Prospectus

Austevoll Seafood ASA

(a public limited liability company organized under the laws of the Kingdom of Norway)

Registration number 929 975 200.

Listing of the Company’s Shares on Oslo Børs

This Prospectus does not constitute an offer to buy, subscribe or sell the securities described herein.
This Prospectus serves as a listing prospectus as required by applicable laws and no securities are being offered or sold pursuant to this Prospectus.

Managers:

DnB NOR Markets | Pareto Securities ASA | SEB ENSKILDA

9 October 2006

Important Notice[1]

This Prospectus has been issued by Austevoll Seafood ASA ("Austevoll Seafood" or the "Company") in connection with the listing of Austevoll Seafood's shares on Oslo Børs, as further described herein. (the "Listing")

This Prospectus has been prepared to comply with the Norwegian Securities Trading Act chapter 5 and related secondary legislation, including the EC Commission Regulation EC/809/2004. The Prospectus has been prepared solely in the English language. Oslo Børs has approved this Prospectus in accordance with the Norwegian Securities Trading Act sections 5-3 and 5-7.

Except for the approval by Oslo Børs, no action has been taken to permit the distribution of this Prospectus in any jurisdiction where action would be required for distribution. Accordingly, this Prospectus may not be used for the purpose of an offer of, or solicitation for, any securities in any jurisdiction or in any circumstances in which such offer or solicitation would be unlawful or unauthorized.

The information contained herein is only updated as of the date hereof and subject to change, completion or amendment without notice. In accordance with section 5-15 of the Norwegian Securities Trading Act, any new factor, significant error or inaccuracy that might have an effect on the assessment of the Shares and emerges between the time of publication of the Prospectus and the Listing of the Shares, will be included in a supplement to the Prospectus. Such supplement must be approved by Oslo Børs. Neither the publication nor distribution of this Prospectus shall under any circumstances create any implication that the information herein is correct as of any date subsequent to the date of the Prospectus.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Shares or any other securities issued by the Company.

This Prospectus has not been approved or recommended by any United States federal or state securities commission or regulatory authority nor have such entities confirmed its accuracy or adequacy. Any representation to the contrary is a criminal offence.

THE SECURITIES DESCRIBED IN THIS PROSPECTUS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**US SECURITIES ACT**") AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S OF THE U.S. SECURITIES ACT) UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE PURSUANT TO THE US SECURITIES ACT.

All inquiries relating to this Prospectus should be directed to the Managers.

In the ordinary course of their respective businesses, the Managers and certain of their affiliates have engaged, and may in the future engage, in investment banking and commercial banking transactions with the Company.

This Prospectus is subject to Norwegian law, unless otherwise indicated herein. Any dispute arising in respect of the Listing or this Prospectus is subject to the exclusive jurisdiction of the Norwegian courts.

[1] Capitalized terms used in this section and not defined herein shall have the meaning ascribed to them in the Section headed "Definitions".

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1 SUMMARY

The following summary should be read as an introduction to the Prospectus and in conjunction with, and is qualified in its entirety, by the more detailed information appearing elsewhere in this Prospectus (including in the Appendices and information incorporated into this Prospectus by reference). Any decision to invest in the Shares should be based on consideration of the Prospectus as a whole by the Investor.

The Prospectus has been prepared in the English language only.

In case a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff may under applicable legislation have to bear the cost of translating the Prospectus before legal proceedings are initiated. No civil liability attaches to the persons responsible for the summary (including any translation thereof) and applied for its notification, unless the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

1.1 Information about the Company

Austevoll Seafood is a Norwegian public limited liability company organised under the laws of Norway. The Company was incorporated as a private limited liability company on 14 April 1981 under the name Austevoll Havfiske AS, and transformed into a public limited liability company with the name Austevoll Seafood ASA in May 2006. The Company's registered office and principal place of business is at Alfabygget, N-5392 Storebø, Norway. The Company's telephone number is +47 56 18 10 00, fax. +47 56 18 10 05 and web page www.auss.no. The Company's business registration number with the Norwegian Register of Business Enterprises (Nw. *Foretaksregisteret*) is 929 975 200. The Austevoll Seafood Group also has offices in Oslo, Santiago (Chile), Coronel (Chile) and Lima (Peru).

1.1.1 History and development of the Company

The history of Austevoll Seafood can be summarised as follows:

- 1981: Company established by Helge Møgster and Ole Rasmus Møgster, and their father as pelagic fishery company and fish farming company
- 1991: Started Pacific Fisheries in Chile
- Austevoll Havfiske AS has since been developed into Norway's leading pelagic fishery company
- 2000: Merged with Laco II AS, which was the holding company for salmon farming activities
- Acquisitions:
    - 2000: Br Birkeland AS, 35.77%
    - 2003: FoodCorp S.A., Chile, 100%
    - 2005/2006: Rong Laks, Norway, 100%
    - 2006: Austral Group S.A.A., Peru, 88.14%
    - 2006: Welcon AS, Norway, 98.38% (through the acquisition of 100% of Welcon Invest AS)
    - 2006: Increase in ownership Br Birkeland AS by approx 4% (not completed)
    - 2006: Demerger of Austevoll Seafood by transfer of the shares in two Norwegian fishing vessel companies, Møgsterfjord I AS and Møgsterhav AS to Møgster Havfiske AS (a wholly owned subsidiary of Laco AS)
    - 2006: Eidane Smolt AS, Norway, 100%

1.1.2 Business overview

The Austevoll Seafood Group is a significant player in pelagic fishery, fish meal/oil production, processing of fish for human consumption, sale of fish products and salmon farming. The Austevoll Seafood Group's total revenue for 2005 (pro forma figures) was NOK 3.1 billion. The activities of the group are mainly located in Norway and South-America, and employ about 4,000 employees.

1.1.3 Goals and strategy

The Company has structured its fishing vessels, fish meal/oil production, human consumption seafood (frozen and canned fish), aquaculture production and sales and distribution network into an integrated value chain. The businesses are located in the most important fishing and aquaculture regions in the world (Peru, Chile and Norway). This is considered important to diversify risk.

The Company is constantly working on optimizing the operational income. It employs experienced and highly motivated personnel and it possesses good quality assets in fishing vessel, processing plants and aquaculture equipment. This results in a cost efficient operation that produces high quality products.

The Company has financial strength and will grow in areas where profitable long term seafood business can be developed.

1.2 Financial information

Summary of Consolidated profit and loss account

The table below summarizes the consolidated income statements for the Company and its subsidiaries for the years ended 31 December 2005, 2004 and 2003, and the three and six month's period ended 30 June 2005 and 2006.

	IFRS	**IFRS**	**IFRS**	**IFRS**	**IFRS**	**IFRS**	**NGAAP**	**NGAAP**
	***Un-audited**	***Un-audited**	***Un-audited**	***Un-audited**	**Audited**	**Audited**	**Audited**	**Audited**
	2. quarter 30.06.06	**2. quarter 30.06.05**	**YTD 30.06.06**	**YTD 30.06.05**	**Full year 2005**	**Full year 2004**	**Full year 2004**	**Full year 2003**
Operating income	441,933	434,947	800,933	784,707	1,912,369	1,250,007	1,310,247	1,064,604
Operating expenses	-333,363	-272,794	-641,085	-582,503	-1,513,027	-1,064,928	-1,123,263	-931,320
Operating profit before deprec. and fair value adj. biological assets	108,570,	162,153	159,848	202,204	399,162	185,079	186,984	133,284
Depreciation and amortisation	-21,809	-33,549	-41,977	-60,702	-114,382	-98,421	-118,294	-255,306
Impairment	77,932	-	77,932	-	-	-	-	
Operating profit before fair value adj. of biomass	164,693	128,604	195,803	141,502	284,780	86,658	68,690	-122,022
Fair value adjustment of biological assets	-	-4,385,	-	-1,994	-1,108	4,820	-	-
Operating profit	164,693	124,219	195,803	139,508	283,672	91,478	68,690	-122,022
Income from associated companies	7,757	1,759	13,237	3,064	17,066	2,163	2,275	-43,885
Net financial items	-3,891	-17,748	-14,589	-26,732	-72,597	-29,790	-30,455	-39,796
Profit before tax	168,559	108,230	194,451	115,840	228,141	63,851	40,508	-205,703
Income tax expense	-39,783	-19,827	-37,606	-21,355	8,931	19,060	20,733	2,927
Net profit	128,776	88,403	156,845	94,485	237,072	82,911	61,241	-202,776
Profit to minority interests	1,259	-5,964	2,762	-5,065	9,871	4,882	4,882	-6,726
Profit attributable to equityholders of Austevoll Seafood ASA	127,517	94,367	154,083	99,550	227,201	78,029	56,359	-196,051

** Source: 2nd quarter reporting 2006*

Consolidated Balance sheet summary

Set out below is the consolidated balance sheet for the Group for the periods ending 30 June 2005 and 2006, together with balance sheets for the years ending 31 December, 2003, 2004 and 2005:

	IFRS Un-audited*	IFRS Un-audited*.	IFRS Audited	IFRS Audited	NGAAP Audited	NGAAP Audited
ASSETS	**30.06.06**	**30.06.05**	**31.12.05**	**31.12.04**	**31.12.04**	**31.12.03**
Intangible assets	1,367,223	913,110	845,562	762,317	679,830	700,365
Vessels	816,072	436,202	484,899	647,276	688,802	726,792
Other property, plant and equipment	1,613,836	593,907	597,079	415,550	414,250	430,344
Investments in associated companies	113,502	92,299	102,176	104,221	104,333	95,466
Available for sale financial assets	8,921	8,685	,59,342	7,125	7,125	5,846
Non-current receivables	116,665	133,202	115,243	104,303	104,303	54,481
Total non-current assets	**4,036,219**	**2,177,405**	**2,204,301**	**2,040,792**	**1,998,643**	**2,013,294**
Inventories	1,015,089	127,900	111,401	72,739	60,539	46,773
Biological assets	187,094	179,364	176,195	171,237	182,329	181,234
Accounts receivable	782,016	233,087	204,080	166,124	166,124	156,571
Other current receivables	45,095	95,763	271,040	67,740	67,740	109,238
Cash and cash equivalents	889,207	103,131	126,493	22,640	22,640	75,497
Total current assets	**2,918,501**	**739,245**	**889,209**	**500,480**	**499,372**	**569,315**
Total assets	**6,954,720**	**2,916,650**	**3,093,510**	**2,541,272**	**2,498,015**	**2,582,609**

	IFRS	IFRS	IFRS	IFRS	NGAAP	NGAAP
Equity and liabilities	**30.06.06**	**30.06.05**	**31.12.05**	**31.12.04**	**31.12.04**	**31.12.03**
Share capital	88,135	56,097	56,097	56,097	56,097	56,097
Share premium fund	2,115,418	512,088	512,088	512,088	512,088	512,088
Retained earnings and other reserves	597,222	170,967	332,650	,38,761	108,547	39,341
Minority interests	142,807	151,551	,77,034	115,017	108,215	94,734
Total equity	**2,943,582**	**890,703**	**977,869**	**721,963**	**784,947**	**702,260**
Deferred tax liabilities	669,207	322,089	281,228	291,615	186,895	238,881
Pension obligations	3,061	4,872	4,546	4,150	,385	63
Borrowings	1,265,270	720,665	1,007,087	752,081	1,033,069	1,176,820
Other non-current liabilities	96,392	109,603	113,692	97,193	97,193	99,214
Total non-current liabilities	**2,033,930**	**1,157,229**	**1,406,553**	**1,145,039**	**1,317,542**	**1,514,978**
Borrowings	1,419,193	587,518	437,954	471,334	190,346	166,602
Accounts payable	495,723	166,065	161,445	121,952	121,952	126,830
Other current liabilities	62,292	115,135	109,689	80,984	83,228	71,939
Total current liabilities	**1,977,208**	**868,718**	**709,088**	**674,270**	**395,526**	**365,371**
Total liabilities	**4,011,138**	**2,025,947**	**2,115,641**	**1,819,309**	**1,713,068**	**1,880,349**
Total equity and liabilities	**6,954,720**	**2,916,650**	**3,093,510**	**2,541,272**	**2,498,015**	**2,582,609**

** Source: 2nd quarter reporting 2006*

There have been no significant changes in the financial or trading position of the Austevoll Seafood Group subsequent to Q2 2006

1.2.1 Capitalization and indebtness

Consolidated capitalisation and indebtedness

	31 July 2006 Un-audited*	31 December 2005 Audited
Total Current debt	**1,254,978**	**444,339**
Guaranteed	0	0
Secured	1,254,978	431,383
Unguaranteed/Unsecured	0	12,956
Total Non-Current debt	**1,364,955**	**1,007,087**
Guaranteed	0	0
Secured	1,364,955	989,366
Unguaranteed/Unsecured	0	17,721
Shareholder's equity	**2,135,574**	**568,185**
Share Capital	79,112	56,097
Share premium fund	2,056,462	512,088
Total	**4,755,507**	**2,019,611**

*Source: Management reporting

Consolidated net indebtedness

	31 July 2006 Un-audited	31 December 2005 Audited
Cash	834,489	126,493
Cash equivalent	0	0
Trading securities	0	0
Liquidity	**834,489**	**126,493**
Current Financial Receivable	**0**	**0**
Current bank debt	702,978	264,745
Current portion of non current debt	552,000	179,594
Other current financial debt	0	0
Current Financial Debt	**1,254,978**	**444,339**
Net Current Financial Indebtedness	**420,489**	**317,846**
Non-current Bank loans	1,245,204	966,084
Bonds Issued	0	0
Other non-current loans (i.e. leasing)	119,751	41,003
Non current Financial Indebtedness	**1,364,955**	**1,007,087**
Net Financial Indebtedness	**1,785,444**	**1,324,933**

*Source: Management reporting

1.2.2 Trends

The most significant recent trend is that compared with ultimo 2005, the price for fishmeal and -oil has increased significantly, on average in South America and Norway by approx. 50%, while production figures for 2006 YTD has decreased slightly in this segment. The prices for other marine products delivered by Austevoll Seafood Group also show an increasing trend in the same period. See also Section 10.1 for reference.

1.2.3 Research and development

In Norway, the Company has worked in close cooperation with the Norwegian Institute of Marine Research, participating in special project research for stock assessment and similar.

In Chile the Company is part owner of Inpesca, a private institute for fishery research and development. The Company contributes on a regular basis to the activities of Inpesca, to help ensure a self sustaining source of fish in the region.

1.2.4 Patents and licenses

The Company holds fishing and aquaculture licenses in Norway, Chile and Peru.

1.3 Board, Senior Management and Employees

Board

The Company's Board consists of: Ole Rasmus Møgster, (Chairman), Helge Møgster, Oddvar Skjegstad, Hilde Waage and Inga Lise L. Moldestad.

Senior management

The group executive management consists of: Arne Møgster, Britt Kathrine Drivenes, Tore R. Mohn, Esteban Urcelay, Adriana Giudice, Arne Stang and Andres Daroch.

Employees

As of the date of this Prospectus, Austevoll Seafood has about 4,000 employees.

1.4 Major shareholders and related party transactions

Major shareholders

As of 9 October, 2006 the five largest shareholders in the Company registered in the VPS were:

	Shareholder	Number of Shares	%
1	Laco AS	112,605,876	71.17%
2	BEAR STEARNS SECURITIES CORP. *	3,674,838	2.32%
3	GOLDMAN SACHS & CO*......................................	3,588,000	2.27%
4	VERDIPAPIRFOND ODIN	3,276,650	2.07%
5	VERDIPAPIRFOND ODIN	3,243,750	2.05%

1.5 Related party transactions

Transactions with related parties

- Sale of shares in Lafjord Fiskebåtrederi AS to associated companies in December 2005
- Acquisition of shares in Laco IV AS in May 2006 from Laco AS, including 33.33% of the shares in Welcon Invest AS (whereas Laco IV acquired the remaining 66.67% of Welcon Invest) and through foreign subsidiaries 28.66% of the shares in Austral Group S.A.A.
- Acquisition of shares in Seastar Salmon Farms Holding AS (p.t. Veststar Holding AS) in May 2006 from Laco AS
- Acquisition of shares in Alfabygget AS in May 2006 from Laco AS
- Acquisition of shares in Austevoll Invest AS in May 2006 from Laco AS
- Acquisition of shares in Storebø Kai AS in May 2006 from Møgster II AS
- Demerger of Austevoll Seafood completed July 2006, whereby the shares in the fishing vessel holding companies Møgsterhav AS and Møgsterfjord 1 AS were transferred to Møgster Havfiske AS (a company incorporated in connection with the demerger and owned 100% by Laco AS)
- Acquisition of shares in Austevoll Fisk AS and Storebø Notbøteri AS in 2006 from Br. Birkeland AS

Business relationships with related parties

- Møgster Management AS, a wholly owned subsidiary of Laco AS, provides various services to the Austevoll Seafood Group on a consecutive basis

See Section 16 for further details on these matters.

1.6 Advisors and auditors

Managers

Pareto Securities ASA, DnB NOR Markets and SEB Enskilda ASA.

Legal counsel

Thommessen Krefting Greve Lund AS Advokatfirma.

Auditor

PricewaterhouseCoopers AS.

1.7 Additional Information

1.7.1 Share capital

The Company's registered share capital prior to the Private Placement is NOK 79,111,812 consisting of 158,223,624 Shares, each with a nominal value of NOK 0.50, all fully paid in. Following completion of the Private Placement, the Company's share capital will be NOK 89,111,812 consisting of 178,223,624 Shares, each with a par value of NOK 0.50.

All of the shares in the Private Placement have been allotted and the Private Placement is in the process of being settled. The share capital increase in connection with the Private Placement will be registered in the Norwegian Registry of Business Enterprises and the new Shares will be issued on or about 9 October 2006.

1.7.2 Articles of Association

The articles of association of Austevoll Seafood are included as Appendix 1 to this Prospectus.

The objectives of the Company are to be engaged in production, trade and service industry, including fish farming, fishing operations and shipowning business and any business related thereto, including investments in other companies with similar objectives. The Company has one class of shares.

1.7.3 Documents on display

The following documents (or copies thereof) may be inspected at www.auss.no:

i. the articles of association of the Company;

ii. historical financial information including auditor's report for the financial years ending 31 December 2005, 31 December 2004 and 31 December 2003

iii. stock exchange notices, including quarterly reports, distributed by the Company through Oslo Børs' information system after the submission of the application for listing.

The following documents (or copies thereof) may be inspected at the Company's headquarter:

i. historical financial information including auditor's report for the Company's subsidiaries for the financial years ending 31 December 2005, 31 December 2004 and 31 December 2003;

1.8 Reason for the Listing

The contemplated Listing of the Shares on Oslo Børs is an important element of the Company's strategy. Through a stock exchange listing the Company will be able to provide a regulated marketplace for the trading of its Shares. Moreover, the Listing will facilitate the use of the capital markets in order to raise further equity, and will increase the attractiveness of the Shares as consideration in possible further acquisitions and/or mergers.

