



Austevoll Seafood ASA

Interim report Q3 2010



The strong operating result reported in Q3 has solidified the Group's positive development

Good market and good prices for salmon, trout and fish oil in the quarter

Seasonally low production quarter for pelagic business

Acquisition of 33.27% of the shares in Norway Pelagic ASA in the quarter

Agreement signed for the sale of 100% of the shares in Epax Holding AS

Q3 2010

- Group income in Q3 2010 totalled NOK 3,329 million, an increase from NOK 2,740 million in the same period in 2009.
- The Group's operating result before depreciation and value adjustment for biomass (EBITDA) for Q3 2010 was NOK 706 million compared with NOK 459 million in Q3 2009.
- The Group achieved good prices for its products in the third quarter, with considerably higher prices for Atlantic salmon and fishmeal than in the same period last year. The third quarter, as normal, had a low production rate within the pelagic segment.
- In July, AUSS acquired 33.27% of the shares in one of the world's leading producer of seafood based on pelagic raw materials, Norway Pelagic ASA.
- In the third quarter, AUSS signed an agreement regarding the sale of 100% of the shares in Epax Holding AS, conditional upon approval by the public authorities.
- Lerøy Seafood Group signed an agreement for the acquisition of 50.71% of the shares in Sjøtroll Havbruk AS. Sjøtroll Havbruk AS farms salmon and salmon trout through 25 licenses in Hordaland.

Key figures for the Group

All figures in NOK 1.000	Q3 10	Q3 09	YTD 2010	YTD 2009	31.12.2009
Operating income	3.329.376	2.739.576	9.240.990	8.123.538	11.324.609
EBITDA	705.866	459.016	1.787.084	1.366.029	1.921.695
EBITDA %	21 %	17 %	19 %	17 %	17 %
Earnings per share	1,36	0,39	3,88	2,68	3,83
Earnings per share excl.fair value adj biomass	1,43	0,75	3,49	2,70	3,68
Total assets	16.363.542	15.860.467	16.363.542	15.860.467	16.291.209
Equity	7.799.174	6.803.281	7.799.174	6.803.281	7.095.483
Equity ratio	48 %	43 %	48 %	43 %	44 %
Net interest bearing debt (NIBD)	-3.578.830	-4.364.029	-3.578.830	-4.364.029	-4.091.474



Events after balance sheet date

On 1 October, AUSS completed the placement of a senior unsecured bond loan totalling NOK 500 million with interest rate terms 3 month NIBOR + 3.90% per year. The bond loan falls due on 14 October 2013. The new bond loan is listed on Oslo's alternative bond market (ABM).

AUSS also completed the repurchase of NOK 150 million of the existing bond loan, AUSS03, which matures in June 2011.

Financial information Q3 2010

The Group reported operating income of NOK 3,329 million for the quarter (Q3 2009 NOK 2,740 million). EBITDA before value adjustment for biomass in Q3 was NOK 706 million (Q3 2009 NOK 459 million). Sales prices achieved for fishmeal and oil, Atlantic salmon and trout in Q3 2010 have been considerably higher than the same quarter in 2009. The Group also achieved good prices for its other products, but these were more in line with the prices achieved for Q3 2009.

EBIT before value adjustment for biomass in Q3 was NOK 572 million (Q3 2009 NOK 345 million). EBIT after value adjustment for biomass in Q3 was NOK 542 million (Q3 2009 NOK 202 million).

Income from affiliated companies for Q3 totalled NOK 39 million (NOK -5 million for Q3 2009). With effect from the end of July, Norway Pelagic ASA is an affiliated company, and the result from affiliated companies reflects AUSS's share of the net result achieved by Norway Pelagic ASA in August and September.

Norway Pelagic ASA is one of the world leading producers of pelagic products for consumption. In 2009, the company purchased approx. 480,000 tons of pelagic fish, mainly NVG herring, mackerel and capelin. The company has 10 production facilities situated along the Norwegian coast, from Sommarøy in the north to Karmøy in the south.

Besides Norway Pelagic ASA, the largest affiliates are Brødrene Birkeland AS and Norskott Havbruk AS (owner of the Scottish fish farming company Scottish Sea Farms Ltd.).

The Group's net interest costs in Q3 2010 totalled NOK 47 million (Q3 2009 NOK 51 million).

The result before tax for the quarter totalled NOK 533 million (Q3 2009 NOK 154 million). The result before tax with adjustment in value for biomass for the quarter totalled NOK 563 million (Q3 2009 NOK 297 million).



