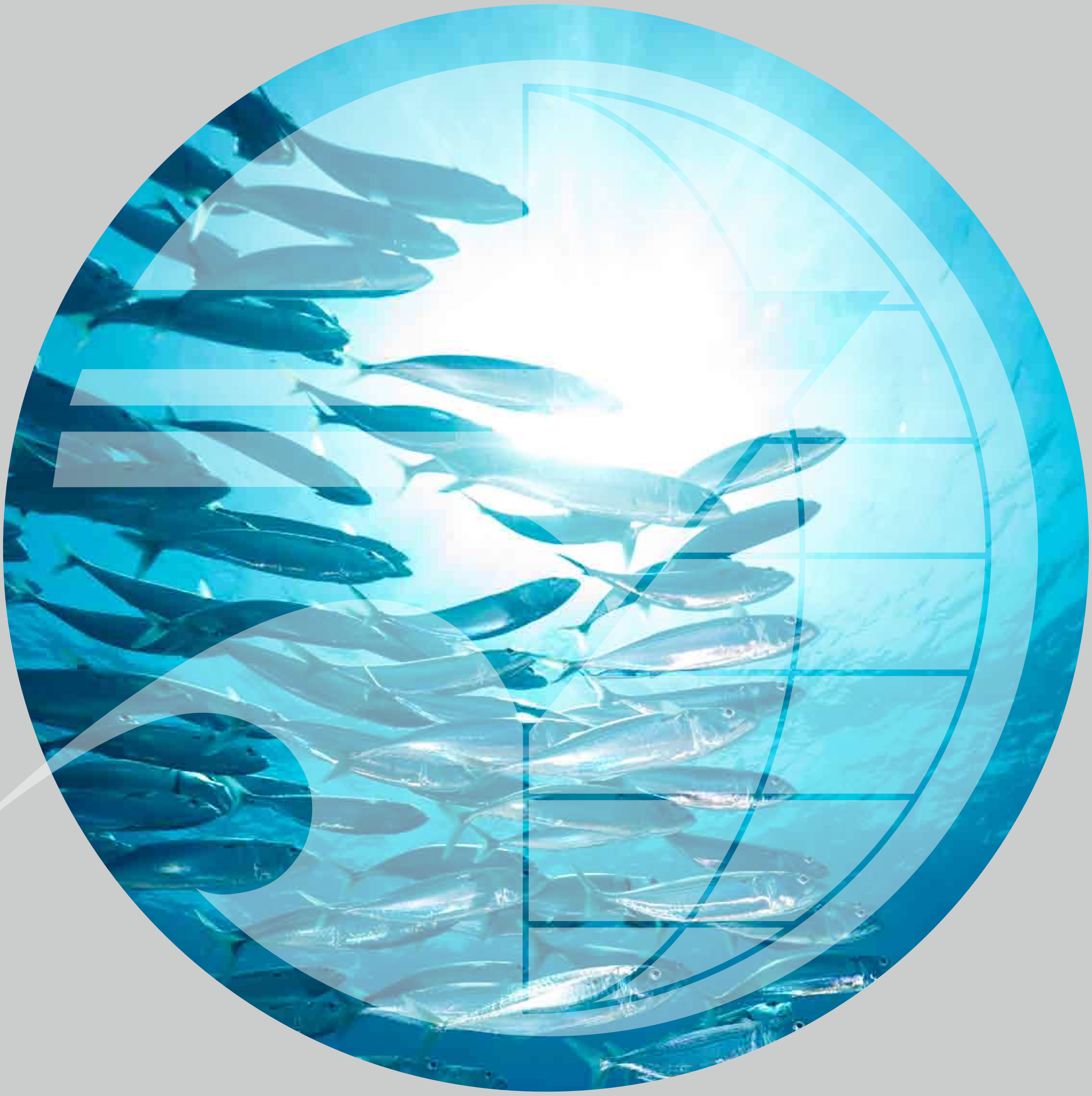
ANNUAL REPORT 2011
AUSTEVOLL SEAFOOD ASA 30 YEARS ANNIVERSARY



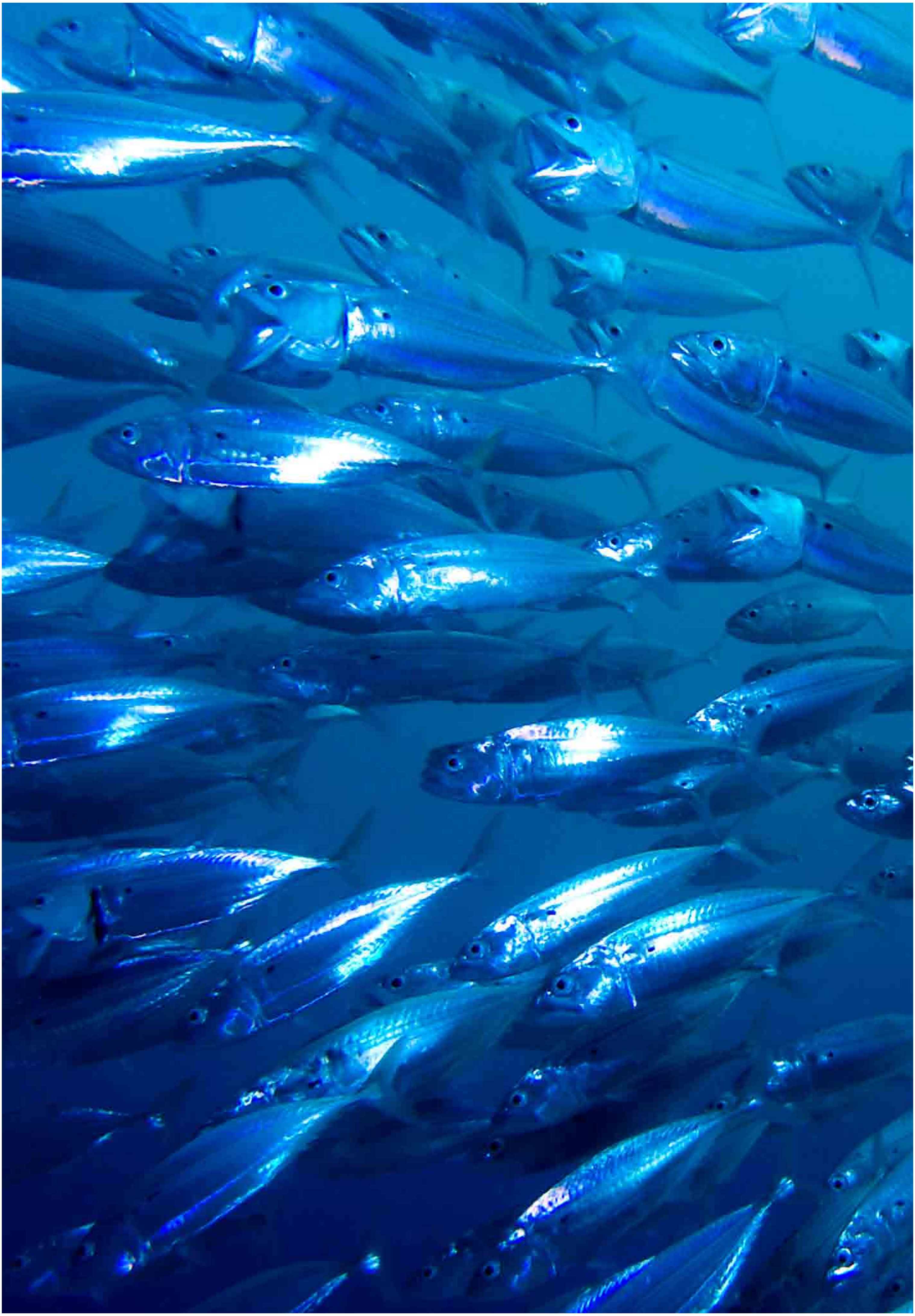
Austevoll Seafood ASA

30 YEAR ANNIVERSARY (1981 - 2011)

Beginning as a local fishing and fish farming company on the West coast of Norway, Austevoll Seafood ASA (AUSS) has in 30 years grown into one of the largest seafood companies within the global seafood industry.

AUSS main operations are located in Europe, Chile and Peru, with our head office located in Austevoll, Norway. Our group activities are currently divided into four segments – production of fishmeal and oil, products for direct human consumption, pelagic production North Atlantic and production, and sales and distribution of Atlantic salmon and trout.

On the 26th of November 2011, AUSS together with LACO AS and companies jointly celebrated our 30 years in the business in recognition of the achievements made by the company and the group.



FINANCIAL CALENDER 2012

15.05.2012	Results Q1 2012
24.05.2012	Ordinary General Meeting
23.08.2012	Results Q2 2012
13.11.2012	Results Q3 2012
26.02.2013	Preliminary annual results 2012

Dates are given with reservation in case of changes.

CONTENT

THE GROUP

PARENT COMPANY

1981

The company was established by Alf, Helge and Ole Rasmus Møgster and started its operation within fish farming and projects within international fisheries.

Havsnurp.


Lerøy Farm, Årøya.

HISTORY

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

AUSS' activities include ownership and operation of fishing vessels, fishmeal plants, canning plants, freezing plants, salmon farming and marketing and sales. AUSS is a publicly quoted company listed on the Oslo Stock Exchange since 2006. At the end of 2011 the AUSS group had about 7,532 employees worldwide.

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

AUSS was established based on Austevoll Havfiske AS, one of the top pelagic fishery and salmon farming companies in Norway. The main shareholder of the company is Laco AS, a company under joint control by the Møgster family.

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

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

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

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

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

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

During July and August 2010 AUSS acquired 33.27 per cent of the share capital in Norway Pelagic ASA (NPEL). NPEL is a world leader in production and sales of frozen pelagic fish for human consumption.

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

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

In June 2011 AUSS increased its shareholding in Norway Pelagic ASA to 43.3 per cent upon the merger between Austevoll Fisk AS, a wholly owned subsidiary of AUSS, and Norway Pelagic AS.

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

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

In December 2011 AUSS entered into an agreement for acquisition of 50% of the shares in Hordafor AS through its fishmeal and -oil entity in the Northern Atlantic, Welcon Invest AS. Hordafor AS (Group) is a producer of protein concentrate and marine oils based on by-products from the pelagic industry and the salmon industry. Hordafor is located with production facilities along the coast of Norway, and has a well developed logistics system for collection of by-products. The products of the company are primarily used as input ingredients in feed products for the aquaculture and agro sector. The acquisition was completed 9th of February 2012.

At the end of 2011 the AUSS group had about 7,532 employees worldwide.

Arne Møgster, CEO & Britt Kathrine Drivenes, CFO.

IMPORTANT STRATEGIC EVENTS THE LAST 10 YEARS

2011

Increased ownership in Norway Pelagic ASA (NPEL) from 33.27% to 43.3%

2003
• Acquisition of 100% of FoodCorp S.A in Chile

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

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

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

2009
• Consolidation with Origin Enterprises plc
• Decreased ownership in Lerøy Seafood Group ASA to 63.7%
• Increased ownership in Bodø Sildoljefabrikk AS from 40% to 50%
• Completed a private placement for a total of 18,400,000 new shares

2010
• Acquisition of 33.27% of the share capital of Norway Pelagic ASA (NPEL)
• Sale of the entire shareholding of Epax Holding AS

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

2011 - ANOTHER GOOD YEAR

2011 is another good year for Austevoll Seafood Group (AUSS). Driven by strong performances within both the salmon and fishmeal segments, the group achieved a remarkable EBITDA of MNOK 2,045.

The fishery in Peru has seen a strong recovery of the anchovy biomass in 2011 with approximately 7 million tons harvested compared to 3.2 million tons in 2010. Effective utilization of assets by Austral Group S.A.A has resulted in approximately 10% of the total Peruvian catch landing at our plants. Austral Group S.A.A was awarded with the 2011 "Quality Leading Medal Gold" given by the Quality National awards. This is in line with AUSS's vision of providing "Quality for the World". In 2012, we will continue to focus on optimizing cost structure to suit the current environment, reducing the total cost of operations.

In respect of the North Atlantic fisheries, Welcon experienced a reduction in raw material supply due to the lowered 2011 quota of herring and blue whiting. Experiencing a drop in overall fishmeal and fish oil prices during 2011, Welcon focused on adapting raw material purchases to suit the current price environment.

Our Human Consumption segment in 2011 experienced lowered Chilean catches compared with 2010. This is due to building up of the pacific jack mackerel biomass. We continue to focus on cost optimization and allocating the majority of the fish to direct human consumption products. With the reduction of total Chilean 2012 quota, we have entered into cooperation with Alimar SA to jointly optimize our plant assets. In Peru, catches for Human Consumption made a very positive recovery with landings of 64,000 tons in 2011, compared with only 450 tons in 2010.

We have further strengthened our position in the Pelagic North Atlantic segment through our acquisition in Norway Pelagic ASA. The merging of our Human Consumption North Atlantic activity with Norway Pelagic AS was completed in July 2011, bringing our ownership in Norway Pelagic ASA from 33.27% to 43.3%. Our aim is to create stability for all parties involved in the value chain. The fishermen delivering their catches must be assured that they obtain competitive prices, and our customers must be confident that they receive high quality products at the right prices. We look forward to developing this industry together with the administration and the other shareholders of Norway Pelagic ASA.

As the second largest salmon producer in the world, Lerøy Seafood Group ASA has performed well despite the fall in prices for salmon and trout in the second half of the 2011. We produced a total of 147,600 tons of salmon and trout, which is a 13 % increase compared with 2010. We continue to strengthen our sales and distribution units with the acquisitions of Rode in Holland and Jokkisen in Finland, strategically bringing us closer to the market.

As for its environmental and sustainability commitment, AUSS understands the absolute importance of protecting the environment as key to the survival of the fishing industry. Operating with a strict sustainable environmental policy throughout our organization, we strive to ensure that our products are produced only from environmentally sustainable sources. It is our long term strategic goal to be among the leaders in environmental policies across the global seafood industry. By practicing sustainability management today, we can safeguard our industry for tomorrow.

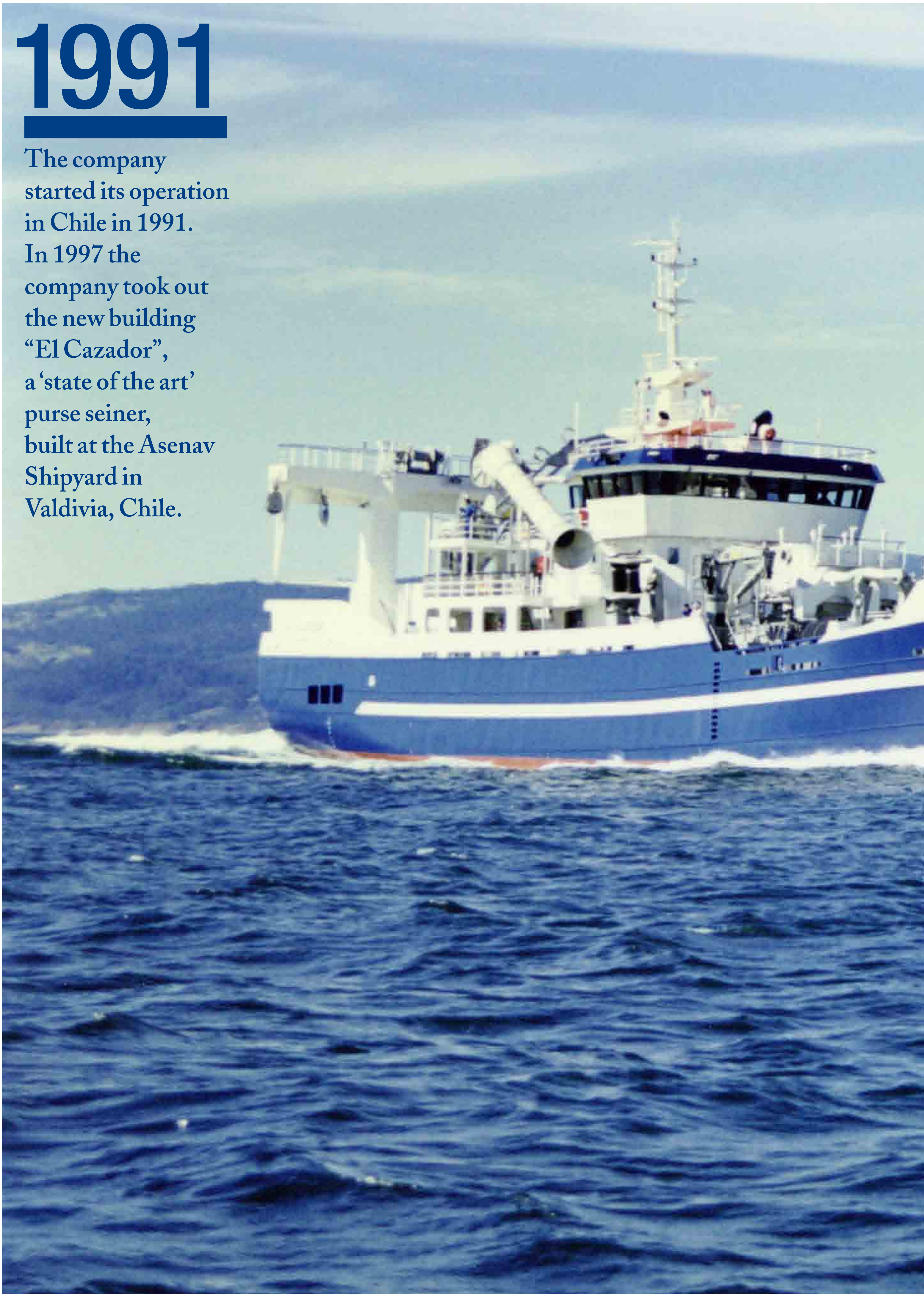
AUSS has made significant and strategic investments in assets and companies over the last few years. Having started as a small family-owned fishing company in 1981, today we have developed into a fully integrated seafood company operating in a global environment. We owe our success to our suppliers, customers and last but not least our employees. I would like to thank all of our employees both past and present for their dedication, sacrifices and trust in our company over the last 30 years. I am proud to be a part of AUSS and I look forward to further developing the company in the future.

Arne Møgster, CEO
Austevoll Seafood ASA

I would like to thank all of our employees both past and present for their dedication, sacrifices and trust in our company over the last 30 years.

1991

The company started its operation in Chile in 1991. In 1997 the company took out the new building "El Cazador", a 'state of the art' purse seiner, built at the Asenav Shipyard in Valdivia, Chile.



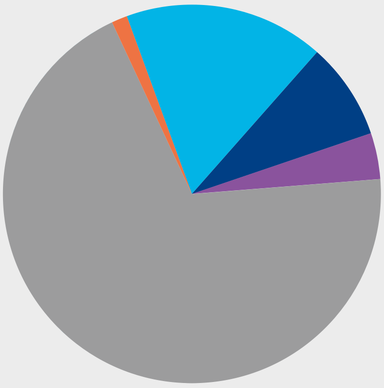
El Cazador

AMOUNTS IN NOK 1.000		2011	2010	2009
Profit and loss account				
Operating income		12 161 571	12 744 751	11 324 609
Operating expenses		-10 115 798	-10 203 924	-9 402 914
EBITDA		**2 045 773**	**2 540 827**	**1 921 695**
Depreciation, amortisation, impairment and depreciation of excess value		-512 339	-557 052	-479 202
EBIT (before fair value adj.biological assets)		**1 533 434**	**1 983 775**	**1 442 493**
Fair value adjustment of biological assets		-615 767	298 538	60 483
OPERATING PROFIT		**917 667**	**2 282 313**	**1 502 976**
Income from associated companies		45 793	191 761	80 341
Net financial items		-191 024	-248 582	-252 982
Profit before tax		772 436	2 225 492	1 330 335
Net profit		**526 663**	**1 766 080**	**987 952**
Profit to minority interests		157 279	544 547	264 606
Balance sheet				
Intangible assets		6 082 817	6 024 816	5 599 398
Vessels, other property, plant and equipment		3 980 271	3 864 944	3 871 051
Other non current assets		1 252 273	1 068 856	669 809
Current assets		7 259 124	8 083 619	6 150 951
Total assets		**18 574 485**	**19 042 235**	**16 291 209**
Equity		9 199 607	9 110 861	7 095 482
Long term liabilities		6 153 382	6 900 295	6 323 137
Short term liabilities		3 221 496	3 031 079	2 872 590
Total equity and liabilities		**18 574 485**	**19 042 235**	**16 291 209**
Cash flow				
Net cash flow from operating activities		**1 031 654**	**2 112 276**	**1 679 108**
Key ratios				
Liquidity ratio	1	2,25	2,67	2,14
Equity-to-asset ratio	2	50 %	48 %	44 %
EBITDA margin	3	17 %	20 %	17 %
Return on equity	4	6 %	22 %	16 %
Average no. of shares (thousands)		**202 717**	**202 717**	**188 917**
Earnings per share	5	1,82	6,03	3,83

KEY FIGURES AUSTEVOLL SEAFOOD

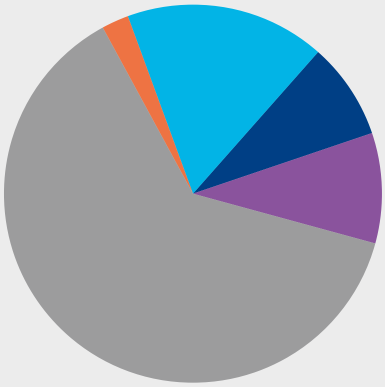
1) Current assets/short term liabilities
2) Equity/total capital
3) Operating profit/loss before depreciaton expressed as a percentage of operating income
4) Net profit after tax (incl. discontinued operations) expressed as a percentage of average equity
5) Net profit after tax (incl. discontinued operations)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

OPERATING REVENUE 2011



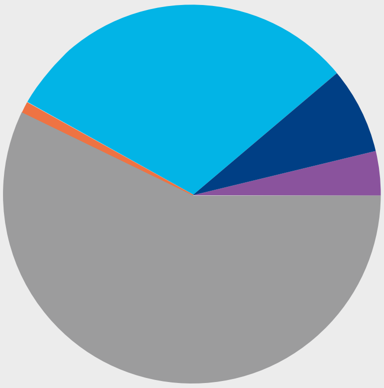
Fishmeal-and oil 1 819 993
Human Consumption 671 042
Pelagic North Atlantic 798 544
Farming, sales and distribution 9 176 873
Other/elimination -304 881

OPERATING REVENUE 2010



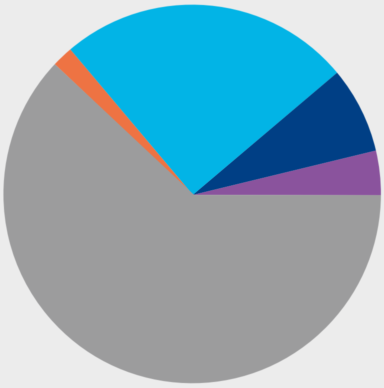
Fishmeal-and oil 2 001 756
Human Consumption 807 855
Pelagic North Atlantic 1 436 160
Farming, sales and distribution 8 887 671
Other/elimination -388 691

EBITDA 2011



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

EBITDA 2010



Fishmeal-and oil 521 096
Human Consumption 166 405
Pelagic North Atlantic 63 311
Farming, sales and distribution 1 805 874
Other/elimination -15 859

Fishmeal and oil | Human Consumption | Pelagic North Atlantic | Farming, sales and distribution | Other/ elimination

COMPANY OVERVIEW

KEY FACTS ABOUT AUSS

Harvesting
500-600,000 tons
37 vessels

Primary processing
55 processing plants
Handling 1.4 mill tons of fish

Salmon
150-160 tons of salmon

Employees
7,532 total employees

SALES OFFICES

NORTH ATLANTIC

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

PERU

7% of Anchovy quota
12 processing plants
30 vessels

CHILE

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

*associated

FISHMEAL AND OIL

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

The main sources for fish meal and fish oil production differ according to geographic area for the group.

In Europe trimmings from the pelagic fish going in for human consumption production, as well as whole capelin and sand eel are the main sources for fish meal and fish oil. In 2011 approximately 54 % of the raw material produced at our plants in Europe was from trimmings. The main season for fishmeal and fish oil production is between September and May, with peaks from November to March.

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

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

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

In Peru, the main sources for production of fishmeal and fish oil are anchoveta and trimmings. The group's company, Austral Group S.A.A, in Peru has quota for anchoveta fishing. Anchoveta fishing has historically been based on an "Olympic system", whereby a total quota was established for the entire Peruvian fleet. A new legislation based on individual quotas was adopted for the first time in 2009. The total days of fishing increased compared to earlier year and new system allows the industry to move from an expensive way of harvesting with the "Olympic race", to maximising product value through economies of scale and improvements in the quality of both raw material and finished products. Trimmings are supplied from our own plants processing fish for human consumption.

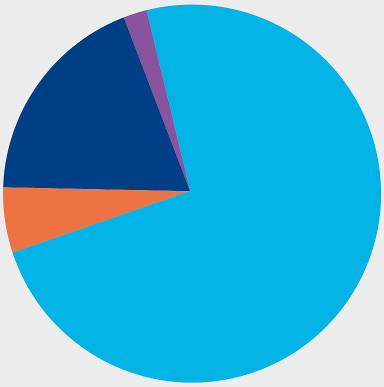
Austral Group S.A.A has"Friend of the Sea" certification. This audit conducted by an independent accredited certification body with in-depth knowledge of the fishery, focusing on anchovies, horse and pacific mackerel. Certification is given to products from anchovies and pacific mackerel and may only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

All our operating plants in Peru and Europe are also certified with the IFFO RS certification given by the independent body Global Trust. This will demonstrate a responsible sourcing of our products.

In 2011, the Group handled 9.7% of the 2,670,000 tons of fishmeal that the IFFO 6 countries produced.

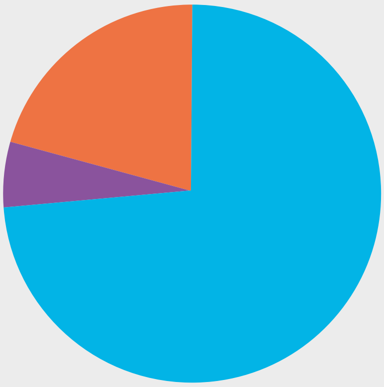
The IFFO countries are defined as *Peru, Chile, Norway, Iceland, Denmark, Ireland, UK and Faroe Island. These countries count for about 51 % of world fishmeal- and 58% world fishoil production in 2011.*

PERCENTAGE OF FISHMEAL USAGE PER MARKET 2010



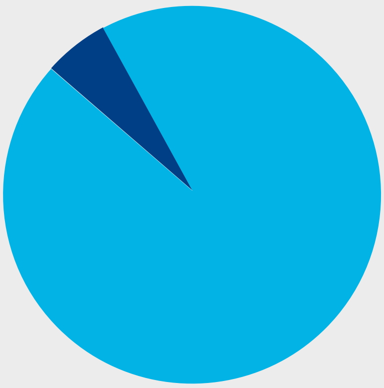
Aquaculture 73 %
Chicken 5 %
Others 2 %
Pig 20 %

PERCENTAGE OF FISHMEAL USAGE PER MARKET 2010



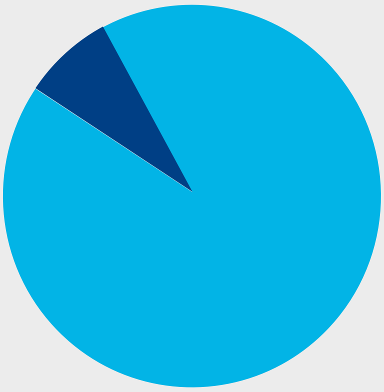
Aquaculture 75 %
DHC 25 %
Others* 5 %

TOTAL PRODUCTION OF FISHMEAL IFFO 6 2,670,000 TONS (2011)



AUSS 9.7 %
Rest of IFFO 6, 90.3 %

TOTAL PRODUCTION OF FISHOIL IFFO 6 608,000 TONS (2011)



AUSS 12.2 %
Rest of IFFO 6, 87.8 %

The world fishmeal production for 2011 is indicated to have increased by about 27%, from 4,135,000 tons to about 5,250,000 tons.