1.9 Summary of risk factors

A number of risk factors may adversely affect the Company. Below is a brief summary of some of the most relevant risk factors described in Section 2 "Risk factors". The risks described in section 2 are not exhaustive, and other risks not discussed herein may also adversely affect the Company. Prospective investors should consider carefully *the information contained in this Prospectus and make an independent evaluation before making and investment decision.*

Market risks

- The Company's financial position and future development depend to a considerable extent on the prices of fish meal and -oil, pelagic fish for human consumption and farmed salmon, which have historically been subject to substantial fluctuations.
- Changes in consumer habits and patterns of consumption could affect demand for fish, and this could have a negative impact on the Company's sales and profitability.
- Lower economic growth or a downturn in the Company's export markets could have a negative effect on the Company's business and profitability.
- Perceived health concerns or food safety issues may negatively impact the reputation of farmed salmon and consequently have a negative impact on the demand.
- Increased demands from customers and legislators for internal control, food authority monitoring program and testing in the future may adversely affect the Company's financial results.

Operational risks

- The operation of fishing vessels always involves elements of risk with respect to weather conditions, migration patterns of the fish, available fish stock, and the functioning of vessels and equipment.
- The production of fish oil, fish meal and canned products is vulnerable to down-time and possible insufficient supply of raw material input.
- The salmon farming industry is associated with a high level of biological risk, including diseases and production-related disorders.
- Fish farming is operated in open net cage systems located in marine environment and is hence exposed to changing weather conditions as well as pollution of open seas.
- The rate at which farmed salmon grows depends, among other things, on weather conditions. Unexpected warm or cold temperatures resulting from annual variations or climate changes can have a significant negative impact on growth rates and feed consumption.
- The Company may not be able to insure against all risks on commercially viable terms, and there will always be a risk that certain events may occur for which only partial or no indemnity is payable according to the Company's insurance.
- The loss of any of the members of its senior management or other key personnel or the inability to attract a sufficient number of qualified employees could adversely affect its business and results of operations.

Risk factors relating to the Shares

- The Company's share price may experience substantial volatility in response to, inter alia, variations in operating results, adverse business developments, interest rate changes, changes in financial estimates by securities analysts, matters announced in respect of major customers or competitors or changes to the regulatory environment in which the Company operates.
- Pre-emptive rights may not be available to U.S. holders of the Company's Shares.
- It may be difficult for investors based in the United States to enforce civil liabilities predicated on U.S. securities laws against the Company, the Company's Norwegian affiliates or the Company's directors and executive officers.
- Holders of the Company's Shares that are registered in a nominee account may not be able to exercise voting rights as readily as shareholders whose shares are registered in their own names with the Norwegian Central Securities Depository.

Financial risk factors

- A considerable proportion of the Company's operating revenues and expenses are exposed to fluctuations in various foreign currencies.
- A lack of access to external capital or material changes in the terms and conditions relating to the same could limit the Company's future growth and strategy and have an impact on the Company's finance costs.

Other risks

- Monetary trade barriers and other non-monetary barriers could have a material adverse effect on the Company’s business, results of operations and financial condition.
- Political events could change the business climate and fishing quota regulation in a way that has a negative impact on the value of the Company’s operations.

2 RISK FACTORS

Prospective investors should carefully consider the following risk factors, in addition to the other information presented in this Prospectus, before making an investment decision. The risks discussed below are not the only ones that may affect the Company's business or the value of the Shares. Additional risks not presently known to the Company or that the Company currently considers immaterial, may also impair the Company's business operations and prospects. If any of the following risks occur, the value of the Shares could decline and potential investors might lose part or all of their investment in the Shares.

Forward-looking statements

This Prospectus contains forward-looking statements and information relating to the Company and its business and industry. All statements other than statements of historical facts included in this Prospectus are forward-looking statements. Words such as believe, intend, expect, anticipate, project, estimate, predict and similar expressions are intended to identify forward-looking statements. The statements are based on the Company's assumptions and beliefs in light of the information currently available.

These assumptions involve risks and uncertainties which may cause actual results, performance or achievements to be materially different from actual results or achievements expressed or implied by such forward-looking statements.

2.1 Market risks

2.1.1 Prices

Austevoll Seafood's financial position and future development depend to a considerable extent on the prices of fish meal and –oil, pelagic fish for human consumption, and farmed salmon, which have historically been subject to substantial fluctuations. Most of the products sold are commodities, and it is therefore reasonable to assume that the market prices will continue to follow a cyclical pattern.

Lately, prices for fish meal and oil and for farmed salmon have risen to record high levels, pushed up by strong global demand for seafood, and for fish meal and oil as a main ingredient in the production of fish- and animal feed. There is a chance that the prices will come back to lower levels.

Demand for farmed salmon is affected by a large number of different factors, over which the Company has no control. A relative change in demand could lead to lower sales prices, which would have a negative impact on Austevoll Seafood's operating revenues and profits within salmon farming.

2.1.2 Perceived health concerns and food safety issues

Perceived health concerns or food safety issues may negatively impact the reputation of farmed salmon, even if there is no direct risk to human health, and may consequently have a negative impact on the demand for farmed salmon. In the past, various perceived health concerns, amongst others in relation to farmed salmon containing organic contaminants or cancer-causing PCB levels, have attracted negative attention in the media. Such media attention raised consumer scares in relation to farmed salmon, which resulted in temporary declines in the demand for farmed salmon. Although these scares have diminished, new perceived health concerns or food safety issues relating to both farmed salmon and other farmed livestock may arise in the future and affect our ability to market and distribute our products.

Some of Austevoll Seafood's end products are for direct human consumption. It is therefore of critical importance that attention and resources are dedicated to food safety. Product quality is subject to internal control, food authority monitoring program and testing carried out by our customers. Increased demands from customers and legislators in the future may adversely affect Austevoll Seafood's financial results.

Guidelines and legislation with tougher requirements are expected; hence, higher costs for the food industry (e.g. traceability, level of documentation, testing variables, etc.) are expected. This might impact the Company's activities. The ability to trace products through all stages of production is becoming a major component of food safety requirements. Austevoll Seafood's quality assurance scheme includes traceability systems and these systems are maintained in line with legislative and customer requirement on continuous basis.

2.2 Operational risks

2.2.1 Operational risks, catching

The operation of fishing vessels always involves elements of risk with respect to weather conditions, migration patterns of the fish, available fish stock, and the functioning of vessels and equipment. Hence, there is uncertainty as to the size of total catch volume. In Chile, the company (FoodCorp) has a fixed quota, and catching volumes are fairly predictable once the total quota is established. In Peru, where Olympic fishing is practised, total catch is a function of the company's (Austral Group) ability to catch within the periods the fishery is open, i.e. there is competition among the fishing companies to maximise catch until the total quota for Peru is filled.

2.2.2 Operational risks, processing

The production of fish oil, fish meal and canned products follow established methods with automated and controlled processes. However, any production is vulnerable to down-time and possible insufficient supply of raw material input.

2.2.3 Operational risks, salmon farming

Operational risk is largely reflected in budgets by means of estimates for mortality and the percentage of fish whose quality is downgraded in connection with primary processing. To a certain extent, certain extraordinary events are also taken into consideration. The salmon farming industry is associated with a high level of biological risk, and Austevoll Seafood aims to reduce that risk through the entire production cycle by means of systematic groupwide bio-security auditing.

2.2.4 Diseases

Operation of fish farming facilities involves not inconsiderable risk with regard to disease. In the case of an outbreak of disease, the farmer will, in addition to the direct loss of fish, incur substantial costs in the form of lost growth on biological assets, accelerated harvesting, loss of quality of harvested fish and subsequent periodic reduced production capacity. Salmon farming, as any other intensive animal production, has historically been through several periods with extensive disease problems. Common for all of these is that a solution has been found through breeding, better operating routines, increased know-how regarding the fish's biological requirements, and the development of effective vaccines. During the 1990s the health situation in salmon farming improved dramatically. For example, the development of effective vaccines against the most important diseases, as well as generally better operating routines, have led to a reduction in the use of antibiotics of over 99% in Norway. The use of antibiotics in Norwegian salmon farming is now much lower than for any other intensive meat production, with which it is natural to make comparisons.

The economic importance of disease is measured in the form of waste percentages (mortality), reduced growth or reduced quality for the end product. In addition, disease represents suffering for the fish. The percentage of waste per generation varies; both between generations and producing countries/regions, but an average for the industry would be around 15% per generation. The risk of disease is reduced through high quality smolt, "good husbandry", and the selection of good sites. Austevoll Seafood has put a lot of focus in improving smolt quality and thus reducing mortality in the sea phase of the farming process. This work is now paying off. Single sites are able to run a whole production through with less than 5% mortality. This will obviously have positive cost effects, but more important it is reducing the risk of attracting disease significantly.

ISA (infectious salmon anaemia)

ISA is the disease which has the largest potential "downside" for the aquaculture industry in Norway and the Faroes, both in absolute terms and in relation to other diseases. There have been few outbreaks during the past few years and none of these have occurred in Austevoll Seafood. If the disease is confirmed at a site it will prompt compulsory slaughter of the entire stock under the provisions of national contingency plans against ISA.

The virus, which is widespread in a number of wild marine fish species, led to substantial losses of fish in and around 1990. The virus is also prevalent in Scotland, Ireland, the Faroes, the east coast of Canada and the US, and Chile.

The risk of an outbreak increases strongly with proximity to the source of infection, suboptimal operation, not allowing the facilities to lie fallow for an adequate length of time and poor quality smolt. The disease is subject to government control measures, with harvesting, control of contact point to the infected farm, and fallow periods as the most important methods. The fish itself represents no health risk for humans and is sold on the open market.

IHN (Infectious haematopoietic necrosis)

IHN is a virus which is found naturally in wild Pacific salmon. Viral infection increases in wild salmon at point of maturation and culminates at the point of breeding. Atlantic salmon is very sensitive to the virus and is exposed to wild fish infection in the sea. Once infection is established in a farm of Atlantic salmon, chances are high that adjacent farms may be infected.

Farmed fish on the North American west coast have, to varying degrees, been affected by wild fish migrations and are thus also varyingly exposed to infection. The disease can lead to mortality of 0-80% at the salmon farming facilities. After the 1992-1996 epidemics no outbreaks were recorded until it reappeared in 2001-2003. The last recorded outbreak was in February 2003. The disease has several similarities with ISA, but is far more contagious.

IHN represents no health risk for people and surviving fish from an infected site are freely sold on the open market. Sick or dead fish are of course destroyed.

Kudoa thyrsites

Kudoa thyrsites is a parasite that is naturally present in wild fish throughout the world. It is particularly prevalent on the North American west coast, and for several decades has given problems for certain species of white fish and, to some extent, also salmon. The infection takes place in sea only. It is believed that fish are infected either by oral route or by the parasite randomly distributed in the water and passively sluiced through the farm facilities. Until 2000 the impact of Kudoa on the west coast of America involved losses of between 0-3%. In the period 2000-2003, however, the scale of the problem grew considerably with percentage downgrades per site of up to 30%. Due to growth of production an increased shortage of freshwater resources enforced the industry to transfer smolt to sea at a much smaller individual size and poorer quality.

Kudoa infects the salmon's muscle cells without causing any illness in the fish. Upon the death (harvesting) of the host, the Kudoa parasite intensifies the rate of breakdown of the fish's flesh, turning it soft and doughy ("soft flesh") 3-10 days after the fish's death. Kudoa represents no health risk for the consumer and the market is aware of the problem, which, apart from isolated outbreaks in Chile, has so far been specific to farmed Atlantic salmon from British Columbia.

Salmon rickettsial septicemia (SRS)

Piscirickettsia salmonis is a parasitic bacterium which has a global presence and has been found in all main salmon farming regions; Norway, Scotland, Canada, and Chile. For reasons unknown Chile has suffered much more of the disease than any other region. SRS is the major disease problem in Chile both in terms of financial loss and mortality. It has been for many years. Coho (*Oncorhynchus kisutch*) is most susceptible to SRS whereas Atlantic salmon (*Salmo salar*) is less sensitive. *Primarily,* SRS infects the fish in the sea phase of the farming process. Disease outbreaks often take place during spring at which point newly transferred fish are most susceptible and vulnerable. The disease is treated with antibiotics administered orally or as injection and thus far the industry has been able to manage the disease. However, the dependence on antibiotics and risk of SRS becoming resistant towards commonly used drugs represents a risk of significant losses. For many years attempts have been made to develop effective vaccines against SRS. Vaccination as a significant aid in managing the disease seems currently more realistic than ever, based on latest field results.

Heart and skeletal muscle inflammation (HSMI)

HSMI is a viral disease which has occurred sporadically in southern Norway in recent years. Since 2005 the disease has expanded in Norway and is also diagnosed incidental in Scotland. The disease affects fish in the first half of the marine phase, with reduced growth and moderate mortality rates being the most important loss factors. It is assumed that the disease is infectious and therefore may be combated through vaccination. Following the same model applied in Canada, Austevoll Seafood and Marine Harvest has initiated the Joint Industry Vaccine Approach (JIVA). JIVA provides a platform for cooperation with preferred partners to develop vaccines against new and emerging diseases in Europe. Currently, the Company has implemented good hygiene measures to reduce the biological and financial impact of the disease.

Pancreas disease (PD)

PD is another viral disease that is frequently diagnosed in Norway, Scotland, and Ireland. The disease has expanded its occurrence in Norway through 2005. PD virus can hit in spring or autumn at any size of fish. It attacks heart and skeletal muscle and pancreatic tissue. Mortality may vary from 0-15%, but more important is chronic damage done to the survivors in terms of reduced growth capacity and scars in skeletal muscle. These scars appear as patches of depigmentation and make the product unsuitable for smokehouses. A PD vaccine is available but the protection is low. The disease is tackled in the same manner as HSMI above.

2.2.5 Production-related disorders

As the aquaculture industry has intensified production, the biological limits for how fast fish can grow have also been challenged. As with all other forms of intensive food production, a number of production-related disorders arise, i.e. disorders caused by intensive farming methods. As a rule, such disorders appear infrequently, are multi-factorial, and with variable severity. The most important production-related disorders relate to physical deformities and cataracts. These lead to financial loss in the form of reduced growth and health, reduced quality on harvesting, and damage the industry's reputation. Research has shown that deformities can be caused by:

a) Excessively high temperatures during the fish's early life

b) Too little phosphorous in the diet

c) Light management to speed up the rate of growth, particularly in combination with b)

d) Acidic water, as well as too much carbon dioxide in the water during the freshwater phase

Too rapid growth in the freshwater phase is unnatural for the salmon. In the marine phase salmon have evolved to grow rapidly. However, growth should ideally be steadily incremental, allowing all tissue types to develop in parallel.

2.2.6 Algae

Of the approximately 4,000 described types of algae in the world, approximately 75 have been identified as harmful for living marine organisms. Algae represent a risk in fish farming because the fish in the cages cannot swim away as they would normally do in the wild.

Blooms of noxious algae are largely dependent on local marine and weather conditions. Algae have from time to time led to losses at individual sites, and represent a general threat to any open net cage facility.

2.2.7 Other operational risks

The rate at which farmed salmon grows depends, among other things, on weather conditions. Unexpected warm or cold temperatures resulting from annual variations can have a significant negative impact on growth rates and feed consumption.

Austevoll Seafood's facilities are located in areas where the weather conditions are well known and the facilities well secured, though other weather conditions, such as storms or floods, could also lead to unexpected losses at facilities.

Austevoll Seafood does not tolerate any escape of farmed salmon. In Norway, where the problem has been most widespread, the Company has completed an internal security project. This has had positive results. Procedures and new technological solutions are, moreover, constantly being looked at.

There exist environmental organisations, both in Europe and North America, whose aim is to eradicate salmon farming. The degree of fundamentalism varies from group to group, and the majority limit themselves to spreading disinformation and untruths about fish farming in general. However, a certain risk of bioterrorism (i.e. damage to production facilities with the intention of hurting Austevoll Seafood financially and/or exposing it to negative media coverage) cannot be ruled out.

2.2.8 Preventive actions to limit operational risks

The farming of salmon is a very young industry. Considerable sums have been and are still being invested to build up expertise and fund research, and these efforts have produced very good results. All the risk factors listed above have been addressed proactively and, with few exceptions, sound and effective solutions have been found; solutions which secure the basis for cost-effective operations, at the same time as ensuring good animal health.

The basis for all biological production will, however, be proximity to the living animal, understanding of how the biological processes function and a fundamental respect for them.

The Company has, through contracts or agreements, engaged highly competent and experienced biologists, agronomists and veterinarians, in addition to qualified aqua culturists. Disease-prevention and practical efforts to improve the fish's living conditions are now being heavily emphasised. It is the belief and intention of the Company's Board of Directors and Management that this will contribute to Austevoll Seafood being a best-in-class producer. The Company is highly motivated to address these issues.

2.2.9 Retention of key personnel

The Company's business and prospects depend to a significant extent on the continued services of its key personnel in its various business areas. Financial difficulties and other factors could negatively impact the Company's ability to retain key employees. The loss of any of the members of its senior management or other key personnel or the inability to attract a sufficient number of qualified employees could adversely affect its business and results of operations.

2.3 Risk factors relating to the Shares

2.3.1 The price of the Company's Shares are subject to volatility

Austevoll Seafood's share price may experience substantial volatility. The trading price of the Shares could fluctuate significantly in response to variations in operating results, adverse business developments, interest rate changes, changes in financial estimates by securities analysts, matters announced in respect of major customers or competitors or changes to the regulatory environment in which Austevoll Seafood operates. The market price of the Shares could decline due to sales of a large number of Shares in the Company in the market or the perception that such sales could occur. Such sales could also make it more difficult for the Company to offer equity securities in the future at a time and at a price that are deemed appropriate.

2.3.2 Control by major shareholders

Also after the Private Placement and the Listing, substantial share ownership will remain concentrated in the hands of one existing shareholder, Laco AS, and future sales of shares by the major existing shareholder could impact the market price of the Company's shares.

Laco AS has agreed that with limited exceptions it will not, for a period of 180 days from the Listing, sell or otherwise dispose of any of its Shares (or securities convertible into or exercisable for its Shares) without the prior written consent of Pareto Securities.

2.3.3 Exercise of voting rights for nominee shareholders

Beneficial owners of the Company's Shares that are registered in a nominee account (e.g., through brokers, dealers or other third parties) may not be able to vote such Shares unless their ownership is re-registered in their names with the Norwegian Central Securities Depository (VPS) prior to the Company's general meetings. The Company cannot guarantee that beneficial owners of the Company's Shares will receive the notice for a general meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote their Shares in the manner desired by such beneficial owners.