Business segments

Fishmeal and fish oil

Operating income in Q3 2010 totalled NOK 678 million (NOK 548 million in Q3 2009) and EBITDA amounted to NOK 202 million (NOK 104 million in Q3 2009). Compensation totalling NOK 25 million is included in the figure reported for income for Q3 2010.

A total of 70,000 tons of fishmeal and oil were sold in Q3, compared with approx. 89,000 tons in the same quarter in 2009. The prices for fishmeal and oil have been considerably higher in Q3 2010 when compared with the same quarter last year. The first season for anchoveta fishing in Peru started on 13 May and lasted until the end of July. The total quota was established as 2.5 million tons for the first season, a reduction of 1 million tons in comparison with the quota of 3.5 million tons for the first season of 2009. AUSS' fleet in Peru fished around 85% of its quota in Q2 and the remaining volume was fished during the first weeks of July. The fishing season in Peru started later in 2010 than in 2009 and this has resulted in displacements between the volumes sold between Q2 and Q3 for the business in Peru. In addition, the total production for the first season in Peru was lower than the same season in 2009 as a result of the reduction in the total quota for anchoveta. As is normal for Q3, the volume of raw materials available for production of fishmeal and oil in both South America and Europe was low.

Consumer products

Operating income in Q3 2010 totalled NOK 204 million (NOK 197 million in Q3 2009) and EBITDA amounted to NOK 21 million (NOK 27 million in Q3 2009).

The total volume sold for consumption is distributed as follows; approx. 3,600 tons of frozen products (Chile) compared with 5,700 tons in the same period last year. Approx. 330,000 boxes of canned products were sold, compared with approx. 454,000 boxes for the same period in 2009 (Chile and Peru). During the period, the Group sold approx. 442 tons of high and low concentrate Omega 3 oils compared with approx. 349 tons in the same period last year.

Realised prices for canned products were in line with the same period last year, while the Group achieved higher prices for frozen products than during the same period last year. The business segment has been affected by the low volume of fishing for consumer products in Chile and Peru, with a knock-on effect on the utilisation of the business segment's production facilities and thereby the volume of available products for sale.

The third quarter was positive for Epax AS in terms of production and sales and the company reported a 27% increase in sales volume when compared with Q3 2009. In the third quarter, AUSS signed an agreement regarding the sale of Epax, conditional upon approval by the public authorities. The estimated date for execution of the sale is November 2010.



Production, sale and distribution of Atlantic salmon and trout

This business segment comprises Lerøy Seafood Group ASA. In Q3 2010, the segment reported operating income of NOK 2,264 million (Q3 2009 NOK 1,946 million) and EBITDA before value adjustment of biomass of NOK 477 million (Q3 2009 NOK 326 million). The segment reported harvests of 31,000 tons gutted weight of salmon and trout in Q3 2010 compared with 28,000 tons in the same quarter last year. The segment has experienced a significant growth in operating result and the growth in EBITDA when compared with Q3 2009 totals 46%. This growth is the result of an increase in volume and improvement in prices achieved for the main products, Atlantic salmon and trout, and an extremely positive development in sales and distribution. The market was positive throughout the quarter and the segment has a strong position on the major global fish market.

Pelagic Northern Atlantic

Operating income in Q3 2010 totalled NOK 293 million (NOK 146 million in Q3 2009) and EBITDA amounted to NOK 10 million (NOK 2 million in Q3 2009).

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

The autumn season started somewhat earlier this year when compared with 2009. This is due to the fact that approx. 70,000 tons of mackerel were transferred from the 2009 quota and added to the 2010 quota for mackerel fishing. This has resulted in a high level of activity for our plants in September, particularly those in the south. The fishing vessels give first priority to fishing the mackerel quota and expect the availability of NVG herring in Q4 to increase once the mackerel quota has been fished.

Cash flow

Cash flow from operating activities for Q3 2010 was NOK 1,047 million (NOK 622 million in Q3 2009). The high cash flow from operations reflects the good operating result achieved for the quarter. Moreover, there will as normal be a reduction in working capital in Q3 for the pelagic segment. Cash flow from investment activities for Q3 2010 was NOK -402 million (NOK -30 million in Q3 2009). Cash flow from investments in Q3 2010 comprises normal maintenance costs, acquisition of shares in Norway Pelagic ASA and dividends received from affiliates. Cash flow from financing activities for Q3 2010 was NOK -846 million (NOK 154 million in Q3 2009). Cash flow from financing for the quarter comprises payment of ordinary instalments and changes in short-term credits. The positive cash flow in Q3 2009 was significantly affected by the capital expansion executed during that quarter. Net change in cash in Q3 2010 was NOK -200 million (NOK 746 million in Q3 2009). Cash reserves at the



end of September 2010 totalled NOK 1,327 million compared with NOK 1,474 at the end of September 2009.