MARKET OUTLOOK

In 2011, the Group handled 12.2% of the 608,000 tons of fishoil that the IFFO 6 countries produced.

FISHMEAL

2011 started the year as an undersupplied market mainly due uncompleted quota of the Peruvian summer season fisheries. As the year went by the supply improved, prices settled at a lower level and the demand stabilized. The world fishmeal production for 2011 is indicated to have increased by about 27% to 5,250,000 tons (4,135,000 tons)

Current price level of vegetable protein combined with the yearly increase of global aqua-feed manufactured provide good support for the market. Future developments will depend on both supply from Peru as well as chinese demand - the two largest global actors in fishmeal.

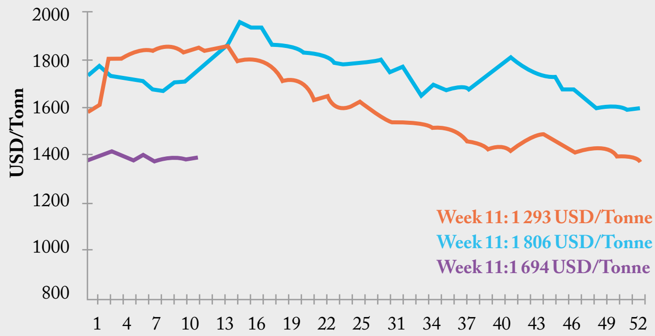
FISHOIL

During 2011 we have seen price being reduced by about 30%, stabilizing at the level of USD 1400-1500 pr tons delivered in Europe for second half of the year. The price reduction was well driven by a strong production, mainly from Peru, where the world production for the year is estimated to be 1,050,000 tons, up 18% from 2010.

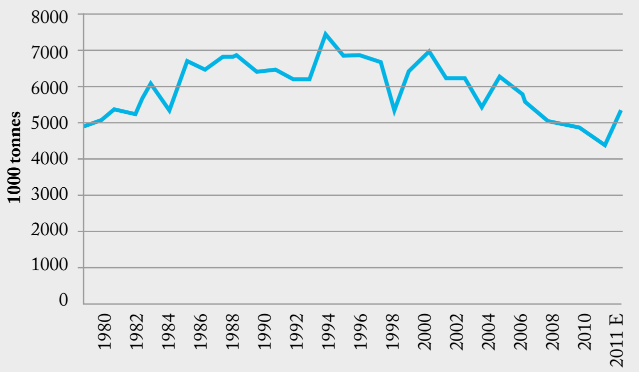
Going forward, we expect good demand for our products with a positive pricetrend. Given a growing world population and increasing prices for most commercial foodstuffs, we expect that protein- and omega3-rich products will be valuable in the future.

2010 2011 2012

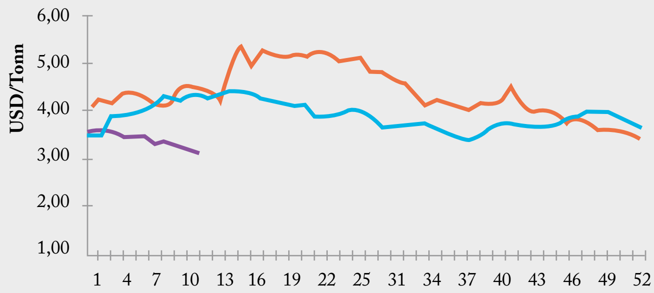
FISHMEAL-PRICE (64/65 % C&F HAMBURG)



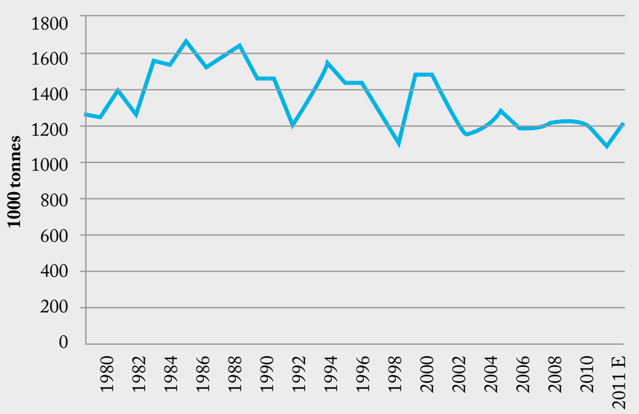
PRODUCTION OF FISHMEAL WORLD WIDE 1980–2011 E



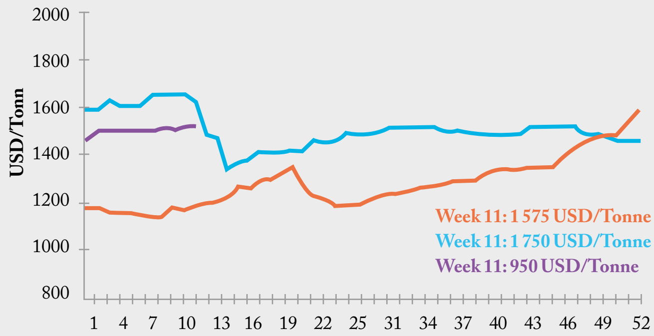
PRICE-RATIO FISHMEAL/SOYAMEAL



PRODUCTION OF FISHOIL WORLDWIDE 1980 - 2010 E



FISHMEAL-PRICE (64/65% C&F HAMBURG)



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

HUMAN CONSUMPTION

Canned fish production increased in Chile from 2.5 million in 2010 to 4.2 million cases in 2011.

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

The group produces canned products from various species such as horse mackerel, mackerel, sardines, tuna fish, salmon and mussels. The shelf life of canned fish is up to 5 years, and logistics are very simple as these products do not require refrigeration. Canned fish is a tasty and affordable source of protein.

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

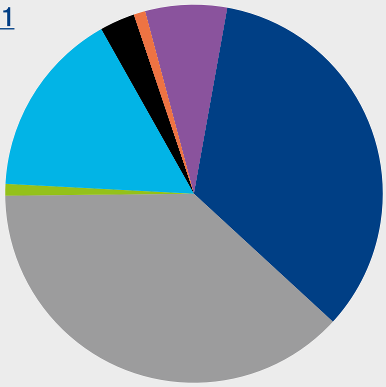
The Human Consumption segment comprise of Austral Group S.A.A in Peru and FoodCorp Group in Chile. In Peru Austral Group have three production facilities located in Paita, Coicho and Pisco. In 2011 Austral Group processed 78.000 tons in their facilities, of which 64.000 tons of horse mackerel and mackerel was caught by Austral Group`s own fishing fleet. Of Austral Group`s total sales of canned products in 2011 38% was sold in the domestic market and 62% was exported to 20 countries all over the world, of which 10 countries were new markets in 2011.

FoodCorp Group in Chile has three production facilities, two located in Coronel and one in Puerto Montt. The two latest year we have experienced a sharp reduction on the horse mackerel quota in Chile and the FoodCorp`s focus has been to use as much as possible of the raw material for frozen production, and the company was the leader in the Chilean industry in volume percentage of usage of fish for frozen production.

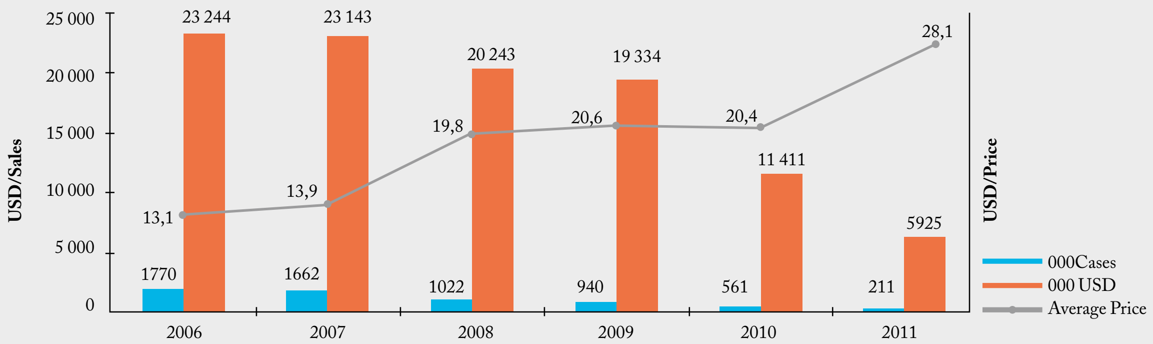
Canned fish production increased in Chile from 2.5 million in 2010 to 4.2 million cases in 2011. The low volume in 2010 was mainly due to the earthquake that affected several canning plants. For year 2012, expectations are a total Chilean production in the order of 4.5 million cases. High production of canned products in Peru in 2011 and imports from China have pressed the prices down at end of the year 2011.

AUSTRAL GROUP SALES PER CONTINENT 2011

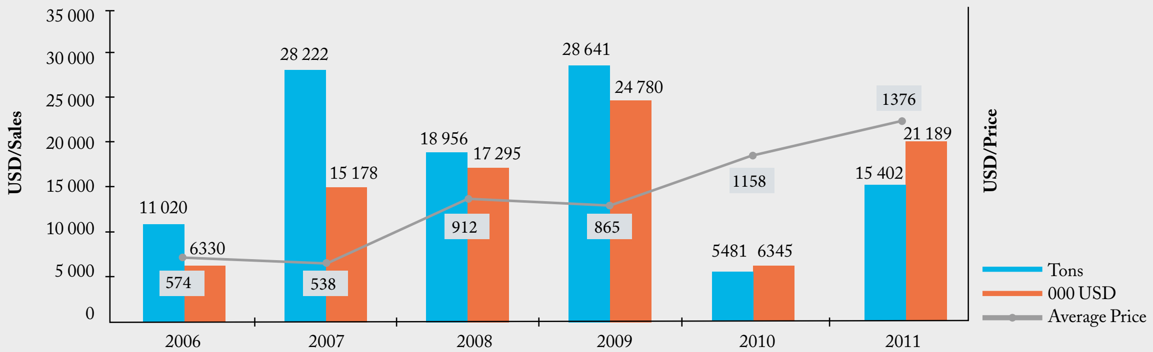
North, Central America and the Caribbean 7 %
Europe 1 %
South America (Excluding Peru) 34 %
Peru 38 %
Africa 16 %
Asia 3 %
Oceania 1 %



FOODCORP CANNED FISH SALES AND PRICES

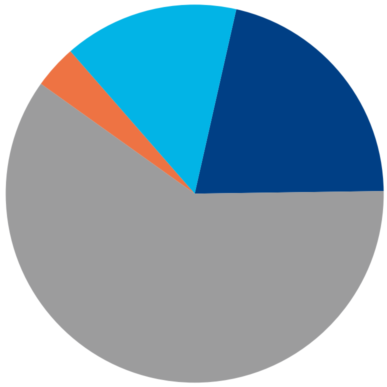


FOODCORP FROZEN FISH SALES AND PRICES



NP Liavåg, Norunn Skeide.

RAW MATERIAL DISTRIBUTION IN 2011 (TONS)



Herring 267' tons
Horsemackerel 8' tons
Capelin 56' tons
Mackerel 127' tons

PELAGIC NORTH ATLANTIC

From 1 January to 30 June 2011, Pelagic North Atlantic comprised the sales company Atlantic Pelagic AS and the production plants Austevoll Fiskeindustri AS, Sir Fish AS, Modolv Sjøset AS and North Capelin Honningsvåg AS. The above mentioned companies were part of the Austevoll Fisk Group. On 1 July 2011, Austevoll Fisk AS was merged with Norway Pelagic ASA`s wholly owned subsidiary Norway Pelagic AS. Austevoll Seafood ASA owns 43.3% of Norway Pelagic ASA (NPEL) and the company is reported as an associated company under the business segment Pelagic North Atlantic.

NPEL was established in 2007. It currently consists of 15 production facilities along the Norwegian coast and employs 415 full-time equivalents. The company has developed from a long line of independent producers of fish, all of which were largely based on the Norwegian fishing industry break through in the export of pelagic fish in the late 1980`s. NPEL was listed on the Oslo Stock Exchange in 2008. In 2011 NPEL processed 465,000 tons of raw pelagic fish.

In 2011, one billion * meals consisting of pelagic fish worldwide came from NPEL. The growing world population and higher living standards are leading to increased consumption of food. At the same time, the world`s wild fish stocks are under pressure in many areas. In this context, NPEL is conscious of its role as the leading supplier of pelagic fish. NPEL wish to make their surroundings aware of the fact that, not only are the products healthy and delicious, but the company are also part of a responsible system for harvesting fish stocks that focuses on research and sustainable development. NPEL also have modern production plants and work with a state of the art fishing fleet that are capable of ensuring a high level of quality. This sums up to NPEL`s business idea; NPEL aim to be a responsible, environmentally friendly and sustainable supplier of healthy, high quality products. The company believes that awareness of and focus on this issue will increase in the years ahead and it is this type of awareness that the company wishes to instil in its employees, suppliers and, not least, its customers. In this way NPEL will create a basis for a profitable future.

** assuming one meal = 200–250 gram of fish*

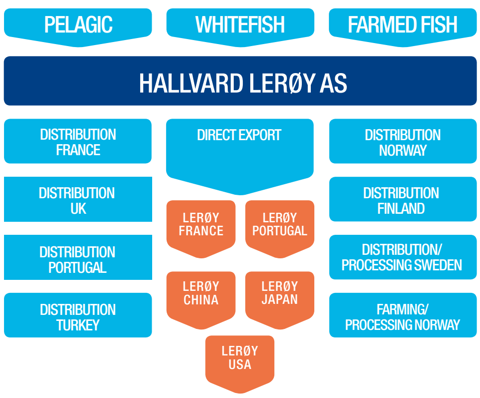
In 2011, one billion meals (200-250 grams of fish) consisting of pelagic fish worldwide came from NPEL.

PRODUCTION, SALES AND DISTRIBUTION OF ATLANTIC SALMON AND TROUT

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

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

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



Up to 1997, LSG was a traditional family company. In 1997, a private placement with financial investors was carried out for the first time. In connection with this placing in 1997, the company was reorganized as a public limited company. LSG was listed on the stock market in June 2002. Since then LSG has introduced several stock issues, most recently in March 2007.

LSG`s vision is to be the leading and most profitable Norwegian supplier of quality seafood. The company's core activities are distribution, sale and marketing of seafood, processing of seafood,

Meeting the market's ever-increasing demands for food safety, quality, product range, cost efficiency and continuity of supply.

production of salmon, trout and other species, as well as product development. LSG operates through subsidiaries in Norway, Sweden, Finland, France and Portugal and through a network of sales offices that ensure its presence in the most important markets.

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

LSG divides its products into the main sectors of salmon products, whitefish, pelagic fish and shellfish. The distinction between farmed species and wild fish is significant and requires different logistics and work methods. These products are distributed on the Norwegian market and more than 60 other markets worldwide.The broad range of products offered by LSG provides sales advantages in most market areas. LSG strategy is to meet the market's ever-increasing demands for food safety, quality, product range, cost efficiency and continuity of supply. This is achieved by coordinating the various elements in the value chain – the production units, LSG`s sales network and established strategic alliances with sea farms, fishing vessels and fish processing plants primarily along the coast of Norway.

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

Company	Ownership share	Licences No	Mill.smolt individuals	2010 GWT	2011 GWT	2012E GWT
Lerøy Midnor AS	100%	30	9.5	34 000	35 900	36 000
Lerøy Aurora AS	100%	17	7.5	20 300	18 100	20 000
Lerøy Hydrotech AS	100%	24	7.0	25 200	26 400	26 000
Lerøy Vest AS	100%	34	14.2	34 300	34 500	36 000
Sjøtroll Havbruk AS*)	50.71%	25	8.4	3 000	21 700	24 000
Total Norway		130	46.6	116 800	136 600	142 000
Norskott Havbruk AS (UK)**)	50%		7.0	13 500	10 900	12 500
Total			53.6	130 300	147 500	154 500

- Consolidated,farming
- Affiliated, farming

*) Acquired and consolidated as from November 2010

**) LSG's share


Lerøy, Aurora Farm, Tromsø.

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

MARKET OUTLOOK

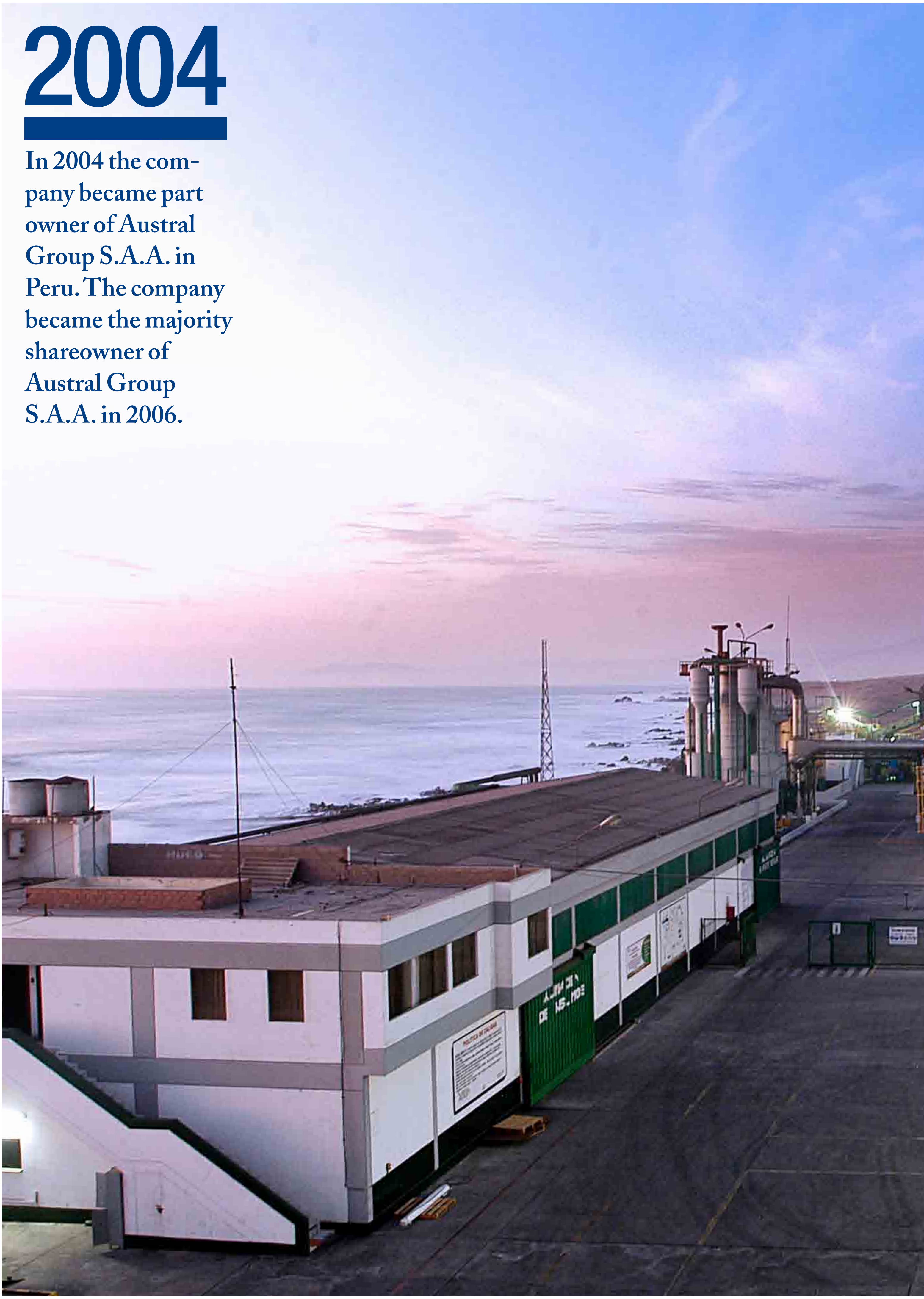
The Group expects growth in the global supply of Atlantic salmon to be higher in 2012 when compared with the past two years. Development in demand is good, and lower prices provide grounds for optimism as to continued positive development in demand.

MARKET DEVELOPMENT FOR ATLANTIC SALMON FROM NORWAY 2005–2011

	2009	Change 08-09	2010	Change 09-10	2011	Change 10-11	2012	Change 11-12	2013	Change 12-13
Norway	855 700	15,5 %	944 600	10,4 %	1 005 600	6,5 %	1 128 300	12,2 %	1 122 500	-0,5 %
UK	144 800	6,2 %	141 800	-2,1 %	154 700	9,1 %	149 200	-3,6 %	154 900	3,8 %
Faroe	47 500	28,7 %	41 700	-12,2 %	55 500	33,1 %	60 600	9,2 %	64 600	6,6 %
Ireland	14 800	29,8 %	17 800	20,3 %	15 800	-11,2 %	16 000	1,3 %	17 000	6,3 %
Iceland	-	0,0 %	-	0,0 %	-		-		-	
Total Europe	**1 062 800**	**14,8 %**	**1 145 900**	**7,8 %**	**1 231 600**	**7,5 %**	**1 354 100**	**9,9 %**	**1 359 000**	**0,4 %**
Chile	239 100	-40,7 %	129 600	-45,8 %	221 000	70,5 %	357 600	61,8 %	426 700	19,3 %
Cananda	115 400	-2,6 %	118 000	2,3 %	110 000	-6,8 %	115 000	4,5 %	113 000	-1,7 %
Australia	32 200	25,3 %	33 000	2,5 %	36 000	9,1 %	37 000	2,8 %	36 700	-0,8 %
USA	16 400	-3,5 %	18 000	9,8 %	18 500	2,8 %	19 900	7,6 %	19 100	-4,0 %
All others	1 700	-29,2 %	1 400	-17,6 %	2 100	50,0 %	3 200	52,4 %	6 200	93,8 %
Total America	**404 800**	**-28,6 %**	**300 000**	**-25,9 %**	**387 600**	**29,2 %**	**532 700**	**37,4 %**	**601 700**	**13,0 %**
Total World-wide	**1 467 600**	**-1,7 %**	**1 445 900**	**-1,5 %**	**1 619 200**	**12,0 %**	**1 886 800**	**16,5 %**	**1 960 700**	**3,9 %**

2004

In 2004 the company became part owner of Austral Group S.A.A. in Peru. The company became the majority shareowner of Austral Group S.A.A. in 2006.




Austral Group, Ilo Plant.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

Our mission is to be the leading profitable supplier of sustainable seafood based products, focused on innovation, social responsibility and high environmental standards, optimising a global value chain in bringing exiting solutions to the market. Given the diversity of our businesses, each of our subsidiaries has taken strong initiatives to help achieve the goals identified in our mission.

Lerøy, Aurora Farm, Tromsø.

INTEGRATED VALUECHAIN

EGGS SMOLT FARMING HARVEST PROCESSING DISTRIBUTION CUSTOMER

LERØY SEAFOOD GROUP ASA (NORWAY)

Business concept and strategy
Lerøy Seafood Group ASA follows a firm strategy by which to satisfy demand for seafood and quality food produce, both at home and abroad. This is achieved by supplying high-quality products from fisheries and fish farms, founded on principles of sustainability.

Lerøy Seafood Group ASA aims to supply high-quality products and thereby develop a profitable, efficient and binding cooperation with both the supply side and marketing.

The Board of Directors together with the company management will continue in their efforts to develop and adapt the company's management systems for the environment and for business conduct in accordance with Norwegian and international requirements.

The Board of Directors places a firm focus on the need for strategic, forward-looking models for the Group's business activities, which may involve acquisitions and mergers both upstream and downstream.

The Board of Directors plays an active role in securing financial and structural factors to help the Group achieve its long-term economic goals.

VALUE CHAIN

What are our focus areas?
For Lerøy Seafood Group as a corporation, it is essential to maintain a constant focus on areas where we have the greatest influence in terms of sustainability. We have therefore carried out a critical evaluation of our processes and reached the conclusion that we currently have the greatest influence within the area of fish farming. A major share of our efforts related to the environment and sustainability will therefore focus on fish farming.

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

Our environmental vision, "Take action today for a difference tomorrow".

natural for the increased demand for food production to be satisfied by a significant increase in fish farming.

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

Lerøy Seafood Group is organised with local management for its fish farming activities, and the local management's knowledge of and care for the local environment are of decisive importance. Lerøy Seafood Group shall take a leading role in constantly improving the interaction between fish farming and the environment, aiming at generating positive and lasting environmental gains.

The Group has five main elements related to environmental work which receive special emphasis within fish farming activities:

- Work to prevent accidental release of fish
- Measures to reduce salmon lice
- Reduction of discharge of nutritional salt from facilities
- Raw materials for fish feed, requirement for sustainability and regulated fishing
- Efficient utilisation of land and sea areas

The Group's fish farming companies have established a clearly defined set of goals for each of these five elements and have developed operating procedures specifically to ensure that they can reach the goals set for such important environmental work.

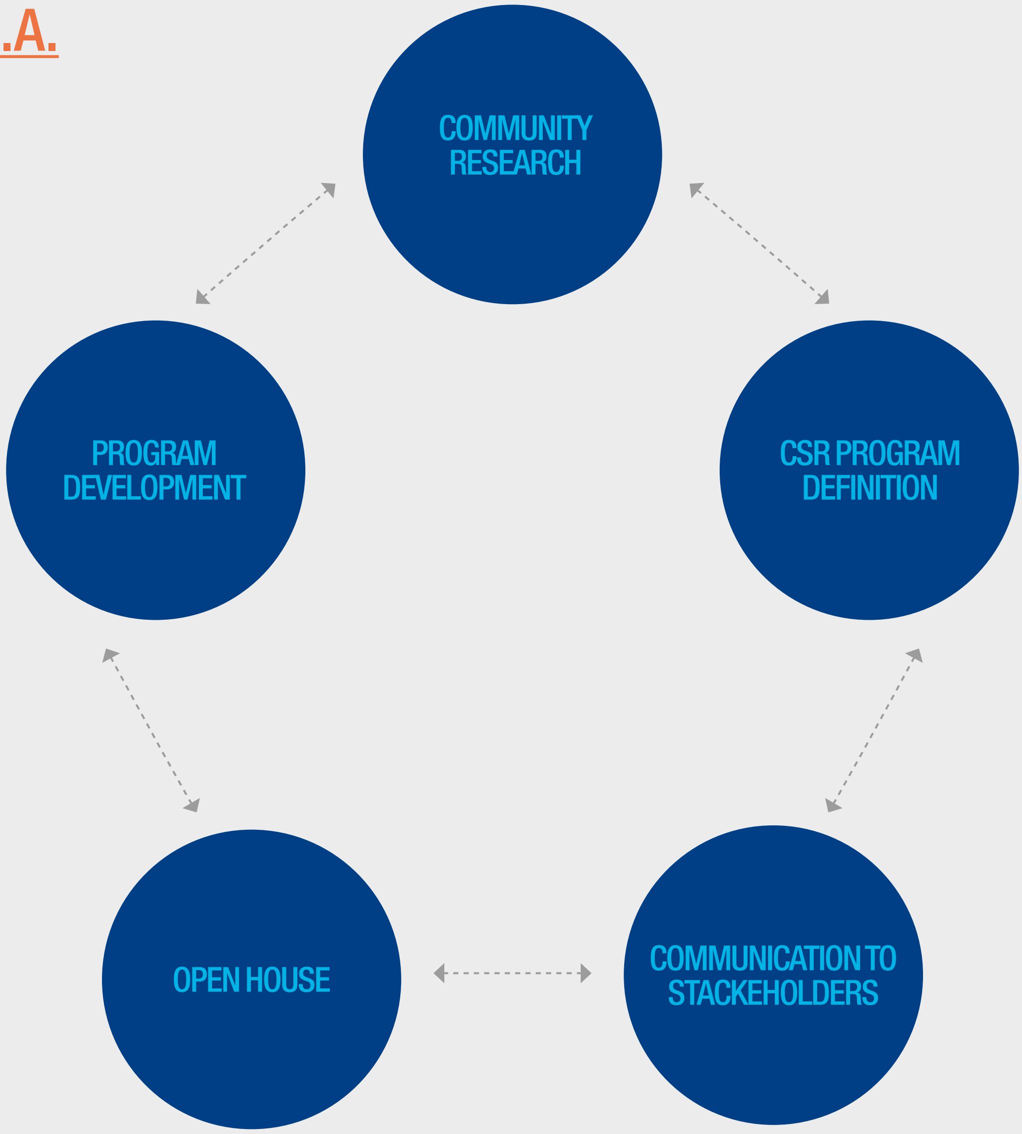
The Group also carries out regular internal and external audits to ensure full compliance between operating procedures and proper conduct. The Group has implemented advanced technology to secure and monitor operations and has developed requirement specifications for our suppliers which shall contribute towards active participation by the suppliers in our efforts to achieve our environmental goals.