2.3.4 Transfer restrictions

The Company has not registered the Shares under the Securities Act or the securities laws of other jurisdictions other than the Kingdom of Norway and the Company does not expect to do so in the future. The Shares may not be offered or sold in the United States or to U.S. persons (as defined in Regulation S under the Securities Act) nor may they be offered or sold in any other jurisdiction in which the registration of the shares is required but has not taken place, unless an exemption from the applicable registration requirement is available or the offer or sale of the shares occurs in connection with a transaction that is not subject to these provisions. In addition, there can be no assurances that shareholders residing or domiciled in the United States will be able to participate in future capital increases or subscription rights.

2.3.4 Limitation of ability to make claims against the Company

The ability of shareholders of the Company in their capacity as such following registration of the share capital increase in the Norwegian Companies Register is severely limited under Norwegian law.

Once the capital increase relating to any Shares of the Company has been registered in the Norwegian Companies Registry, purchasers of those Shares have limited rights against the Company under Norwegian law.

2.3.5 Enforceability of civil liabilities

The Company is organised under the laws of Norway. Currently, all of its directors are residents of Norway, and a substantial portion of its assets is located in various jurisdictions. As a result, it may not be possible for non-Norwegian investors to affect service of process in their own jurisdiction on the Company or any of such persons, or to enforce against them judgements obtained in non-Norwegian courts. Norway is party to the Lugano Convention and a judgement obtained in another Lugano Convention state will in general be enforceable in Norway. However, there is substantial doubt as to the enforceability in Norway of judgements of non-Lugano Convention state courts, hereunder the courts of the United States.

2.3.6 U.S. Shareholders and certain other foreign shareholders may be diluted if they are unable to participate in future offerings

Under Norwegian law, prior to the Company's issuance of any new Shares for consideration in cash, the Company must offer holders of the Company's then outstanding Shares pre-emptive rights to subscribe and pay for a sufficient number of shares to maintain their existing ownership percentages, unless these rights are waived at a general meeting of the Company's shareholders.

U.S. holders of the Shares may not be able to receive, trade or exercise pre-emptive rights for new Shares unless a registration statement under the Securities Act is effective with respect to such rights or an exemption from the registration requirements of the Securities Act is available. The Company is not a registrant under the U.S. securities laws. If U.S. holders of the Shares are not able to receive, trade or exercise pre-emptive rights granted in respect of their Shares in any rights offering by the Company, then they may not receive the economic benefit of such rights. In addition, their proportional ownership interests in the Company will be diluted. Inability to receive, trade or exercise pre-emptive rights for new Shares due to local restrictions may also apply in other jurisdictions.

2.3.7 The ability to bring an action against the Company may be limited under Norwegian law

The Company is a public limited company incorporated under the laws of Norway. The rights of holders of Shares are governed by Norwegian law and by the articles of association. These rights differ from the rights of shareholders in typical U.S. corporations. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. Under Norwegian law, any action brought by the Company in respect of wrongful acts committed against the Company takes priority over actions brought by shareholders in respect of such acts. In addition, it may be difficult to prevail in a claim against the Company under, or to enforce liabilities predicated upon, U.S. securities laws.

2.4 Financial risk factors

2.4.1 Foreign currency risk

The Group is exposed to fluctuations in various foreign currencies through operations in its subsidiaries in Norway, Chile and Peru. The most important foreign currencies to the Group are USD, EUR, Pesos and Soles. Austevoll Seafood expects that in the future, a significant proportion of revenues and costs will continue to be denominated in currencies other than NOK. Consequently the Company will be exposed to movements in foreign exchange rates. Hedging of transaction risk is generally limited to offsetting exposures in the same currencies. In addition, subsidiaries are allowed to make limited use of forward contracts on shorter time periods when this is regarded as necessary from an operational point of view. Translation risk arises from the translation of balance sheets and income statements in foreign currencies Pesos, Soles and USD to NOK, Austevoll Seafood's financial reporting currency. All products exported from the Group's subsidiaries in Chile and Peru are sold in US Dollars, and most of the financing for the companies are in the same currency. In Chile, there is in addition some financing in local currency to match volumes of domestic sales. The Group's foreign exchange exposure related to the equity of its foreign subsidiaries has generally not been hedged and translation gains or losses have been included in other equity.

2.4.2 Interest rate risk

The Group's interest exposure relates primarily to NOK, USD and Pesos see section 10 for an overview of the Company's debt details. Austevoll Seafood believes the Groups high level of equity and prospective earnings are sufficient to withstand an increase in floating interest rates.

One of Austevoll Seafood's main objectives is to minimise the Company's total foreign exchange and interest rate exposure. A considerable proportion of the Group's operations is located outside Norway and therefore has both operating revenues and operating expenses in foreign currencies. The subsidiaries are financed and currency risk hedged with debt in local currencies or in the currency of the market to which the products are sold.

The foreign exchange risk which is generated in the Norwegian business through the sale of products abroad is covered by hedging instruments and financing in the currencies that reflect the markets which the Company sells to.

Changes in the rate of interest charged on the Group's loans eventually have an impact on the Company's finance costs. However, the Company seeks to pursue a conservative interest hedging strategy in which parts of the debt are tied to a fixed interest rate.

2.4.3 Financial leverage

The Company's future development and growth may be dependent on access to external capital, in the form of debt and/or equity capital. A lack of access to such capital or material changes in the terms and conditions relating to the same, could limit the Company's future growth and strategy. There is no guarantee that the increase of the Company's share capital resulting from the Private Placement described in this Prospectus will be sufficient to avoid such debt and capital requirements in the future.

2.5 Other risks

2.5.1 General

Participants in the fish farming industry operate in highly regulated markets in which price levels and production volumes are closely monitored and at times significantly restricted. Since important production locations of the Company, in particular, are located outside its principle markets, for example the US, the European Union and Japan, the Company is subject to the effect of international trade regulations and disputes. Specifically, for example, the European Commission has, since 1996, had in place a series of provisional anti-dumping measures on farmed salmon originating in Norway in order to reduce the volume of Norwegian farmed salmon for sale on the European market and thus protect the Scottish and Irish salmon farming industries. Following an extensive investigation, the European Commission announced on 17 February 2006 that it has adopted definitive anti-dumping measures in the form of a minimum import price for Norwegian Salmon at EUR 2.80 per kilo for whole fish (fresh, chilled or frozen).

In addition, in 1991, the U.S. imposed a special tax on gutted salmon from Norway, which was reviewed and upheld in 1999. Additionally, ongoing disputes between Norway and Russia over imports of Norwegian salmon into Russia may also have an adverse impact on the value of the Company’s exports of Norwegian salmon to Russia. Such monetary trade barriers and other non-monetary barriers, including extensive public health requirements, imposed in the future on sales of salmon originating from Norway or other production locations by countries into which the Company sells its products, could have a material adverse effect on the Company’s business, results of operations and financial condition.

2.5.2 Political risk

The Austevoll Seafood Group has extensive operations in Chile and Peru, and political events in these countries could change the business climate and fishing quota regulation in a way that has a negative impact on the value of the Company’s operations. It is assumed that the political risk is higher in Peru than in Chile.

2.5.3 Economic developments

Exports account for a considerable proportion of the Group’s total sales. Lower economic growth or a downturn in the Company’s export markets could have a negative effect on the Company’s business and profitability. This could take the form of reduced demand, losses on receivables resulting from customers’ inability to pay their debts, etc. Furthermore, changes in consumer habits and patterns of consumption could affect demand for fish in Austevoll Seafood’s main markets. This could have a negative impact on the Company’s sales and profitability.

2.5.4 Insurance

The Company maintains a level of insurance cover on its fixed assets, property, production facilities and fish stocks that is in line with industry standards. The structure of such cover and the premiums payable are different for fry facilities and marine farming facilities. Insurance will primarily act as catastrophe coverage. All such coverage involves a significant deductible in the form of an insurance excess or requirements regarding mortality per net cage or site. There will always be a risk that certain events may occur for which only partial or no indemnity is payable. Coverage may, moreover, be dependent on the insurance value of the fish, which may be at positive or negative variance with their book value. Situations may arise in which it is difficult, for longer or shorter periods of time, to obtain insurance coverage for known and unknown fish diseases at premiums which are considered commercially viable. In such situations the Company may have to self-insure.

2.5.5 The impact on the environment from operations

The operation impact on the environment is linked to discharge of organic material (feces from fish and over-feeding), the fish population potential shedding of sealice, and the risk of fish escape. The tangible risk associated with discharge of organic material is thoroughly assessed during consent application of sites to governmental bodies. The recipient capacity must adhere to the planned biological assets on site. Secondly, benthic samplings are undertaken on a yearly basis to ensure compliance with recipient capacity and tolerance. Between each production cycle fallowing of the sites is mandatory. Sealice is closely monitored, reported, and treated in line with national contingency plans. Under the provision that the Company adhere to legislation, there is no risk to become liable for shedding sealice from fish farms.

The Company has zero tolerance to escapes and has implemented procedures equivalently to comply with this policy. However, coastal waterways represent a risk of boats accidentally harming farm constructions and thus make escapes unavoidable. Such event will inevitably damage the reputation of the company, but not cause liability as long as set regulations of signs and lighting are adhered to. The Company will be held responsible if gross negligence leads to escapes. In such event police investigation as well as fines will follow.

2.5.6 Tangible environmental risk

Fish farming is operated in open net cage systems located in marine environment and is hence exposed to changing weather conditions as well as pollution of open seas.

Coastal waterways are subject to traffic by large cargo carriers. In areas attractive to the petroleum industry, sea transportation of oil is frequent. This represents a defined environmental hazard in form of a potential oil spill. Such spill is by nature extremely difficult to contain and will, in case of contamination of coastal zones and habitat, eliciting long term destruction of pristine areas for farming. Oil or petroleum products will when floating into a farm, severely affect the fish's ability for normal oxygen uptake over the gills and shed an unpleasant taste on surviving fish, which practically makes the fish inedible. Consequences from such an event are highly unpredictable. The Company's concentrated location of farms increases the vulnerability in case of oil spills.

An overwhelming majority of scientific experts agree that the diminution of the ozone layer results in climate changes. Among the effects of climate change which impact fish farming are rough weather and altered sea temperature profiles.

In particular, metrological registration may indicate more extreme weather conditions than previously recorded. All farms are supplied with mooring systems which shall stand the test of hurricanes. However, the frequency of storms put the constructions at severe test, and weather conditions are beyond the Company's control. Again, the concentration of farms may not be to the Company's benefit given an extreme metrological situation. Temperature profile changes are extremely slow which over time may make some farming areas less attractive and others more suitable. It will hardly have a definite affect to operations within the scope covered by this Prospectus.

El Niño

The climate of the South American west coast undergoes temperature changes each five to seven years. This phenomenon is known as El Niño. Since 2000 more than 50% of the world's total fish meal production comes from this region.

The dominating fish species is the herbivorous anchovy (*Engraulis ringens*). The anchovy feeds on the enormous production of planctonic algae growing in the nutritious stream of up-welling cold Pacific water. During El Niño the surface water heats up and blocks the up-welling for a year. As the anchovy completes its life cycle in approximately one year, this leads to a sudden break down of the fish stocks and the fisheries will not re-establish until the former climatic balance is resumed.

The last time a distinct El Niño was experienced (1997); the world production of fish meal was reduced by approximately 30%. Chances are that the next El Niño will occur within a three to five year period.

3 RESPONSIBILITY STATEMENTS

Statement from the Board of Austevoll Seafood

This Prospectus has been prepared in connection with the Listing of the Shares in the Company on Oslo Børs.

The Board of the Company confirms that, after having taken all reasonable care to ensure that such is the case, the information contained in the Prospectus is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Storebø, 9 October 2006

The Board of Austevoll Seafood

Ole Rasmus Møgster Chairman	Helge Møgster	Oddvar Skjegstad
Hilde Waage		Inga Lise L. Moldestad

4 STATUTORY AUDITORS

The Company's auditor since 1996 has been PricewaterhouseCoopers AS. Their address is Sandviksboder 66, Box 3984 Dreggen, N-5835 Bergen, Norway. Telephone: 02316, telephone international: +47 95 26 00 00, web site: www.pwc.no. The audit partners of PricewaterhouseCoopers AS are members of the Norwegian Institute of Public Accountants (DnR).

PricewaterhouseCoopers AS has audited the Company's annual accounts for 2005, 2004 and 2003, and has performed a review of the Company's interim financial information as of and for the six months ended 30 June 2006 in accordance with the International Standard on Review Engagements 2400.

The Auditor's reports have been issued without qualifications.

5 INFORMATION ABOUT THE COMPANY

5.1 Incorporation, registered office and registration number

Austevoll Seafood is a Norwegian public limited liability company organised under the laws of Norway. The Company was incorporated as a private limited liability company on 14 April 1981 under the name Austevoll Havfiske AS, and transformed into a public limited liability company with the name Austevoll Seafood ASA in May 2006. The Company's registered office and principal place of business is at Alfabygget, N-5392 Storebø, Norway. The Company's telephone number is +47 56 18 10 00, fax. +47 56 18 10 05 and web page www.auss.no. The Company's business registration number with the Norwegian Register of Business Enterprises (Nw. *Foretaksregisteret*) is 929 975 200. The Austevoll Seafood Group also has offices in Oslo, Santiago (Chile), Coronel (Chile) and Lima (Peru).

5.2 History and development

Austevoll Seafood was created based on Austevoll Havfiske AS, one of the top pelagic fishery and salmon farming companies in Norway, with subsequent acquisitions of business units in Norway, Chile and Peru. The main shareholder of the Company has been Laco AS, a company under joint control by the Møgster family. Austevoll Havfiske AS was incorporated in 1981, but the fishing activities were small-scale up until 1991, when the Møgster family purchased their second fishing license and boat in Norway. The wild catch activities mainly comprise herring, mackerel, blue whiting and capelin – all species fall into the category of pelagic fisheries.

In 1991 the Møgster family (through their jointly controlled company Laco AS) also entered into the pelagic market in Chile after being invited by Cermaq ASA to operate their fishing vessels. The Chilean operations were gradually expanded; Austevoll Seafood now controls approx. 9.1% of Chilean jack (horse) mackerel quotas, 5 fishing vessels, 2 fish meal/oil plants and 1 freezing plant through its Chilean subsidiaries. A 35.8% share in Br. Birkeland AS, owner of fishing vessels and salmon farming operations, was acquired by Austevoll Seafood in 2000. Br. Birkeland AS has 2 modern purse seiners operating in Norwegian waters. The Company is currently in the process of increasing its ownership in Br. Birkeland AS to approx. 40.1% through exercise of pre-emptive rights.

The main shareholder of the Company, Laco AS, expanded its operations to Peru in 2004, when Laco AS together with 2 partners took over 86.14% of Austral Group S.A.A. from a bank syndicate. The 2 partners were bought out in May 2006 and all of the shares acquired by Laco AS (through Laco IV AS) were transferred to Austevoll Seafood. Austevoll Seafood has increased its ownership to 88.14% and is currently in the process of making a mandatory bid for the remaining shares in accordance with the Peruvian stock exchange rules. Austral Group S.A.A. has 8.05% of the total cargo hold capacity in Peru, by far the largest pelagic fishing nation in the world. Austral Group S.A.A. has 34 fishing vessels, 6 fish meal/oil plants and 1 freezing plant.

Norwegian salmon farming activities were established in 1981, and significantly expanded in 2001 by purchase of 6.5 licences, and further in 2005 by acquiring Rong Laks AS. The Group currently holds 28 salmon farming licenses in Norway, with an annual production capacity of approx. 27,000 metric tons g.w. Through its Chilean subsidiaries Austevoll Seafood also holds 3 salmon farming licenses and has applied for 22 licenses, in Chile, but no activities have so far been established.

In 2004, Laco AS acquired 1/3 of the shares in Welcon Invest AS. In 2006, through a contribution in kind of the Laco IV AS shares into Austevoll Seafood ASA in May 2006, Austevoll Seafood acquired the remaining 2/3 of Welcon Invest AS from the other shareholders. Laco IV AS acquired 1/3 of the shares of Welcon Invest AS from Laco AS in 2006. In May 2006 Laco IV AS acquired the remaining 2/3 shares og Welcon Invest AS from Laco AS. Through a contribution in kind by Laco AS of the shares of Laco IV AS into of Austevoll Seafood in May 2006, Austevoll Seafood acquired all shares of Laco IV AS and thereby through Laco IV AS entered into fish meal production in Norway. Welcon Invest AS is now a wholly owned subsidiary Austevoll Seafood Group, and currently owns 98.4% of the shares in Welcon AS, which in turn owns 4 major fish meal-factories in Norway. Welcon AS estimates an approximate 60% market share in Norway for 2006, against approx. 50% in 2005; while three other market players have the remaining share.

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

The history of Austevoll Seafood can be summarised as follows:

- 1981: Company established by Helge Møgster and Ole Rasmus Møgster, and their father as pelagic fishery company and fish farming company
- 1991: Started Pacific Fisheries in Chile
- Austevoll Havfiske AS has since been developed into Norway's leading pelagic fishery company

- 2000: Merged with Laco II AS, which was the holding company for salmon farming activities
- Acquisitions:
  - 2000: Br Birkeland AS, 35.77%
  - 2003: FoodCorp S.A., Chile, 100%
  - 2005/2006: Rong Laks, Norway, 100%
  - 2006: Austral Group S.A.A., Peru, 88.14%
  - 2006: Welcon AS, Norway, 98.38% (through the acquisition of 100% of Welcon Invest AS)
  - 2006: Increase in ownership Br Birkeland AS by approx 4% (not completed)
  - 2006: Demerger of Austevoll Seafood by transfer of the shares in two Norwegian fishing vessel companies, Møgsterfjord I AS and Møgsterhav AS to Møgster Havfiske AS (a wholly owned subsidiary of Laco AS)
  - 2006: Eidane Smolt AS, Norway, 100%
  - 2006: Fiordo Auistral S.A., Chile, 100%

5.3 Investments

5.3.1 Historical investments

Section 8 ”Organisational structure” provides an overview of the Company's main subsidiaries. The following table shows Austevoll Seafood’s most important (measured in terms of cost price) investments in other companies in recent financial years:

2003

Through a merger between Laco III AS, a wholly owned subsidiary of Laco AS, and A-Fish AS, a wholly owned subsidiary of Austevoll Seafood, Austevoll Seafood acquired 100% of the Chilean sub-group Foodcorp S.A. as of 1 July, 2003. The consideration to Laco AS of NOK 278.7 million was settled through a share issuance of 8,226,061 shares in Austevoll Seafood with a par value of NOK 2,-.

2004

No major investments were made.

2005

Through a contribution in kind from Seastar Salmon Farms Holding AS to Nye Veststar AS, consisting of 100% of the shares in Seastar Salmon Farms AS, Nye Veststar AS became the sole shareholder of Seastar Salmon Farms AS, which held 12 fish farming licenses. The transaction was settled by a share issue in Nye Veststar AS, amounting to NOK 59.1 million (including share premium). Seastar Salmon Farms AS then merged with Nye Veststar AS. As of 5 May 2006, Nye Veststar AS was renamed to Veststar AS, a subsidiary of Veststar Holding AS.

