 791 305</b>	<b>346 341</b>	<b>19 %</b>	<b>247 013</b>	<b>14 %</b>	<b>264 704</b>	

Business segments							Proforma Full year 2006						
<i>All figures in NOK 1.000</i>							Operating revenue	EBITDA before fair value adj.biomass	EBITDA %	EBIT before fair value adj.biomass	EBIT %	Operating profit	
Fishmeal/oil							1 995 450	587 784	29 %	461 899	23 %	461 899	
Human Consumption							581 073	85 193	15 %	38 104	7 %	38 104	
Trading							950 880	3 553	0 %	-4 625	0 %	-4 625	
Salmon							341 165	104 453	31 %	152 840	45 %	155 363	
Not allocated/elimination							-402 646	23 316		20 537		20 537	
<b>Total Group</b>							<b>3 465 922</b>	<b>804 299</b>	<b>23 %</b>	<b>668 755</b>	<b>19 %</b>	<b>671 278</b>	

Business segments							Proforma Full year 2005						
<i>All figures in NOK 1.000</i>							Operating revenue	EBITDA before fair value adj.biomass	EBITDA %	EBIT before fair value adj.biomass	EBIT %	Operating profit	
Fishmeal/oil							1 448 968	304 090	21 %	164 125	11 %	164 125	
Human Consumption							409 309	20 931	5 %	-32 223	-8 %	-32 223	
Trading							1 009 933	17 353	2 %	9 170	1 %	9 170	
Salmon							348 918	55 680	16 %	24 150	7 %	41 842	
Not allocated/elimination							-46 755	174 429		175 645		175 645	
<b>Total Group</b>							<b>3 170 373</b>	<b>572 483</b>	<b>18 %</b>	<b>340 867</b>	<b>11 %</b>	<b>358 559</b>	

## Note 2





## **Accounting principles**

This interim report has been prepared in accordance with International Financial Reporting Standards (IFRS) and the standard for interim reporting (IAS 34). The interim report, including historical comparison figures, is based on current IFRS standards and interpretations. Changes in the standard and interpretation may result in changes to profit/loss.

## **Note 3**

### **Restated comparative figures for previous periods - IAS41**

After conversion to IFRS, Austevoll Seafood and stock market listed fish farming companies in Norway have valued the stock of living fish at the estimated market value for harvest ready fish, while smaller fish that are not harvest ready, are valued at cost. The Financial Supervisory Authority of Norway is responsible for inspecting the financial reports of listed companies. The authority has communicated its disagreement with the fish farming industry's interpretation of IAS 41, with regard to the use of cost price when valuing fish of less than 4 kg. The Financial Supervisory Authority of Norway was of the opinion that revaluation should be based on a valuation of both harvest ready and non harvest ready stocks of fish. The fish farming industry appealed the decision to the Ministry of Finance. At the end of December 2006 it became clear that the Ministry of Finance upheld The Financial Supervisory Authority of Norway's interpretation. As a result of this, Austevoll Seafood has re-valued all biomass for interim periods and the year in accordance with The Ministry of Finance's resolution. Previously reported comparative figures are similarly restated. EBITDA before revaluation of biomass, which is the group's key figure for result measurement, is unaffected by the change and the restatement has no effect on cash. Further information linked to the restatement is available in the restatement document, which can be obtained from [www.auss.no](http://www.auss.no).

## **Note 4**

### **Principle for reporting earnings**

As a result of converting to IFRS, the group has introduced the concepts of Operating profit before depreciation and fair value adjustment biomass and Operating profit before fair value adjustment biomass. These two concepts primarily correspond to the previous terms used for reporting earnings EBITDA and EBIT. The revaluations required mainly involve reporting live fish at an estimated market value instead of at cost value. Austevoll Seafood has decided to report the operating profit/loss before value adjustments, to be able to identify the profit/loss on the actual turnover for the period.

## **Note 5**

### **Acquisition of Karmsund Fiskemel AS**

Austevoll Seafood ASA's subsidiary Welcon AS in the 4th quarter 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. Welcon AS paid NOK 176,7 million for the shares, while the underlying shareholders' capital recognized in the balance sheet was NOK 90,7 million. In the preliminary acquisition analyse, NOK 31 million of goodwill is allocated to assets and 0,9 million to inventory. Deferred tax relating to goodwill allocated to identifiable assets and liabilities was NOK 8,9 million, which means that the excess goodwill was NOK 63,0 million.