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

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

Stig Nilsen, EVP Farming

FOODCORP S.A. (CHILE)



WE SUPPORT

FoodCorp's ESR Focus is linked to the essence of our business.

SOCIAL RESPONSIBILITY MODEL

The FoodCorp Environmental and Social Responsibility Program (ESR) was introduced as an organizational culture, and incorporated in 2006. Under The Global Compact Program, FoodCorp S.A., align its operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption set by the United Nations. The program is divided in Internal (workers) and External (local community) programs.

In 2011 the industry had a difficult situation caused by a big drop in fish availability followed by lowered available quotas for the pelagic companies.

FoodCorps`s focus areas in 2011 have been;

- Developing and receiving PASSO program (risk prevention) certification as part of a safe and healthy working environment.
- Constant training programs for active workers improving their skills and growth in the Company
- Training for former workers that are leaving the industry so they can face better labour opportunities
- Continue with our external program with support to local public and disabled children schools, with important volunteer activity from our workers.

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

FOODCORP'S ESR FOCUS
LINKED TO THE ESSENCE OF OUR BUSINESS

ENVIRONMENT PROTECTION

Environmental Policy

Innovative projects in mussel sea farming and direct human consumption fish

Environment certifications

Active participant in scien-tific research for sustainable fisheries

QUALIFIED & SAFE HUMAN RESOURCES

Safe working conditions

Training and education policy

Family conciliation and healthy lifestyle promotion

Working environment: gender and equalty

High value suppliers, trained & aligned with company principles

Contribution to education

HEALTY & SAFE FOOD INDUSTRY

Promotion of fish product, food value and advantages

Fishing industry as food industry

Food industry with best environmental practices

Adriana Giudice, CEO of Austral, within the group of ambassadors at the open ceremony of prince of Wales International Sustainability hosted by HRH Prince Charles.

AUSTRAL GROUP S.A.A. (PERU)

Austral won the "Quality Leading Medal Gold Category" in the National Quality Awards 2011

AUSTRAL GROUP S.A.A QUALITY MANAGEMENT MODEL

AUSTRAL GROUP S.A.A. is one of the few companies and the only one in the Latin-American fishing sector with a "Integrated Quality Management System" which includes 11 international standards from Quality, Safety and Environmental Management.

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

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

Regarding our last achievements, AUSTRAL GROUP S.A.A. became the first company in Latin-American in obtaining "Environmental Management System- ISO 14001:2004" for its Fleet being the first Company worldwide in obtaining three environmental certifications for its fleet: ISO 14001, "Friend of the Sea" and "Dolphin Safe".

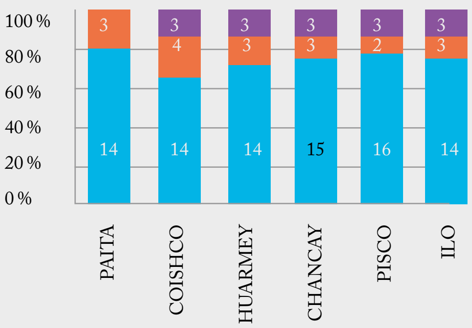
In the same way, during 2010 another achievement was obtained "IFFO´s global standard for responsible supply" for our 7 fishmeal and fish oil plants strategically located along the Peruvian coast.

ACHIEVEMENTS AND AWARDS

Making constant efforts in order to reaffirm our commitment to continue being national fishing industry "responsible leaders", Austral won the "Quality Leading Medal Gold Category" in the National Quality Awards 2011. The Quality National Award is the most important award granted to the companies which have shown a higher level of management in quality which is backed by a Model of Excellence in Management.

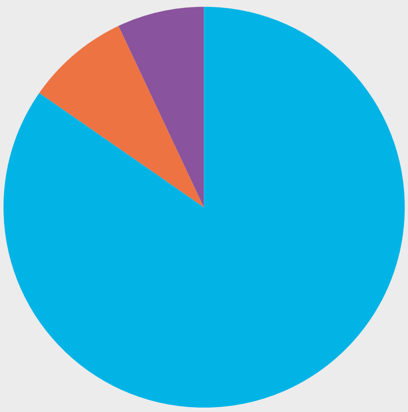
In November 2011 the Prince of Wales' International Sustainability Unit (ISU) decided to appoint Austral as part of its exclusive Fishing Industry Ambassadors around the world. The commitment and work of Austral guaranteeing fishing resources' sustainability in the previous years was a major factor considered by ISU when communicating its interest in getting us involved in its global network, especially considering that the main goal of this institution is to yield better environmental, economic and social benefits through sustainable fishing.

ACCOMPLIANCE OF LEGISLATIVE AND VOLUNTARY ENVIRONMENTAL REQUIEREMENTS



Voluntary requierements accomplished
Requirements in compliance process

PORCENTAGE OF COMPLIANCE WITH LEGAL AND REGULATORY ENVIRONMENTAL REQUIREMENTS 2011



Mandatory requirements accomplished 72 %
Requirements in compliance process 15 %
Voluntary requierements accomplished 13 %

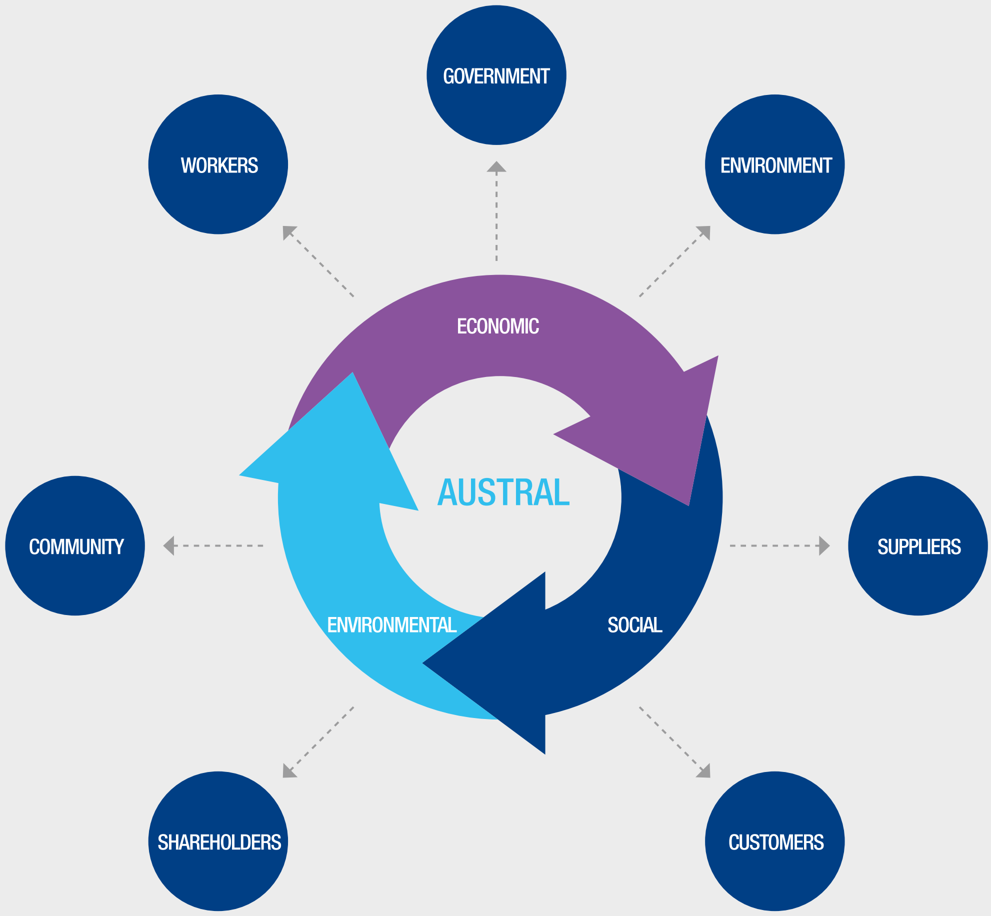
We trace in each of our plants the applicable environmental legal requirements which are aligned to the environmental aspects of our operations. 17/18 out of the 21 environmental aspects we have are mandatory aspects. The other 3 environmental aspects are mandatory requirements to be fulfilled by 2014 and 2015 these aspects are being implemented for compliance.

In a brief overview we demonstrate a full compliance of 85% of the requirements related to each environmental aspect. 15% of the requirements are being implemented for compliance, either because we stay within the time allowed by the relevant rule or legal requirement or because the administrative process is underway.

REPORT ON THE STATUS OF LEGISLATIVE AND VOLUNTARY REQUIREMENTS OF AUSTRAL GROUP S.A.A ENVIRONMENTAL MANAGEMENT SYSTEM

ENVIRONMENTAL ASPECT	REQUIREMENT	LEVEL OF COMPLIANCE
FUEL STORAGE AND CONSUMPTION	CONSUMPTION REPORT TO THE AUTHORITY	ACCOMPLISHED
WELL WATER CONSUMPTION	CONSUMPTION REPORT / PAYMENT OF FEES	ACCOMPLISHED
RAW MATERIAL USE	AFFIDAVIT OF CONTINUITY IN THE FISHING INDUSTRY / SCALES CALIBRATION	ACCOMPLISHED
GENERATION OF EFFLUENTS IN PROCESS	MAXIMUM ALLOWABLE LIMITS – EFFLUENTS AT THE EXIT OF THE PLANT. IN PROCESS OF IMPLEMENTATION. EFFECTIVE FROM 2014 MAXIMUN ALLOWABLE LIMITS- AT THE EXIT OF THE SUBMARINE PIPELINE AUTHORIZATION OF DISCHARGE AT THE EXIT OF THE SUBMARINE PIPELINE	ADMINISTRATIVE PROCESS UNDERWAY
SEWAGE WATER EFFLUENTS GENERATION	AUTHORIZATION OF DISCHARGE AT THE EXIT OF THE SUBMARINE PIPELINE	ACCOMPLISHED
EMISSION OF PROCESS GAS	MAXIMUN ALLOWABLE LIMITS	IN PROCESS OF IMPLEMENTATION. EFFECTIVE FROM 2015
GASES FROM VEHICLES	TECHNICAL REVISIONS , MAL	ACCOMPLISHED
VECTORS ERADICATION - LEGAL	CLEANING OF SEPTIC TANKS, PEST CONTROL	ACCOMPLISHED
ELECTROMAGNETIC WAVES GENERATION	REPORT CHANGES TO THE AUTHORITY	ACCOMPLISHED
GENERATION AND CONSUMPTION OF ELECTRIC ENERGY	REPORTS OF GENERATION AND CONSUMPTION TO THE AUTHORITY	ACCOMPLISHED
OCCUPATION OF AQUATIC AREA	ANNUAL PAYMENT OF RIGHTS	ACCOMPLISHED
CONTINGENCY PLANS	EXECUTIVE SUMMARY TO THE PROVINCIAL MINUCIPALITY	ACCOMPLISHED
POTENCIAL OIL SPILL	CONTINGENCY PLANS / DRILLS	ACCOMPLISHED
POTENCIAL WASTE SPILL INTO THE SEA	CONTINGENCY PLANS / DRILLS	ACCOMPLISHED
POTENCIAL COOLANT GAS LEAK	PROGRESSIVE CHANGE OF COOLANT	ACCOMPLISHED
SOLID WASTE GENERATION	ANNUAL REPORTS / MANIFIESTOES	ACCOMPLISHED
COMBUSTION EMISSIONS FROM GENERATORS	EMISSIONS MONITORING	ACCOMPLISHED (VOLUNTARY)
COMBUSTION EMISSIONS FROM BOILERS	EMISSIONS MONITORING	ACCOMPLISHED (VOLUNTARY)
NOISE GENERATION	OCCUPATIONAL AND ENVIRONMENTAL NOISE MONITORING	ACCOMPLISHED (VOLUNTARY)
USE OF CHEMICAL PESTISIDE - LEGAL	APPROVED PESTISIDE USE	ACCOMPLISHED
USE OF CONTROLLED CHEMICAL	CONSUMPTION REPORT	ACCOMPLISHED

During 2011 Austral has also done support work for the communities surrounding our fishing plants whose population is also committed in artisan fishing activities.



SOCIAL RESPONSIBILITY

In Austral they work under a Social Responsible approach reflected in a Management Model which channelizes each action and process from the company taking into account their impact in all our stakeholders.

Among the main projects developed in 2011, we have the following:

"NUTRIAUSTRAL" PROJECT

Austral has been working on this Project since 2009 and its main goal is to promote Peruvian Sardine (anchovy) consumption and to fight against malnutrition in our country. For this purpose our company makes gastronomic contests in different soup kitchens, nutritional lectures about the benefits the consumption of this specie brings and training courses about the preparation of dishes based in our products. This project has been strengthened over the years working with the government entities, fishing companies and institutions that share the same goal: to reduce malnutrition in our country.

"GROWING TOGETHER": DEVELOPMENT PROJECT FOR OWNERSHIPS

Austral Group has created this program in order to promote the development of Artisan Ship-owners and to improve the quality and quantity of raw material they provide. With this program we try to help the ship-owners to achieve optimal knowledge about quality standards in fish and supplies, improving the discharge time in material for direct human consumption and to promote improvements in the infrastructure of their vessels.

During 2011 Austral has also done support work for the communities surrounding our fishing plants whose population is also committed in artisan fishing activities. We are currently working with the Government and other fishing companies in the reinforcement of artisan piers located at Chancay and Huarmey ports.

CORPORATE VOLUNTEERING

In 2011, Austral made an alliance with member companies of the National Fishing Society and jointly worked with Institute for the Protection of the Environment (VIDA) which is responsible for conducting the campaign "Cleaning in beaches and riverbanks". In this campaign workers from the fishing companies as well as workers from distrital municipality, NGO`s and people from the community participated. The result: over 3,800 participating volunteers, 16 cleaned beaches nationwide and 89 tons of garbage collected in just one day of campaign.

CORPORATE GOVERNANCE

1. INTRODUCTION

1.1 BACKGROUND

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

The Company's Board of Directors adopted in its meeting held on 29 August 2006 a document which largely and in principle adhered to the then applicable Corporate Governance standard, with a few deviations. The Board of Directors have later examined revised versions of the Corporate Governance standard, published by the Norwegian Committee for Corporate Governance (NUES), latest standard published on 20 October, 2011. The Board has approved and adopted this document as the Company's Corporate Governance Policy to reflect the will of AUSS to fully comply with the Corporate Governance recommendations from NUES. The Company will act in compliance with laws and regulations as applicable from time to time in respect of handling and control of insider trading rules and information to the shareholders and the market.

1.2 OBJECTIVE

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

1.3 RULES AND REGULATIONS

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

1.4 MANAGEMENT OF THE COMPANY

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

1.5 IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

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

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

The Board of Directors should define the company's basic corporate values and formulate ethical guidelines and guidelines for corporate social responsibility in accordance with these values.
The Board has decided to follow the Norwegian Recommendation for Corporate Governance and the Group has drawn up a separate policy for Corporate Governance.

AUSS takes a very conscious approach to its responsibility for ethical conduct, society at large and the environment. The Company has prepared a set of ethical guidelines for Group employees, aiming to establish common principles and regulations which govern all employees within AUSS and its subsidiaries. The Group`s ethical guidelines for conduct reflect the values represented by the Group and guide the employees to make use of the correct principles for business conduct, impartiality,

AUSS takes a very conscious approach to its responsibility for ethical conduct, society at large and the environment.

conflict of interest, political activity, entertaining customers, processing information and duty of confidentiality, relationships with business partners, corruption, whistle blowing, bribes etc. Each employee is individually responsible for practising the ethical guidelines. The Company has prepared and Ethics Test for employees which will help them to make the right decisions whenever needed. The company management is responsible for ensuring compliance with the regulations. The Company's goal is to contribute towards improving human rights, labour rights and environmental protection, both within the Group, in relation to suppliers and subcontractors; in addition The Board of Directors report has a paragraph on Social, health, safety and the environment. In the Company's annual report content of the environmental and social responsibility for the largest subsidiaries can be found in the chapter Environmental and Social responsibility.

Deviation from the Recommendations: None.

2. BUSINESS

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

The Company shall aim at securing and developing the Company's position as a leading actor within its business activities, to the benefit of its owners, and based on strategies founded on ethical behaviour within applicable laws and regulations. The annual report should include the objectives clause from the Articles of Association and contain descriptions of the company's principal objectives and strategies.

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

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

Departures from the Recommendations: None

3. EQUITY AND DIVIDENDS

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

Contributing towards improving human rights, labour rights and environmental protection.

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

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

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

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

Capital Increase:
The Board has the authority until the ordinary general meeting in 2012 to increase the share capital by issuing up to 20,271,737 shares.

Purchase of treasury shares:
The Board has the authority, until the ordinary general meeting in 2012, to purchase treasury shares in Austevoll Seafood ASA limited to 10% of the company's share capital. Shares may not be purchased for less than NOK 20 per share, and no more than NOK 150 per share.

At 31 December 2011,
the Group owned no treasury shares.

Deviations from the Recommendations: None

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

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

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

In the event of any not immaterial transactions between the Company and shareholders, a shareholder`s parent company, members of the Board of Directors, members of the Executive Management or close associates of any such parties, the Board shall arrange for valuation to be obtained from an independent third party.

This will not apply if the transaction requires the approval of the general meeting pursuant to the requirements of the Public Limited Companies Act. Independent valuation should also be arranged in respect of transactions between companies in the same group where any of the companies involved have minority shareholders.

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

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

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

Transactions between related parties:
See note 32 for related party transactions.

Deviations from the Recommendations: None

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

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

Deviations from the Recommendations: None

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

- making the notice calling the general meeting and the support information on the resolutions to be considered at the general meeting, in cluding the recommendations of the nomination committee, available on the company's website no later than 21 days prior to the date of the general meeting, and sending the notice of general meeting (following amendment to the Company's Article of Association adopted in the ordinary general meeting in 2010 the supporting documentation is only available on the Company's web site) to shareholders no later than three weeks prior to the date of the general meeting
- ensuring that the resolutions and supporting information distributed are sufficiently detailed and comprehensive to allow share holders to form a view on all matters to be considered at the meeting
- setting any deadline for shareholders to give notice of their intention to attend the meeting as close to the date of the meeting as possible
- ensuring that shareholders who cannot attend the meeting in person can vote by proxy
- ensuring that the members of the Board of Directors and the nomination committee and the auditor are present at the general meeting
- making arrangements to ensure an independent chairman for the general meeting

The notice calling the general meeting shall provide information on the procedures shareholders must observe in order to participate in and vote at the general meeting. The notice should also set out:

- the procedure for representation at the meeting through a proxy, including a form to appoint a proxy
- the right for shareholders to propose resolutions in respect of matters to be dealt with by the general meeting
- the web pages where the notice calling the meeting and other supporting documents will be made available

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

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

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

Notification:

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

Participation:

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

Deviations from the Recommendations: None

7. NOMINATION COMMITTEE

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

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

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

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

The nomination committee should justify its recommendations.

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

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

Composition:
The current committee was elected on the AGM on May 27th 2010 and consists of:

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

Jarl Ulvin. Mr. Ulvin holds an MBA and is also a Certified Financial Analyst. Mr. Ulvin is the Director of Investment at ODIN; an Oslo based Asset Management Company. He has extensive experience as analyst and portfolio manager within insurance companies and asset management companies.

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

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

Deviations from the Recommendations: None

8. BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

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

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

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

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

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

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

The annual report shall provide information to illustrate the expertise and capacity of the members of the Board of Directors and identify which members are considered to be independent.

Members of the Board of Directors shall be encouraged to own shares in the Company.

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

Good internal management systems are essential for success.

The Board of Directors consists of the following persons:

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

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

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

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

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

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

No members of Group management are Directors.

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

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

Helge Møgster owns, through Laco AS, 23,053,417 shares in the company

Helge Singelstad owns 50,000 shares in the company.

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

Deviations from the Recommendations: None.

9. THE WORK OF THE BOARD OF DIRECTORS

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

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

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

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

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

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

Board responsibilities:
Norwegian law lays down the tasks and responsibilities of the Board of directors. These include overall management and supervision for the company. Towards the end of each year the Board adopts a detailed plan for the following financial year.

This plan covers the follow-up of the company's operations, internal control, strategy development and other issues. The company complies with the deadlines issued by Oslo Stock Exchange with regards to interim reports.

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

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

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

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

Deviations from the Recommendations: None.

10. RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

Review by the Board of Directors

A significant volume of the work of the Board of Directors is ensuring that the company management is familiar with and understands the Group's risk areas and that risk is managed by means of appropriate internal control. Frequent valuations and assessments are conducted of both the management's and Board's understanding of risk and internal control. The audit committee plays an important role in these valuations and assessments. Description of the main elements of risk management and internal control related to financial reports.

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

Control environment

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

Guidelines for financial reporting

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

Organisation and responsibility

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

The Directors of the entities which issue the reports are responsible for continuous financial monitoring and reporting. The entities all have management groups and financial functions which are adapted to their organisations and business activities. The entity managers shall ensure implementation of an appropriate and efficient internal control and are responsible for compliance with requirements.

The audit committee shall monitor the process of financial reporting and ensure that the Group's internal control and risk management systems function efficiently. The audit committee shall also ensure that the Group has an independent and efficient external auditor.

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

Risk assessment

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

Control activities

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

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

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

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

Review by the Group management

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

Reviews by the audit committee, Board and general meeting

The audit committee and Board review the Group's financial reports on a quarterly basis. During such reviews, the audit committee has discussions with the management and external auditor. At least once a year, the Board holds a meeting with the external auditor, without the presence of the administration.

The Board reviews the interim accounts per quarter and the proposal for the financial statements. The financial statements are adopted by the general meeting.

Information and communications

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

Monitoring

Reporting entities

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

Group level

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

External auditor

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

The Board of Directors

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

Deviations from the Recommendations: None

11. REMUNERATION OF THE BOARD OF DIRECTORS

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

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

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

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

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

None of the Board members have during 2011 had assignments for the company in addition to being members of the board.

Deviations from the Recommendations: None

12. REMUNERATION OF THE EXECUTIVE MANAGEMENT

The Board of Directors is required by law to prepare guidelines for the remuneration of the members of the executive management. These guidelines shall be communicated to the annual meeting. The guidelines for the remuneration of the executive management shall set out the main principles applied in determining the salary and other remuneration of the executive management. The guidelines should help to ensure convergence of the financial interests of the executive management and the shareholders.

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

The remuneration policy for the executive management is determined by the Board of Directors and communicated to the annual general meeting.

None of the Board members have during 2011 had assignments for the company in addition to being members of the board.

Transparency and equal treatment of shareholders is a fundamental policy.

The guidelines regarding the remuneration are approved by the AGM. See note 12 for guidelines for remuneration to executive management.

The existing remuneration policy, each year subject to approval by guiding vote in the AGM, allows performance- related remuneration. The executive management has currently no such remuneration.

Deviations from the Recommendations: None

13. INFORMATION AND COMMUNICATIONS

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

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

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

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

The Company strongly emphasises correct and open information to shareholders, potential shareholders and other interested parties.

The Company has presented quarterly reports with financial information since 2006. The Company`s most important medium for distributing information will be the Oslo Stock Exchange reporting system, but the Company also aims to present such information directly to investors and analysts.

The Company aims to keep its shareholders informed via annual reports, quarterly reports and at appropriate presentations. In addition, press releases will be sent out regarding important events.

Every year, the Company publishes the company`s financial calendar, showing the dates for presentation of the interim financial statements and the date of the annual general meeting. The Company`s website is updated constantly with information distributed to shareholders.
The Company`s website is at: www.auss.no

Deviations from the Recommendations: None.

14. TAKE-OVERS

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

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

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

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

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

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

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

Deviations from the Recommendations: None

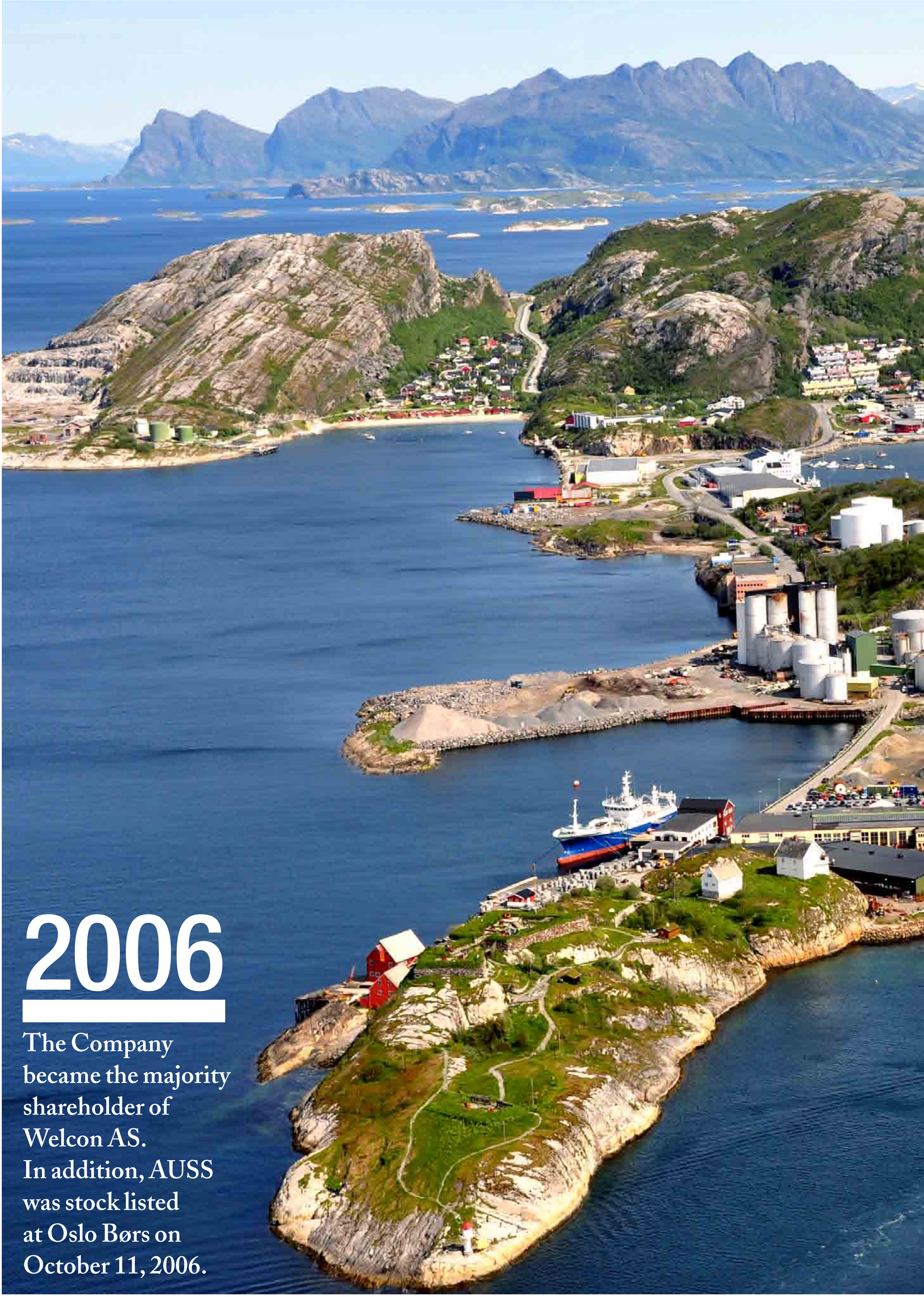
15. AUDITOR

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

The auditors should participate in meetings of the Board of Directors that deal with the annual accounts. At these meetings the auditor should review any material changes in the Company's account principles, comment on any material estimated accounting figures and report all material matters on which there has been disagreement between the auditor and the executive management of the company. The auditor should at least once a year present to the Board of Directors a review of the company's internal control procedures, including identified weaknesses and proposals for improvement.The Board of Directors shall hold a meeting with the auditor at least once a year at which neither the CEO nor any other member of the executive management is present.