2006

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

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

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

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

Medio 2006, Austevoll Seafood acquired 4,258,517 shares in Austevoll Fisk AS at par value NOK 1.00 and 100% of the shares in Storebø Notbøteri AS (1,000 shares at par value NOK 1.00) from its associated company Br. Birkeland AS. Austevoll Seafood now controls 99.6% of the shares in Austevoll Fisk AS and 100% of the shares in Storebø Notbøteri AS

Austevoll Seafood has made an offer to buy approx. 4% of the shares in Br. Birkeland AS through an exercise of pre-emption rights. This transaction will be completed before the end of 2006.

In June 2006 Austevoll Seafood finalised its acquisition of the remaining 2/3 of both Dordogne Holding Inc./Austral and Welcon Invest AS. Together with the acquisition of the first 1/3 through a contribution in kind in May, 2006, the purchase prices for 100% of the shares in the two companies were respectively NOK 469.9 million and NOK 246.7 million The acquisitions of the last 2/3 of the companies were fully financed by the Company through cash contribution from new shareholders in June 2006, whilst the acquisition of the first 1/3 of the companies was financed through issuance of shares. Dordogne Holding Inc. is the majority owner of the Peruvian listed company Austral Group S.A.A. Welcon Invest AS is a Norwegian fish meal producer.

In September 2006, one of the Austevoll Seafood subsidiaries in Chile, Chilefood S.A., acquired 100% of the shares of Fiordo Austral, a seafood and canning facility in Puerto Montt in Chile, with a present production capacity of more than 1.4 million crates of canned salmon, mackerel, jack mackerel and scallops.

5.3.2 Ongoing investments

The additional investment in Br. Birkeland AS (see above) is expected to complete before the end of 2006. Austevoll Seafood plans to complete the investment by use of available cash funds.

5.3.3 Principal future investments

At the date of this prospectus there are no principal future investment commitments.

6 BUSINESS OVERVIEW

6.1 Business description

The Austevoll Seafood Group is a significant player in pelagic fishery, fish meal/oil production, processing of fish for human consumption, sale of fish products and salmon farming. The Austevoll Seafood Group's total revenue for 2005 (pro forma figures) was NOK 3.1 billion. The activities of the group are mainly located in Norway and South-America, and employ about 4,000 employees.

6.2 Goals and strategy

The Company has structured its fishing vessels, fish meal/oil production, human consumption seafood (frozen and canned fish), aquaculture production and sales and distribution network into an integrated value chain. The businesses are located in the most important fishing and aquaculture regions in the world (Peru, Chile and Norway). This is considered important to diversify risk.

The Company is constantly working on optimizing the operational income. It employs experienced and highly motivated personnel and it possesses good quality assets in fishing vessel, processing plants and aquaculture equipment. This results in a cost efficient operation that produces high quality products.

The Company has financial strength and will grow in areas where profitable long term seafood business can be developed.

6.3 Business operations

The operations are located in Norway, Peru, Chile and include pelagic capture, processing of canned and frozen pelagic products for human consumption, production of fish meal/oil, salmon farming and salmon processing. Operations comprising fish meal and –oil production in Ireland are under development and are planned to start in 2008. The head office is located in Austevoll, Norway.

In Norway, the fish catching business is operated by Br. Birkeland AS, salmon farming is operated by Veststar AS, processing is operated by Welcon AS, through its subsidiaries, and Austevoll Fiskeindustri AS, sales is operated by Sea Star International AS and Welcon Protein AS, a subsidiary of Welcon AS. In Chile, fish catching, processing and sales are operated by FoodCorp S.A. In Peru, fish catching, processing and sales are operated by Austral Group S.A.A.

The following table shows the different business operations and their locations.

	Chile	Norway	Peru	Northern-Ireland*
Fishing	x	x	x	
Fish meal	x	x	x	X
Fish oil	x	x	x	X
Canned fish	x		x	
Frozen fish-processing	x	x	x	
Salmon-processing		x		
Salmon farming		x		

* Fabric Welcon Egersund AS agreed to be moved to Northern Ireland in 2007, to be operative in 2008.

6.3.1 Pelagic fish catching

The fish catching business is operated through the associated company Br. Birkeland AS in Norway and the group companies Austral Group S.A.A. in Peru and FoodCorp S.A. in Chile.

Norway

Austevoll Seafood owns 35.77% of Br. Birkeland AS, and is currently in the process of acquiring another 4% of the shares through an exercise of pre-emption rights.

Br. Birkeland AS owns the two large and modern purse seiners Talbor and Birkeland, each with the maximum Norwegian quota of 650 "basis tons". This accounts for about 3 percent of the total Norwegian pelagic quota.

The two vessels were built in 2001 and 2004, which means that they have new and efficient equipment, securing good quality and high prices for the catch and low maintenance costs.

The quotas for 2006 and catch for the first seven months of 2006 for the various species were as follows:

	Talbor		Birkeland	
(in tons)	Quota	Catch	Quota	Catch
Norwegian spring spawning herring	4,453	1,667	4,453	
North Sea herring	1,701	1,667	1,701	1,701
Sprat	800	800	800	
Blue whiting	15,574	15,533	15,574	15,574
Mackerel	1,170		1,170	

Chile

FoodCorp S.A. is through foreign subsidiaries wholly (99.99%) owned by Austevoll Seafood. It owns 5 catching vessels and controls 9.1 percent of the total Chilean pelagic quota for horse mackerel. The vessels were built between 1992 and 1997, which means that they have relatively new and efficient equipment, securing good quality on the catch and low maintenance costs.

The following table shows a list of FoodCorp's fishing fleet.

N°	F/V	BUILT	HOLD CAPACITY (M3)
1	CASADOR	1997	1,800
2	DON MANUEL	1996	1,500
3	LIGRUNN	1992	950
4	MARPRO I	1992	950
5	CHILINGO I	1992	850

The total catch for the last three years was as follows:

	FoodCorp fleet total unloading (tons)		
	2004	2005	until 31.07.06
Horse mackerel	125,831	108,531	77,156
Mackerel	40,476	16,730	11,256
Anchoveta and sardine	6,348	6,124	0
Coastal vessel	83,131	84,369	89,513

As will be explained in Section 6.3.3, FoodCorp S.A. is also involved in processing and sales.

Peru

Austral Group S.A.A., which is listed on the stock exchange in Lima, Peru, is owned approx. 88 percent by Austevoll Seafood through its foreign subsidiaries, and Austevoll Seafood is, through its subsidiary Gateport Overseas Inc (Panama), in the process of making a mandatory offer for the remaining shares in accordance with the applicable stock exchange rules. Austral Group S.A.A. is a leading Peruvian fishing and processing company. It owns 34 purse seiners with a total holding capacity of 14,507 cubic metres, representing 8.05% of the total hold scapacity for the Peruvian pelagic fleet participating in the Olympic fisheries for anchoveta. The fleet is planned to be reduced to 25 vessels if the Individual Transferable Quota system (ITQ) is introduced. An ITQ system allows the fishing company to allocate their quota to fewer vessels, thereby increasing efficiency. With an ITQ system the fisheries can better optimize their fleet and save fuel expenses plus it will be possible to increase the quality of the catch and produce more for human consumption.

The vessels are built between 1994 and 1999, which means that they are relatively new. Some of the smaller vessels are considered replaced by fewer and larger vessels. This will make it easier to optimize the capture and to improve margins.

The table below shows Austral Group S.A.A.'s catches for the last three years.

Austral fleet total unloading (tons)			
2003	2004	2005	30 June 2006
310,369	366,437	473,643	249,642

As will be explained in Section 6.3.3, Austral Group S.A.A. is also involved in processing and sales.

Summary fish catching

	Overall capture statistics for Austevool Seafoods		
	Norway	**Peru**	**Chile**
Number of vessels	2	34	5
Share of quota	3%	8.05%	9.10%
Tons captured 2006E	47,000	400,000	120,000
Austevoll Seafood share	35,8%	88,14%	100%

6.3.2 Salmon farming

The salmon farming business is mainly operated through the subsidiary Veststar AS in Norway. The associated company Br. Birkeland AS is also involved in salmon farming. Pacific Seafood Ltd in Chile, which is fully owned (99.99%) by Austevoll Seafood through foreign subsidiaries, holds farming licenses, but operations will not be initiated before 2007.

Veststar AS is a medium sized Norwegian producer of farmed salmon, and is fully owned by Veststar Holding AS, of which Austevoll Seafood owns 99.7%. Veststar AS holds 28 licenses in 23 locations, with a total production capacity of approx. 27,000 tons gw. Veststar AS holds also 4 licenses to produce up to 8 million smolts.

Br. Birkeland AS (35.8% owned), has 6 licenses including one R&D license, and an annual salmon production capacity of approx. 6.000 tons gw.

Pacific Seafood Ltd holds 3 and has applied for 22, licenses for salmon farming in Chile, of which 3 are in region X and 10 are in region XI. About 80 percent of Chile's salmon farming is located in region X, and almost 90 percent of the capacity is fully utilised. The remaining 20 percent of Chile's salmon farming is located in region XI, which is reckoned as the next growth region.

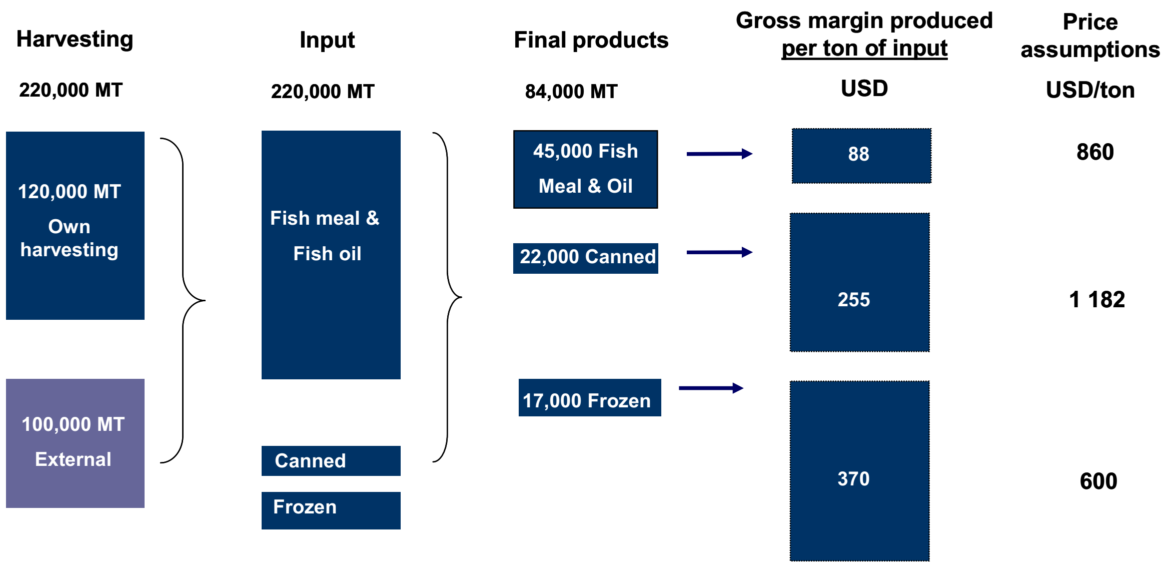
	Norway		Chile
	Veststar	**Br. Birkeland**	**Pacific Seafood**
Number of licenses	28	5	3
Tons gw farmed 2006 YTD	12,000	5,000	not yet initiated
Austevoll Seafood share	100%	35.8%	99.99%

6.3.3 Processing

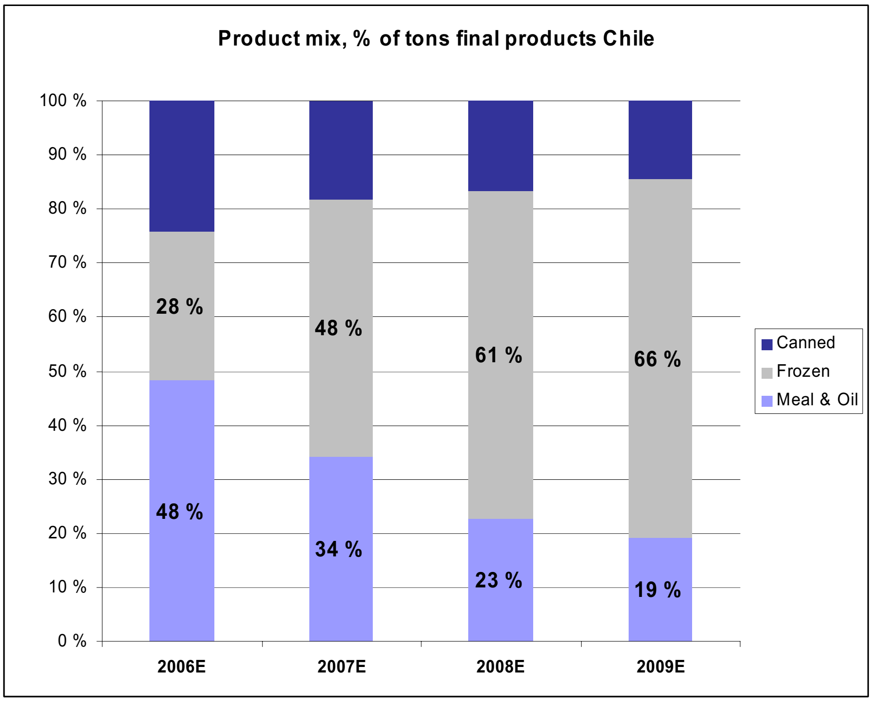
The processing business is mainly operated through the Group companies Welcon AS and its subsidiaries, and Austevoll Fiskeindustri AS in Norway, FoodCorp S.A. in Chile and Austral Group S.A.A. in Peru.

Chile

FoodCorp S.A. operates 2 fish meal plants, 1 canning plant and 1 freezing plant, which are located in the city of Coronel. These factories have a current capacity to produce more than 120,000 tons annually of own catch and 100,000 of external catch. The catch is processed into approximately 40,000 tons of frozen and canned products for human consumption and 44,000 tons of fish meal and fish oil for animal feed production. FoodCorp's own catch is mainly mackerel and horse mackerel. The external raw material is mainly anchoveta. Production is carried out 12 months a year. Fiordo Austral S.A operates 1 canning plant in Puerto Montt, based on purchases of salmon, scallops, jack mackerel and mackerel.

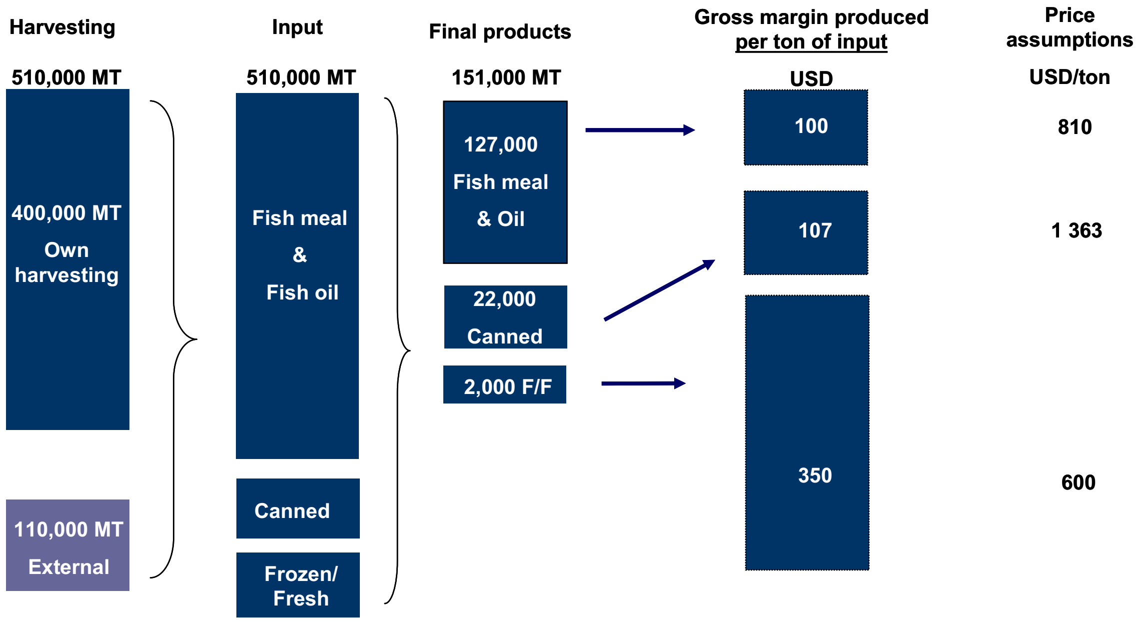


The gross margin per kg of input used to make products for human consumption is significantly higher than when used to produce fish meal and fish oil. A new freezing plant completed in 2006 will increase volumes of frozen products. This will result in a change in product mix, which is intended to increase profit margins.

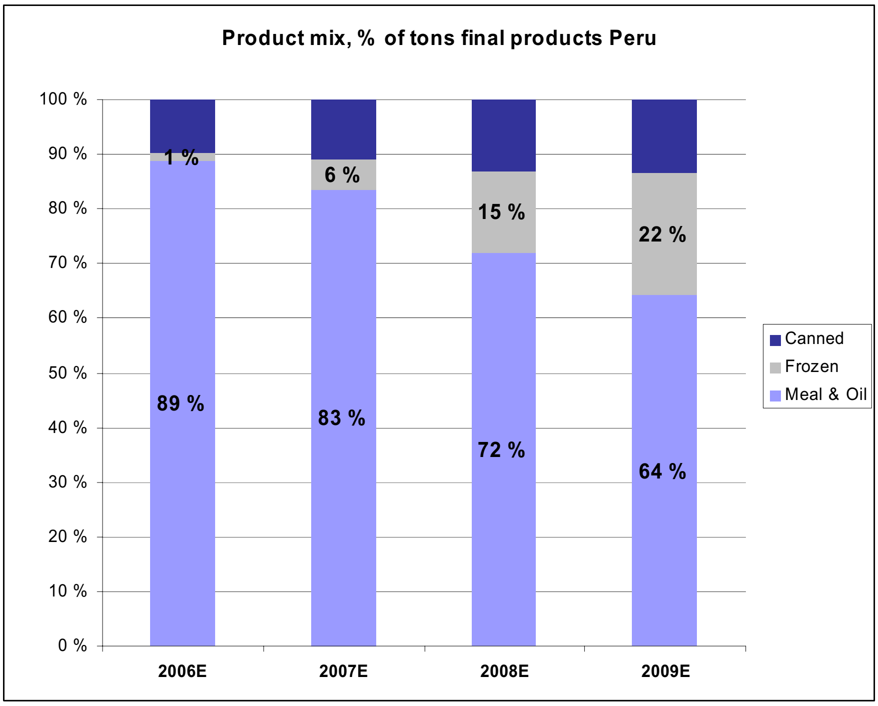


Peru

Austral Group S.A.A. operates 6 fish meal plants, 2 canning plants and 1 freezing plant. These factories have a production capacity of more than 440,000 tons of own catch and 100,000 of external catch, which is currently processed into approx. 24,000 tons of frozen and canned products for human consumption and 132,500 tons of fish meal and fish oil for feed production. Production is carried out 12 months a year.