Balance sheet as of 30 September 2010

At the end of September 2010, the Group had a total balance sheet of NOK 16,364 million compared with NOK 16,291 million at year-end 2009. At the end of September 2010, the Group equity was NOK 7,800 million compared with NOK 7,095 million at year-end 2009. The equity ratio was 48% as of end September 2010 compared with 44% as of year-end 2009.

Net interest-bearing debt amounted to NOK 3,579 million at the end of September 2010 compared with NOK 4,364 million in the same period last year. The Group's cash reserves at the end of September totalled NOK 1,327 million compared with NOK 1,474 at the end of September 2009. The Group's cash reserves do not include unutilised drawing rights.

Risk factors and uncertainty factors

The Group's risk exposure is described in the consolidated annual report for 2009. Group activities are mainly global and will always be more or less impacted by developments in world economy. Based on the unrest on the financial markets in the past years, the general consensus is that the uncertainty related to macro-economics is higher than what could be considered as normal. Although this situation may have an impact on the real economy for the majority of markets, we believe that AUSS's core business is founded on long-term, sustainable values within interesting seafood industries.

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

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

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

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



Shareholders

As of 30 September 2010, the company had 4,146 shareholders against a comparison figure of 4,372 shareholders at the end of September 2009. The share price was NOK 37.80 at the end of September 2010.

Market and outlook

Fishmeal and fish oil

Fishmeal prices remained stable throughout Q3 and continue to do so in the fourth quarter. The current price levels per ton are USD 1,300 - 1,350 (FOB Peru, Standard 65-66%). Fish oil prices have been on the increase in Q3 and to date in Q4, supported by the increasing prices for vegetable oils. Demand for the products from the most important markets is expected to remain regular and high.

Consumption

The Board of Directors expects to see a regular high demand for the Group's consumer products in the future, along with stable prices. The positive development in the market for the Group's high-concentrate Omega 3 products is expected to continue.

Production, sale and distribution of salmon and trout

The development in demand for Atlantic salmon and trout has been positive in 2010. The positive development in 2009 combined with the reduction in the global supply of Atlantic salmon in 2010 and expectations for limited growth in the years to come, provide grounds for continued optimism. The above-mentioned factors, combined with expectations of improved productivity for the segment, including improvements to biology, allow for a positive attitude towards developments.

The Group

The development of long-lasting values requires patience and the ability to think in the long term. The Group is strong, has shown positive developments and now has an excellent position within a number of segments of the global seafood industry. The Group aims to grow and further develop over time within its current segments. The Board of Directors is in the main satisfied with the Group's profit performance and currently expects the fourth quarter 2010 to generate a higher result than the same period last year.

Storebø, 3 November 2010
The Board of Directors in Austevoll Seafood ASA



INTERIM REPORT Q3 2010

Condensed Consolidated Income Statement (unaudited)

All figures in NOK 1.000	Third quarter		YTD September		(audited)
	2010	2009	2010	2009	2009
Operating income	3.329.376	2.739.576	9.240.990	8.123.538	11.324.609
Raw material and consumables used	2.071.670	1.801.965	5.784.138	5.144.646	7.203.017
Salaries and personnel expenses	321.178	286.933	899.358	849.803	1.274.850
Other operating expenses	230.662	191.662	770.410	763.060	925.047
Operating profit before depreciation (EBITDA)	705.866	459.016	1.787.084	1.366.029	1.921.695
Depreciation and amortisation	123.336	113.630	366.421	346.245	465.535
Impairment	10.387	-	10.387	-	13.667
EBIT before fair value adjustment biomass	572.143	345.386	1.410.276	1.019.784	1.442.493
Fair value adjustment biomass	-30.096	-143.248	171.831	-4.379	60.483
Operating profit	542.047	202.138	1.582.107	1.015.405	1.502.976
Income from associated companies	38.514	-5.309	131.539	56.979	80.341
Net interest expenses	-47.484	-50.985	-157.078	-222.209	-281.556
Net other financial items (incl. agio/disagio)	109	8.021	-9.248	26.147	28.571
Profit before tax	533.186	153.865	1.547.320	876.322	1.330.332
Income tax expenses	-150.385	-46.624	-414.248	-223.646	-342.383
Net profit	382.801	107.241	1.133.072	652.676	987.949
Profit to minority interests	106.983	35.373	346.125	157.842	264.606
Profit attribut.to equity holder of parent	275.818	71.868	786.947	494.834	723.343
Earnings per share	1,36	0,39	3,88	2,68	3,83
Diluted earnings per share	1,36	0,39	3,88	2,68	3,83
Earnings per share excl.fair value adj biomass	1,43	0,75	3,49	2,70	3,68