The Board of Directors shall establish guidelines in respect of the use of the auditor by the Company's executive management for services other than the audit. The Board should receive annual written confirmation from the auditor that the auditor continues to satisfy the requirements for independence. In addition, the auditor should provide the Board with summary of all services in addition to audit work that have been undertaken for the Company. The company's auditor follows an annual auditing plan which is reviewed in advance together with the Audit Committee and management. Furthermore, the auditor attends meetings together with the Audit Committee and management subsequent to the interim audit and in connection with the Company's presentation of interim reports for the fourth quarter. The auditor attends the Board meeting for approval of the annual report, and also holds a meeting on the subject of the annual report with the Board to which meeting the management does not attend. The auditor prepares a written confirmation of independence for the Audit Committee, providing written disclosure to the Committee of all other services provided in addition to mandatory auditing. Moreover, the auditor is available for questions and comments to the annual accounts and other matters at the Board's discretion.

Deviations from the Recommendations: None



2006

The Company became the majority shareholder of Welcon AS. In addition, AUSS was stock listed at Oslo Børs on October 11, 2006.

Bodø Sildoljefabrikk, Oslo Børs stock listing.

DIRECTORS OF THE BOARD

HELGE SINGELSTAD
Chairman

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

ODDVAR SKJEGSTAD
Deputy Chairman

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

INGA LISE L. MOLDESTAD
Member of the Board

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

HELGE MØGSTER
Member of the Board

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

HILDE WAAGE
Member of the Board

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

BOARD OF DIRECTORS' REPORT FOR

AUSTEVOLL SEAFOOD ASA 2011

INTRODUCTION

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

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

IMPORTANT EVENTS IN 2011

The following comprises a point-by-point and chronological summary of significant events in the last year, plus significant events after 31 December 2011:

• In February 2011, AUSS signed an agreement with Norway Pelagic ASA (NPEL) regarding the merger between AUSS' wholly-owned subsidiary Austevoll Fisk AS and NPEL's wholly-owned subsidiary Norway Pelagic AS. The merger was completed on 1 July 2011, with settlement made to AUSS in the form of shares in Norway Pelagic ASA. Subsequent to this transaction, AUSS owns 43.3% of the shares in Norway Pelagic ASA. The merger paves the way for a competitive group of companies with high potential for exploitation of economies of scale within production/ processing, sale and distribution and with capacity for future growth.

• In October 2011, AUSS acquired 1,472,494 shares in Br. Birkeland AS, thereby increasing their shareholding in the company from 40.2% to 49.99%. Br. Birkeland AS owns and operates two modern purse seine vessels via subsidiaries. These vessels both have maximum basic quotas for fishing with purse seine, in addition to permits to trawl for blue whiting. The company also has seven licenses to farm Atlantic salmon and trout in the region of Hordaland, via a wholly-owned subsidiary.

• In October 2011, the subsidiary Lerøy Seafood Group (LSG) signed an agreement for the acquisition of 50.1% of the shares in the Dutch company, Rode Beheer B.V. (Rode). The acquisition took place in early March 2012. Rode is involved in the smoking and processing of Atlantic salmon and has an annual processing capacity of around 12,000 tons of Atlantic salmon, of which approx. 40% is utilised for smoked products.

The company also processes other species of fish. Rode enjoys a strong position within the sale and distribution of seafood in its domestic market and will thus contribute to strengthening LSG's position on the Dutch market.

• In December 2011, AUSS' fishmeal and fish oil business in the North Atlantic, Welcon Invest AS, signed an agreement for the purchase of 50% of the shares in Hordafor AS. Hordafor AS (the Group) is involved in the production of protein concentrate and marine oils based on bi-products from the pelagic industry and salmon industry. Hordafor has production facilities along the coast of Norway and a well-developed logistics system for collection of cut-offs. The company's products are primarily utilised as an input factor for production of feed for the fish farming and agricultural sector. The transaction was completed in February 2012.

• In January 2012, AUSS launched a senior unsecured bond issue of NOK 400 million, in line with the company's financial strategy. The issue matures in 5 years' time, on 7 February 2017. The coupon rate for the bond issue is 3 months NIBOR + margin of 4% p.a., with interest payments every quarter.

• In February 2012, LSG and SalMar ASA (SalMar) signed a strategically important agreement. According to the agreement, LSG shall slaughter and process a high volume of fish at the InnovaMar plant in Frøya, while SalMar shall slaughter their total production volume of fish in the north at LSG's plant on the island of Skjervøy. We are extremely satisfied with this new alliance, which will allow both parties to realise major gains in efficiency and to rationalise capital. The agreement is an extension of a cooperation between LSG and SalMar which has lasted for a number of years.

THE GROUP'S ACTIVITIES

In 2011, the Group's activities were divided into the following business segments; Production of fishmeal and fish oil, Products for consumption, Pelagic North Atlantic and Production, sale and distribution of salmon, trout and other seafood.

In January 2012, AUSS launched a senior unsecured bond issue of NOK 400 million, in line with the company's financial strategy.

Production of fishmeal and fish oil

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

In Europe, production in 2011 was carried out at the Welcon Group's facilities in Bodø, Måløy, Karmøy, Grimsby, Aberdeen and Killybegs. Raw materials used in production are mainly herring, capelin, blue whiting and cut-offs from pelagic production for consumption. In Norway, raw materials are purchased via the auction system operated by Norges Sildesalgslag, the Norwegian Fishermen's sales organisation for pelagic fish. Cut-offs, however, are purchased directly from the plants used for products for consumption.

In Chile, the Group has a factory in Coronel, which mainly uses anchoveta and cut-offs from pelagic production for consumption in production. Anchoveta as a raw material is mainly purchased from the fleet of coastal fishing boats.

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

Sales of fishmeal and fish oil in 2011 totalled 226,000 tons. The corresponding figure in 2010 was 215,000 tons. The volume of anchoveta fished in Peru in 2011 is significantly higher than in 2010, with 6.97 million tons in 2011 compared to 3.2 million tons in 2010.

The business segment reported sales of NOK 1,820 million in 2011 compared with NOK 2,002 million in 2010. The business segment had an operating profit before depreciation and amortisation (EBITDA) of NOK 464 million in 2011 compared with NOK 521 million in 2010.

The average prices achieved for fishmeal in 2011 were lower than in 2010, although the prices achieved for fish oil in 2011 were considerably higher than in 2010.

Products for consumption

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

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

In 2011, the business segment sold approx. 3 million boxes of canned products and approx. 18,000 tons of frozen products. In 2010, the business segment sold approx. 1.5 million boxes of canned products and approx. 5,000 tons of frozen products.

The increase in the volume of canned products and sale of frozen products is due to an extremely good season for horse mackerel in Peru in 2011. During the year, Austral Group S.A.A's fleet fished more than 64,000 tons of horse mackerel and mackerel, compared to 450 tons in 2010. As expected, the quotas for horse mackerel in Chile were extremely low again in 2011.

The total catch of horse mackerel on own quota was approx. 20,000 tons. In addition to raw materials from the company's own fleet, raw materials are also purchased from third parties to be utilised as input to the business segment's production for consumption.

In 2011, the business segment reported sales of NOK 671 million, compared with NOK 808 million in 2010. In 2011, the business segment had an EBITDA of NOK 73 million, compared with NOK 166 million in 2010. The sales and profit figures for 2010 include Epax Holding AS, up to and including October 2010, and a gain on the sale of the company totalling NOK 73 million. Epax Holding AS was sold in November 2010. The business segment achieved good prices for its products in 2011.

The Group follows a long-term strategy which requires a gradual increase in the volume of their raw materials utilised for direct consumption, to the extent possible in terms of technology and market.

Pelagic Northern Atlantic

From 1 January to 30 June 2011, Pelagic Northern Atlantic comprised the sales company Atlantic Pelagic AS, Austevoll Fiskeindustri AS, Sir Fish AS, Modolv Sjøset AS and North Capelin Honningsvåg AS. The above-mentioned companies were part of the Austevoll Fisk group. On 1 July 2011, Austevoll Fisk AS was merged with Norway Pelagic ASA's wholly-owned subsidiary, Norway Pelagic AS. AUSS owns 43.3% of Norway Pelagic ASA and the company is reported as an associated company under the business segment for Pelagic Northern Atlantic.

Up to 30 June 2011, the business segment reported sales of NOK 799 million, compared with NOK 1,436 million for the whole year in 2010. From 1 January to 30 June 2011, the business segment achieved an EBITDA figure of NOK 32 million, compared with NOK 63 million for 2010 as a whole.

The result from Norway Pelagic ASA (reported as an associated company) totalled NOK 25 million.

Production, sale and distribution of Atlantic salmon and trout

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

In 2011, the business segment reported sales of NOK 9,177 million and EBITDA before biomass adjustment of NOK 1,485 million. Sales in 2011 totalled 136,697 tons of salmon and trout from own production. In 2010, sales for the business segment totalled NOK 8,888 million, with an EBITDA before biomass adjustment of NOK 1,806 million. The volume of salmon and trout from own production was 116,807 tons in 2010.

The company's sales figure reached a record high, passing the milestone of NOK 9 billion and achieving the second highest EBITDA before biomass adjustment in LSG's history. The reduction in EBITDA when compared with 2010 is mainly attributed to the substantial drop in prices for the company's main products, Atlantic salmon and trout, during the second half of the year.
The business segment's profit performance is a clear indication that the organisation's targeted work is bearing fruit. Although there are still major differences between the different units in the Production segment, it is extremely pleasing to see a positive development overall. One goal is to reduce the large cost differential that has developed between geographical regions in recent years. It is therefore essential that the organisation as a whole can show the patience, willingness and capacity to find the motivation to operate with restraint when the end result is not apparent until between one and two years ahead. The company expects to see a fall in output costs for its products in 2012 when compared with the past year.

SHAREHOLDER STRUCTURE

As of 31 December 2011, AUSS had 4,616 shareholders with a share price of NOK 21. Share capital at year-end 2011 was NOK 101,358,687 divided between 202,717,374 each with a nominal value of NOK 0.50.

In the period leading up to the annual general meeting in 2012, the Board of Directors is authorised to increase the share capital by issuing 20,271,737 shares. Moreover, the Board of Directors is also authorised in the same period to buy back up to 20,271,737 of AUSS' shares at a price range of between NOK 20 and NOK 150. As of year-end 2011, AUSS had no own shares. A proposal will be made to the company's annual general meeting to extend the established authorisations.

AUSS aims to maximise value creation for the benefit of shareholders by constantly striving to achieve good results. Over time, the target is to pay out between 20% and 40% of the Group's net profit in dividend. The Board of Directors will recommend to the annual general meeting in 2012 a dividend payment of NOK 1 per share, compared with NOK 1.50 per share last year. If approved, the total dividend payment will be NOK 202,717,374, compared with a dividend figure for last year of NOK 304,076,061.

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

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RISK MANAGEMENT AND INTERNAL CONTROL

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

The Group's growth opportunities must always be viewed in the context of the Group's overall risk profile.

Identified risks are monitored on a regular basis to ensure that the Group's risk exposure is acceptable.

The target is to ensure that over time the Group, including the individual companies within the Group, increases its expertise in and awareness of risk identification and implements sound risk management procedures, in order to help the Group achieve its overall targets. The level of systematic risk identification and risk management varies within the Group's companies.

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

Austral Group S.A.A has achieved 'Friend of the Sea' certification. This is awarded by an independent certification body with detailed knowledge of fishing, and focuses on anchovy, horse mackerel and Pacific mackerel.

EMPLOYEES

The total number of man-years for the Group in 2011 was 6,406, of which 4,193 are outside of Europe. Corresponding figures for 2010 were 5,382 man-years with 3,181 outside of Europe. Female employees are under-represented in the Group's fishing activities but over-represented within processing. Of a total five board members on the company's Board of Directors, two are women. The company fulfils the requirement for 40% female representation among the company's shareholder-elected board members.

Sickness absence in 2011 was 4.96% for land-based working hours in the European part of the Group. The comparison figure for 2010 was 4.5%. The Group is working actively to achieve continuous reductions in sickness absence.

In Norway, the Group is affiliated with local company health services. A number of personal injuries resulting in absence were registered in the Group in 2011. Undesired incidents and near-accidents are registered on an ongoing basis in order to prevent future incidents/injuries. This focus on reporting and dealing with undesired incidents will help create a safer working environment.

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

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

SOCIAL RESPONSIBILITY, HEALTH, SAFETY AND THE ENVIRONMENT

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

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

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

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

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

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

The Group's vessels are not considered to cause any pollution to the external environment over and above normal emissions of exhaust gases. The Group's land-based facilities have purification systems linked to the production process, and operations are regulated by the requirements set for this type of activity. The Group focuses on reducing energy and water consumption and the Board of Directors does not consider the Group's processing activities to cause any significant emissions to the external environment or represent a significant environmental burden. The Group works continuously to minimise energy requirements per kilo of seafood produced in the Group's processing plants.

The Board of Directors focuses on social responsibility, and works to ensure that all the Group's employees, at all stages of production, are made aware of the need to practise social responsibility in their daily work, and that the Group's social responsibility is manifested in the local communities in which it operates. The Group companies exercise their social responsibility on a daily basis, during operations and by getting involved in local communities. In this regard, reference is made to the separate chapter of the annual report regarding the environment and social responsibility.

CONSOLIDATED FINANCIAL STATEMENTS

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

Group income totalled NOK 12,162 million in 2011, compared with NOK 12,745 in 2010. The decline in income is due to a change in Group structure, with the sale of Epax Holding AS and the Austevoll Fisk Group, both of which were included in the figures for 2010. The fall in prices for Atlantic salmon and trout in the second half of 2011 has also had an impact on the decline in sales.

Operating profit before depreciation and biomass adjustment in 2011 amounted to NOK 2,046 million, compared with NOK 2,541 million in 2010.

During the first half of the year, the Group achieved high prices for Atlantic salmon and trout, then experienced a substantial drop in prices in the second half of the year.

The prices achieved for fish oil were significantly higher in 2011 when compared with 2010, while the prices for fishmeal were lower in 2011 than 2010. Operating profit (EBIT) before biomass adjustment totalled NOK 1,533 million in 2011, compared with NOK 1,984 million in 2010. Operating profit after biomass adjustment totalled NOK 918 million in 2011, compared with NOK 2,282 million in 2010.

In 2011, associated companies reported a profit figure of NOK 46 million, compared with NOK 192 million in 2010. The decline in profit is mainly attributed to the fall in prices for Atlantic salmon and trout in the second half of the year for fish farming companies.

Net financial costs in 2011 were NOK 191 million, compared with NOK 249 million in 2010. The annual profit after tax was NOK 527 million in 2011. The comparison figure for 2010 was NOK 1,766 million.

Net cash flow from operating activities for the Group was NOK 1,032 million in 2011, compared with NOK 2,111 million in 2010. The fall in cash flow from operations is partly due to the lower result in 2011 when compared with 2010, the increase in working capital within the pelagic segment in particular and tax payments of NOK 490 million, compared with NOK 225 million for the same period in 2010.

Net cash flow from investing activities in 2011 was negative at NOK 773 million, comprising normal maintenance investments, ongoing construction of a new smolt facility, dividends from associated companies and investments in shares.

In 2010, the Group had a net cash flow from investing activities of NOK -520 million, comprising maintenance investments, dividends from associated companies, sale of the shares in Epax Holding AS and purchase of the shares in Sjøtroll Havbruk AS and Norway Pelagic ASA.

Net cash flow from financing activities for the year was negative at NOK 689 million. This figure includes payment of ordinary instalments, downpayment of the bond issue which matured in June 2011 and downwards regulation of long-term overdraft facilities of NOK 500 million.

In 2010, the Group had a net cash flow from financing activities of NOK -400 million. In addition to payment of ordinary instalments, a senior unsecured bond issue of NOK 500 million was launched in October 2010. Furthermore, a new long-term debt was taken out in connection with the purchase of shares. At the start of the year, the Group had a cash holding of NOK 2,811 million, and by the end of the year, the Group's cash holding totalled NOK 2,383 million.

The Group had a balance sheet total at year-end 2011 of NOK 18,574 million. The comparison figure for 2010 was NOK 19,042 million. The Group is financially strong, with equity as of year-end 2011 of NOK 9,200 million and an equity ratio of 50%. At year-end 2010, equity totalled NOK 9,111 million, with an equity ratio of 48%. The Group had net interest-bearing debt at year-end 2011 of NOK 3,361 million. The comparison figure for 2010 was NOK 3,162 million. The Group has a good rate of financing from banks, including several substantial overdraft facilities, and has built up a high level of trust over the years on the market for bond issues.

FINANCIAL RISK

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

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

Changes in fishing patterns and quota regulations mean quarter-on-quarter and year-on-year fluctuations in catch volumes, leading in turn to fluctuations in utilisation of the Group's production facilities. Seasonal variations in catch volumes result in equivalent fluctuations in short-term key figures. The Group's production of Atlantic salmon and trout will of course always be subject to biological risk.

Exposure to risk as a result of changes in interest rate levels is identified and assessed on an ongoing basis as the majority of the Group's debt is at variable rates of interest. In the second half of 2011, the Group signed an agreement for a fixed rate of interest via its subsidiary, LSG. The fixed interest rate agreement constituted less than 15% of the Group's net interest-bearing debt at year-end 2011.The Group has always attached importance to long-term collaboration with financial partners. The Group therefore has satisfactory financing in place, including so-called financial covenants tailored to the Group's operations.

The Group is exposed to changes in exchange rates, particularly the Euro, US dollar, Chilean peso and Peruvian sol. The Group seeks to reduce this risk by entering into forward contracts and making use of multi-currency credit facilities. Parts of the long-term debt are also tailored to earnings in the same currency.

The Group seeks to reduce the risk of counterparties being unable to meet their obligations by taking out credit insurance for parts of the total receivables and by using letters of credit, which essentially secure fulfilment of customer commitments. Historically, the Group has had a low level of bad debts. The Board of Directors of AUSS considers the liquidity in the company to be satisfactory. Due dates for accounts receivable are upheld and other long-term receivables are not considered to require renegotiation or redemption.

GOING CONCERN ASSUMPTION

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

COMPANY FINANCIAL STATEMENTS FOR AUSTEVOLL SEAFOOD ASA

Austevoll Seafood ASA is the holding company for the Group. At year-end 2011, the company had 11 employees, with sickness absence of 1%, compared with 4.4% in 2010.

The company's primary activity consists in owning shares in underlying companies and carrying out strategic processes, board work, accounting and financial services, and technical operational services for the underlying subsidiaries.

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

The parent company's income totalled NOK 8 million in 2011, compared with NOK 4 million in 2010.

The company reported an operating loss before depreciation (EBITDA) in 2011 of NOK 28.5 million, compared with a loss of NOK 26 million in 2010.

Net financial items returned a positive result, at NOK 222 million in 2011. Net financial items in 2010 were also positive, NOK 443 million. The positive net financial items for both years include recognition of dividends from subsidiaries. The profit figure after tax for 2011 amounted to NOK 213 million, with a comparison figure for 2010 of NOK 430 million.

Net cash flow from operating activities for the parent company was NOK 260 million in 2011, compared with NOK 42 million in 2010. The change in net cash flow from operations is mainly due to changes in intragroup receivables. Net cash flow from investing activities totalled NOK 328 million in 2011, mainly comprising investments in shares and dividends received. In 2010, the parent company reported a net cash flow from investing activities of NOK 627 million, comprising investments in shares and the sale of shares in Epax Holding AS. In 2011, the parent company had net cash flow from financing activities of NOK -1,216 million, comprising paid dividend of NOK 304 million, downwards regulation of long-term overdraft facilities of NOK 500 million, repayment of a bond issue (net NOK 138 million) in June and payment of ordinary instalments. In line with its financial strategy, the company will take out new bond issues each year if the terms for such loans are deemed appropriate. AUSS did not take out a new bond issue in 2011, due to market terms. In 2010, the parent company had net cash flow from financing activities of NOK -152 million, of which NOK 500 million represented a new bond issue, maturing in 2013. The figure also comprised dividend payment, downpayment of a bond issue and payment of ordinary instalments. At the start of the year, the parent company had a cash holding of NOK 1,281 million, and by the end of the year, the parent company's cash holding totalled NOK 653 million.

The parent company has a balance sheet total of NOK 6,332 million. Equity totalled NOK 4,552 million, with an equity ratio of 72%. The company's net interest-bearing debt at year-end 2011 was NOK 891 million. This figure does not include long-term interest-bearing

The Group is financially strong, with equity as of year-end 2011 of NOK 9,200 million and an equity ratio of 50%.

receivables from subsidiaries. Long-term interest-bearing receivables from subsidiaries totalled NOK 1,492 million.

The parent company's financial statements show a profit of NOK 216 million. The Board of Directors proposes the following allocation of this profit figure: NOK 14 million to other equity and NOK 202 million for dividend payments.

After the above-mentioned profit allocation, the company's non-restricted shareholders' equity totals NOK 737 million.

The parent company has a satisfactory economical and financial position which provides the grounds for continued operations and further development of the company.

The parent company's financial statements have as such been prepared under the going concern assumption.

FUTURE PROSPECTS

Fishmeal and fish oil

An increase in catch volumes in Peru resulted in a correction in fishmeal prices. This level has stabilised and the price level per ton is now USD 1,100 (FOB Peru, standard 65-66%). To date in 2012, fish oil prices have seen a slight increase and demand is good.

Products for consumption

The Board of Directors expects to see high demand for the Group's consumer products in the future. For the businesses in Europe, the market for pelagic fish has remained strong. In South America, demand both from the domestic market and for export is expected to be high, with good prices remaining stable in the future.

Production, sale and distribution of salmon and trout

A higher increase in the global supply of Atlantic salmon is expected in the near future when compared with the past two years. The development in demand is good however, and provides grounds for an optimistic outlook to sustained positive developments for this business segment. High demand combined with expectations for improved productivity for the segment, including improvements to biology, allow for a positive attitude towards developments.

Pelagic Northern Atlantic

Demand from the market for pelagic fish is good, and a positive development in prices for herring and mackerel is expected. The quotas for Norwegian spring spawning herring and capelin have seen a reduction in 2012, while the quota for North Sea herring is higher. The quota for mackerel has not been established yet, due to conflict with Iceland and the Faeroe Islands. The challenge faced in 2012 for pelagic fisheries is to compensate for the reduction in the volume of raw materials available, by making further improvements to cost efficiency and market focus.

The Group

Developing lasting values requires patience and the ability to take a long-term view. The Group is financially strong and has shown good development and is now well-positioned in several parts of the global seafood industry. Over time the Group will grow and further develop within the areas in which it operates.

When keeping in mind the prevailing market conditions, the Board of Directors is in all essential aspects satisfied with the Group's profit performance in 2011.

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

The Group's strong position in the global seafood industry gives grounds for a positive attitude to the Group's development going forward.

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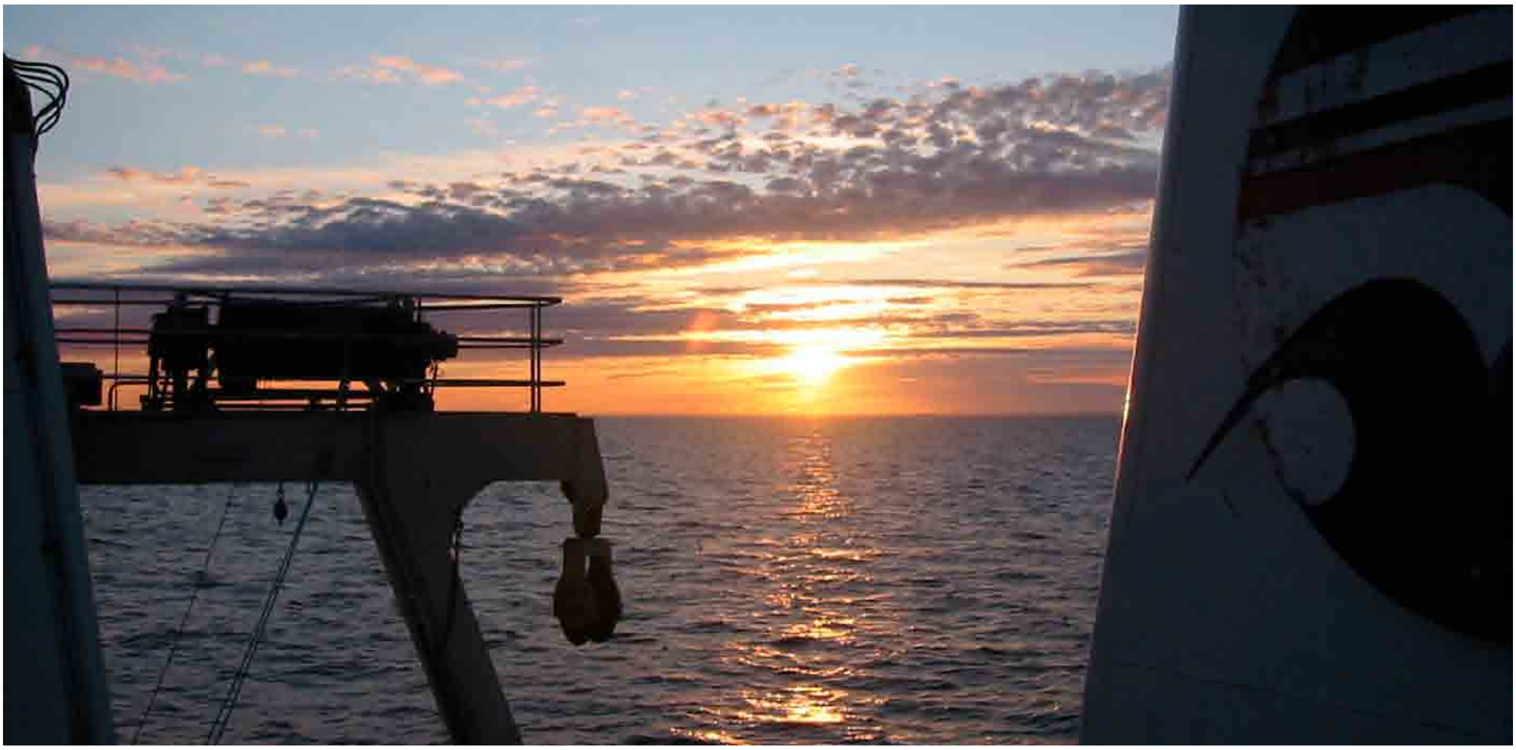


Storebø, 29 March 2012
The Board of Directors of Austevoll Seafood ASA

Helge Singelstad Chairman of the Board	Hilde Waage	Inga Lise L. Moldestad
Oddvar Skjegstad Deputy Chairman	Helge Møgster	Arne Møgster President & CEO

2008

The company became the major shareholder of Lerøy Seafood Group ASA in November 2008.


Lerøy, Aurora Farm, Tromsø.