The portion of products for human consumption is much smaller for Austral Group S.A.A. than for FoodCorp S.A. Since the gross margin per kg input to products for human consumption is much higher than that of fish meal and fish oil, the Company believes Austral Group S.A.A. has a huge potential in copying the development of FoodCorp S.A. and thereby increasing the portion of products for human consumption.



Norway

Welcon AS is the largest fish meal producer in Norway with an approx. 50% share of the total production in 2005, and an estimated share of approx. 60% for 2006. It operates 4 fish meal plants with a capacity of 8,000 tons per day and 1 large storage, blending and refining plant. These plants have an annual production capacity of 400,000 tons of catch, which may be processed into 80,000 tons of fish meal and 18,000 tons of fish oil. Austevoll Seafood currently controls 98.4 percent of Welcon AS through its wholly owned subsidiary Welcon Invest AS, and has made a bid for the remaining shares.

Austevoll Fiskeindustri AS is fully owned by Austevoll Fisk AS, a 99.6% owned subsidiary of Austevoll Seafood. It operates a modern processing plant for salmon and pelagic fish, and has extensive cold storage and freezing capacity. The facilities are located in Austevoll with their own deep-water pier and excellent infrastructure for shipment. Austevoll Fiskeindustri AS processes all the farmed salmon from Veststar AS.

The current production capacity of Austevoll Fiskeindustri AS is approx. 45,000 tonnes pelagic fish, and approx. 20,000 tonnes of salmon. Production of salmon is carried out 12 months a year, and some of the pelagic products are seasonal.

		Norway		Peru	Chile	Total
		Welcon	Austevoll Fiskeindustri	Austral	Foodcorp	
Plants	meal & oil	4		6	2	12
	Canning			2	1	4
	Frozen		1	1	1	3
	Blending	1				1
Input	Own		45.0	400.0	120.0	565.0
	External	400.0	45.0	110.0	100.0	655.0
Output	meal & oil	98.5		127.5	44.0	270.0
	human consumption		90.0	24.0	39.0	153.0

All figures in 1,000 metric tonnes.

6.3.4 Sales

Sales are mainly operated through the Group companies Sea Star International AS and Welcon Protein AS in Norway, FoodCorp S.A. in Chile and Austral Group S.A.A. in Peru.

Products

Fish meal

Fish meal is the core component for production of fish feed and other animal feed. This product is priced on the level of protein content. Given the growth in aquaculture worldwide, the demand for this product is believed to remain high.

Fish oil

Fish oil is mainly used for the industrial production of fish feed and other animal feed, as well as other products needing fish oil as a component.

Canned pelagic fish

The shelf life of canned fish is up to 5 years, and the logistics are very simple since it does not require refrigeration. Canned fish is a tasty and affordable source of protein.

Frozen pelagic fish

The fish is packed in 20kg cartons and then blast-frozen to minus 20 degrees core temperature. Freezing food prevents bacterial growth by turning water to ice. Frozen fish has a shelf life of up to 12 months, and can easily be transported around the globe.

Frozen fish is a value added product to serve a higher level in the market, and is a good source of proteins. A lot of the products are exported to different markets and their usage varies from industrial value adding to wholesale markets. Austevoll Seafood provides frozen fish as whole round frozen, head-off gutted or fillets.

Salmon products

Salmon is a well known fish globally. From sushi bars in Tokyo to the restaurants in New York, you will find salmon on the menu. Austevoll Seafood provides fresh salmon, iced in boxes for the fresh markets worldwide or frozen salmon in 25/35kg cartons for the frozen market.

Markets

	N.America	S.America	EU	E.Europe	Asia	Africa	Others
Fish meal							
-Welcon			x		x		
-Foodcorp		x	x		x		
-Austral		x	x		x		
Fish oil							
-Welcon			x				
-Foodcorp		x					
-Austral		x					
Canned fish							
-Foodcorp	x	x		x	x	x	x
-Austral	x	x			x	x	x
Chile/Peru							
Frozen pelagic fish							
Jack/Horse Mackerel		x		x		x	
Makcerel		x		x		x	
Norway							
Frozen pelagic fish							
Mackerel			x	x	x	x	
Herring			x	x	x	x	
Horse Mackerel			x		x	x	
Capelin				x	x		
Salmon product							
-Salmon	x		x	x	x		
-Trout				x	x		

X = Main market

As is demonstrated by table above Austevoll Seafood provides seafood products all over the world.

The predominant markets in Asia are China, Japan, Thailand, Taiwan, Korea, Sri Lanka and other Southeast Asian countries.

The predominant markets in Africa are Nigeria, Ghana, and DR Congo

6.4 Trend information

The most significant recent trend is that compared with ultimo 2005, the price for fishmeal and -oil has increased significantly, on average in South America and Norway by approx. 50%, while production figures for 2006 YTD has decreased slightly in this segment. The prices for other marine products delivered by Austevoll Seafood Group also show an increasing trend in the same period. See also Section 10.1 for reference.

6.5 Patents and licenses

6.5.1 Fishing licenses

In Norway, Br. Birkeland AS holds two pelagic fishing licenses.

In Chile, FoodCorp S.A. holds MCL licences of approx. 9.1% of the Jack mackerel quota.

In Peru, Austral holds approx. 8.05% (14,507 cubic metres) of the total licensed hold capacity for the Peruvian pelagic fleet.

6.5.2 Aquaculture licenses

In Norway, the Company (through Veststar AS) holds 28 licences in 23 locations, with a total estimated production capacity of 27,000 metric ton. Veststar holds licenses to produce up to 8 million units of smolt.

Br. Birkeland AS holds 5 operating licenses and 1 R&D license, with an approximate production capacity of 6,000 metric tons.

Pacific Seafood Ltd. Holds 3 licenses and has applied for 22 licenses in Chile, of which none so far are in operation.

The Company holds no other licences or patents.

6.5.3 Conditions for and dependency on licenses

The licenses held by Austevoll Seafood are not restricted in time, and can be utilised in the foreseeable future. It should be noted that licenses are connected to the pelagic fishing activities and fish farming as such and to the individual fishing vessels and farming sites; the land based production facilities are not dependent on licenses for its activities. Of the total amount of fish processed through Austevoll Seafood's facilities, approx. 1,2 mill. tonnes annually, approx. 50% is purchased from outside suppliers. In Norway nearly all fish processed and produced is purchased from external sources. The licenses held function mainly as a base for continous and secure access to raw materials for processing and production, and contribute to the financial results of the Group. Fish caught by Austevoll Seafood vessels are also delivered to outside producers,

The risks connected with the licensing system are mainly of a political nature, insofar as changes in legislation may affect the scope, durability and volume of the licenses. There are currently no specific issues of such nature to report.

7 MARKET OVERVIEW

7.1 World food market overview

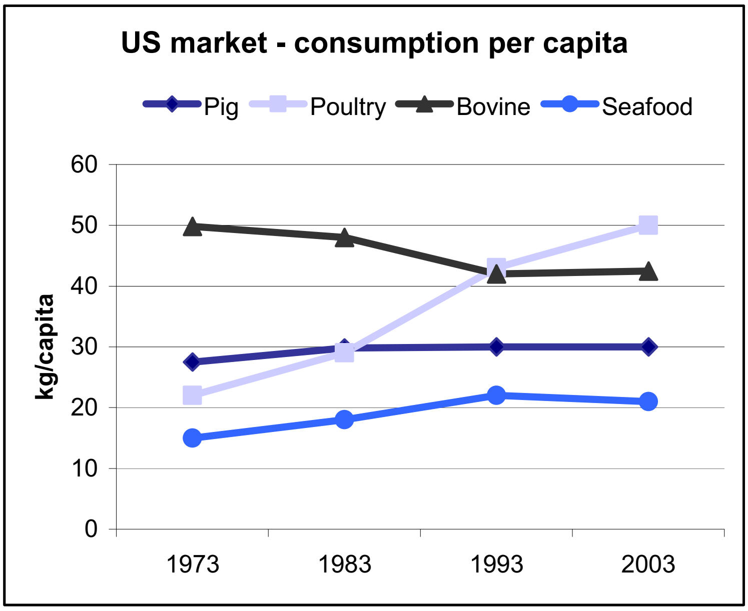
According to the Food and Agriculture Organization of the United Nations (FAO), in 2003 the total supply of food for human consumption was about 6 billion tons. About 93% were agricultural products, about 4% were meat products and about 2% were fish products.

Only 3% of the earth's surface is considered as productive land, whereas 30% of the earth's surface is considered to be productive sea. The ocean represents a huge potential for increased food-production.

7.1.1 Historical trend for meat and fish products

Consumption of animal protein comes mainly from bovine, poultry, fish and pork.

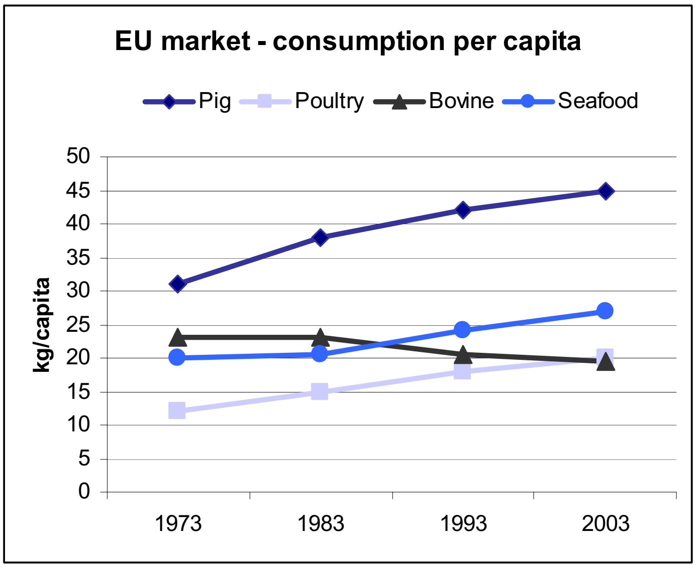
US



Source: FAO

In the US, consumption of chicken has increased dramatically since the 1970's. It has more than doubled from 22 kg per capita to 48 kg per/capita. During the same time period consumption of fish in the US increased by one quarter from 15 kg per capita to 20 kg per capita. In total the consumption of meat and seafood in the US has grown from 114 kg per capita in 1973 to 143 kg per capita in 2003 (+25%).

EU



Source: FAO

While consumption of pork meat in the US was quite stable, the pork industry in EU managed to increase the consumption of pork meat from 30 kg per capita in 1973 to 44 kg per capita in 2003 (+45%). During the same period of time the consumption of seafood in the EU increased from 20 kg per capita to 26 kg per capita (+30%). In total the consumption of meat and seafood in the EU has grown from 84 kg per capita in 1973 to 111 kg per capita in 2003 (+32%).

7.1.2 Possible future trend of food consumption

FAO expects the consumption of seafood to continue its growth at a faster rate than most other food product categories. The following factors have been identified as the main drivers of such continuing growth:

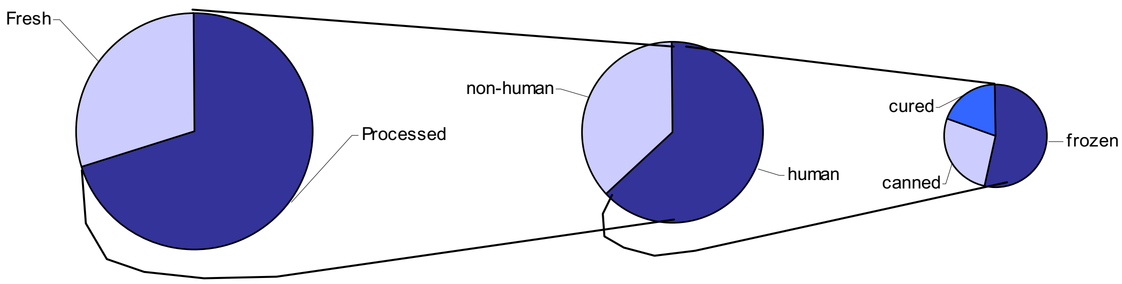
- *Growth in world population*
- *Increase of per capita consumption*
- *Increased standard of living*: Economic growth in Asia, Europe, the United States and parts of Eastern Europe has led to increased standards of living and this fuels the demand for premium food products.
- *Health concerns*
- *Farmed fish production is a more efficient protein source relative to other sources of animal protein*

7.2 World fish market overview

7.2.1 World demand and trade of fish products

The world average per capita consumption of seafood in 2002 was 16.2 kg, which was 21 percent higher than in 1992.

70 percent (excluding China) of the total fish production underwent some kind of processing in 2002. 63 percent of this processed fish was for human consumption, and the rest was for non-food uses, mainly in fish meal and fish oil production. 53 percent of the processed food for human consumption was frozen, 27 percent was canned and 20 percent was cured. Developed countries consume much more processed products than developing countries. Fish is highly perishable, and therefore more than 90 percent of internationally traded fish in 2002 was in processed form.



Source: FAO

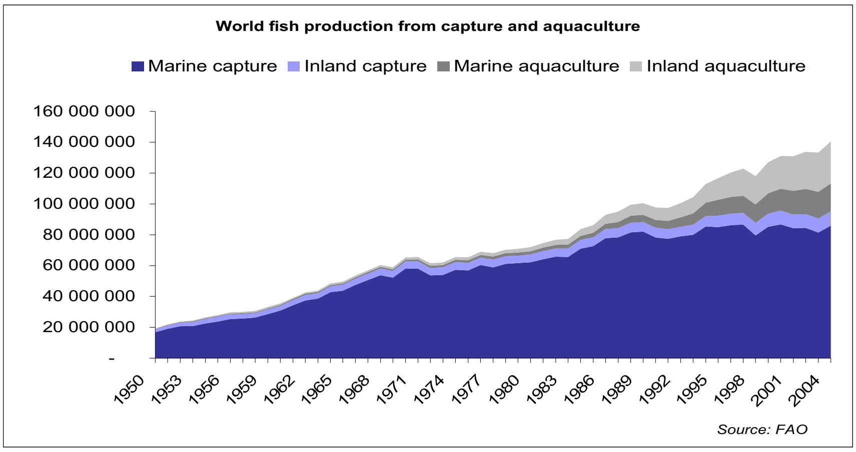
Unlike many other food products, processing does not generally increase the price of the final product significantly. During the last 15 years the proportion of fresh fish consumption has increased significantly.

Total world imports of fish products achieved an all time high value of more than US$ 75 billion in 2004, which is a 25% increase from 2000. Developed countries accounted for about 81% of the total value of imports. In 2004, about 38% of all fish production was traded across international borders.

China was the largest, Norway was the second largest and Chile was the eight largest exporter in terms of value in 2004. Japan and the U.S are the two dominating importers.

The most important internationally traded fish product in 2004 was shrimp, which accounted for 17 percent of the total value. Salmon accounted for 8.5 percent, fish meal accounted for 3.3 and fish oil accounted for less than 1 percent.

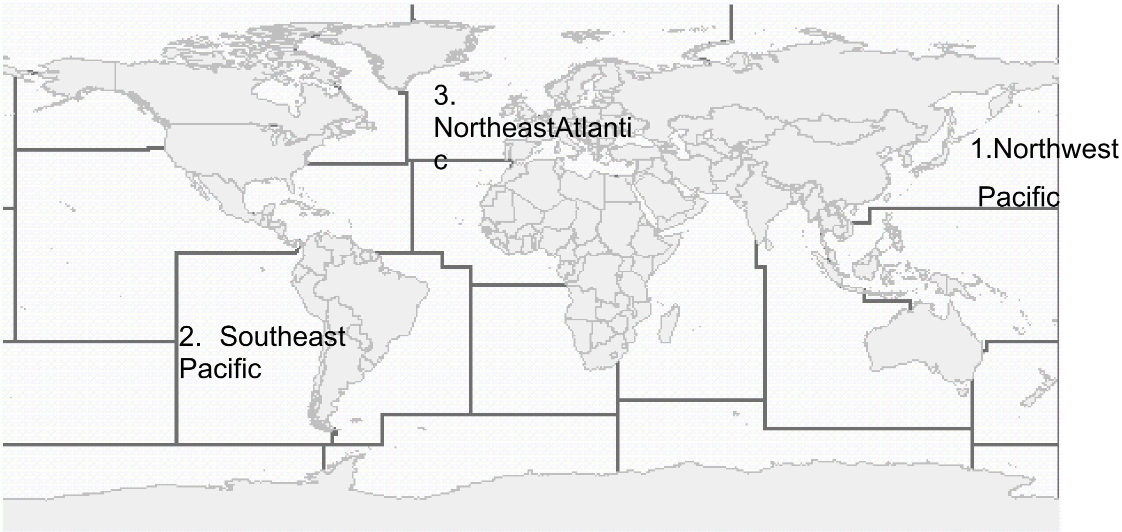
7.2.2 World supply of fish



The total world supply of fish increased steadily from 19 million tons in 1950 to 140 million tons in 2002. For 30 years, between 1950 and 1980, marine capture accounted for 86 to 89 per cent of the total supply of fish in the world. However, during the last two decades fish production from aquaculture has increased dramatically from 7 million tons in 1984 to 45 million tons in 2004. Currently, marine and inland aquaculture accounts for about 32 percent of the total world fish production. Marine capture accounts for about 61 percent and inland capture represent 7 percent.

Marine capture

By region

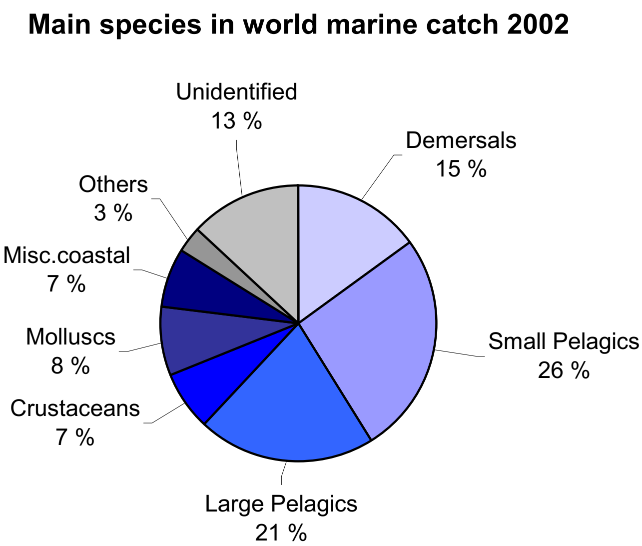


The most productive fishing region in the world is the northwest Pacific east of China, where all of the major species are represented.