Statement of Comprehensive income (unaudited)

All figures in NOK 1.000	Third quarter		YTD September		(audited)
	2010	2009	2010	2009	2009
Net earnings in the period	382.801	107.241	1.133.072	652.676	987.949
Other comprehensive income					
Currency translation differences	-274.027	-206.916	42.937	-399.877	-448.553
Other gains and losses in comprehensive income	-	-	-	-	-
Total other comprehensive income	-274.027	-206.916	42.937	-399.877	-448.553
Comprehensive income in the period	108.774	-99.675	1.176.009	252.799	539.396
Allocated to:					
Minority interests	84.576	35.303	360.884	147.169	231.560
Majority interests	24.198	-134.978	815.126	105.630	307.836



Condensed Consolidated Balance sheet (unaudited)

All figures in NOK 1.000	30.09.2010	30.09.2009	(audited)
			31.12.2009
Assets			
Intangible assets	5.623.981	5.617.129	5.599.398
Vessels	632.970	721.102	697.851
Property, plant and equipment	3.183.180	3.284.666	3.173.199
Investments in associated companies	855.002	470.423	492.391
Investments in other shares	39.669	40.835	40.728
Other long term receivables	122.032	120.916	136.690
Total non-current assets	10.456.834	10.255.071	10.140.257
Inventories	2.890.134	2.652.119	2.696.923
Accounts receivables	1.329.369	1.146.287	1.476.172
Other current receivables	360.343	333.104	354.241
Cash and Cash equivalents	1.326.862	1.473.886	1.623.616
Total current assets	5.906.708	5.605.396	6.150.952
Total assets	16.363.542	15.860.467	16.291.209
Equity and liabilities			
Share capital	101.359	101.359	101.359
Share premium fund	3.713.549	3.713.616	3.713.549
Retained earnings and other reserves	2.239.297	1.459.614	1.700.891
Minority interests	1.744.969	1.528.692	1.579.684
Total equity	7.799.174	6.803.281	7.095.483
Deferred tax liabilities	1.912.470	1.786.796	1.757.247
Pension and other obligations	30.153	28.685	28.386
Borrowings	3.896.322	4.408.787	4.508.519
Other long-term liabilities	24.276	143.850	28.984
Total non-current liabilities	5.863.221	6.368.118	6.323.136
Short term borrowings	858.708	631.750	616.778
Overdraft facilities	248.418	774.444	697.499
Account payable	916.486	810.339	881.079
Other current liabilities	677.535	472.537	677.234
Total current liabilities	2.701.147	2.689.070	2.872.590
Total liabilities	8.564.368	9.057.188	9.195.726
Total equity and liabilities	16.363.542	15.860.469	16.291.209

Condensed Consolidated Cash flow statement (unaudited)

All figures in NOK 1.000	Q3 2010	Q3 2009	YTD 2010	YTD 2009	2009 (audited)
Net cash flow from operating activities	1.047.458	621.884	1.625.621	1.325.685	1.679.107
Net cash flow from investing activities	-401.718	-29.823	-522.065	199.438	180.600
Net cash flow from financing activities	-846.010	154.376	-1.400.310	-694.773	-879.627
Net change in cash and cash equivalents	-200.270	746.437	-296.754	830.350	980.080
Cash and cash equivalents at beginning of period	1.527.132	727.449	1.623.616	643.536	643.536
Cash and cash equivalents at period end	1.326.862	1.473.886	1.326.862	1.473.886	1.623.616



Condensed Consolidated Statement of changes in Equity (unaudited)

All figures in NOK 1.000	YTD September		(audited)
	2010	2009	2009
Equity period start	7.095.482	5.619.768	5.619.768
Comprehensive income in the period	1.176.009	252.799	539.396
Dividends	-389.223	-39.496	-56.166
Business combinations/acquisition	-81.102	28.804	31.894
Effect option programme	-1.994	2.399	2.243
Acquisitions of minorities/sales to minorities	-	310.943	319.516
Other changes	-	-10.834	638.831
New equity from cash contribution and contribution in kind	-	638.898	
Total changes of equity in the period	703.690	1.183.513	1.475.714
Equity at period end	7.799.172	6.803.281	7.095.482

Selected notes to the accounts

Note 1 Accounting principles

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

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

Note 2 Transactions with closely related parties

There were no significant transactions with closely related parties in Q3 2010. Transactions between closely related parties take place according to market terms.