INCOME STATEMENT

Amounts in NOK 1 000	Note	2011	2010
Sales revenue	**10,11,32**	**12 029 060**	**12 496 530**
Other income	**10, 11**	127 439	204 219
Other gains and losses	**11**	5 072	44 002
Raw materials and consumables used		-7 440 817	-7 818 639
Salaries and personnel expenses	**12,27**	-1 456 731	-1 253 809
Other operating expenses	**12,30,32**	-1 218 250	-1 131 476
Operating profit before depreciation, amortisation, impairment and fair value adjustment of biological assets		**2 045 773**	**2 540 827**
Depreciation	**16**	-504 135	-495 479
Amortisation of intangible assets	**15**	-3 614	-2 811
Impairments/reversal of impairments	**15,16**	-4 590	-58 762
Operating profit before fair value adjustment of biological assets		**1 533 434**	**1 983 775**
Fair value adjustment of biological assets	**21**	-615 767	298 538
Operating profit	**10**	**917 667**	**2 282 313**
Income from associated companies	**17**	45 793	191 761
Financial income	**13**	109 582	72 889
Financial expenses	**13**	-300 606	-321 471
Profit before taxes		**772 436**	**2 225 492**
Income tax expense	**26**	-245 773	-459 412
Profit for the year		**526 663**	**1 766 080**
Profit attributable to non-controlling interest		157 279	544 547
Profit attributable to shareholders of Austevoll Seafood ASA		369 384	1 221 533
Average no. of shares (thousands)	**14**	202 717	202 717
Earnings per share (NOK)	**14**	1,82	6,03
Earnings per share - diluted (NOK)	**14**	1,82	6,03
Suggested dividend per share	**14**	1,00	1,50

STATEMENT OF COMPREHENSIVE INCOME

Amounts in NOK 1 000	Note	2011	2010
Profit for the year		**526 663**	**1 766 080**
Change in value of available-for-sale financial		3 564	0
Currency translation differences		143 989	28 970
Other comprehensive income net of tax		**147 553**	**28 970**
Total comprehensive income for the year		**674 216**	**1 795 050**
Attributable to			
Non-controlling interest		167 294	544 853
Shareholders of Austevoll Seafood ASA		506 922	1 250 197
Total comprehensive income for the year		**674 216**	**1 795 050**

STATEMENT OF FINANCIAL POSITION

Amounts in NOK 1 000	Note	31.12.2011	31.12.2010
Assets			
Goodwill	**15**	1 649 442	1 641 845
Deferred tax asset	**26**	29 442	23 446
Licenses	**15**	4 350 871	4 306 533
Brand/trademarks	**15**	53 062	52 993
Vessels	**16**	541 244	567 480
Other property, plant and equipment	**16**	3 439 027	3 297 464
Associated companies	**17**	1 157 431	953 051
Investments in other shares	**18**	49 143	39 558
Non-current receivables	**19**	45 699	76 246
Total non-current assets		**11 315 361**	**10 958 616**
Inventories	**20**	913 786	758 273
Biological assets	**21**	2 370 938	2 706 733
Trade receivable	**19,32**	1 189 131	1 341 112
Other current receivables	**19,22**	402 331	466 947
Cash and cash equivalents	**24,29**	2 382 938	2 810 554
Total current assets		**7 259 124**	**8 083 619**
Total assets		**18 574 485**	**19 042 235**
Equity and liabilities			
Share capital	**25**	101 359	101 359
Share premium		3 713 549	3 713 549
Retained earnings and other reserves		2 870 839	2 682 409
Non-controlling interest		2 513 860	2 613 544
Total equity		**9 199 607**	**9 110 861**
Deferred tax liabilities	**26**	1 813 520	1 986 804
Pension obligations and other obligations	**27**	22 246	20 493
Borrowings	**3,29**	4 317 616	4 894 518
Total non-current liabilities		**6 153 382**	**6 901 815**
Borrowings	**3,29**	1 426 575	1 154 212
Trade payable	**3,32**	843 279	841 069
Tax payable	**26**	388 889	410 054
Other current liabilities	**31**	562 753	624 224
Total current liabilities		**3 221 496**	**3 029 559**
Total liabilities		**9 374 878**	**9 931 374**
Total equity and liabilities		**18 574 485**	**19 042 235**

Storebø, 29.03.12

Helge Singelstad
Chairman

Oddvar Skjegstad
Deputy Chairman

Helge Møgster

Inga Lise
Lien Moldestad

Hilde Waage

Arne Møgster
President & CEO

STATEMENT OF CHANGES IN EQUITY

Amounts in NOK 1 000	Note	Share capital	Share premium	Currency translation differences	Retained earnings	Non-controlling interest	Total equity
Equity 01.01.10		**101 359**	**3 713 549**	**-120 910**	**1 821 800**	**1 579 684**	**7 095 482**
Profit for the period		**0**	**0**	**0**	**1 221 533**	**544 547**	**1 766 080**
Currency translation differences		0	0	28 664	0	306	28 970
Total comprehensive income in the period		**0**	**0**	**28 664**	**1 221 533**	**544 853**	**1 795 050**
Transactions with shareholders							
Dividends		**0**	**0**	**0**	**-243 261**	**-146 987**	**-390 248**
Transactions with non-controlling interest					-33 030	-49 104	-82 134
Business combinations					-23 579	680 958	657 379
Options					-892	-534	-1 426
Other					32 084	4 673	36 757
Total change in equity in the period		**0**	**0**	**28 664**	**952 855**	**1 033 859**	**2 015 378**
Equity 31.12.10		**101 359**	**3 713 549**	**-92 246**	**2 774 655**	**2 613 544**	**9 110 860**
Profit for the period		**0**	**0**	**0**	**369 384**	**157 279**	**526 663**
Other comprehensive income in the period		**0**	**0**	**133 974**	**3 564**	**10 015**	**147 553**
Total comprehensive income in the period		**0**	**0**	**133 974**	**372 948**	**167 294**	**674 216**
Transactions with shareholders							
Dividends					-304 076	-242 571	-546 647
Transactions with non-controlling interest	**8**				-2 263	-4 002	-6 265
Business combinations					0	15 761	15 761
Merger/sale of subsidiary	**6**				0	-28 434	-28 434
Options					-7 420	-4 689	-12 109
Other		0	0	0	-4 733	-3 042	-7 775
Total transactions with shareholders in the period		**0**	**0**	**0**	**-318 492**	**-266 977**	**-585 469**
Total change in equity in the period		**0**	**0**	**133 974**	**54 456**	**-99 683**	**88 747**
Equity 31.12.11		**101 359**	**3 713 549**	**41 728**	**2 829 111**	**2 513 860**	**9 199 608**

CASH FLOW STATEMENT

Amounts in NOK 1 000	Note	2011	2010
Profit before income taxes		772 436	2 225 492
Fair value adjustment on biological assets	**21**	615 767	-298 538
Taxes paid for the period	**26**	-489 600	-225 102
Depreciation and amortisation	**15, 16**	507 749	498 290
Impairments	**15, 16**	4 590	58 762
(Gain) on sale of property, plant and equipment	**11**	-653	9 939
(Gain) on investments	**11**	3 071	-74 176
Unrealised exchange gains and losses		3 324	-9 821
Share of (profit) from associates	**17**	-45 793	-191 761
Interest expense	**13**	278 022	275 860
Interest income	**13**	-94 193	-66 895
Change in inventories		-573 816	-112 043
Change in accounts receivables and other receivables		12 240	28 987
Change in accounts payables and other payables		53 411	-47 307
Change in net pension liabilities		-2 616	-8 464
Change in other accruals		-25 902	42 445
Currency translation differences working capital		13 617	5 293
Net cash flow from operating activities		**1 031 654**	**2 110 961**
Proceeds from sale of fixed assets		25 321	109 240
Proceeds from sale of shares and other equity instruments		0	549 474
Purchase of intangible and tangible fixed assets	**15,16**	-736 268	-454 647
Purchase of shares and equity investments in other companies/business combinations		-125 853	-911 079
Dividend received (incl dividends from associates)		65 454	55 466
Movements in long term loans granted		8 443	127 458
Currency translation differences investing capital		-10 528	3 891
Net cash flow from investing activities		**-773 431**	**-520 197**
Proceeds from issuance of long-term interest bearing debt		1 067 139	1 397 807
Repayment of long-term interest bearing debt		-1 414 588	-1 010 883
Movement in short-term interest bearing debt		393 878	-234 896
Interest paid		-180 391	-293 239
Dividends paid		-546 647	-390 248
Cash contribution minority interests		-8 124	131 300
Net cash flow from financing activities		**-688 733**	**-400 159**
Net change in cash and cash equivalents		**-430 510**	**1 190 605**
Cash and cash equivalents at 01.01.		**2 810 554**	**1 623 616**
Currency exchange gains on opening balance of cash and cash equivalents		2 894	-3 667
Cash and cash equivalents at 31.12.		2 382 938	2 810 554

NOTES TO THE ACCOUNTS

NOTE 1 GENERAL

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

The Company is listed on the Oslo Stock Exchange.

The annual, statutory accounts, based upon International Financial Reporting Standards (IFRS) as adopted by EU, were approved by the Board of Directors at March 29th, 2012.

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

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

NOTE 2 ACCOUNTING PRINCIPLES

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

BASIS OF PREPARATION

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

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

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

(A) STANDARDS, AMENDMENT AND INTERPRETATIONS EFFECTIVE IN 2011

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after January 1st 2011 that would be expected to have a material impact on the group.

(B) STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN EARLY ADOPTED BY THE GROUP

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

• IFRS 19 "Employee benefits" was amended in June 2011. The impact on the group will be as follows: to eliminate the corridor approach and recognise all actuarial gains and losses in OCI as they occur; to immediately recognise all past calculated by applying the discount rate to net defined benefit liability (asset). The group is yet to assess the full impact of the amendments, but it is expected to not have a material impact on the financial statement.

• IFRS 10 "Consolidated financial statements" and IFRS 12 "Disclosures of interests in other entities". The Group intend to adopt IFRS 10 and IFRS 12 from the accounting period beginning 1 January 2013.

• IFRS 13 "Fair value Measurement". The Group intend to adopt IFRS 13 from the accounting period beginning 1 January 2012.

The Group is yet to assess IFRS 10, IFRS 12 and IFRS 13 full impact, but they are expected to not have a material impact on the financial statements.

NOTES TO THE ACCOUNTS

CONSOLIDATION

Subsidiaries

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

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

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

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

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

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed.

If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

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

Changes in ownership interests i n subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

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

This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

NOTES TO THE ACCOUNTS

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

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

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

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

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

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

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

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

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

TRANSACTIONS AND BALANCES
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

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:

NOTES TO THE ACCOUNTS

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

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

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

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

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

PROPERTY, PLANT AND EQUIPMENT

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

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

Land and buildings comprise mainly of factories and offices. Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate cost less residual value over estimated useful lives. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date.

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

INTANGIBLE ASSETS

Internally generated intangible assets are not recognised in the accounts.

GOODWILL

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

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

LICENSES

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

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

BRANDS

Brands acquired, separately, or as part of a business combination are capitalised as a brand if the meets the definition of an intangible asset and the recognition

NOTES TO THE ACCOUNTS

criteria are satisfied. Brand acquired as part of a business combination are valued at fair value based on valuation done by external valuation experts..

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

FINANCIAL ASSETS

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

(a) Financial assets at fair value through profit or loss

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

(b) Loans and receivables

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

(c) Available-for-sale financial assets

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

RECOGNITION AND MEASUREMENT

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

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

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

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'.

NOTES TO THE ACCOUNTS

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other financial income. Dividends on available-for sale equity instruments are recognised in the income statement as part of other income when the group's right to receive payments is established.

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

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

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivative financial instruments are registered in the balance sheet with fair value at the time of contract and are subsequently adjusted to current fair values. Registration of associated gains/losses depends on whether the derivative is regarded as a hedging instrument, and if so, what type of hedging. The Group classifies derivatives as hedging of a fair value of a capitalised asset, liability or a binding commitment not booked (fair value hedging).

Fair values of derivative instruments used for hedging are shown on Note 22. Fair value of a hedging derivative is classified as fixed assets or long-term liability if the hedging object matures in more than 12 months, and as current assets or short-term liabilities if the hedging object matures in less than 12 months. Changes in fair value of derivatives qualifying for fair value hedging, are booked in the P&L together with the change in the fair value of the associated hedged asset or liability. The Group uses fair value hedging for securing net receivables in foreign currency, net deposits on currency accounts and signed sales contracts in foreign currency.

INVENTORIES

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

BIOLOGICAL ASSETS

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

ACCOUNTS RECEIVABLE

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of account receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables.

NOTES TO THE ACCOUNTS

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the account receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement within 'other operating expenses'. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'selling and marketing costs' in the income statement.

CASH AND CASH EQUIVALENTS

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

SHARE CAPITAL

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

ACCOUNTS PAYABLE

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

BORROWINGS

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

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

CURRENT AND DEFERRED INCOME TAX

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

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

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

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

EMPLOYEE BENEFITS

PENSION OBLIGATIONS

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

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

NOTES TO THE ACCOUNTS

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

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

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

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

TERMINATION BENEFITS

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

PROFIT-SHARING AND BONUS PLANS

The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

SHARE BASED REMUNERATION

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

PROVISIONS

Provisions (e.g. environmental restoration, restructuring costs and legal claims) are recognised when:

- the group has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation;
- and the amount has been reliably estimated.

Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

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

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

REVENUE RECOGNITION

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

NOTES TO THE ACCOUNTS

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

Sales of goods

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

Interest income

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

Dividend income

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

LEASES

Finance leases

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

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

Operating leases

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

Dividend distribution

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

Borrowing costs

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

Contingent assets and liabilities

Contingent liabilities are defined as

(i) possible obligations resulting from past events whose existence depends on future events

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

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

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

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

NOTES TO THE ACCOUNTS

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 REPORTING PERIOD

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

EARNINGS PER SHARE

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

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

NOTE 3 FINANCIAL RISK MANAGEMENT

Financial risk factors

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

MARKET RISK

(i) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Euro, CLP and PEN. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward contracts in addition to withdrawals and deposits on multicurrency accounts, in order to hedge as far as possible the currency risks on trade receivables, executed sales contracts and on-going contractual negotiations.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Group has no formal hedging strategy to reduce this exposure.

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

At 31 December 2011, if NOK had weakened/ strengthened by 10% against the US dollar with all other variables held constant, post-tax profit for the year would have been MNOK 30,1 higher/lower. The sensitivity is calculated based on foreign exchange gains/losses on translation of US dollar denominated trade receivables and other receivables, trade payables, cash in bank and interest bearing debt.

At 31 December 2011, if NOK had weakened/ strengthened by 10% against the EUR with all other

NOTES TO THE ACCOUNTS

variables held constant, post-tax profit for the year would have been MNOK 25.9 higer/lower. The sensitivity is calculated based on foreign exchange gains/losses on translation of EUR denominated trade receivables and other receivables, trade payables, cash in bank and interest bearing debt.

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.

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.

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

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

Through the subsidiary Lerøy Seafood Group ASA, the group entered into a interest swap agreement of fixed rate with DnB NOR in November 2011, designed to hegde underlying long term loans with floating rates. The agreement is of a nominal fixed value of MNOK 500, with a fixed rate of 3.55% for the entire 10 year duration. Market values have been used to determine the fair value of the swap agreements at 31 December. The instrument is documented as cash flow hedging, and changes in fair value will be recognised directly in equity until payments are made on the related hedged commitment. As at 31.12.2011, an net unrealised loss of MNOK 5.2 was included in equity.

31 December 2011	Liabilities recognised	Corresponding deferred tax	Effect on equity
Fair value at time of contract formation, October 17, 2011	-	-	-
Fair value adjustment in subsequent period	-7 168	2 007	-5 161
Fair value at 31 December 2011	**-7 168**	**2 007**	**-5 161**

If the interest rate level had been 0,5% higher (lower) throughout the year, all other variables held constant, profit before income taxes would have decreased (increased) by MNOK 16.8 in 2011 and MNOK 16.0 in 2010 through the impact of floating rate borrowings and deposits. The sensitivity analysis is based on the level of net interest bearing debt (NIBD) by year end 2011 and 2010.

Amounts in NOK 1 000	Increase/reduction in basis points	2011	2010
Impact on profit before tax	+/- 50	-/+ 16 800	-/+ 16 000

NOTES TO THE ACCOUNTS

NOTE 3 FINANCIAL RISK MANAGEMENT (CONT.)

Credit risk

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

Liquidity risk

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

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

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

31 December 2011	**Less than 1 year**	**Between 1 - 5 years**	**Over 5 years**
Borrowings (ex. finance lease liabilities)	1 015 087	3 235 857	1 193 337
Finance lease liabilities	91 733	281 419	96 340
Trade and other payables (ex. Statutory liabilities)	1 309 258	-	-

NOTES TO THE ACCOUNTS

Capital risk management

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

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

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

The gearing ratios at 31 December 2011 and 2010 were as follows:

31 December 2011	**2011**	**2010**
Total borrowings (note 29)	5 744 190	6 048 729
Less: cash and cash equivalents	2 382 939	2 810 554
Less: other interest bearing assets	0	76 246
Net interestbearing debt	3 361 251	3 161 929
Total equity	9 199 608	9 110 861
Capital employed	**12 560 859**	**12 272 790**
Gearing ratio	**27 %**	**26 %**

Fair value estimation

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

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

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

NOTES TO THE ACCOUNTS

NOTE 3 FINANCIAL RISK MANAGEMENT (CONT.)

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

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

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

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

31 December 2010 Assets as per balance sheet	Loans and receivables	Assets at fair value through the profit and loss	Derivatives used for hedging	Available for sale	Total
Investment in other shares	0	0	0	39 558	39 558
Trade and other receivables exc.prepayments*	1 705 275	0	28 338	0	1 733 613
Cash and cash equivalents	2 810 554	0	0	0	2 810 554
Total	**4 515 829**	**-**	**28 338**	**39 558**	**4 583 725**

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

NOTES TO THE ACCOUNTS

NOTE 3 FINANCIAL RISK MANAGEMENT (CONT.)

31 December 2010 Liabilities as per balance sheet	Liabilities at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilites	Total
Borrowings exc. finance lease liabilities*	0	0	5 939 410	5 939 410
Finance lease liabilities*	0	0	109 319	109 319
Trade and other payables exc.statutory liabilities*	0	29 312	1 312 770	1 342 082

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

FINANCIAL INSTRUMENTS BY VALUATION METHOD

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

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

Per 31.12.2011 - Assets	Level 1	Level 2	Level 3
Financial assets available for sale			
– Investment in shares	0	0	49 143
Total	**0**	**0**	**49 143**

Per 31.12.2011 - Liabilities	Level 1	Level 2	Level 3
Derivatives used for hedging			
– Fair value hedging	0	15 600	0
– Cash flow hedging	0	7 168	0
Total		**22 768**	**0**

NOTES TO THE ACCOUNTS

NOTE 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

Income taxes
The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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

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

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

A sensitivity analysis for the prices of Atlantic salmon and trout at 31.12.11, shows the following impact on the Group's operating result (NOK 1 000):

Price reduction per kilo	**NOK 1.00/kg**	**NOK 2.00/kg**	**NOK 5.00/kg**
Reduced operating result	-18 882	-32 273	-52 455

Price increase per kilo	**NOK 1.00/kg**	**NOK 2.00/kg**	**NOK 5.00/kg**
Increased operating result	20 131	41 301	112 443

NOTES TO THE ACCOUNTS

NOTE 5 GROUP COMPANIES

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

Company	Note	Country	Parent company	Ownership %
Lerøy Seafood Group ASA		Norway	Austevoll Seafood ASA	62,56 %
Lerøy Hydrotech AS		Norway	Lerøy Seafood Group ASA	100,00 %
Lerøy Midnor AS		Norway	Lerøy Seafood Group ASA	100,00 %
Lerøy Vest AS		Norway	Lerøy Seafood Group ASA	100,00 %
Lerøy Aurora AS		Norway	Lerøy Seafood Group ASA	100,00 %
Sjøtroll Havbruk		Norway	Lerøy Seafood Group ASA	50,71 %
Lerøy Fossen AS		Norway	Lerøy Seafood Group ASA	100,00 %
Lerøy & Strudshavn AS		Norway	Lerøy Seafood Group ASA	100,00 %
Sigerfjord Fisk AS		Norway	Lerøy Seafood Group ASA	0,00 %
Nordvik SA		France	Lerøy Seafood Group ASA	90,00 %
Inversiones Seafood Ltda		Chile	Lerøy Seafood Group ASA	100,00 %
Lerøy Protugal Lda		Portugal	Lerøy Seafood Group ASA	60,00 %
Sandviktsomt 1 AS		Norway	Lerøy Seafood Group ASA	100,00 %
Lerøy Smøgen Holding AB		Sweden	Lerøy Seafood Group ASA	100,00 %
Lerøy Sverige AB		Sweden	Lerøy Seafood Group ASA	100,00 %
Lerøy Alfheim AS		Norway	Lerøy Seafood Group ASA	100,00 %
Lerøy Delico AS		Norway	Lerøy Seafood Group ASA	100,00 %
Lerøy Trondheim AS		Norway	Lerøy Seafood Group ASA	100,00 %
Lerøy Fisker'n AS		Norway	Lerøy Seafood Group ASA	100,00 %
Hallvard Lerøy AS		Norway	Lerøy Seafood Group ASA	100,00 %
Jokisen Eväät OY		Finland	Lerøy Seafood Group ASA	68,00 %
Lerøy Quality Group AS		Norway	Hallvard Lerøy AS	100,00 %
Bulandet Fiskeindustri		Norway	Hallvard Lerøy AS	68,78 %
Lerøy Sjømatgruppen AS		Norway	Hallvard Lerøy AS	100,00 %
Hallvard Lerøy SAS		France	Hallvard Lerøy AS	100,00 %
Fish Cut SAS		France	Hallvard Lerøy SAS	100,00 %
Eurosalmon ASA		France	Hallvard Lerøy SAS	100,00 %
Lerøy Smögen Seafood AB		Sweden	Lerøy Smøgen Holding AB	100,00 %
Strannes Delikatesser AB		Sweden	Lerøy Smøgen Holding AB	0,00 %
Lerøy Alt i Fisk AB		Sweden	Lerøy Sverige AB	100,00 %
Lerøy Stockholm AB		Sweden	Lerøy Alt i Fisk AB	100,00 %
Lerøy Nordhav AB		Sweden	Lerøy Alt i Fisk AB	100,00 %
Pacific Seafoods SA		Chile	Inversiones Seafood Ltda	99,90 %
Sirevaag AS		Norway	Lerøy Delico AS	100,00 %
Åkra Sjømat AS		Norway	Sirevaag AS	68,00 %
Hjelvik Settefisk AS		Norway	Lerøy Hydrotech AS	66,00 %
Kvernviklaks AS		Norway	Lerøy Hydrotech AS	100,00 %
Torjulvågen Settefisk AS		Norway	Lerøy Hydrotech AS	65,00 %
Aakvik Settefisk AS		Norway	Lerøy Hydrotech AS	100,00 %
Nordmøre Islager AS		Norway	Lerøy Hydrotech AS	100,00 %
Eidane Smolt AS		Norway	Lerøy Vest AS	100,00 %
Laksefjord AS		Norway	Lerøy Aurora AS	100,00 %
Brandasund Fiskeforedling AS		Norway	Sjøtroll Havbruk AS	100,00 %
Rexstar Seafood AS		Norway	Sjøtroll Havbruk AS	100,00 %

NOTES TO THE ACCOUNTS

NOTE 5 GROUP COMPANIES (CONT.)

Company	Note	Country	Parent company	Ownership %
Austevoll Laksepakkeri AS		Norway	Austevoll Seafood ASA	100 %
Austevoll Fisk AS *)	6	Norway	Austevoll Seafood ASA	0,00 %
Austevoll Fiskeindustri AS	6	Norway	Austevoll Fisk AS	0,00 %
Atlantic Pelagic AS	6	Norway	Austevoll Fisk AS	0,00 %
Modolv Sjøset AS	6	Norway	Austevoll Fisk AS	0,00 %
Modolv Sjøset Fisk AS	6	Norway	Modolv Sjøset AS	0,00 %
Modolv Sjøset Pelagic AS	6	Norway	Modolv Sjøset AS	0,00 %
Helgeland Fryseterminal AS	6	Norway	Modolv Sjøset AS	0,00 %
Sir Fish AS	6	Norway	Austevoll Fisk AS	0,00 %
Sirevåg Fryselager AS	6	Norway	Sir Fish AS	0,00 %
Aumur AS		Norway	Austevoll Seafood ASA	100,00 %
Murman Fishing Company Ltd.		Cyprus	Aumur AS	100,00 %
Austevoll Eiendom AS		Norway	Austevoll Seafood ASA	100,00 %
Laco IV AS		Norway	Austevoll Seafood ASA	100,00 %
Gateport Ltd		Panama	Laco IV AS	100,00 %
Andean Opportunities Funds Ltd.		Caymen Island	Gateport Ltd.	100,00 %
Dordogne Holdings Ltd.		Panama	Gateport Ltd.	66,67 %
Dordogne Holdings Ltd.		Panama	Andean Opportunities Funds Ltd.	33,33 %
Austral Group S.A.A		Peru	Dordogne Holdings Ltd.	89,35 %
Inversiones Pacfish Ltda.		Chile	Austevoll Seafood ASA	100,00 %
A-Fish AS		Norway	Austevoll Seafood ASA	100,00 %
Aconcagua Ltd		Jersey	A-Fish AS	100,00 %
Consortium Enterprises (Jersey) Ltd.		Jersey	Aconcagua Ltd	100,00 %
Beechwood Ltd.		Panama	Consortium Enterprises (Jersey) Ltd.	100,00 %
Pesquera Nuevo Horizonte Ltd.		Chile	Beechwood Ltd.	99,00 %
Pesquera Caldera Ltd.		Chile	Consortium Enterprises (Jersey) Ltd.	98,10 %
FoodCorp S.A.		Chile	Consortium Enterprises (Jersey) Ltd.	72,98 %
FoodCorp S.A.		Chile	Inversiones Pacfish Ltda.	22,91 %
Pesquera del Cabo S.A.		Chile	FoodCorp Chile S.A.	99,99 %
FoodCorp Chile S.A.		Chile	FoodCorp S.A.	65,00 %
FoodCorp Chile S.A.		Chile	Pesquera del Cabo S.A.	35,00 %
Chilefood S.A.		Chile	FoodCorp Chile S.A.	99,96 %
Cultivos Pacfish S.A.		Chile	Inversiones Pacfish Ltda.	99,90 %
Alumrock Overseas S.A.		Chile	FoodCorp Chile S.A.	100,00 %

* The group Austevoll Fisk AS was sold in July 2011. The group has been consolidated for 6 months of 2011. See note 6 for further details.

NOTES TO THE ACCOUNTS

NOTE 6 ACQUISITION OF SHARES

Norway Pelagic ASA

The merger between Austevoll Seafood ASAs (AUSS) wholly-owned subsidiary Austevoll Fisk AS and Norway Pelagic AS was completed on 1 July 2011. AUSS received a consideration of 2,768,954 new shares (10.026%) in Norway Pelagic ASA . Subsequently, AUSS owns 43% of Norway Pelagic ASA.
The transaction was carried out at fair value, with an insignificant negative effect recognised in profit and loss in the third quarter.

The transaction is recognised in the accounts as disposal of a subsidiary and addition of shares in an associated company. The Austevoll Fisk Group was deconsilidated with effect from 30 June 2011. As of 1 July 2011, the business previously carried out by the Austevoll Fisk Group is a part of Norway Pelagic ASA and is reported as result from an associated company.

For the first half of the year, the segment Pelagic North Atlantic relates to the subsidiary Austevoll Fisk AS. With effect from Q3 2011, this segment relates to the associated company Norway Pelagic ASA.

Brødrene Birkeland AS

In October 2011, AUSS acquired 1,472,494 shares in Brødrene Birkeland AS (BRBI). The acquisition comprised 9.79 per cent of the total share capital and votes in BRBI. AUSS acquired the shares against a consideration of NOK 65.00 per share, in aggregate NOK 95.7 mill. The settlement was made in cash. Subsequently, AUSS owns 49.99 per cent of BRBI.

NOTE 7 CLAIM AGAINST THE COMPANY RELATED TO TAXATION OF LAFJORD FISKEBÅTREDERI AS

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

NOTE 8 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Acquisition of additional interest in a subsidiary
In 2011 the Group acquired the remaining 49% of the issued shares of Sirevaag AS through the subsidiary Lerøy Seafood Group ASA. The Group now holds 100% of the equity share capital of Sirevaag AS. In 2010 the transactions with non-controlling interests were related to Welcon AS purchase of the remaining shares in Bodø Sildoljefabrikk AS, and to Lerøy Seafood Group ASA purchase of the remaining 25% of Lerøy Delico AS.

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

Amounts in NOK 1 000	**2011**	**2010**
Carrying amount of non-controlling interests acquired	4 002	49 104
Consideration paid to non-controlling interests	6 265	82 133
Excess of consideration paid recognised in parent's equity	**2 263**	**33 029**

NOTES TO THE ACCOUNTS

NOTE 9 EVENTS AFTER REPORTING PERIOD

January 27th, 2012 Austevoll Seafood ASA successfully completed a NOK 400 million FRN senior unsecured bond issue with maturity date 7 February 2017. The coupon rate is 3 months NIBOR + 4.0% p.a, with quarterly interest payments.