The second most productive fishing region in the world is the southeast Pacific on the western coast of South America, stretching from northern Colombia to southern Chile. Peruvian anchoveta, Chilean jack mackerel and South American sardine accounts form more than 80 percent of the current and historical catches in this region.

The third most productive fishing region is the northeast Atlantic which includes the extended shelf area of Northern Europe, the Baltic Sea and the coast of Spain and Portugal. The capture in this region is mostly demersals like cod and haddock followed by small and large pelagics.

By specie

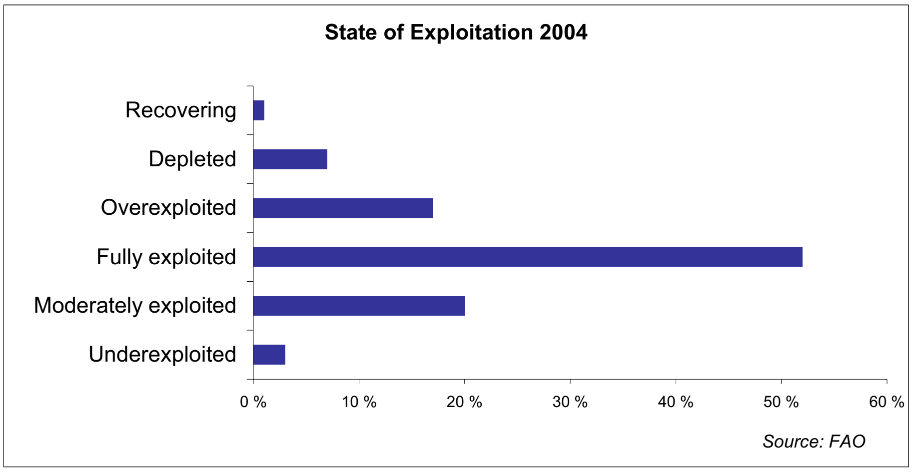


Source: FAO

Pelagic species are the dominant species in marine capture and accounted for 47 percent of the total world catch in 2002. Small pelagic species are for instance herring, sardines and anchovies, and are mostly caught in the southeast Pacific. Large pelagic species are for instance tunas, bonitos, billfishes and mackerels.

State of exploitation

FAO has since 1974 been observing a consistent downward trend in the proportion of stocks which are underexploited or moderately exploited. During the same period of time they have observed an increase of the proportion of over-exploited and depleted stocks.



Source: FAO

From figX we can see that in 2004 23 percent of the species are underexploited or moderately exploited and have therefore potential for increased capture. On the other hand 77 percent of the species are depleted, overexploited or fully exploited and have therefore no potential for sustained increases in catches and may be at of risk of declining.

In other words, some stocks are at their maximum sustainable capacity, some stocks have passed this level and some stocks have not yet reached this level. Overall, the maximum limit for sustainable marine capture estimated by FAO has been reached. As a consequence of the limited supply of wild fish the value of the access to the fishing fields may increase as the demand increase in the future.

"El Niño"

The El Niño Southern Oscillation cycle consist of two phases called El Niño and El Niña. El Niño is characterized by abnormal warm ocean temperatures, while El Niña is characterized by abnormal cold water temperatures. The cycle affects the living conditions and migration patterns for fish and therefore the abundance and specie composition in the affected regions. The impact on the fish stocks is more severe during the warm phase called El Niño, which take place with variable degree of intensity every 2 to 7 years. Warmer water means less food, less offspring and less oxygen for the fish, and consequently less fish.

The National Oceanic and Atmospheric Administration (NOAA) give predictions on the El Niño cycle.

Aquaculture

Aquaculture dominates all other animal food product categories in terms of growth. World production output from aquaculture has grown at an average of 9 percent per year from 1970 to 2000 (6% if excluding China), compared with 1.4 percent for capture and 2.8 percent for land based meat production.

By species

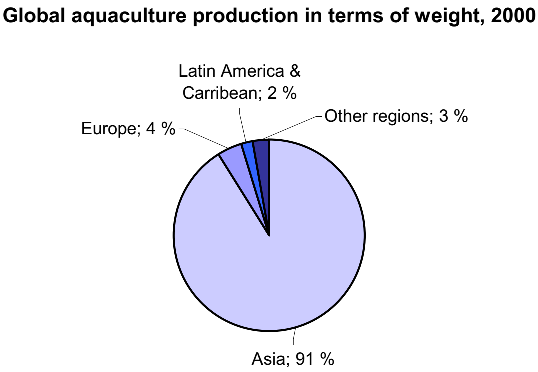
Finfish accounted for more than half of the total global aquaculture production in terms of volume and value in 2000. Other important categories are molluscs (oysters etc), aquatic plants and crustaceans (shrimps etc.)

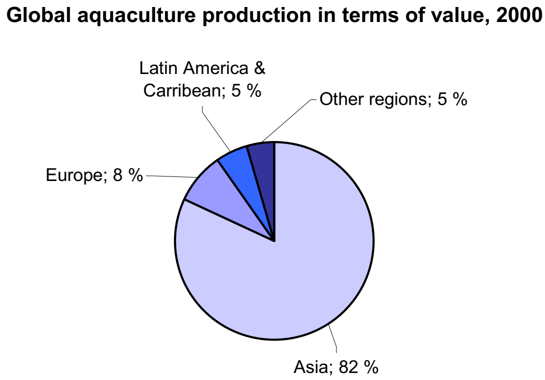
By region

The most productive region is the Asian region which produced more than 91 percent of the total aquaculture production in terms of weight in 2000, and 82 percent in terms of value. Note that China's production accounts for 70 percent of the total global production and that these numbers might not be reliable and may need to be revised down.

Europe was the second most productive region in 2000, with 4.4 percent of total aquaculture production in terms of weight, and 8.2 percent in terms of value. In 2000, Atlantic salmon accounted for 30 percent in terms of weight and 40 percent in terms of value and was the main farmed specie in this region. The top aquaculture producer in Europe is Norway and its production accounted for 24 percent in terms of weight and 30 percent in terms of value in 2000 of the total production in Europe.

Latin America and Caribbean was the third most productive region in 2000, with 1.9 percent of total aquaculture production in terms of weight, and 5.3 percent in terms of value. In 2000, Atlantic salmon was the main cultured specie in terms of weight (19%) and the second largest cultured specie in terms of value (19%) in this region. Whiteleg shrimp was the second largest specie in terms of weight (16%) and the main specie in terms of value (28%). The top aquaculture producer in this region is Chile, both in terms of weight (49%) and in terms of value (43%) in 2000.

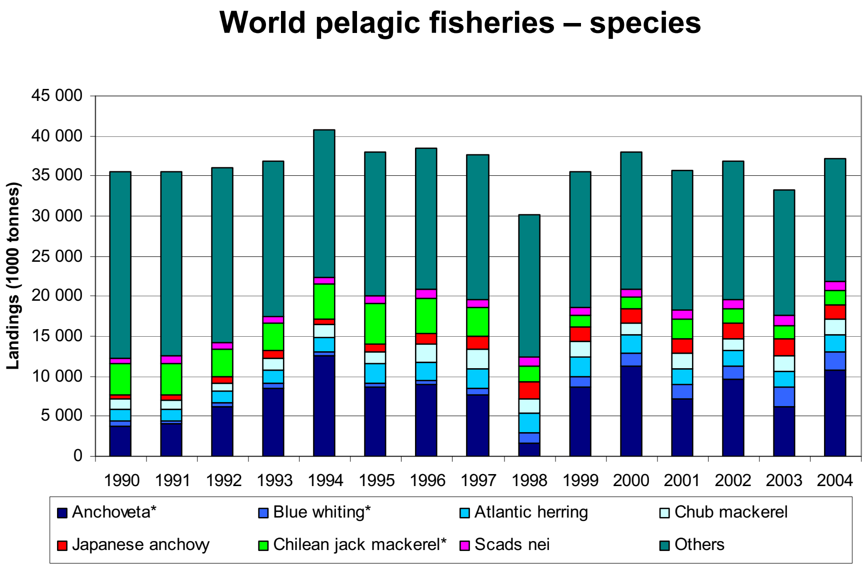




Source: FAO

7.3 Pelagic fish catching

As mentioned, pelagic species represent the largest share in marine capture in terms of volume. The Peruvian anchoveta, the Chilean jack mackerel and the South American sardine are the main pelagic species and account for about 80 percent of total pelagic fish catching. The below graph shows that supplied volumes are stable, except for the years when the El Niño effect occurs. El Niño strongly reduces the catch volumes, especially for the anchoveta, jack mackerel and sardine in Peru and Chile.

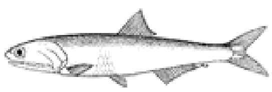


Source: Kontali

Quotas have come down during the last years, and according to FAO no significant growth in supplied volumes is expected over the medium term. Therefore, given that the trend of increasing demand from the human consumption market and from the feed industry continues, the value of the existing fishing fields should increase.

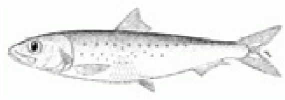
7.3.1 Pelagic species

Pelagic fish lives in upper sea levels and travel large distances. Their source of food is mainly plankton. Some species do also eat fry from other species. Most pelagic species are considerably fattier than most other species.



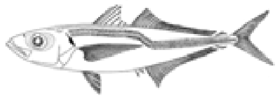
Peruvian anchoveta

The Peruvian anchoveta is the most heavily caught specie in the world through all times. Its abundance has fluctuated a good deal and is heavily affected by El Niño. It lives in huge schools in the upper water levels mainly about 80 km off the coast of Peru and Chile. It breeds along the coast of Peru and Chile all year along.



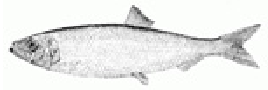
South American sardine

The South American sardine lives in large schools in Peru at debt of about 40 meters. It has a main spawning off the coast of Chile.



Chilean jack mackerel

The Chilean jack mackerel lives in schools in island shelves, banks and sea mounts along the coast of Chile, Peru and Australia. It generally spawns during the summer. Chile had its largest catch so far in 1994.

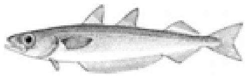


Atlantic herring

The Atlantic herring lives in the Northwest and Northeast Atlantic and also in the Baltics. They live in schools at debts down to 200 meters. There are various distinct sub-species and their feeding and breeding migrations is complex. At least one population is spawning in every month of the year.

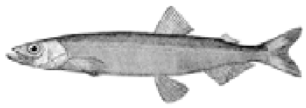
One population is the Norwegian Spring Spawning herring.

Another population is the North Sea herring. It spawns around Shetland, Scotland and the east coast of England.



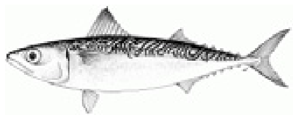
Blue Whiting

The blue whiting lives in the North Altantic and in the Western Mediterranean. It is most common at depths of 300-400 meters. Its main spawning areas are west of the UK islands some time during February to June.



Capelin

Capelin lives mainly in the Barents Sea and the area around Iceland, Western Greenland and Jan Mayen at depths down to 300 meters.

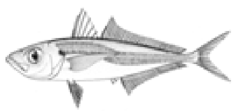


Chub mackerel

The chub mackerel is found in the Atlantic, Indian and Pacific Ocean and adjacent seas.

Atlantic mackerel

There seems to exist two separate populations with little or no interchange, one in the Northwestern Atlantic and one in the Northeastern Atlantic. The western population spawns in the area between Cheasapeake Bay to Newfoundland during the spring and summer. The eastern population spawns west of the UK islands and also in Biscaya from April to May. After spawning the mackerel migrates to North Sea and the Norwegian Sea where it stays until August before it migrates to the Norwegian coast.

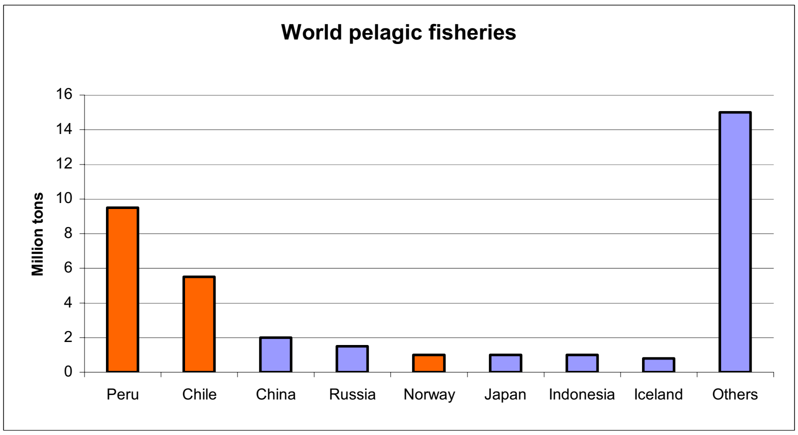


Horse mackerel

The Atlantic Horse Mackerel is found in the Northeast Atlantic at depths of 100 to 200 meters. It is smaller than the Atlantic mackerel. In Norwegian waters it is caught from October to November and is less abundant than the Atlantic mackerel.

7.3.2 Industrial structure

The below graph shows the major nations in the pelagic fishery worldwide. The columns labelled "Others" comprise a large number of countries of which none are particularly big. As we can see Peru and Chile are the dominating nations and accounts respectively for about 25% and 15% percent of the total pelagic catch.



Source: Kontali/IFFO.

Austevoll Seafood is involved in Peru, Chile and Norway.

Peru

Fish catching

Peru has the second biggest volume of landings of marine catches after China, but Peru has the largest share of pelagic landings. The main species caught in Peru are the pelagic species Peruvian anchoveta, South American sardine, Chilean jack mackerel and chub mackerel and also the demersal fish hake.

The anchoveta and the sardine are mainly used for production of fish meal and fish oil, while horse mackerel and jack mackerel are mainly used for human consumption.

The impact of the El Niño Southern Oscillation cycle are particular important on the western coast of South America. The region is affected by both El Niño and El Niña. The impact on the fish stocks is more severe during the warm phase called El Niño, which take place with variable degree of intensity every 3 to 7 years. The last El Niño was in 1997/98. This was a particular strong El Niño, which led to a sharp decline in catches. By means of better climate predictions by organisations like NOAA, the Peruvian government anticipated the El Niño of 1998 and took precautionary measures. Althouh the stocks suffered during the El Niño, they were able to recover quite considerably afterwards. The stocks of anchoveta have recovered to pre El Niño levels of more than 10 million tons in 2004. The stocks of jack mackerel had in 2004 only recovered to 1.7 million tons which is less than half of the historic peak in 1994. The chub mackerel is abundant in the region and is categorized as moderately exploited by FOA and is one of the few species which has potential for further capture expansion.

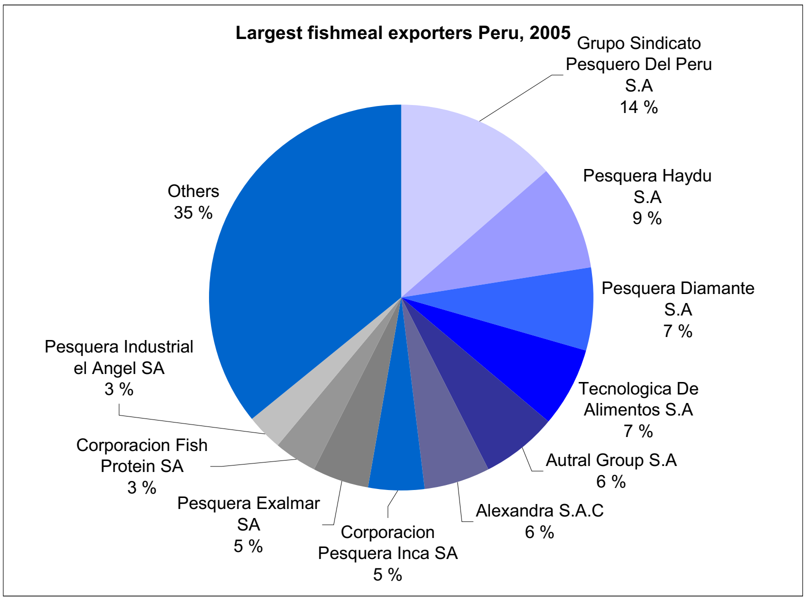
Consumption

The consumption of seafood in Peru is about 21kg per capita, which is above the world average of 16,3 kg per capita.

A big portion of the capture is used as input to the fish meal and fish oil industry. 35 percent, 22 percent and 10 percent of the fish meal in exported to China, Japan and Turkey respectively. 40 percent of the fish oil is exported to Chile.

Industrial structure in Peru

The industrial structure has a very low degree of consolidation. The ten largest companies represent 65 percent of the export. The other 35 percent of the export is scattered over about 400 smaller companies. Austral Group is among the largest of these.



Source: IFFO

The fishing fleet

The fishing fleet is categorized into large scale vessels and small scale vessels. The large scale fleet is composed of industrial pelagic purse seiners and coastal trawlers. The purse seine fleet counted 627 vessels in 2003. The total capacity of this fleet was about 132,000 tons in 2003, and about 87 percent had license to fish anchovy, sardine and mackerel. The trawlers mostly fish for hake. The small scale fleet counts 6300 vessels of which almost all are made of wood and only one third uses engines.

Legislations

In Peru there is open and closed fishing seasons. The fishing stops from February to March to protect the growth of anchovy and sardine juveniles, and from August to October to protect the spawning stock.

Moreover, global quotas are established to limit total capture. Vessels need fishing licenses, which are given according to the stage of the exploitation of the specie. Expansion of the anchovy fishing fleet is not allowed. New vessels can only replace old capacity.

It is being debated to introduce an Individual Transferable Quota system (ITQ). An ITQ system divide the total annual quota into smaller individual portions allocated to each vessel. Moreover the individual quotas can be transferred between vessels. This would add more flexibility and make it easier to cut down extra capacity. Small boat owners are not happy with the suggestion to introduce ITQ.

Foreign vessels are allowed to fish in Peruvian waters if they hold fishing and navigation licenses, have paid fishing fees and conform to the prevailing legislations. They may operate with Peruvian companies through for example leasing contract and joint venture.

The Ministry for Fisheries is in charge of managing Peru’s aquatic resources. The Ministry of Defence is in charge of enforcing fishery legislation. The Ministry of Foreign Affairs governs Peru’s foreign policy towards fisheries, and together with the Ministry of Fisheries it negotiates and executes international fishery agreements.

The General Law of Fisheries is the main law for managing and regulating fisheries. The Law to Promote and Develop Aquaculture regulates the aquaculture industry. The Fishery Ordinance establishes maximum allowable catch, prohibitions of fishing, appropriate fishing equipment and actions for supervision.