Note 3 Biological assets

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

	Q3 2009	Q4 2009	2009	Q1 2010	Q2 2010	Q3 2010
Total fish in sea (LWT)	79.114	79.558	79.558	73.779	99.431	77.911
Fish > 4 kg (LWT)	27.691	30.506	30.506	22.876	16.739	23.678
Adjustment inventory	231.573	296.435	296.435	566.447	498.362	468.266
P&L effect adjustment	-143.248	64.862	60.483	270.012	-68.085	-30.096



Note 4 Business segments

	(all figures in NOK 1.000)				
	Third quarter	Third quarter	YTD September	YTD September	(audited)
	2010	2009	2010	2009	2009
<u>Fishmeal and oil</u>					
Operating revenue **	677.558	547.535	1.627.365	1.593.580	2.037.200
EBITDA **	201.574	104.217	485.289	384.846	531.784
EBITDA %	30 %	19 %	30 %	24 %	26 %
EBIT before fair value adj.biomass **	155.642	68.450	364.522	271.830	367.764
Volumes sold fishmeal (tons)*	53.470	67.698	133.134	201.237	255.192
Volumes sold fishoil (tons)*	16.254	21.115	41.285	47.772	59.783
Fishmeal/oil sold for associated company	-	-	-	7.163	7.163
<u>Human Consumption</u>					
Operating revenue	204.105	196.563	598.871	767.912	972.035
EBITDA	20.892	26.908	69.688	158.551	176.893
EBITDA %	10 %	14 %	12 %	21 %	18 %
EBIT before fair value adj.biomass	-6.814	4.714	-9.674	92.632	91.623
Canning (cases)	330.145	454.441	1.197.314	1.725.403	2.186.014
Frozen fish (tons)	3.644	5.748	4.752	28.083	33.488
HC and LC Omega 3 products (tons)	442	349	1.395	1.453	1.815
<u>Pelagic North Atlantic</u>					
Operating revenue	293.149	146.191	986.836	694.199	1.111.347
EBITDA	9.611	2.376	39.505	41.384	65.792
EBITDA %	3 %	2 %	4 %	6 %	6 %
EBIT before fair value adj.biomass	4.150	-2.120	23.476	26.254	43.873
<u>Production, sales & distribution salmon/trout</u>					
Operating revenue	2.264.465	1.945.596	6.313.809	5.289.896	7.473.807
EBITDA	477.028	325.569	1.203.793	787.851	1.154.163
EBITDA %	21 %	17 %	19 %	15 %	15 %
EBIT before fair value adj.biomass	424.159	275.295	1.047.060	638.713	950.156
Volumes sold own production (gwt tons)	31.000	28.000	81.000	73.400	108.500
<u>Elimination/not allocated AUSS</u>					
Elimination/not allocated AUSS	-109.901	-96.309	-285.891	-222.049	-269.779
EBITDA	-3.241	-54	-11.190	-6.603	-6.936
EBIT before fair value adj.biomass	-4.995	-954	-15.108	-9.645	-10.925
<u>Total group</u>					
Operating revenue	3.329.376	2.739.576	9.240.990	8.123.538	11.324.610
EBITDA	705.864	459.016	1.787.085	1.366.029	1.921.696
EBITDA %	21 %	17 %	19 %	17 %	17 %
EBIT before fair value adj.biomass	572.142	345.385	1.410.276	1.019.784	1.442.491

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

** Includes NOK 25 mill in "one off" income and NOK 10 mill of impairment



Note 5 Affiliated companies

		Q3 2010	Q3 2009	YTD 2010	YTD 2009
Br. Birkeland AS	40 %	9.790	-2.002	39.187	10.631
Norway Pelagic ASA	33 %	14.935	-	14.935	-
Norskott Havbruk AS	50 %	12.099	7.042	80.384	46.212
Others		1.690	-10.349	-2.967	136
Total		38.514	-5.309	131.539	56.979
Total investment				855.002	470.423

The table shows income from affiliated companies as per Q3 2010 and Q3 2009 and as per 30.9.2010 and 30.09.09.