The net proceeds from the Bond shall be used for (i) refinancing of the AUSS04 bond loan and (ii) general corporate purposes. The bond issue was substantially oversubscribed.

NOTE 10 SEGMENT INFORMATION

Operating segments

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

Fishmeal/oil (FMO)

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

Human Consumption (HC)

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

Pelagic North Atlantic

The Pelagic North Atlantic segment consists of Austevoll Fisk Group until 30.06.2011. Austevoll Fisk AS was merged with Norway Pelagic AS at 01.07.2011. Post-merger, the Pelagic North Atlantic segment is reported as income from assosiated companies. (The AUSS ownership of Norway Pelagic AS is 43.3 per cent after merger with Austevoll Fisk AS). Austevoll Fisk AS and Norway Pelagic AS sells pelagic fish for the international market, and operates facilities for pelagic processing (fillet, packing and freezing).

Production, sales & distribution of salmon and trout (LSG)

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

Other / Elimination

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

Geographical areas

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

NOTES TO THE ACCOUNTS

NOTE 10 SEGMENT INFORMATION (CONT.)

2011	FMO	HC	Pelagic North Atlantic	Production, sales & distribution	Other/ Elim.	Group
External segment income	1 873 567	651 025	620 375	8 976 663	34 869	12 156 499
Inter-segment income	0	0	157 931	178 676	-336 607	0
Other gains and losses	-53 574	20 017	20 238	21 534	-3 143	5 072
Total segment income	**1 819 993**	**671 042**	**798 544**	**9 176 873**	**-304 881**	**12 161 571**
Operating expenses	-1 355 916	-597 975	-766 086	-7 692 076	296 253	-10 115 800
Operating profit before depreciation, amortisation, impairment and fair value adjustment of biological assets	**464 077**	**73 067**	**32 458**	**1 484 797**	**-8 628**	**2 045 769**
Depreciation and amortisation	-142 699	-71 477	-12 092	-272 056	-9 425	-507 749
Impairment/Reversal of impairments	5 146	-9 893	0	157	0	-4 590
Operating profit before fair value adjustment of biological assets	**326 524**	**-8 303**	**20 366**	**1 212 898**	**-18 053**	**1 533 429**
Fair value adjustment of biomass	0	0	0	-615 767	0	-615 767
Operating profit	**326 524**	**-8 303**	**20 366**	**597 131**	**-18 053**	**917 662**
Income from associated companies	4 500	-16 681	24 406	19 741	13 827	45 793
Interest income	16 103	4 251	880	41 229	31 730	94 193
Interest expenses	-28 359	-5 701	-11 540	-121 821	-110 601	-278 022
Net other financial	-6 072	3 153	928	-1 292	-3 911	-7 194
Profit before taxes	**312 696**	**-23 281**	**35 040**	**534 988**	**-87 008**	**772 432**
Income tax expense	-126 242	14 750	-2 838	-156 310	24 867	-245 773
Profit for the year	**186 454**	**-8 531**	**32 202**	**378 678**	**-62 141**	**526 659**

NOTES TO THE ACCOUNTS

NOTE 10 SEGMENT INFORMATION (CONT.)

2010	FMO	HC	Pelagic North Atlantic	Production, sales & distribution	Other/ Elim.	Group
External segment income	2 024 809	740 444	1 204 397	8 758 170	-27 070	12 700 750
Inter-segment income	0	0	231 723	129 501	-361 224	0
Other gains and losses	-23 053	67 411	40		-396	44 002
Total segment income	**2 001 756**	**807 855**	**1 436 160**	**8 887 671**	**-388 690**	**12 744 752**
Operating expenses	-1 480 659	-641 450	-1 372 849	-7 081 797	372 832	-10 203 923
Operating profit before depreciation, amortisation, impairment and fair value adjustment of biological assets	**521 097**	**166 405**	**63 311**	**1 805 874**	**-15 858**	**2 540 827**
Depreciation and amortisation	-153 931	-98 069	-21 677	-219 624	-4 989	-498 290
Impairment/Reversal of impairments	-49 614	-9 147	0	0	0	-58 761
Operating profit before fair value adjustment of biological assets	**317 552**	**59 189**	**41 634**	**1 586 250**	**-20 847**	**1 983 775**
Fair value adjustment of biomass	0	0	0	298 538	0	298 538
Operating profit	**317 552**	**59 189**	**41 634**	**1 884 788**	**-20 847**	**2 282 313**

For information regarding impairments, see note 15 and 16

	Income		Tangible and intangible fixed assets		Investments in property and equipment		Investments in intangible assets	
Geographical areas	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Norway	10 585 877	11 016 509	7 140 986	7 021 736	609 469	658 185	10 965	881 249
South America	1 880 574	2 116 933	2 892 657	2 844 580	114 994	78 833	839	1 674
Other eliminations	-304 881	-388 690	0	0	0	0	0	0
Total	**12 161 570**	**12 744 752**	**10 033 643**	**9 866 315**	**724 463**	**737 018**	**11 804**	**882 923**

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

NOTES TO THE ACCOUNTS

NOTE 11 INCOME

	2011	2010
Sales revenue		
Sale of goods and services	12 029 060	12 496 530
Other income		
Other operating income	127 439	204 219
Total other income	**127 439**	**204 219**
Other gains and losses		
Gains and losses on sale of property, plant and equipment	653	-9 939
Gain on sale of shares (see note 6)	-3 071	72 766
Other gains and losses	7 490	-18 825
Total other gains and losses	**5 072**	**44 002**

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

	2011	2010
Salary and holiday pay	1 083 265	1 035 691
Hired personnel	50 460	19 613
Other remunerations	109 727	30 797
National insurance contribution	131 356	116 409
Pension costs (inc. national insurance contribution) - note 27	29 028	26 336
Share option cost (inc. national insurance contribution)	800	3 556
Other personnel costs	52 096	21 408
Total	**1 456 731**	**1 253 809**
Average man-labour year	6 406	5 382

Guidelines for remuneration to executive management

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

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

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

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

NOTES TO THE ACCOUNTS

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

2011 - Remunerations to the company's officers	**Salary**	**Salary related to previous year**	**Director's fee**	**Other remuneration**	**Total**
CEO	2 749	0	0	203	2 952
CFO	1 941	0	0	163	2 104
Chairman of the Board*	0	0	2 007	0	2 007
Other members of the Board	0	0	800	3	803
Total	**4 690**	**0**	**2 807**	**369**	**7 866**

2010 - Remunerations to the company's officers	**Salary**	**Salary related to previous year**	**Director's fee**	**Other remuneration**	**Total**
CEO	2 021	1 030	0	190	3 241
CFO	1 560	0	0	163	1 724
Chairman of the Board *	0	0	1 901	0	1 901
Other members of the Board	0	0	702	27	729
Total	**3 581**	**1 030**	**2 603**	**381**	**7 595**

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

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

No loans or securities have been issued in 2011 or 2010 to the CEO, board members, members of the corporate management or other employees or closely related parties.

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

Options - Lerøy Seafood Group ASA (LSG)
The Board of LSG adopted an option program totalling 700,000 options with a redemption price of NOK 125 per option on 20 June 2006, with final allocation on 29 February 2008. The program had a duration of three years. One third of the options could be exercised in the month of May in 2009, 2010 and 2011 respectively. No options were exercised in 2009. In 2010 and 2011, options were exercised and honoured with cash payment (the difference between premium and market price). The expired option program has not been replaced with a new option program in 2011.

Common to all the option programmes is that if the option holder leaves the company, any options not exercised will lapse. Moreover, the exercise price for the various option programmes reflects the market price (or higher) at the time of allocation.

NOTES TO THE ACCOUNTS

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

Specification of auditor's fee	2011	2010
Audit fee	6 376	8 136
Audit fee to other auditors	1 390	1 226
Other assurance services	370	129
Other services to other auditors	1 305	177
Tax advice	566	527
Tax advice to other auditors	218	166
Other services	1 199	1 341
Total	**11 423**	**11 702**

NOTE 13 OTHER FINANCIAL INCOME AND EXPENSES

	2011	2010
Other interest income	94 193	66 895
Dividends	0	0
Currency gains (unrealised and realised)	11 941	0
Other financial income	3 448	5 994
Total other financial income	**109 582**	**72 889**
Interest expenses	278 022	283 960
Currency losses (unrealised and realised)	0	3 703
Loss on sale of shares in associated company	0	9 307
Commisions	12 002	3 614
Other financial expenses	10 582	20 887
Total other financial expenses	**300 606**	**321 471**
Net finance cost	**-191 024**	**- 248 582**

NOTE 14 EARNINGS PER SHARE AND DIVIDEND PER SHARE

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

Basis for calculation of earnings per share	2011	2010
The year's earnings	369 384	1 221 533
No. of shares at the balance sheet date (thousands)	202 717	202 717
Average no. of shares (thousands)	202 717	202 717
Earnings per share	1,82	6,03
Diluted earnings per share	1,82	6,03
Suggested dividend per share	**1,00**	**1,50**

NOTES TO THE ACCOUNTS

NOTE 15 INTANGIBLE ASSETS

2010	Goodwill	Licenses fishfarming Norway	Licenses pelagic fisheries South America	Brand/ Trademarks	Total
Per 01.01.					
Acquisition cost	1 763 854	2 786 806	834 810	204 416	5 589 885
Accumulated amortisation	0	-1 790	-23	-53	-1 813
Accumulated impairment	0	0	-16 705	0	-16 705
Carrying amount at 01.01.	**1 763 854**	**2 785 016**	**818 082**	**204 363**	**5 571 315**
Balance sheet value at 01.01.	1 763 854	2 785 016	818 082	204 363	5 571 315
Currency translation differences	5 085	-1 801	21 898	-1 370	23 812
Effect of business combinations	205 954	675 188	0	0	881 142
Intangible assets acquired	0	8 998	0	0	8 998
Intangible assets sold/demerged/ change in interests in subsidiaries	-323 894	0	0	-150 000	-473 894
Amortisation	0	-2 811	0	0	-2 811
Impairment	-9 154	0	-2 182	0	-11 336
Reversal of impairment	0	0	4 145	0	4 145
Carrying amount at 31.12.	**1 641 845**	**3 464 590**	**841 943**	**52 993**	**6 001 371**
Per 31.12.					
Acquisition cost	1 650 999	3 469 191	856 708	53 046	6 029 944
Accumulated amortisation		-4 601	-23	-53	-4 624
Accumulated impairment	-9 154	0	-14 742	0	-23 896
Carrying amount at 31.12.	**1 641 845**	**3 464 590**	**841 943**	**52 993**	**6 001 424**
- of which assets with indefinite lives	1 641 845	3 406 680	841 943	52 993	5 943 461
- of which assets with definite lives	0	57 910	0	0	57 910

NOTES TO THE ACCOUNTS

NOTE 15 INTANGIBLE ASSETS (CONT.)

2011	Goodwill	Licenses fishfarming Norway	Licenses pelagic fisheries South America	Brand/ Trademarks	Total
Balance sheet value at 01.01.	1 641 845	3 464 590	841 943	52 993	6 001 371
Currency translation differences	14 125	438	36 368	70	51 001
Effect of business combinations	7 092	46	-250	0	6 888
Intangible assets acquired	0	10 965	839	0	11 804
Intangible assets sold/demerged/ change in interests in subsidiaries	-4 261	2 522	-3 133	0	-4 873
Amortisation	0	-1 952	-1 662	0	-3 614
Impairment *	-9 358	0	0	0	-9 358
Reversal of impairment	0	157	0	0	157
Carrying amount at 31.12.	**1 649 442**	**3 476 766**	**874 104**	**53 063**	**6 053 376**
Per 31.12.					
Acquisition cost	1 667 955	3 483 162	890 532	53 116	6 094 764
Accumulated amortisation	0	-6 553	-1 685	-53	-8 238
Accumulated impairment	-18 512	157	-14 742	0	-33 097
Carrying amount at 31.12.	**1 649 442**	**3 476 766**	**874 105**	**53 063**	**6 053 376**
- of which assets with indefinite lives	1 649 442	3 420 808	874 105	53 063	5 997 418
- of which assets with definite lives	0	55 958	0	0	55 958

* Impaired goodwill identified through the acquisition of Puerto Montt plant in 2006.
Included in licenses fishfarming above is a privilege for utilisation of waterfalls with definite useful lives.
Goodwill is allocated to the group's cash-generating units (CGU) identified according to country of operation and business segment.

NOTES TO THE ACCOUNTS

NOTE 15 INTANGIBLE ASSETS (CONT.)

			2011		2010	
Cash generating units	**Segment**	**Location**	**Carrying amount of allocated goodwill**	**Carrying amount of allocated licenses/ brands with indefinite useful lives**	**Carrying amount of allocated goodwill**	**Carrying amount of allocated licenses with indefinite useful lives**
FoodCorp S.A (1)	Human consumption	Chile	36 789	200 160	54 406	196 168
	Fish meal/oil	Chile	43 189	51 087	33 610	50 068
Austral Group S.A.A (2)	Human consumption	Peru	68 136	71 544	64 602	68 097
	Fish meal/oil	Peru	158 987	554 375	150 739	527 664
Welcon AS (3)	Fish meal/oil	Norway/ Ireland/UK	165 602	0	164 581	0
Lerøy Seafood Group ASA (4) - Production	Production, sales and distribution	Norway	683 141	3 476 766	661 515	3 467 278
Lerøy Seafood Group ASA (4) - Sales and distribution	Production, sales and distribution	Norway	493 597	50 000	493 597	50 000
Others (5)	Pelagic North Atlantic	Norway	0	0	18 795	250
Total			**1 649 442**	**4 403 933**	**1 641 845**	**4 359 526**

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

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

3) Identified through the acquisition of Welcon Invest AS and Karmsund Fiskemel AS in 2006, and the Welcon Invest AS' aquisitions of United Fish Industries Ltd, United Fish Industries (UK) Ltd, and Bodø Sildeoljefabrikk AS in 2009. After the transactions involving the United Fish Industries companies in 2009 Welcon Invest is a joint venture were Austevoll Seafood ASA owns 50%.

4) Identified through the acquisition of Lerøy Seafood Group ASA in December 2008. The allocation of goodwill between cash generating units was finalized in 2009. Increase in 2011i s related to intangibles indentified through several minor acquisions in LSG.

5) Identified through several minor acquisitions in the Austevoll Fisk Group. All intangible assets were derecognised in 2011 as the Austevoll Fisk Group was merged with Norway Pelagic AS.

NOTES TO THE ACCOUNTS

NOTE 15 INTANGIBLE ASSETS (CONT.)

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

Business segments 2010	**FMO**	**HC**	**PNA**	**Production, sales & distribution**	**Other**	**Group**
Carrying amount of allocated goodwill	348 930	119 008	18 795	1 155 112	0	1 641 845
Carrying amount of allocated licenses and brands with indefinite useful lives	577 732	264 265	250	3 517 278	0	4 359 526

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

There have been performed impairment tests for each cash generating unit by December 31, 2011.

The recoverable amount of the cash generating units has been determined based on value in use calculation. Value in use is calculated on estimated present values of future cash flow. The analyses are based on the financial budgets for 2012, and estimated results for the years 2012 to 2016. After 2016 a terminal value is calculated based on the estimated result for 2016.

Estimated inflation rate has been considered when calculating the terminal value. The budgets are mainly based on weighted historical performance and expectations that the Global and national quota allocations for 2012 and onwards will be within the range as for the recent years. The discount rate applied to cash flow range between 10–12 % before tax. The impairment tests did not produce grounds for write-down of intangible assets in 2011.

The following budget assumptions for 2012 is used in the impairment test, with actual figures for 2010 and 2011 presented for comparison:

Catch and purchase (figures in 1.000 tons)	**2012E**	**2011**	**2010**
FoodCorp S.A own catch	40	27	44
FoodCorp S.A purchase raw material	72	60	61
Austral Group S.A.A own catch	442	530	221
Austral Group S.A.A purchase raw material	180	236	134
Welcon Group purchase raw material *	410	423	550

Volumes sold (figures in 1.000 tons/ 1.000 cases)	**2012E**	**2011**	**2010**
Fishmeal and oil (tons) *	300	290	291
Frozen products (tons)	12	18	5
Canning (cases)	3 500	3 018	1 535
High and low consentrate Omega-3 oils (tons)	-	-	1,53
Salmon (tons)	142	137	117

* reflects 100% of Welcon group purchase and sales

NOTES TO THE ACCOUNTS

NOTE 16 TANGIBLE FIXED ASSETS

2010	Land	Projects in progress	Buildings/ property	Plant, equipment and other fixtures	Vessels	Total
Per 01.01.						
Acquisition cost	168 828	49 914	1 337 866	2 862 708	1 109 868	5 529 184
Accumulated depreciation	-54	0	-221 715	-996 811	-384 467	-1 603 047
Accumulated impairment	-840	0	-320	-26 376	-27 550	-55 086
Carrying amount at 01.01.	**167 934**	**49 914**	**1 115 830**	**1 839 521**	**697 851**	**3 871 050**
Currency translation differences	-4 059	-1 880	-21 004	-31 194	26 140	-31 997
Reclassification	0	-49 748	2 237	63 141	-24 901	-9 271
Effect of business combinations	11 149	0	57 958	237 230	0	306 337
Tangible fixed assets acquired	6 644	69 029	71 362	287 973	10 640	445 648
Tangible fixed assets sold	-656	-1 136	-49 176	-93 565	-148 612	-293 145
Depreciation	0	0	-60 579	-356 567	-78 333	-495 479
Depreciation dicontinued operations	0	0	6 001	9 211	104 014	119 226
Impairment	0	0	-11 393	-16 714	-37 235	-65 342
Reversal of impairment	0	0	0	0	17 916	17 916
Carrying amount at 31.12.	**181 012**	**66 179**	**1 111 236**	**1 939 036**	**567 480**	**3 864 943**
Per 31.12.						
Acquisition cost	181 906	66 179	1 399 243	3 326 293	1 077 149	6 050 770
Accumulated depreciation	-54	0	-276 293	-1 344 167	-462 800	-2 083 314
Accumulated impairment	-840	0	-11 713	-43 090	-46 869	-102 512
Carrying amount at 31.12.	**181 012**	**66 179**	**1 111 237**	**1 939 036**	**567 480**	**3 864 944**
Carrying amount of finance lease included above	**0**	**0**	**0**	**269 361**	**32 989**	**302 350**
Depreciation on finance lease included above	**-**	**-**	**-**	**49 579**	**2 780**	**52 359**

NOTES TO THE ACCOUNTS

NOTE 16 TANGIBLE FIXED ASSETS (CONT.)

2011	Land	Projects in progress	Buildings/ property	Plant, equipment and other fixtures	Vessels	Total
Balance sheet value at 01.01.	181 012	66 179	1 111 237	1 939 036	567 480	3 864 944
Currency translation differences	6 248	3 098	13 880	31 235	23 393	77 854
Reclassification	-8 312	-41 335	9 203	-16 777	21 919	-35 303
Transferred to disposed group	-5 071	-1 747	-95 824	-72 726	0	-175 368
Tangible fixed assets acquired	2 039	108 279	47 797	562 214	4 135	724 464
Tangible fixed assets sold	-988	-23 371	-26 167	-70 180	-34 198	-154 903
Depreciation	-93	0	-71 802	-340 797	-91 443	-504 135
Depreciation transferred to disposed Group	0	0	20 887	61 665	22 430	104 981
Impairment	0	0	0	0	-10 731	-10 731
Reversal of impairments	0	0	0	0	15 343	15 343
Reversal of impairment by sale/demerger	-3 628	0	-16 706	70 544	22 917	73 127
Carrying amount at 31.12.	**171 207**	**111 103**	**992 503**	**2 164 214**	**541 244**	**3 980 272**
Per 31.12.						
Acquisition cost	175 822	111 103	1 348 131	3 760 060	1 092 398	6 487 513
Accumulated depreciation	-147	0	-327 209	-1 623 300	-531 813	-2 482 468
Accumulated impairment	-4 468	0	-28 419	27 454	-19 341	-24 774
Carrying amount at 31.12.	**171 207**	**111 103**	**992 503**	**2 164 214**	**541 244**	**3 980 272**
Carrying amount of finance lease included above	**0**	**0**	**19 111**	**418 895**	**35 609**	**473 614**
Depreciation on finance lease included above	**0**	**0**	**936**	**45 029**	**1 822**	**47 787**

NOTES TO THE ACCOUNTS

NOTE 17 ASSOCIATED COMPANIES AND INVESTMENTS IN JOINT VENTURES

Associated companies	**2011**	**2010**
Beginning of year	953 051	492 391
Acquisitions	214 355	342 030
Share of profit/(loss)*	45 793	191 761
Exchange differences	11 440	213
Dividends	-65 430	-63 008
Other changes in equity	-1 778	-10 336
End of year	**1 157 431**	**953 051**

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

NOTES TO THE ACCOUNTS

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

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

Name	Country of incorporation	Assets	Liabilities	Revenues	Profit/loss	% interest and votring-rights held
2010						
Norway Pelagic ASA*	Norway	1 708 000	834 000	2 616 700	84 800	33,27 %
Br. Birkeland AS	Norway	852 381	613 708	486 714	126 980	40,20 %
Norskott Havbruk AS	Norway	1 145 330	539 054	1 026 812	235 476	50,00 %

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

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

Name	Country of incorporation	% interest and votringrights held at beginning of year	% interest and votringrights held at end of year
Shetland Catch Ltd.*	Great Britain	25,00 %	0,00 %
TH Moreproduct*	Ukraine	50,00 %	0,00 %
Alfarm Alarko Leroy	Turkey	50,00 %	50,00 %
Pesqueros del Pacifico S.A.	Peru	50,00 %	50,00 %
Nergård Holding AS	Norway	12,50 %	12,50 %

* The interest in Shetland Catch Ltd and TH Moreproduct was derecognised from June 2011 as part of the merger of Austevoll Fisk AS with Norway Pelagic AS, ref note 6.

NOTES TO THE ACCOUNTS

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

Investments in joint venture	Period	Location	Business	Voting share
JV Cormar	01.01-31.12	Peru	Fish oil/fish meal	50 %
Atlantic Pelagic Faroe	01.01-30.06	Faroe	Pelagic North Atlantic	50 %
North Capelin Honningsvåg AS	01.01-30.06	Norway	Pelagic North Atlantic	50 %
Welcon Invest AS	01.01-31.12	Norway	Fish oil/fish meal	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:

Assets	2011	2010
Non-current assets	576 455	595 226
Current assets	171 305	295 410
Total assets	**747 759**	**890 637**
Liabilities		
Non-current liabilities	106 093	152 365
Current liabilities	62 263	198 645
Total liabilities	**168 356**	**351 010**
Total equity	**579 403**	**539 626**
Income	699 102	899 752
Expenses	-636 287	-773 937
Net result	**62 815**	**125 815**

NOTES TO THE ACCOUNTS

NOTE 18 INVESTMENTS IN OTHER SHARES

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

2010 Company	Business location	Ownership/ voting share	Acquisition cost	Fair value
Euro-Terminal AS	Bergen, Norway	18.48 %	22 202	15 741
AquaGen AS	Trondheim, Norway	2.52 %	1 000	21 558
Bulandet Eiendom AS	Bulandet, Norway	minor	625	625
Others			1 735	1 634
Total non-current			**46 120**	**39 558**

Reconsiliation of the carrying amount of investments in other shares	2011	2010
Beginning of year	39 558	40 728
Business combinations	0	60
Acquired/sold	-172	-1 385
Net gains/losses	9 757	155
End of year	**49 143**	**39 558**
Less: non-current portion	-49 143	-39 558
Current portion	**0**	**0**

Investments in other shares are denominated in the following currencies:	2011	2010
NOK	49 143	39 558
Total	**49 143**	**39 558**

NOTES TO THE ACCOUNTS

NOTE 19 TRADE AND OTHER RECEIVABLES

	2011	2010
Trade receivables	1 209 442	1 363 149
Less: provision for impairment of trade receivables	-20 311	-22 037
Trade receivables - net	**1 189 131**	**1 341 112**
Other current receivables		
Prepayments	55 347	74 446
Loans to third parties	6 644	12 153
Public fees and taxes receivable	202 965	210 730
Currency forward contracts / Effects of fair value hedging	15 600	28 338
Insurance to recover	267	52 345
Short-term loans	13 786	5 860
Balance on sale of equipment	13 717	0
Other current receivables	94 005	83 076
Total other current receivables	**402 331**	**466 947**
Total current	**1 591 462**	**1 808 059**
Non-current receivables		
Loans to related parties	1 664	17 838
Loans to third parties	18 859	17 210
Reimbursement rights under escrow accounts	12 583	13 915
Prepayments	40	7 069
Other non-current receivables	12 553	20 214
Total non-current receivables	**45 699**	**76 246**
The ageing of the trade receivables, past due but not impaired:		
0 to 3 months	320 263	225 695
3 to 6 months	6 316	6 330
Over 6 months	8 750	13 510
Total	**335 329**	**245 534**
The ageing of the trade receivables, past due and impaired:		
0 to 3 months	9 739	12 776
3 to 6 months	3 682	1 195
Over 6 months	4 828	6 179
Total	**18 249**	**20 150**

The Group's trade receivables of NOK 1,189,131 are partly covered by credit insurance and other types of security. Trade receivables per 31.12 were nominally NOK 1,210,167 while provisions for bad debts were amounted to NOK 20,311.

Trade receivables, past due but not impaired was NOK 335,329 per 31.12.2011. A major part of the trade receivables, past due but not impaired are related to the subsidiary Lerøy Seafood Group ASA (LSG) with NOK 270,681 of the amount overdue.
Per end of February 2012 more than 94 % of the customer receivables related to LSG are paid.

NOTES TO THE ACCOUNTS

NOTE 19 TRADE AND OTHER RECEIVABLES (CONT.)

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

Currency	2011	2010
US dollar	377 141	469 152
GB pound	50 967	29 546
Euro	340 430	337 035
NOK	480 584	584 273
CHF	1 477	3 190
CLP	84 953	136 351
PEN	243	0
SEK	123 769	143 207
Other	131 899	105 306
Total	**1 591 462**	**1 808 060**

Movements on the provision for impairment of trade receivables are as follows:

Pr 01.01	-22 037	-24 678
Business combinations	2 010	675
This years change in provisions	1 355	-1 823
Receivables written off during the year as uncollectable	-1 979	-
Currency translation differences	46	88
Unused amounts reversed	294	3 701
Pr 31.12	**-20 311**	**-22 037**

NOTE 20 INVENTORIES

	2011	2010
Raw materials	249 597	250 516
Work in progress	18 212	2 905
Finished goods	662 325	519 603
Impairments, including obsoleteness	-16 348	-14 750
Total	**913 786**	**758 273**
Obsoleteness of inventories expensed during the year	7 461	19 761

NOTES TO THE ACCOUNTS

NOTE 21 BIOLOGICAL ASSETS

	2011	2010
Biological assets 01.01.	**2 706 733**	**1 858 562**
Increases due to production	3 476 843	2 593 509
Increase/decrease due to business combinations	0	445 611
Decreases due to sales / harvesting	-3 195 898	-2 490 461
Fair value adjustment of biological assets (profit and loss effect)	-616 741	299 512
Biological assets 31.12.	**2 370 937**	**2 706 733**

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

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

Profit and loss effect of fair value adjustments	**2011**	**2010**
Fair value adjustment of biological assets	-616 741	299 512
(Gain) on Fishpool contracts	974	-974
Fair value adjustment of biological assets (profit and loss effect)	**-615 767**	**298 538**
Total fish in sea (LWT)	100 573	93 867
Harvestable fish (> 4kg LWT)	34 143	20 979
Value adjustment harvestable fish (> 4kg)	51 739	194 814
Value adjustment immature fish (< 4kg)	716	474 382
Total value adjustment biological assets	52 455	669 196
Cost price of biological assets	2 318 483	2 037 537
Balance sheet value of biological assets	**2 370 938**	**2 706 733**
Value adjustment biological assets		
Value adjustment per 01.01	670 172	296 436
Acquistions due to business combinations	-976	74 224
The year's profit impact of value adjustments	-616 741	299 512
Value adjustments per 31.12	**52 455**	**670 172**

NOTES TO THE ACCOUNTS

NOTE 22 DERIVATIVE FINANCIAL INSTRUMENTS

The table below shows the Group's currency forward contracts as of 31.12.2011.
The contracts are for purchase (-)/sale(+) against NOK.