Chile

Catching

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

The El Niño Southern Oscillation cycle has the same effect on the Chilean marine life as it has in Peru, and the landings of the Chilean jack mackerel and Peruvian anchoveta suffered similar sharp decrease in 1998. The Chilean jack mackerel had already started to diminish during the years before the last El Niño phase as a consequence of over-fishing. The jack mackerel has been controlled by the government’s national quotas since 1999/2000, which have stabilized the catches.

Consumption

The consumption of seafood in Chile is about 12.9 kg per capita, which is below the world average of 16.3 kg per capita.

Most of the capture is used as input in the production of fish meal and fish oil.

The main fishing industrial structure in Chile

The figure below shows the biggest operators in the Chilean main fishing industry:

The Chilean fishing industry	
Company	**% - Jack Makcerell Quota**
Alimar	12.6
El Golfo	12
Itata	11.8
San Jose	11.1
SPK	10.7
Camanchaca	9.9
Food Corp	9.1
Bio Bio	9.1
National	5.7
Landes	4.6
Lota Protein	1.7
Corpeesca ***	1.1
Others	0.6
Total	100

Source: Kontali

The fishing fleet

The fisheries in Chile can be categorized into the industrial fishing sector, which account for the bulk of the landings, and the artisanal fishing sector. The fishing vessels and owners in the industrial fishing sector must be registered in the National Industrial Fisheries Register

Legislation

In Chile the fishing of Jack Mackerel is regulated were Undersecretary of Fisheries establish an annual total quota. This quota is allocated to each ship-owners as a maximum catch limit (MCL) per company. The company registers each vessel and license which has been allocated an historical catch and the Undersecretary of Fisheries allocate a maximum catch limit to the company. The company may choose to exclude one or more of its vessels from its fishing activity.

Foodcorp have been allocated an MCL of 9.1% out of totally 13 licenses with historical catch quotas and have been using 5 vessels to catch the MCL.

Artisnals fishery (coastal) sector have registered their vessels in the "Artisnal Fishery National Register". The Artisinals sector is allocated an annual quota which mainly is Anchoveta and Sardines. This fishing is regulated with open and closed season. Artsinals are delivering their catches to the industrial fish meal factories.

Vessel operating in Chile must have 51% Chilean ownership. If a foreign company was established before the fishing law in 1991(like Foodcorp) it is given an ""Historical rights" which allow 100% ownership.

The Ministry of Economy, Promotion and Reconstruction (Minstero de Economia Fomento y Reconstruction) is the main institution in charge of the administration of fisheries

Resource control is directed at the entire production chain, this control is done by Sernap (the Chilean Fisheries Directorate).

All industrial fleet are required to carry satellite transponders that permit their activities to be tracked 24 hours a day, all year round. Sernap is controlling each discharge from start to complete.

Norway

Supply

Norway has the second largest volume of marine catches in Europe, only after Russia. Including aquaculture Norway is the biggest fishing nation in Europe. 2.7 million tons were landed by the domestic fleet in 2004, most of which were pelagic species. Herring and Atlantic mackerel are the most important pelagic species. Other important species are the demersal species cod, saithe and haddock.

Consumption

In Norway, the consumption of seafood per capita is approx. 23 kgs. annually (2005 figures) (source: Seafood.no).

The fishing fleet

The fleet is categorized into offshore vessels and coastal vessels. The offshore category is divided into four segments, which are the industrial trawlers, purse seiners, longliners and trawlers. The coastal fleet is segmented according to vessel length. Long-liners and coastal vessels are regulated by annual permits, while offshore vessels are regulated by licenses. Pelagic trawlers and purse seiners accounted for only two percent of the fleet in 2003, although they accounted for about 40 percent of the landings in terms of volume.

Legislations

Over the last few decades the Norwegian fisheries industry has evolved from a virtually unrestricted activity into a highly regulated industry with quotas and licensing requirements. Ninety per cent of Norway's fisheries harvest stocks that are shared with other nations.

Consequently, international cooperation is a critical aspect of the Norwegian management regime. For the most important fish stocks quota levels are set in cooperation with other countries, including Russia, Iceland, Faroe Islands and Greenland and EU Member States.

A primary basis for determining fishing quotas are the recommendations issued through ICES from Norwegian and international marine researchers.

All first hand sales of pelagic fish in Norway is handled by Norges Sildesalgslag. Norges Sildesalgslag brokers the necessary information between the fisherman and the buyer, and functions as a market place. The selling price is determined through frequent auctions, but a minimum price is set by Norges Sildesalgslag.

7.4 Demand for pelagic fish

Pelagic species are demanded both for human consumption and for the production of fish meal and fish oil. In 2004 approximately 35 million tons of pelagic fish was caught. Of this about 5 million tons were traded internationally for human consumption. Local human consumption is estimated to represent around 1 million tons. The remaining 29 million tons were mainly used as input in the production of fish meal and fish oil. This underlines the importance of pelagic fish as input for the feed industry.

7.4.1 Pelagic for human consumption

Products

Canned

The preservation of food by canning is done by first heating the fish that destroys contaminating micro organisms and then sealing it in air-tight cans. The shelve life is up to 5 years, and the logistics are very simple since it does not need any reefer facility. Canned fish is a tasty and affordable source of protein.

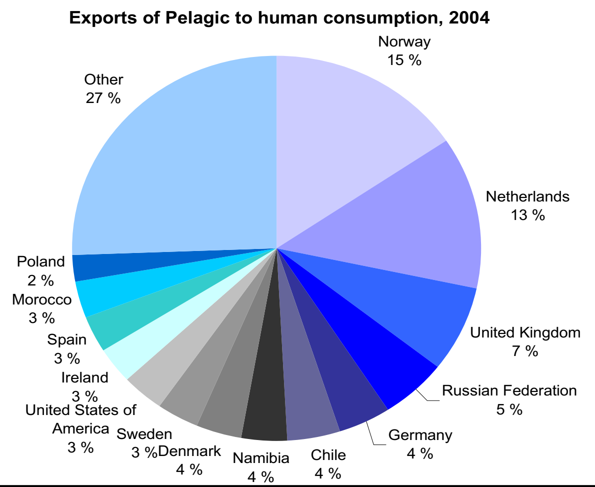
Frozen

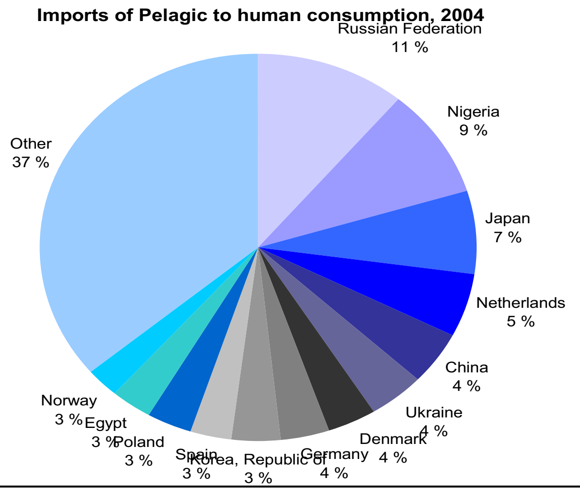
Freezing food prevent bacterial growth by turning water to ice. Frozen fish is a value added product to serve a higher level in the market compared to canned fish, and is a good source of proteins. It fish has a shelve life of up to 12 months, and can easily be transported around the globe.

Surimi

Surimi is mostly made from white meat fishes. A few pelagic species are also made into Surimi. In surimi the fish has been pulverized into a paste is predominantly sold to Asian countries. The most common product made from surimi in the western market is the crab-stick.

Markets





Source: KontaliAnalyse / IFFO

In the western world there is a strong focus on health, and seafood is perceived as healthy food. Pelagic fish is particularly rich on Omega 3 fatty acids, which are considered to have a positive health effect on human beings.

The poorer regions in the world may also show growing demand for pelagic fish for human consumption. This is because pelagic fish is the cheapest source of animal protein, and wealth increase in poor regions will allow for an increase in protein intake.

Some important pelagic import nations are listed below:

Japan

Japan has a population of 127 million people. The GDP of Japan was in 2005 US$ 4,500 billions, or US$ 35,800 per head. From 2001 to 2005 the real GDP growth was 1.5 percent.

The yearly consumption of seafood in Japan was 69 kilograms per capita in 2001, which is among the highest in the world. Moreover, Japan is the largest seafood importer in the world, and it imported 3.3 million tons in 2005.

Japan is a big importer of mackerel, herring, horse mackerel and capelin. The mackerel is mainly imported from Norway, the herring is mainly imported from the U.S, the horse mackerel is mainly imported from the Netherlands and the capelin is mainly imported from Iceland.

Russia

Russia has a population of 143 million people. The GDP of Russia was in 2005 US$ 764 billions, or US$ 5,300 per head. From 2001 to 2005 the real GDP growth was 6.1 percent.

Russia has traditionally had a high consumption of fish. However, after the collapse of the Soviet Union in 1991, the consumption of seafood fell from 20 to 6 kilograms per capita. The seafood consumption recovered to about 9 kilograms per capita in 1997, but the Russian financial crisis in 1998 caused a sharp decrease. Since then the Russian economy has improved and the seafood consumption recovered to about 11 kilograms in 2002. Along the coast and in larger cities like Moscow the seafood consumption is higher.

Ukraine

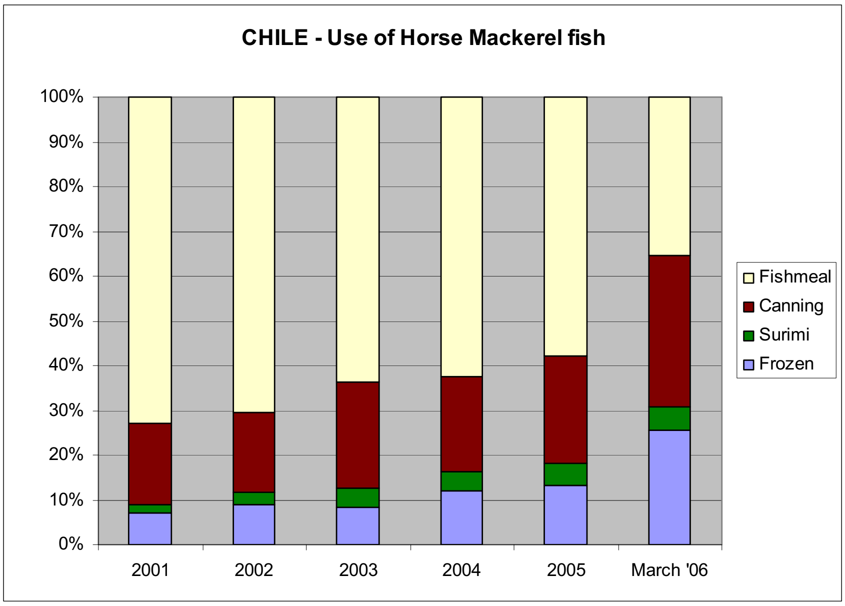
Ukraine has a population of 46.7 million people. The GDP of Ukraine was in 2005 US$ 82.9 billions, or US$ 1,773 per head. From 2001 to 2005 the real GDP growth was 8.4 percent.

Ukraine imported 0,245 million tons in 2003, which accounts for two thirds of the total volume of consumed fish products. Norway is the main source of imported fish and accounts for almost 70 percent of the total.

Pelagic species like Atlantic herring, Atlantic mackerel, capelin, sprat and sardine account for the major part of the import. 99 percent of the imported products are frozen.

7.4.2 Pelagic to fish meal and fish oil

About 80 percent of the total pelagic capture is used as input to the fish meal and fish oil industry. However, there is a trend that fish previously used in the fish meal industry is being used for human consumption instead, since it is a cheap source of protein. Figure below demonstrate how the proportion of Chilean horse mackerel utilised for human consumption has been increasing at the expense of the fish meal and fish oil industry.



Source: Kontali/IFFO

The main demanders of pelagic fish to the production of fish meal and fish oil are Peru, Chile, Denmark, Iceland and Norway.

7.5 Fish meal and fish oil

7.5.1 Raw materials

Fish meal and fish oil is mainly produced from harvested pelagic fish for which there is little or no demand for human consumption. Pelagic species are particularly fatty, which result in high quality fish meal and oil. Also trimmings from the human consumption processing industry are used as input to the fish meal production. The International Fish meal and Fish oil organisation (IFFO), which is the international non-government trade organisation representing fish meal and fish oil producers' worldwide, estimate that the trimmings account for about 10 to 15 percent of the input worldwide.

In Europe there are six main species which are used to produce fish meal and fish oil:

- Sandeel and Norwegian prout, which are not suitable for human consumption
- Blue whiting, sprat and capelin, which also has a potential usage for human consumption
- Herring, which is primarily used for human consumption, but any surplus of the total allowable catch may be used for fish meal production

In Peru, there are two main species which are used to produce fish meal and fish oil:

- Peruvian anchoveta is by far the most important for fish meal production and is rarely used for human consumption.
- Jack mackerel, which is mostly used for human consumption.

In Chile, anchovy and sardine are used for fish meal. Mackerel and horse mackerel are used both for fish meal and human consumption.

The availability of raw materials fluctuates annually and seasonally in rhythm with landings of various species

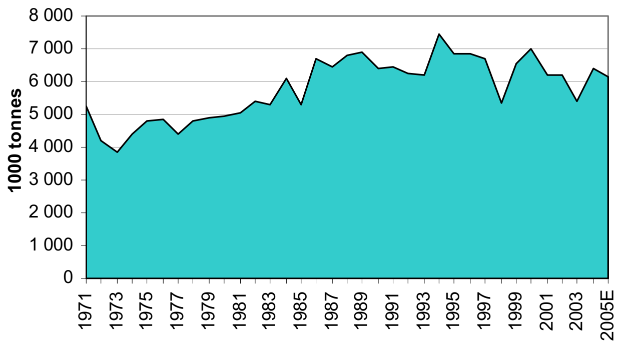
7.5.2 Production process

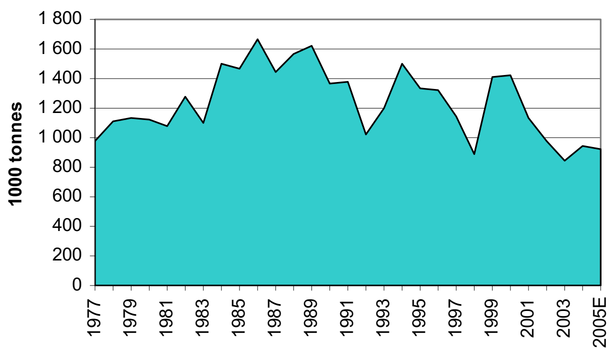
First the fish is cooked at temperatures of 85ºC to 90ºC to coagulate protein, kill micro-organisms and allow some oil to be released. Cooked fish then passes into a screw press where liquid is pressed out and the solids (press-cake) go to the drier. The liquid is decanted to remove further solids. It is then centrifuged to spin off oil and separate out an aqueous phase called stickwater. The stickwater passes through evaporators to reduce its volume. This concentrated liquor stickwater is returned to the press cake entering the drier where it is heated up and dried to about 10 percent moisture. Fish oil may go on to be purified to remove solid impurities. Four to five kilograms of raw materials will on average produce one kilogram of fish meal and 250 grams of fish oil.

7.5.3 Supply

The average production of fish meal and fish oil for the last decade is about 6.2 million tons and 1.1 million tons respectively. According to Kontali the production in 2005 was estimated to be 6.2 million tons of fish meal and 0.9 million tons of fish oil. The production from the five largest producing countries was down 20 percent the first four months of 2006 compared to the same period in 2005.

As demonstrated by the graph below, the supply of fish meal and fish oil has been relatively stable during the last decade. As mentioned, El Niño has significantly affected the abundance of the anchoveta and Chilean mackerel in the waters of Chile and Peru. Since these are the main raw materials for fish meal and fish oil production in Peru and Chile and since Peru and Chile are the main producers, the El Niño consequently affects the supply of fish meal and fish oil. This can particularly be observed in 1998 in the figure below.





Source: Kontali Analyse

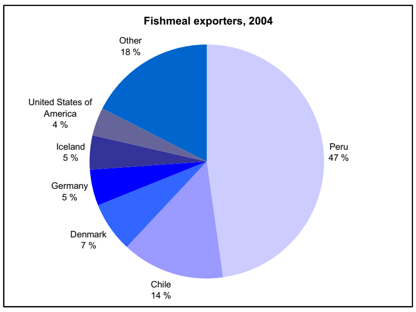
The production of fish meal and fish oil is limited by the supply of its raw materials. It takes about 4 - 5 kg of raw materials to produce 1 kg of fish meal. This implies that to produce the current volume of 6.2 million tons of fish meal, it is needed about 29 million tons of raw materials. This is not far from the total current capture of about 34 million tons of pelagic fish. Note that trimmings from other species in the human consumption industry are also used as raw materials in the production of fish meal. Anyway, this calculation demonstrates that it will be hard to increase the supply of pelagic fish to the fish meal and fish oil industry, especially when we observe a trend of increasing demand for pelagic species to human consumption.

Peru is the dominating producers and accounted for about one third of the total production of fish meal and fish oil in 2005. Chile is the second largest producer, and accounted for about 13 percent of the total production. Denmark, Iceland and Norway are also important suppliers. These five countries are commonly referred to as the IFFO-5.