Currency	Currency amount	Exchange rate at maturity	Amounts in NOK	Exchange rate 31.12.2011	Fair value, NOK
EURO	48 420	7,787	377 047	7,772	736
USD	48 420	5,786	280 158	6,007	-10 699
JPY	1 581 300	0,075	118 598	0,077	-3 975
SEK	78 800	0,856	67 453	0,868	-954
GBP	4 230	9,105	38 514	9,270	-696
AUD	50	5,852	293	6,097	-12
Total					**-15 600**

	2011	2010
Recognised asset (- liability) due to fair value hedging	-15 600	28 338

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

NOTE 23 GUARANTEE OBLIGATIONS

	2011	2010
Letters of guarantees held by the subsidiary	26 257	32 220
Letters of guarantees held by the assosiates	23 750	16 250
Total	**50 007**	**48 470**

NOTE 24 RESTRICTED BANK DEPOSITS

	2011	2010
Restricted deposits related to employee` tax deduction	32 540	32 574
Other restricted deposits	4 859	13 977
Total	**37 399**	**46 551**

NOTES TO THE ACCOUNTS

NOTE 25 SHARE CAPITAL AND SHAREHOLDERS

Share capital:

As of December 31, 2011 the Company has 202,717,374 shares at nominal value of NOK 0.50 per share. None of the shares are owned by any Group company.

Date of registration	Type of change	Nominal value per share (NOK)	Total share capital	Number of ordinary shares
01.01.2008/31.12.2009	Capital increase	0,50	101 358 687	202 717 374
2010	No changes	0,50		0
2011	No changes	0,50		0
31.12.2011			**101 358 687**	**202 717 374**

	2011		2010	
The shareholders in Austevoll Seafood ASA, were as of 31.12.:	**Number of shares**	**Share-holding**	**Number of shares**	**Share-holding**
Laco AS	112 605 876	55,55 %	112 605 876	55,55 %
Pareto Aksje Norge	10 562 447	5,21 %	5 727 000	2,83 %
Pareto Aktiv	4 874 917	2,40 %	2 619 700	1,29 %
Verdipapirfond Odin Norden	4 409 501	2,18 %	4 373 801	2,16 %
Topiola Mutual Pension Insurance	4 099 299	2,02 %	0	0,00 %
Pareto Verdi VPF	2 694 294	1,33 %	1 277 394	0,63 %
Skagen Vekst	1 972 716	0,97 %	1 360 600	0,67 %
Mitsui and Co Ltd	1 782 236	0,88 %	1 782 236	0,88 %
Br. Birkeland AS	1 722 223	0,85 %	1 722 223	0,85 %
Holberg Norge	1 563 489	0,77 %	1 649 120	0,81 %
Folketrygdfondet	1 425 497	0,70 %	1 880 900	0,93 %
Holberg Norden	1 397 096	0,69 %	1 435 990	0,71 %
Credit Suisse Securi Prime Broker	1 244 312	0,61 %	0	0,00 %
Verdipapirfond Odin Norge	1 204 863	0,59 %	7 895 724	3,89 %
Kontrari AS	1 110 000	0,55 %	0	0,00 %
MP Pensjon PK	1 040 000	0,51 %	1 040 000	0,51 %
Forsvarets Personellservice	870 146	0,43 %	0	0,00 %
DnB NOR Norge (iv) VPF	868 139	0,43 %	881 054	0,43 %
DnB NOR SMB VPF	850 000	0,42 %	1 215 000	0,60 %
Pictet & Cie Banquiers	770 266	0,38 %	0	0,00 %
Handelsbanken Helsinki	0	0,00 %	3 840 000	1,89 %
State Street Bank AC	0	0,00 %	2 284 584	1,13 %
State Street Bank AC	0	0,00 %	2 136 662	1,05 %
Vital Forsikring ASA	0	0,00 %	1 754 710	0,87 %
Varma Mutual Pension Insurance	0	0,00 %	1 159 299	0,57 %
Total 20 largest	**157 067 317**	**77,48 %**	**158 641 873**	**78,26 %**
Total others	45 650 057	22,52 %	44 075 501	21,74 %
Total numbers of shares	**202 717 374**	**100,00 %**	**202 717 374**	**100,00 %**

NOTES TO THE ACCOUNTS

NOTE 25 SHARE CAPITAL AND SHAREHOLDERS (CONT.)

Shares controlled by Board members and management:	Number of shares	Share-holding
Inga Lise L. Moldestad	40 000	0,02 %
Helge Møgster	23 053 417	11,37 %
Helge Singelstad	50 000	0,02 %
Oddvar Skjegstad	55 000	0,03 %
CEO Arne Møgster (Laco AS)	5 497 595	2,71 %
CFO Britt Kathrine Drivenes (Lerkehaug AS)	125 367	0,06 %
Total shares controlled by Board members and management	**28 821 379**	**14,22 %**

NOTE 26 TAX

	2011	2010
Specification of the tax expense		
Tax payable (excluding tax effect of group contributions)	461 417	422 732
Change in deferred tax	-215 646	32 440
Change in deferred tax (adjustment previous years)	0	4 240
Taxes	**245 773**	**459 412**
Tax reconciliation		
Profit before tax	772 436	2 225 492
Taxes calculated with the nominal tax rates*	234 610	574 095
Income from associated companies	-17 492	-59 374
Tax-free gain on sale of shares	893	-17 867
Currency adjustment of tax values on fixed assets and leasing liabilities	0	-12 721
Other differences	29 180	-24 743
Utilisation of loss carried forward, previously not recognized	-1 418	22
Taxes	**245 773**	**459 412**
Weighted average tax rate	**31,82 %**	**20,64 %**

* Nominal tax rates for the Group, varies between 17% and 37%.

	2011	2010
The gross movement on the deferred income tax account is as follows:		
Opening balance 01.01.	1 963 358	1 729 163
Booked to income in the period	-212 067	-57 480
Tax on share issuance to equity	534	930
Currency translation differences	9 307	11 770
Effect of business combinations	22 947	278 975
Balance sheet value 31.12.	**1 784 078**	**1 963 358**

NOTES TO THE ACCOUNTS

NOTE 26 TAX (CONT.)

Deferred tax liabilities	Intangible assets	Fixed assets	Biological assets	Total
2010				
Opening balance 01.01.	1 014 384	373 574	521 184	1 909 140
Booked to income in the period	-32 757	-116 473	96 274	-52 956
Tax on share issuance to equity	0	930	0	930
Currency translation differences	2 260	8 107	0	10 368
Effect of business combinations	122 741	14 173	142 162	279 076
31.12.	**1 106 628**	**280 311**	**759 620**	**2 146 558**
2011				
Booked to income in the period	0	-24 557	-145 042	-169 599
Tax on share issuance to equity	0	534	0	534
Currency translation differences	3 072	6 560	0	9 632
Effect of business combinations	-19	-4 045	-231	-4 295
31.12.	**1 109 681**	**258 803**	**614 347**	**1 982 830**

Deferred tax asset	Inventory	Pensions	Receiva-bles	Liabili-ties	Profit and loss account	Loss carried forwards	Other	Total
2010								
Opening balance 01.01	4 931	-1 412	-7 680	-5 091	-27 317	-144 640	1 232	-179 977
Booked to income in the period	5 398	1 211	12 708	1 492	-826	-27 400	2 894	-4 524
Currency translation differences	-97	0	-103	2 232	-647	16	0	1 402
Effect of business combinations	-2 735	92	-186	0	-42	0	2 770	-101
31.12.	**7 497**	**-109**	**4 739**	**-1 367**	**-28 832**	**-172 024**	**6 896**	**-183 200**
2011								
Booked to income in the period	-1 721	-4 149	-10 137	-25 230	13 856	-23 295	8 208	-42 468
Currency translation differences	-84	-1 282	-84	2 731	-701	-40	-865	-325
Effect of business combinations	0	76	909	110	-1 640	25 808	1 979	27 242
31.12.	**5 692**	**-5 464**	**-4 573**	**-23 756**	**-17 317**	**-169 551**	**16 218**	**-198 751**

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

NOTES TO THE ACCOUNTS

NOTE 26 TAX (CONT.)

Deferred tax assets	**2011**	**2010**
Deferred tax asset to be recovered after more than 12 months	-192 332	-200 965
Deferred tax asset to be recovered within 12 months	-6 419	17 765
Total	**-198 751**	**-183 200**

Deferred tax liabilities	**2011**	**2010**
Deferred tax liabilities to be settled after more than 12 months	1 368 484	1 386 939
Deferred tax liabilities to be settled within 12 months	614 347	759 620
Total	**1 982 830**	**2 146 558**

Deferred tax liabilities (net)	**1 784 078**	**1 963 358**

Tax payable	**2011**	**2010**
Tax payable beginning of the period	410 054	125 599
Tax payable - tax cost for the period	461 417	422 732
Tax paid during the period, including prepaid taxes current period	-489 600	-225 102
Tax paid during the year to be recovered (see note 19)	0	92 115
Currency translation differences	7 018	-5 290
Tax payable period end	**388 889**	**410 054**

NOTES TO THE ACCOUNTS

NOTE 27 OTHER OBLIGATIONS

Pension obligations and other obligations	**2011**	**2010**
Pensions and pension commitments	13 641	18 797
Other obligations	8 604	1 696
Total	**22 245**	**20 493**

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

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

NOTES TO THE ACCOUNTS

NOTE 27 OTHER OBLIGATIONS (CONT.)

Net pension cost	2011	2010
Current service cost	3 882	4 207
Interest cost	1 026	3 758
Expected return on plan assets	-915	-3 143
Administration costs	287	270
Net actuarial losses recognised during the year	-414	-7 401
Social security tax	445	598
Other changes	0	-1 012
Net pension cost related to defined benefit plan	**4 310**	**-2 722**
Pension costs related to defined contribution plan	21 867	25 425
Social security on defined contribution plan	2 852	3 633
Net pension cost	**29 028**	**26 336**

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

Capitalised commitments are determined as follow	2011	2010
Present value of funded secured obligations	39 528	77 128
Fair value of plan assets	-23 596	-59 889
Present value of unfunded obligations	1 743	2 256
Social security tax	1 332	1 965
Unrecognised actuarial losses	-5 366	-2 664
Net pension commitment on the balance sheet 31.12.	**13 641**	**18 797**

The principal actuarial assumptions	31.12.11	01.01.11	31.12.10
Discount rate	3,2%/4,5%	3,8%/5,8%	3,2%/4,5%
Anticipated yield on pension assets	4,6%/5,6%	5,8%/6,3%	4,6%/5,6%
Anticipated regulation of wages	4%/5%	4%/4,5%	4%/4,5%
Anticipated regulation of pensions	0,05%/1,4%	1,5%/2,8%	0,05%/1,4%
Anticipated regulation of national insurance	3,75%/4,25%	3,75%/4,25%	3,75%/4,25%
Employee turnover	0-20%	0 - 20 %	0-20%
Social security tax rate	0%-14,1%	14,10 %	0%-14,1%
Utilisation percentage AFP:	0-70%	0 - 70 %	0-70%

NOTES TO THE ACCOUNTS

NOTE 28 CONTINGENCIES

The Group has recognised a contingent liability related to the acquisition of Cormar in 2007. The Group will have reimbursement rights for some of the liabilities, if the liabilities materialises. See note 31 for the liabilities and note 19 for the reimbursement rights. The Group has no other significant contingent liabilities.

NOTE 29 INTEREST BEARING DEBT

Non-current	**2011**	**2010**
Bank borrowings	3 389 663	3 766 239
Bond loan	527 694	814 881
Other loans	16 482	34 336
Leasing liabilities	383 778	279 062
Total non-current	**4 317 617**	**4 894 518**

Current	**2011**	**2010**
Bank overdrafts	524 924	382 741
Bond loans	300 000	138 000
Bank borrowings	524 397	564 288
Leasing liabilities	77 252	67 657
Debentures and other loans	0	1 526
Total current	**1 426 573**	**1 154 212**
Total non-current and current	**5 744 190**	**6 048 729**

Net interest-bearing debt	**2011**	**2010**
Cash and cash equivalents	2 382 939	2 810 554
Other interest-bearing assets - current	0	865
Other interest-bearing assets - non-current	0	75 381
Net interest-bearing debt	**3 361 251**	**3 161 929**

Repayment profile interest bearing debt	**2012***	**2013**	**2014**	**2015**	**2016**	**Sub-sequent**	**Total***
Bank borrowings and overdraft *	1 049 321	516 432	549 078	570 156	626 284	1 177 773	4 489 045
Bond loan	300 000	500 000	0	21 046	0	6 646	827 692
Leasing liabilities	77 250	76 515	72 833	49 696	38 719	95 556	410 570
Other non-current liabilities	0	216	8 887	216	216	7 347	16 882
Total	**1 426 571**	**1 093 162**	**630 799**	**641 115**	**665 219**	**1 287 323**	**5 744 190**

* Repayments of non-current liabilities which mature in 2012 are classified as current liabilities in the balance sheet.

NOTES TO THE ACCOUNTS

NOTE 29 INTEREST BEARING DEBT (CONT.)

Liabilities secured by mortgage	2011	2010
Current liabilities	743 216	653 757
Non-current liabilities	4 165 688	4 429 144
Liabilities to credit institutions incl. leasing liab.	**4 908 904**	**5 082 901**

Assets provided as security	2011	2010
Fixed assets	3 281 429	3 130 768
Inventory	239 967	404 128
Biological assets	2 314 410	2 696 863
Shares	815 402	469 349
Trade receivables	427 993	904 999
Cash and cash equivalents	0	0
Total assets provided as security	**7 079 201**	**7 606 107**

The exposure of the group's borrowings to interest rate changes and the contractural repricing dates at the balance sheet dates are as follows:	2011	2010
6 months or less	4 987 836	5 572 266
6-12 months	53 269	85 831
1-5 years	1 216	150 697
Over 5 years	521 333	30 541
Total	**5 563 654**	**5 839 335**

The remaining debt of ThNOK 180,536 as of 31.12.2011 is fixed rate debt.

The carrying amounts and fair value of the	Carrying amount		Fair value	
non-current liabilities are as follows:	2011	2010	2011	2010
Mortage loan	3 389 663	3 766 239	3 389 663	3 766 239
Bond loan	527 694	814 881	528 944	848 181
Leasing liabilities	383 778	279 062	383 778	279 062
Other non-current liabilities	16 482	34 336	16 482	34 336
Total	**4 317 617**	**4 894 518**	**4 318 867**	**4 927 818**

Based on contractual terms the fair value of non current borrowings (ex bond loan) loans are estimated to be equal to book value as of 31. December 2011.

The bond loans are listed on Oslo Stock Exchange, and fair value is calculated using the last traded rates in 2011(December 11 and December 20, respectively) for the bonds. The carrying amounts of short-term borrowings approximate their fair value. Fair value of current bond loan is estimated to NOK 303,720, based on last traded rates in 2011 .

NOTES TO THE ACCOUNTS

NOTE 29 INTEREST BEARING DEBT (CONT.)

The carrying amounts of the group's borrowings are denominated in the following currencies:	2011	2010
NOK	4 831 771	5 234 864
USD	856 117	784 324
EURO	8 429	8 330
SEK	47 871	18 835
Other	0	2 376
Total	**5 744 188**	**6 048 729**

FINANCIAL "COVENANTS"

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

The Group has not been in breach of any covenants during the financial year 2011, and is not in breach as of December 31, 2011.

NOTE 30 LEASE CONTRACTS - GROUP COMPANY AS LESSEE

Overview of future minimum operating leases	Within 1 year	1-5 years	Sub-sequent	Total
Minimum lease amount, operating leasing contracts maturing:	9 883	7 532	2 877	20 292
Present value of future minimum lease (discount rate 5%)	9 347	6 193	271	15 810
Overview of future minimum financial leases				
Minimum lease amount, financial leasing contracts maturing:	91 733	281 419	96 340	469 491
Interest	14 478	36 097	8 932	59 507
Repayment	106 210	317 516	105 272	528 998

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

NOTE 31 OTHER CURRENT LIABILITIES

Specification of other current liabilities	2011	2010
Salary and other personel expenses	191 737	155 215
Public taxes payable	74 006	93 108
Accrued expenses	234 141	194 102
Currency forward contracts / Effects of fair value hedging	15 600	30 104
Contingent liabilities (from the acquistions of Cormar)	30 551	21 083
Other short-term liabilities	16 718	130 613
Other current liabilities	**562 753**	**624 224**

NOTES TO THE ACCOUNTS

NOTE 32 RELATED PARTIES

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

The Group has transactions with related parties such as the associated companies Br. Birkeland AS and Marin IT AS in 2011 and 2010.

The following transactions were carried out with related parties:

a) Sales of goods and services	**2011**	**2010**
Sales of services		
- associates	1 239	517
- the ultimate parent and its subsidiary (administration services)	3 671	6 993
Total	**4 910**	**7 510**

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

b) Purchase of goods and services	**2011**	**2010**
Purchase of goods:		
- associates	2 354	2 878
Purchase of services		
- the immediate parent and its subsidiary (management services)	6 637	6 692
Total	**8 991**	**9 570**

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

NOTES TO THE ACCOUNTS

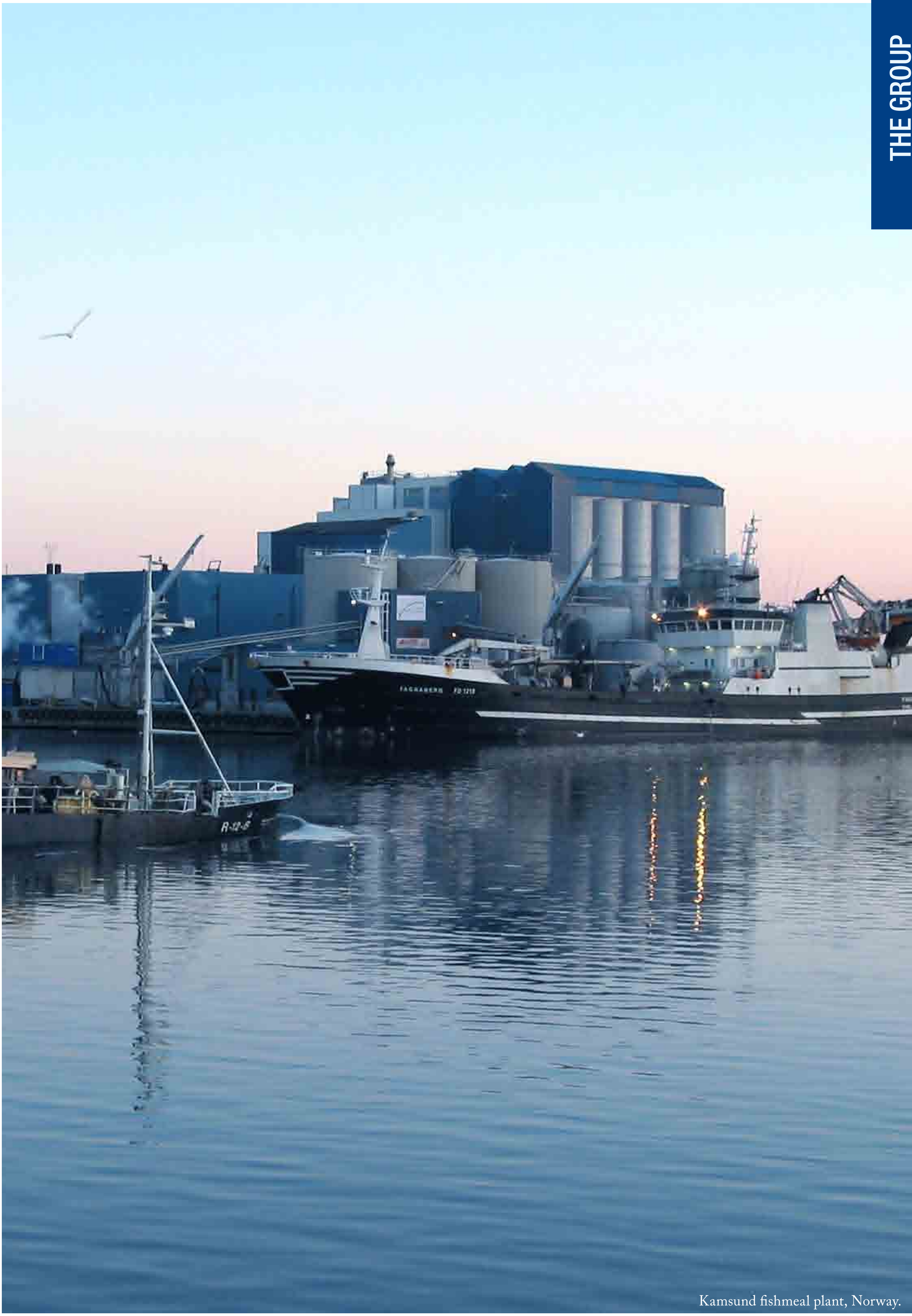
NOTE 32 RELATED PARTIES

c) Year-end balances arising from sales/purchase of goods/services	2011	2010
Receivables from related parties:		
- ultimate parent	793	302
- immediate parent	1 093	81
- associates	431	56

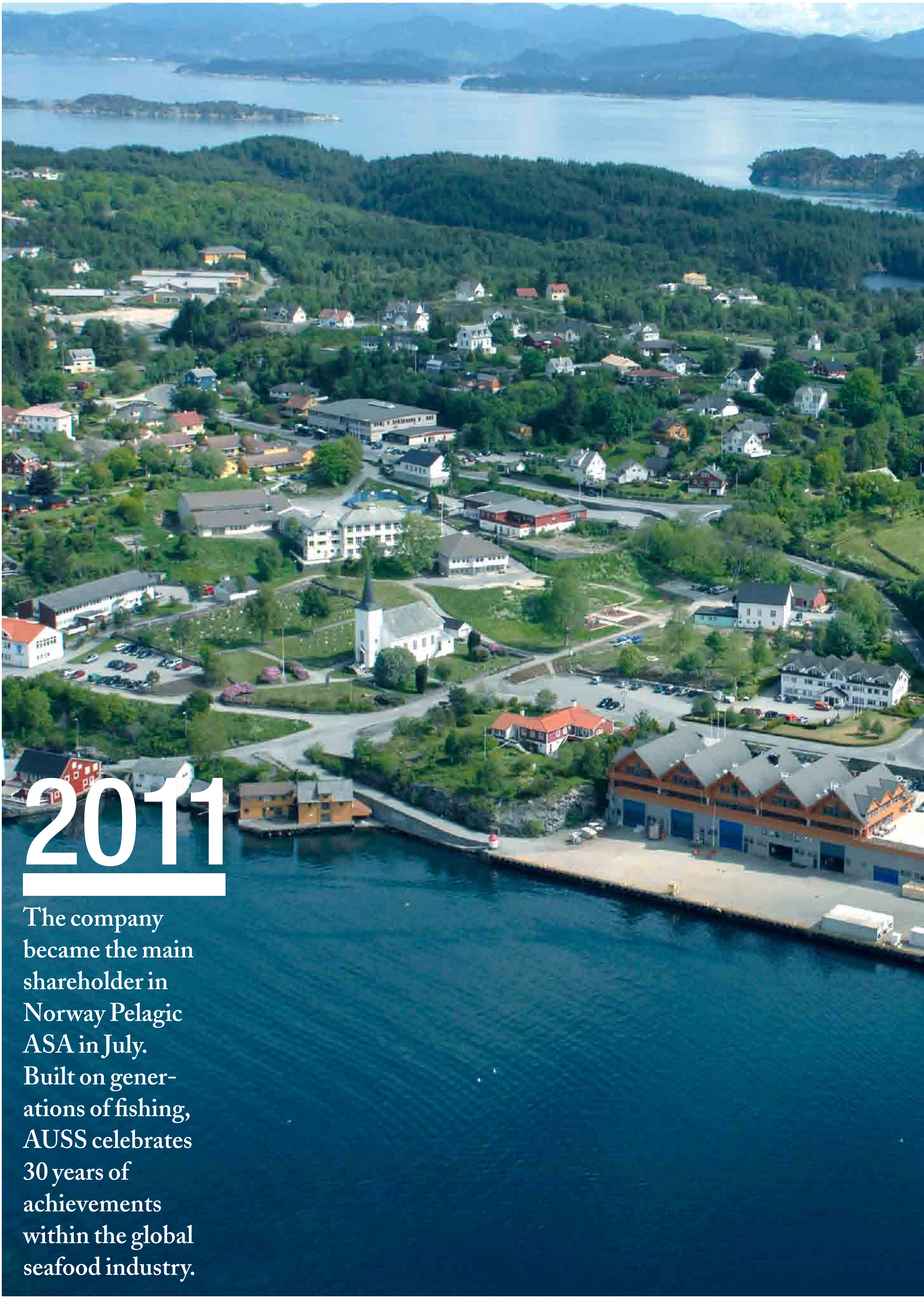
The receivables from related parties arise mainly from sale transactions and are due one month after date of sale. The receivables are unsecured in nature and bear no interest.

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

d) Loans from related parties	2011	2010
Total loans from related parties:		
- associates	1 678	17 838
Interest income	53	1 432



Kamsund fishmeal plant, Norway.



2011

The company became the main shareholder in Norway Pelagic ASA in July. Built on generations of fishing, AUSS celebrates 30 years of achievements within the global seafood industry.

AUSS Headquarters in Storebø.

STATEMENT OF COMPREHENSIVE INCOME

Amounts in NOK 1 000	Note	2011	2010
Sales revenue	**4,19**	8 344	4 105
Total income		**8 344**	**4 105**
		0	0
Salaries and personnel expenses	**5,16**	-17 141	-15 499
Other operating expenses	**5,19**	-11 404	-10 643
Operating profit before depreciation		**-28 545**	**-26 141**
Depreciation	**7**	-487	-507
Operating profit		**-20 688**	**-22 544**
Financial income	**6**	373 885	587 850
Financial expenses	**6**	-151 973	-144 943
Profit before taxes		**201 224**	**420 363**
Income tax expense	**15**	11 693	9 810
Net profit for the year		**212 917**	**430 173**
Change in value of available-for-sale financial assets		3 564	
Comprehensive income in the period		**216 481**	**430 173**

STATEMENT OF FINANCIAL POSITION

Amounts in NOK 1 000	Note	31.12.2011	31.12.2010
Assets			
Property, plant and equipment	**7**	513	1 000
Shares in subsidiaries	**8**	3 230 361	3 322 957
Shares in associated companies	**9**	649 478	443 195
Shares in other companies	**10**	25 750	5 783
Long terms receivables on Group companies	**11,17,20**	1 491 612	1 632 610
Total non-current assets		**5 397 712**	**5 405 545**
Trade receivable	**12**	9 706	6 286
Short term receivable on Group companies	**17,20**	269 289	560 861
Other current receivables	**11**	2 611	895
Cash and cash equivalents	**14,17**	652 632	1 280 880
Total current assets		**934 238**	**1 848 922**
Total assets		**6 331 951**	**7 254 467**
Equity and liabilities			
Share capital	**25 CFS***	101 359	101 359
Share premium		3 713 549	3 713 549
Retained earnings and other reserves		737 122	736 227
Total equity		**4 552 030**	**4 551 135**
Deferred tax liabilities	**15**	2 830	11 655
Pension obligations	**16**	2 708	3 638
Borrowings	**17**	1 126 731	1 916 708
Total non-current liabilities		**1 132 269**	**1 932 001**
Borrowings	**17**	416 944	430 515
Trade payable		2 400	1 523
Accrued salary expense and public tax payable		1 648	5 562
Other current liabilities to Group companies	**17,20**	10 000	14 373
Dividends	**21**	202 717	304 076
Other current liabilities	**18**	13 943	15 283
Total current liabilities		**647 653**	**771 332**
Total liabilities		**1 779 921**	**2 703 332**
Total equity and liabilities		**6 331 951**	**7 254 467**

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

Storebø, 29.03.12

Helge Singelstad
Chairman

Oddvar Skjegstad
Deputy Chairman

Helge Møgster

Inga Lise
Lien Moldestad

Hilde Waage

Arne Møgster
President & CEO

CASH FLOW STATEMENT

Amounts in NOK 1 000	2011	2010
Profit before income taxes	201 224	420 363
Depreciation and amortisation	487	507
(Losses +/Gain-) on investments	30 677	-117 401
Dividends and group contributions	-36 117	-10 190
Change in accounts receivable and other receivables	19 993	-341 028
Change in accounts payable and other payables	-17 410	422
Change in other accruals	-2 750	24 398
Unrealised exchange (gains) / losses	-8 339	-20 615
Net interest	72 288	85 577
Net cash flow from operating activities	**260 053**	**42 033**
Proceeds from sale of fixed assets	0	0
Proceeds from sale of shares and other equity instruments	0	563 800
Purchase of fixed assets	0	0
Purchase of shares and equity investments in other companies	-159 562	-303 371
Change in non-current receivables	73 611	329 369
Dividends and group contributions received	377 560	0
Interest received	35 979	37 359
Net cash flow from investing activities	**327 588**	**627 157**
Net change in long-term interest bearing debt	-639 977	182 074
Movement of short-term interest bearing debt	-163 571	32 391
Interest paid	-108 267	-122 936
Dividends paid	-304 076	-243 261
Proceeds from issuance of shares	0	0
Net cash flow from financing activities	**-1 215 891**	**-151 732**
Net change in cash and cash equivalents	**-628 249**	**517 458**
Cash and cash equivalents at 01.01.	**1 280 880**	**763 421**
Cash and cash equivalents at 31.12.	**652 632**	**1 280 880**

STATEMENT OF CHANGES IN EQUITY

Amounts in NOK 1 000	Note	Share capital	Share premium	Retained earnings	Total equity
Equity 01.01.10		**101 359**	**3 713 549**	**610 129**	**4 425 037**
Profit for the year		**0**	**0**	**430 173**	**430 173**
Total gains and losses charged directly to equity		**0**	**0**	**0**	**0**
Total recognised income		**0**	**0**	**430 173**	**430 173**
Dividends				-304 076	-304 076
Total equity to/from shareholders		**0**	**0**	**-304 076**	**-304 076**
Total change of equity		**0**	**0**	**126 097**	**126 097**
Equity 31.12.10		**101 359**	**3 713 549**	**736 226**	**4 551 134**
Profit for the year		**0**	**0**	**212 917**	**212 917**
Change in value of available-for-sale financial assets				3 564	3 564
Other Comprehensive income for the period		**0**	**0**	**3 564**	**3 564**
Gains and losses charged directly to equity		0	0	-2 868	-2 868
Total gains and losses charged directly to equity		**0**	**0**	**-2 868**	**-2 868**
Total recognised income		**0**	**0**	**213 613**	**213 613**
Dividends		0	0	-202 717	-202 717
Mergers and demergers					0
Group contribution		-0	-0	-10 000	-10 000
Dividends					0
Total equity to/from shareholders		**-0**	**-0**	**-212 717**	**-212 718**
Total change of equity		**-0**	**-0**	**895**	**895**
Equity 31.12.11		**101 359**	**3 713 549**	**737 122**	**4 552 030**

NOTES TO THE ACCOUNTS

NOTE 1 GENERAL

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

NOTE 2 ACCOUNTING PRINCIPLES

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

BASIS OF PREPARATION

The separate financial statements of Austevoll Seafood ASA (Company) were approved by the board of Directors of Austevoll Seafood ASA March 29th 2012. The statutory accounts have been prepared in accordance to the Regulations of January 21th 2008 regarding "simplified" IFRS as determined by the Ministry of Finance. Preparation of separate financial statements for the parent company is required by law.

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

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

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

SUBSIDIARIES AND ASSOCIATES

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

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

FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

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

Transactions and balances

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate,

NOTES TO THE ACCOUNTS

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.

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

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

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

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

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

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

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

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

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

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

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

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

ACCOUNTS RECEIVABLE
Account receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of account receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the account receivable is impaired. The amount of the provision is

NOTES TO THE ACCOUNTS

the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement within 'other operating expenses'.

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

CASH AND CASH EQUIVALENTS

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

SHARE CAPITAL

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

ACCOUNTS PAYABLE

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

BORROWINGS

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

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

CURRENT AND DEFERRED INCOME TAX

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

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

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

EMPLOYEE BENEFITS

Pension obligations

The Company has both a defined contribution plan and a defined benefit plan. The defined benefit plan is funded through payments to insurance companies, determined by periodic actuarial calculations.

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

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

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

NOTES TO THE ACCOUNTS

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

PROVISIONS

Provisions (e.g. environmental restoration, restructuring costs and legal claims) are recognised when:

- the Company has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation;
- and the amount has been reliably estimated.

Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

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

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

REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, shown net of value-added tax, returns, rebates and discounts.

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

Services

The Company sells administrative services to other companies. These services are based on accrued time.

Interest income

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

Dividend income

The Company uses the right to derogate from the regulations in IAS 10 no. 12 and 13 in simplified IFRS, according to which dividend may be recognised as income in accordance with Norwegian Accounting Act. Dividends from subsidiaries are recognised in the period they relate to. Dividends from other companies are recognised when the right to receive payment is established.

LEASES

Operating leases

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

BORROWING COSTS

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

CONTINGENT ASSETS AND LIABILITIES

Contingent liabilities are defined as
(i) possible obligations resulting from past events whose existence depends on future events
(ii) obligations that are not recognised because it is not probable that they will lead to an outflow of resources
(iii) obligations that cannot be measured with sufficient reliability.

NOTES TO THE ACCOUNTS

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

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

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

CASH FLOW STATEMENT

The Company must apply IAS 7 even though the financial statements are prepared according to simplified IFRS. The Company's cash flow statement shows the overall cash flow broken down to operating, investing and financing activities. The cash flow statement illustrates the effect of the various activities on cash and cash equivalents.

EVENTS AFTER THE BALANCE SHEET DATE

New information after the balance sheet date concerning the Company's financial position at the balance sheet date is considered in the financial statements. An event after the balance sheet date that does not affect the Company's financial position on the balance sheet date, but will affect the company's financial position in the future is reported where material.

EARNINGS PER SHARE

The Company must apply IAS 33 even though the financial statements are prepared according to simplified IFRS. Earnings per share is calculated by the profit attributable to equity holders of the company of the result for the period being divided by a time-weighted average of ordinary shares for the period.

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

NOTES TO THE ACCOUNTS

NOTE 3 FINANCIAL RISK MANAGEMENT

FINANCIAL RISK FACTORS

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

MARKET RISK

(i) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Company, in a limited degree, use forward contracts. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Company does not make use of financial instruments for management of financial risk regarding long-term financing.

The Company has interest risk in both the short-term and medium to long term as a result of the floating interest rate for the company's liabilities.

(ii) Price risk

The Company is exposed to price risk because of investments held by the Company and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss.

(iii) Cash flow and fair value interest rate risk

The Company's interest rate risk mainly arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

LIQUIDITY RISK

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

Management monitors rolling forecasts of the Company's liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents on the basis of expected cash flow.

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

CAPITAL RISK MANAGEMENT

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

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

NOTES TO THE ACCOUNTS

NOTE 3 FINANCIAL RISK MANAGEMENT (CONT.)

	2011	2010
Total borrowings (note 17)	1 543 675	2 361 596
Less: cash and cash equivalents	652 632	1 280 880
Net debt	891 043	1 080 716
Total equity	4 552 030	4 551 135
Capital employed	**5 443 073**	**5 631 851**
Gearing ratio	**16 %**	**19 %**

FAIR VALUE ESTIMATION

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets is the current bid price; for financial liabilities is the current sales price used.

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

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

NOTE 4 INCOME

	2011	2010
Rendering of services	8 344	4 105
Total sales revenue	**8 344**	**4 105**

NOTES TO THE ACCOUNTS

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

	2011	2010
Salary and holiday pay	11 816	9 988
Hired personnel	2 007	2 379
National insurance contribution	1 745	2 082
Pension costs (note 16)	904	849
Other personnel costs	669	201
Total	**17 141**	**15 499**
Average man-labour year	11,0	10,8

Pension costs are described in detail in note 16.

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

2011 - Remunerations to the company's officers	**Salary**	**Salary related to previous year**	**Director's fee**	**Other remuneration**	**Total**
CEO	2 749	0	0	203	2 952
CFO	1 941	0	0	163	2 104
Chairman of the Board*	0	0	2 007	0	2 007
Other members of the Board	0	0	800	3	803
Total	**4 690**	**0**	**2 807**	**369**	**7 866**

2010 - Remunerations to the company's officers	**Salary**	**Salary related to previous year**	**Director's fee**	**Other remuneration**	**Total**
CEO	2 021	1 030	0	190	3 241
CFO	1 560	0	0	163	1 724
Chairman of the Board	0	0	1 901	0	1 901
Other members of the Board	0	0	702	27	729
Total	**3 581**	**1 030**	**2 603**	**381**	**7 595**

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

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

No loans or securities have been issued in 2011 or 2010 to the CEO, board members, members of the corporate management or other employees or closely related parties.

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

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

NOTES TO THE ACCOUNTS

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

Specification of auditor's fee	2011	2010
Audit fee	1 075	1 133
Other services	506	740
Total	**1 581**	**1 873**

NOTE 6 FINANCIAL INCOME AND FINANCIAL EXPENSES

	2011	2010
Interest income from companies within the same group	46 750	53 721
Other interest income	35 979	37 359
Dividends and group contributions	278 562	351 633
Currency gains	12 595	18 429
Gain on sale of shares (Epax Holding AS)	0	126 708
Total financial income	**373 886**	**587 850**
Loss on sale of shares *	30 772	9 307
Other interest expenses	111 572	126 459
Other financial expenses	9 628	9 177
Total financial expenses	**151 972**	**144 943**
Net financial items	**221 914**	**442 907**

* Shares in Austevoll Fisk AS were merged with Norway Pelagic AS in July 2011.

NOTES TO THE ACCOUNTS

NOTE 7 TANGIBLE FIXED ASSETS

2010	Plant, equipment and other fixtures	Total
Per 01.01.		
Acquisition cost	1 871	1 871
Accumulated depreciation	-345	-345
Balance sheet value at 31.12.	**1 526**	**1 526**
Balance sheet value at 01.01.	1 526	1 526
Tangible fixed assets sold	-18	-18
Depreciation	-508	-508
Balance sheet value at 31.12.	**1 000**	**1 000**
Per 31.12.		
Acquisition cost	1 853	1 853
Accumulated depreciation	-853	-853
Balance sheet value at 31.12.	**1 000**	**1 000**

2011	Plant, equipment and other fixtures	Total
Balance sheet value at 01.01	1 000	1 000
Depreciation	-487	-487
Balance sheet value at 31.12.	**513**	**513**
Per 31.12.		
Acquisition cost	1 853	1 853
Accumulated depreciation	-1 340	-1 340
Balance sheet value at 31.12.	**513**	**513**

NOTES TO THE ACCOUNTS

NOTE 8 SHARES IN SUBSIDIARIES

2011 - Subsidiaries Company name	Gross numbers (100%) Net profit	Equity	Share capital	Carrying value	Voting share
Austevoll Eiendom AS	1 374	13 581	9 370	55 627	100,00 %
Austevoll Fisk AS*	N/A	N/A	52 311	0	0,00 %
Lerøy Seafood Group ASA	378 677	5 797 766	42 222	3 027 159	62,56 %
A-Fish AS	(15 034)	20 145	1 100	60 100	100,00 %
Inv. Pacfish Ltd.	(943)	51 411	41 824	58 709	100,00 %
Laco IV AS	67 341	95 592	20 000	25 336	100,00 %
Aumur AS	(9)	74	100	3 330	100,00 %
Austevoll Laksepakkeri AS	5 070	5 170	100	100	100,00 %
Total				**3 230 361**	

2010 - Subsidiaries Company name	Gross numbers (100%) Net profit	Equity	Share capital	Carrying value	Voting share
Austevoll Eiendom AS	2 376	14 847	9 370	55 627	100,00 %
Austevoll Fisk AS	1 938	20 794	52 311	92 695	100,00 %
Lerøy Seafood Group ASA	1 429 569	5 994 274	42 222	3 027 159	62,56 %
A-Fish AS	(11 541)	34 162	1 100	60 100	100,00 %
Inv. Pacfish Ltd.	6 372	139 741	41 824	58 709	100,00 %
Laco IV AS	22 640	28 251	20 000	25 336	100,00 %
Aumur AS	(16 705)	83	100	3 330	100,00 %
Epax Holding AS	I/A	I/A	I/A	0	0,00 %
Total				**3 322 956**	

* Shares in Austevoll Fisk AS was merged with Norway Pelagic AS in July 2011. See note 6 for loss booked on sale of shares.

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

NOTES TO THE ACCOUNTS

NOTE 9 SHARES IN ASSOCIATED COMPANIES

2011 Company name	Gross numbers (100%) Net profit	Equity	Share capital	Carrying value	Voting share
Br. Birkeland AS*	15 515	245 353	9 224	217 500	49,99 %
Marin IT AS	390	16 612	16 000	4 003	25,00 %
Shetland Catch Ltd.**	I/A	I/A	I/A	0	0,00 %
Norway Pelagic ASA***	60 843	1 028 995		427 973	43,30 %
Total				**649 476**	

2010 Company name	Gross numbers (100%) Net profit	Equity	Share capital	Carrying value	Voting share
Br. Birkeland AS	126 980	238 673	9 224	121 788	40,20 %
Marin IT AS	311	1 211	1 000	253	25,00 %
Shetland Catch Ltd.	38 622	162 255	23 844	17 784	25,00 %
Norway Pelagic ASA	84 800	874 000		303 370	33,27 %
Total				**443 195**	

* Austevoll Seafood ASA has bought 1,472,494 shares in Br. Birkeland in October 2011. The cost price for each shares was NOK 65.00

**Shares in Shetland Catch was sold to Austevoll Fisk in February 2011

*** Owner share in Norway Pelagic ASA increased with 10.03 % as a consequence of settlement of merger with Austevoll Fisk AS.

Shares in associated companies are estimated to original cost price in Parent company. In the group shares in associated companies are booked after Equity method.

NOTE 10 INVESTMENTS IN OTHER SHARES

2011 Company name	Geographical location	Number of shares	Owner-/ voting share	Fair value
Euro-Terminal AS	Bergen	4 897 290	18,48 %	25 711
Other shares				39
Total				**25 750**

2010 Company name	Geographical location	Number of shares	Owner-/ voting share	Fair value
Euro-Terminal AS	Bergen	1 749 444	6,60 %	5 621
Other shares				162
Total				**5 783**

NOTES TO THE ACCOUNTS

NOTE 11 OTHER RECEIVABLES

Other non-current receivables	**2011**	**2010**
Intragroup non-current receivables	1 491 612	1 632 610
Other non-current receivables 31.12.	**1 491 612**	**1 632 610**
Impairment losses expensed	0	0

Other current receivables	**2011**	**2010**
Public fees and taxes receivable	256	261
Prepayments	677	510
Accrued interest income	0	124
Other current receivables	1 678	0
Other current receivables 31.12.	**2 611**	**895**
Impairment losses expensed	0	0

NOTE 12 TRADE RECEIVABLE

	2011	**2010**
Trade receivable at nominal value	9 706	6 286
Accounts receivable 31.12.	**9 706**	**6 286**

The ageing of these trade receivables are as follows:	**2011**	**2010**
0 to 3 months	9 706	6 286
Total	**9 706**	**6 286**

The carrying amounts of the trade receivables are denominated in the following currencies:	**2011**	**2010**
NOK	9 706	6 286
Total	**9 706**	**6 286**

NOTE 13 GUARANTEE OBLIGATIONS

	2011	**2010**
Guarantee Eksportfinans	18 757	30 330
Guarantee Nordea	0	16 250
Guarantee Innovasjon Norge	7 500	7 500
Total	**26 257**	**54 080**

NOTES TO THE ACCOUNTS

NOTE 14 RESTRICTED BANK DEPOSITS

	2011	2010
Restricted deposits related to employee` tax deduction	910	555
Total	**910**	**555**

NOTE 15 TAX

		2011	2010
Specification of the tax expense			
Change in deferred tax		-11 693	-9 810
Taxes		**-11 693**	**-9 810**
Tax reconciliation		**2011**	**2010**
Profit before tax		201 224	420 363
Taxes calculated with the nominal tax rate	28 %	56 343	117 702
Income from associated companies		0	0
Tax-free gain/loss on sale of shares		8 616	-32 872
Other differences - including dividends		-76 652	-94 640
Taxes		**-11 693**	**-9 811**
Weighted average tax rate		**-6 %**	**-2 %**
Change in book value of deferred tax		**2011**	**2010**
Opening balance 01.01.		11 655	21 465
Booked to income in the period		-11 692	-9 810
Other differences		2 868	0
Balance sheet value 31.12.		**2 831**	**11 655**

NOTES TO THE ACCOUNTS

NOTE 15 TAX (CONT.)

Deferred tax	Fixed assets	Shares	Profit and loss account	Non current liabilities	Total
2010					
Opening balance 01.01.	-56	28 257	4 972	2 930	36 103
Booked to income in the period	-22	-2 008	-994	5 803	2 779
31.12.	**-78**	**26 249**	**3 978**	**8 733**	**38 882**
2011					
Booked to income in the period	-45	0	-796	2 600	1 759
31.12.	**-123**	**26 249**	**3 182**	**11 333**	**40 641**

Deferred tax asset	Loss carried forwards	Current liabilities	Pensions	Other differences	Total
2010					
Opening balance 01.01.	-14 660	1 062	-1 041	0	-14 639
Booked to income in the period	-14 429	1 820	20	2 868	-9 721
31.12.	**-29 089**	**2 882**	**-1 021**	**2 868**	**-24 360**
2011					
Booked to income in the period	-7 964	-2 882	263	-2 868	-13 451
31.12.	**-37 053**	**0**	**-758**	**0**	**-37 811**

	2011	2010
Current	-	2 882
Non-current	2 831	11 641
Total	**2 831**	**14 523**

NOTES TO THE ACCOUNTS

NOTE 16 PENSIONS AND PENSION COMMITMENTS

The company has a defined contribution plan and a defined benefit plan in Nordea Liv Norge ASA.
In 2011 the defined benefit plan comprises a total of 7 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	**2011**	**2010**
Current service cost	532	589
Interest cost	208	239
Expected return on plan assets	-196	-191
Administration costs	49	35
Net actuarial losses recognised during the year	-3	-40
Social security tax	84	95
Net pension cost related to defined benefit plan	**674**	**727**
Pension costs related to defined contribution plan	202	207
Social security on defined contribution plan	28	15
Net pension cost	**904**	**949**

Capitalised commitments are determined as follow	**2011**	**2010**
Present value of future pension commitments	11 598	6 487
Fair value of plan assets	-7 576	-3 902
Unrecognised actuarial losses	-1 881	689
Social security tax	567	364
Net pension commitment on the balance sheet 31.12.	**2 708**	**3 638**

Financial premises for the group	**31.12.11**	**01.01.11**	**31.12.10**
Discount rate	3,30 %	4,00 %	4,40 %
Anticipated yield on pension assets	4,80 %	5,40 %	5,60 %
Anticipated regulation of wages	4,00 %	4,00 %	4,25 %
Anticipated regulation of pensions	0,70 %	1,30 %	1,30 %
Anticipated regulation of national insurance	3,75 %	3,75 %	4,00 %
Employee turnover	0,00 %	0,00 %	0,00 %
Social security tax rate	14,10 %	14,10 %	14,10 %

Change in carrying amount of net pension commitments	
Balance sheet value at 01.01	3 638
Net pension cost	674
Pension payments and payments of pension premiums	-1 603
Balance sheet value at 31.12	**2 709**

NOTES TO THE ACCOUNTS

NOTE 17 INTEREST BEARING DEBT

The company and its Norwegian subsidiaries is jointly and severally liable for liabilities to financial institutions held by the company and its Norwegian subsidiaries.

Net interest-bearing assets/debt(-)	**2011**	**2010**
Liabilities to financial institutions - non-current	633 000	1 125 450
Bond loan - non-current	493 731	791 258
Bond loan - current	300 000	138 000
Liabilities to financial institutions - current	90 000	90 000
Liabilities to financial institutions - overdraft	26 944	202 515
Other interest-bearing debt - current	0	14 373
Total interest-bearing debt	**1 543 675**	**2 361 596**
Cash and cash equivalents	652 632	1 280 880
Other interest-bearing assets - non-current	1 491 612	1 632 610
Net interest-bearing assets/debt(-)	**600 569**	**551 894**

Repayment profile interest bearing debt	**2012***	**2013**	**2014**	**2015**	**2016**	**Subsequent**	**Total***
Mortgage loan	90 000	107 000	90 000	90 000	90 000	256 000	723 000
Bond loan	300 000	500 000	0	0	0	0	800 000
Total	**390 000**	**607 000**	**90 000**	**90 000**	**90 000**	**256 000**	**1 523 000**

* Repayments of non-current liabilities which mature in 2012 are classified as current liabilities in the balance sheet.

Liabilities secured by mortgage	**2011**	**2010**
Current liabilities	116 944	292 515
Non-current liabilities	633 000	1 125 450
Liabilities to credit institutions incl. leasing liab.	**749 944**	**1 417 965**
Assets provided as security		
Shares	3 425 158	3 425 158
Trade receivables	9 706	6 286
Total assets provided as security	**3 434 864**	**3 431 444**

FAIR VALUE OF NON-CURRENT LIABILITIES

Based on contractual terms of non -current borrowings (ex bond loan), the fair value of the loans are estimated to be equal to book value as of 31.12.2011.

For further information about the bond loan, please refer to note 29 in the consolidated financial statement.

NOTES TO THE ACCOUNTS

NOTE 18 OTHER CURRENT LIABILITIES

Specification of other current liabilities	2011	2010
Salary and other personnel expenses	1 465	0
Accrued interests	11 933	15 238
Other short-term liabilities	545	45
Other current liabilities	**13 943**	**15 283**

NOTE 19 RELATED PARTIES

2011	Operating income	Operating expenses	Net finance exp.	Net balance
Møgster Management AS	3 345	969	0	345
Marin IT AS		2 359	53	1 678
Total	**3 345**	**3 328**	**53**	**2 023**

2010	Operating income	Operating expenses/fee	Net finance exp.	Net balance
Møgster Management AS	2 877	2 217	0	345
Total	**2 877**	**2 217**	**0**	**345**

Møgster Management AS is owned by the company's major shareholder, Laco AS, and delivers administrative services (legal advice, catering, secretary, accounting) to the company. Marin IT AS deliver IT services, and is owned 75% by DOF ASA and 25% by Austevoll Seafood ASA.

NOTE 20 INTERCOMPANY BALANCES

	2011		2010	
Specification of intercompany balances	**Current**	**Non-current**	**Current**	**Non-current**
Loans to Group companies	269 289	1 491 612	219 418	1 632 610
Suggested dividend in Lerøy Seafood ASA	-	-	341 443	0
Total intercompany receivables	**269 289**	**1 491 612**	**560 861**	**1 632 610**
Liabilities to Group companies	10 000	-	14 373	0
Total intercompany liabilities	**10 000**	**-**	**14 373**	**0**
Net intercompany balances	**259 289**	**1 491 612**	**546 488**	**1 632 610**

NOTES TO THE ACCOUNTS

NOTE 21 EARNINGS PER SHARE AND DIVIDEND PER SHARE

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

Basis for calculation of earnings per share	**2011**	**2010**
The year's earnings	216 481	430 173
No. of shares at the balance sheet date (thousands)	202 717	202 717
Average no. of shares (thousands)	202 717	202 717
Earnings per share	**1,07**	**2,12**
Diluted earnings per share	**1,07**	**2,12**
Suggested dividend per share	**1,00**	**1,50**

NOTE 22 CLAIM AGAINST THE COMPANY RELATED TO TAXATION OF LAFJORD FISKEBÅTREDERI AS

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

Norway Pelagic, Træna.

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2011 have been prepared in accordance with current applicable account standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the group taken as a whole. We also confirm that the management report includes a true and fair review of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties facing the entity and the group.

Storebø, 29 March 2012
Board of Directors in Austevoll Seafood ASA

Helge Singelstad
Chairman of the Board

Hilde Waage

Helge Møgster

Oddvar Skjegstad
Deputy Chairman

Inga Lise L. Moldestad

Arne Møgster
President & CEO

Austral plant, Chancay.

To the Annual Shareholders' Meeting of Austevoll Seafood ASA

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of Austevoll Seafood ASA, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at 31 December 2011, income statement, statement of comprehensive income, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the balance sheet as at 31 December 2011, income statement, statement of comprehensive income, changes in equity, and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with simplified IFRS pursuant to § 3-9 of the Norwegian Accounting Act and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by EU and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

pwc

Independent auditor's report - 2011 - Austevoll Seafood ASA, page 2

Opinion on the financial statements of the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of Austevoll Seafood ASA as at 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with simplified IFRS pursuant to § 3-9 of the Norwegian Accounting Act.

Opinion on the financial statements of the group

In our opinion, the financial statements of the group are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of the group Austevoll Seafood ASA as at 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and statement of corporate governance principles and practices

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report and statement of corporate governance principles and practices concerning the financial statements and the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Bergen, 29 March 2012
PricewaterhouseCoopers ASA

Hallvard Aarø
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

AUSS WORLDWIDE

NORTH ATLANTIC

HEAD OFFICE:
AUSTEVOLL SEAFOOD ASA
Alfabygget
5392 Storebø
NORWAY

Ph: +47 56 18 10 00
Fax: +47 56 18 10 03
Email: info@auss.no
Web: www.auss.no

AUSTEVOLL LAKSEPAKKERI AS
Alfabygget
5392 Storebø
NORWAY

Ph: +47 56 18 10 00
Fax: +47 56 18 10 05
Email: info@h-72.no

LERØY SEAFOOD GROUP ASA
HEAD OFFICE
PO Box 7600
5020 Bergen

Office address:
Bontelabo 2
5003 BERGEN
NORWAY

Ph: +47 55 21 36 50
Fax: +47 55 21 36 32
Email: hallvard@leroy.no
Web: www.leroy.no

WELCON INVEST AS
Po Box 2942 Solli
0230 OSLO

Office address:
Ruseløkkeveien 6
0251 OSLO
NORWAY
Ph: +47 22 01 79 90
Fax: +47 22 01 79 91
Web: www.welcon.no

WELCON AS
HEAD OFFICE
c/o Måløy Sildoljefabrikk AS
6718 DEKNEPOLLEN
NORWAY

Ph: +47 57 85 35 00
Fax: +47 57 85 00 81
Web: www.welcon.no

ASSOCIATED COMPANIES:

BR. BIRKELAND AS
Alfabygget
5392 Storebø
NORWAY

Ph: +47 56 18 11 10
Fax: +47 56 18 11 11
Email: post@br-birkeland.no
Web: www.br-birkeland.no

NORWAY PELAGIC ASA
P.O. Box 790
6001 ÅLESUND
NORWAY

Ph: +47 57 84 44 00
Fax: +47 57 84 44 01
Email: npsales@norwaypelagic.no
Web: www.norwaypelagic.no

PERU

AUSTRAL GROUP S.A.A
HEAD OFFICE
Av. Victor Andres Belaúnde Nº
147
Torre Real 7 Centro Empresarial
San Isidro
Lima
PERU

Ph: +51 (1) 710-7000
Fax: +51 (1) 442-1660
Email: info@austral.com.pe
Web: austral.com.pe

CHILE

FOODCORP S.A
HEAD OFFICE
Reyes Lavalle 3340
Of. 1103
Las Condes
Santiago
CHILE

Ph: +56 (2) 445 8700
Fax: +56 (2) 445 8701
Email: santiago@fcc.cl
Web: www.fcc.cl


Chivilingo I, fishing in Chile.

Austevoll Seafood ASA

Alfabygget, 5392 Storebø,
Norway, www.auss.no