World production of fishmeal ***1000 tonnes***

	1997	1998	1999	2000	2001	2002	2003	2004	2005P
World	**6.617**	**5.208**	**6.538**	**6.965**	**6.244**	**6.429**	**5.402**	**6.400**	**6.150**
Country									
Peru	1.740	815	1.904	2.309	1.844	1.941	1.251	1.986	2.021
Chile	1.195	642	957	842	699	839	664	936	795
Denmark	341	324	311	318	299	311	246	261	214
Iceland	279	220	234	272	284	304	279	209	180
Norway	253	301	241	264	216	241	212	208	154
Total IFFO-5	**3.808**	**2.302**	**3.647**	**4.005**	**3.342**	**3.611**	**2.652**	**3.600**	**3.364**
Share	58 %	44 %	56 %	58 %	54 %	56 %	49 %	56 %	55 %

Source: IFFO/Kontali Analyse

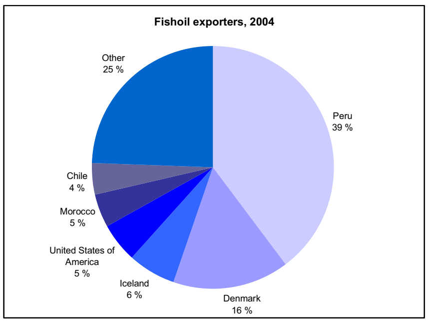


World production of fish oil

1000 tonnes

	1997	1998	1999	2000	2001	2002	2003	2004	2005E
World	**1 141**	**886**	**1 412**	**1 422**	**1 131**	**975**	**848**	**950**	**920**
Country									
Peru	330	123	515	593	300	220	205	352	335
Chile	184	90	188	170	145	145	130	142	122
Denmark	131	136	129	98	80	86	71	67	72
Iceland	130	89	102	95	96	70	104	49	55
Norway	85	98	69	83	56	72	53	37	31
Total IFFO-5	**860**	**536**	**1 003**	**1 039**	**677**	**593**	**563**	**647**	**615**
Share	75 %	60 %	71 %	73 %	60 %	61 %	66 %	68 %	67 %

Source: IFFO/Kontali Analyse

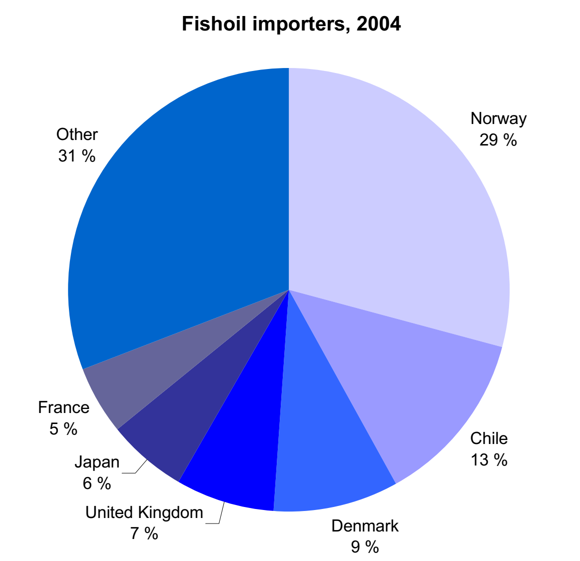


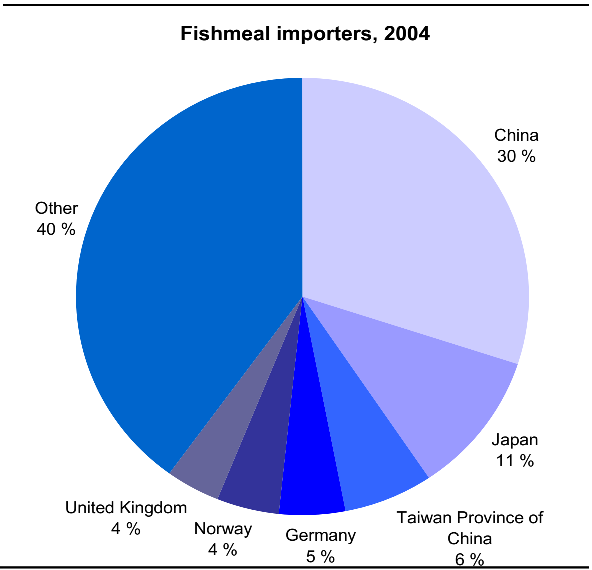
7.5.4 Demand

Fish meal and fish oil is mainly used in the production of feed for farmed fish and farmed animals, and there has been a steady increase in the demand from these industries. Fish oil is also used for industrial, edible and pharmaceutical purposes. The reason that Asian countries top the imports of fish meal, but not the import of fish oil, is that fish meal is used in the feed for all aquaculture, while fish oil is primarily used in feed for salmon farming.

Asia (especially China, Japan and Taiwan), Europe (especially Norway, UK, Germany and Denmark) and the Americas (especially US, Canada and Chile) are the main demand regions for fish meal and fish oil. In 2004 China (1 million tons) was the biggest importer of fish meal, followed by Japan (0.4 m tons), Taiwan (0.25 m tons) and Germany (0.2 m tons). Norway (0.2 m tons) was the biggest importer of fish oil, followed by Chile (0.09 m tons), UK and Canada in 2004.

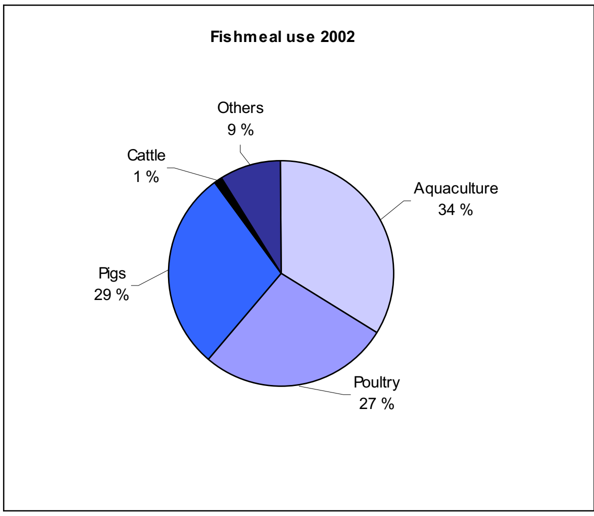
Chile and Norway are two of the largest suppliers, and as salmon farming is growing in these countries, more and more fish meal will be utilized for domestic consumption, and less will be available for international trade.

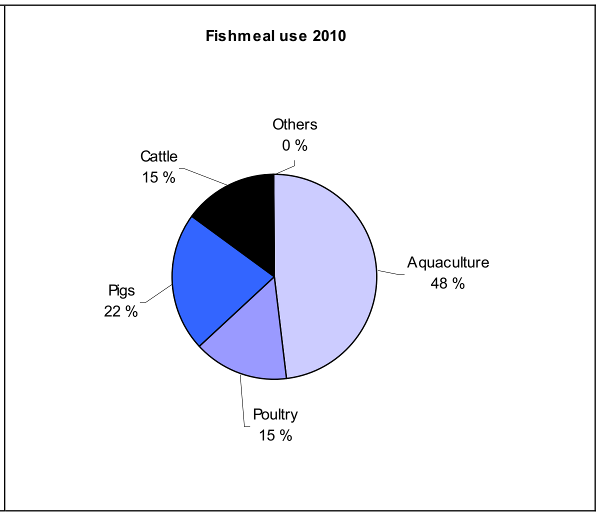


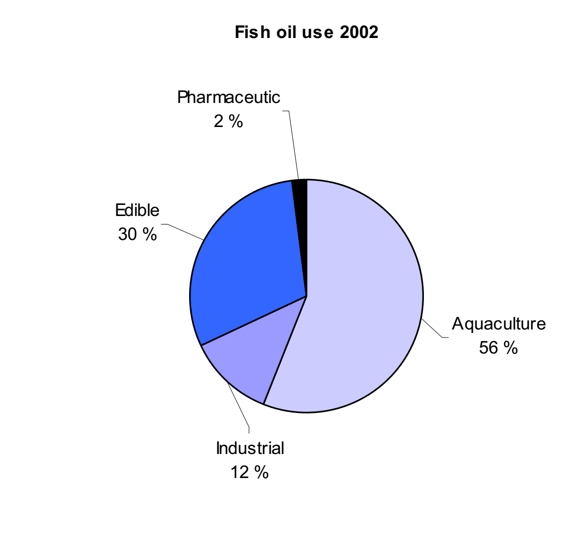
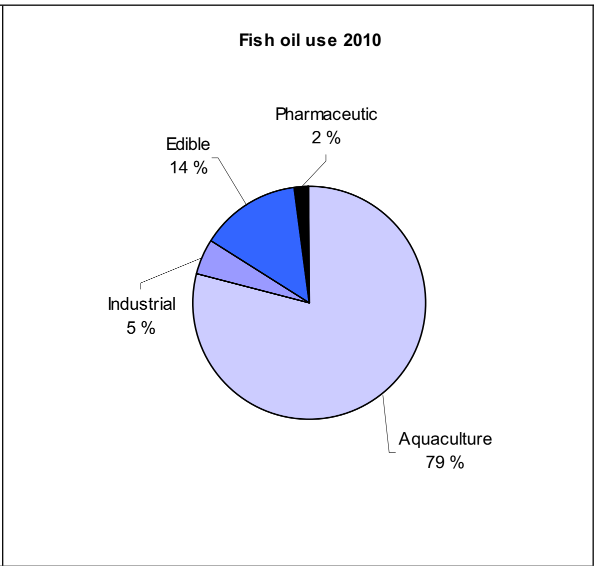


Source: IFFO

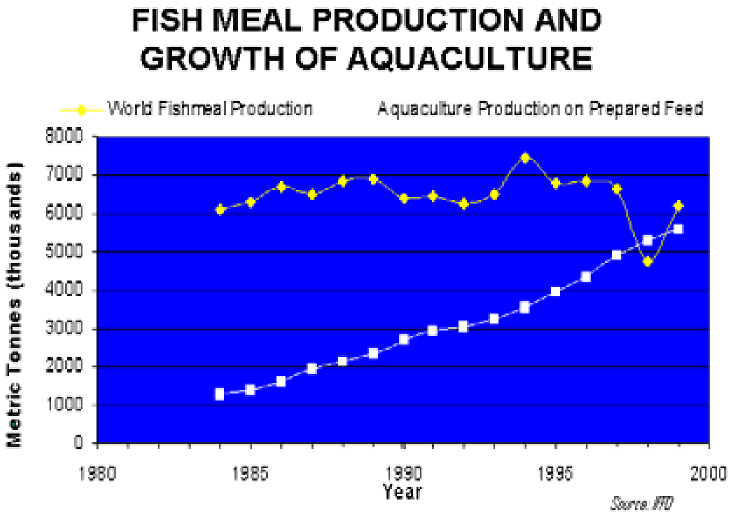
The use of fish meal and fish oil in the feed is more important for the fish farming industry than for the terrestrial farming industry. This is because the feed has a big impact on the taste of the fish and the concentration of fatty acids in the fish. Substituting fish meal and oil with vegetable meals and oils has been less successful for the fish farming industry than for the terrestrial farming industry. Moreover, fish farming has a lower feed conversion ratio, and gives better utilization of the fish meal and fish oil. Consequently the aquaculture industry has a higher willingness to pay for fish meal and fish oil than the land based farming industry, especially when the price for aquaculture products increases. At present about one third of the fish meal and half of the fish oil is used in feed for aquaculture. According to IFFO the share of fish meal and fish oil to aquaculture is expected to increase to about 50 and 80 percent respectively.



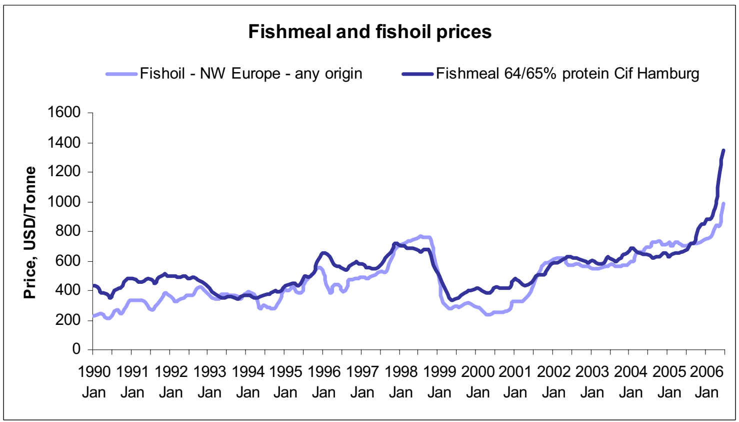


	
Source: Kontali/IFFO 2002	*Source: Kontali/IFFO 2002*

The aquaculture's increasing share of the fish meal consumption together with a more effective use of fish meal in aquaculture can also explain that the aquaculture industry has been increasing in recent decades while the total fish meal production have remained more or less constant. This is shown in the figure below.



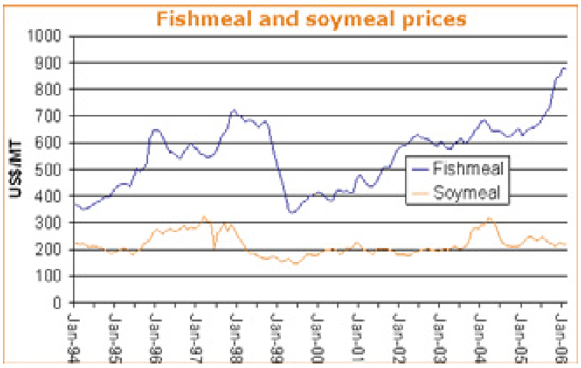
7.5.5 Prices

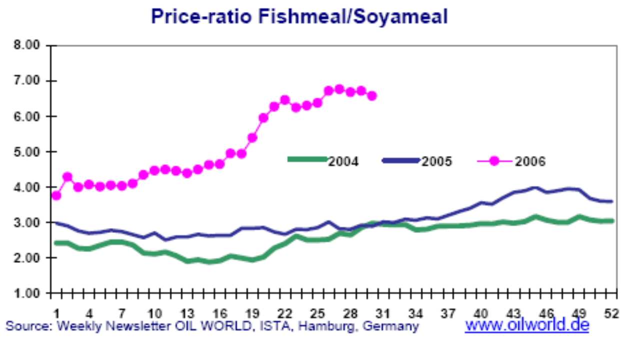


Source: KontaliAnalyse

Fish meal is priced according to its level of protein.

Overall fish meal production of the five major producing countries reached only 955,000 tonnes in the first four months of 2006, which is a 20 percent reduction from to 1.2 million tonnes in the same period of 2005. Combined with an increasing demand from the aquaculture feed industry with willingness to pay, this has resulted in a substantial increase in the price for fish meal and fish oil.





Source: Kontali Analyse

Traditionally the fish meal and soyameal prices have been moving together. This relationship has concluded to exist. According to IFFO this is due rapidly increased demand from the aquaculture industry which can not so easily substitute fish meal with vegetable meals and has a higher willingness to pay compared to the land based farm industry.

7.6 Salmon farming

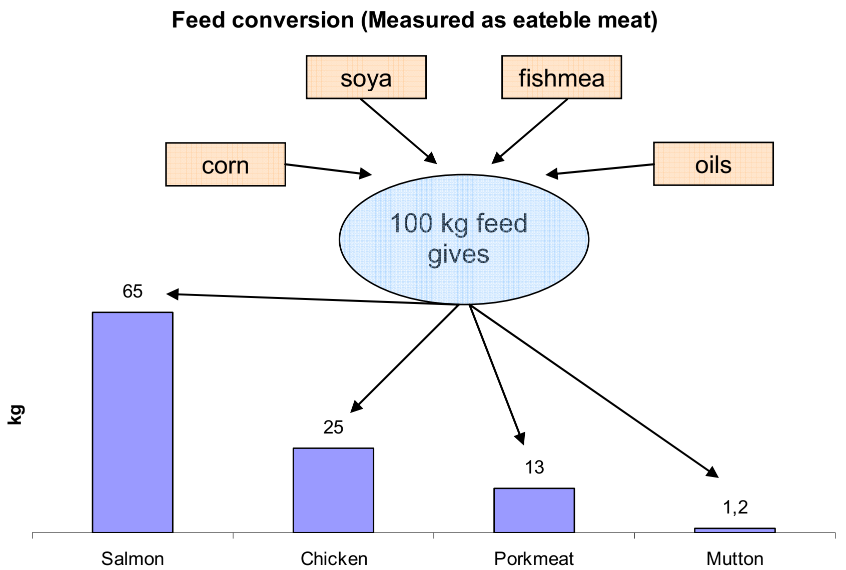
Farmed salmonids count for just 3 percent of the total aquaculture harvest, but according to FAO the share of value is much higher, 8 percent.

In the 1990's, the quantities supplied of wild salmon were higher than the quantities of farmed salmon. 1999 was the first year that the production of farmed salmon exceeded wild caught salmon. The total quantity farmed and wild caught salmonids supplied in 2005 was 2.8 million tonnes (wfe). This was approximately 3% more than in 2004.

7.6.1 Efficient source of nutrients

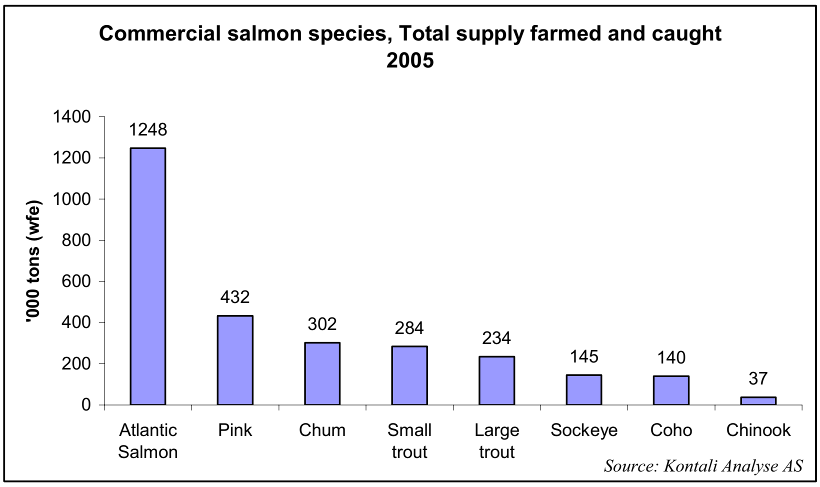
Fish farming is a very efficient way of producing proteins and other nutrients for human consumption. There are several reasons for this:

- Small amount of feed to produce 1 kg of fish.
- Fish are heat adaptive and do therefore save energy since they do not need to use energy to regulate their temperature
- Fish contains a relative high amount of meat and little bones compared to other land based farmed animals.



Source: Åsgård T., Holmefjord I., Austreng E., Thodesen J., Norsk Fiskeoppdrett 6, 1995

7.6.2 Species



Pink is caught wild in the USA and Russia and is partly frozen and partly canned.

Chum is mostly caught in Japan and is partly frozen. The other part is used for production of ikura (eggs).

The majority of sockeye is caught wild in the USA. Russia is the second largest sockeye nation. Sockeye from the USA is partly frozen and sold to Japan, partly canned for domestic consumption or exported to the UK.

Pink is the specie that increased most from 2004 to 2005, by approximately 12% and chum is the specie that declined most, by approximately 15%. The supply of the other species increased slightly or stayed more or less the same.

Small trout are mostly produced for local consumption, while Pink and Chum are considered lower value salmonids in the market.

The most interesting species for farming purposes are then Coho and Atlantic salmon. Total supply of farmed Atlantic salmon was 1,248,000 tonnes wfe in 2005, up from 1,208,000 tonnes in 2004. Since1995, the total harvest quantities have shown an annual growth of more than 10% from level of about 450,000 tonnes wfe.

7.6.3 Cost of production

Chile is the cost leader of the salmon producers, ahead of Norway and with Canada as third. UK has the highest cost among the four, but also has a much larger focus on producing organic salmon. Over the last years, Norwegian producers have been able to reduce their costs and close in on Chile's cost advantage.

Even though production costs for salmon farming varies from region to region, the composition of the costs is quite similar. Feed is by far the biggest cost component when farming salmon, and other major input factors include smolt, abor and harvesting/packing/wellboat costs.

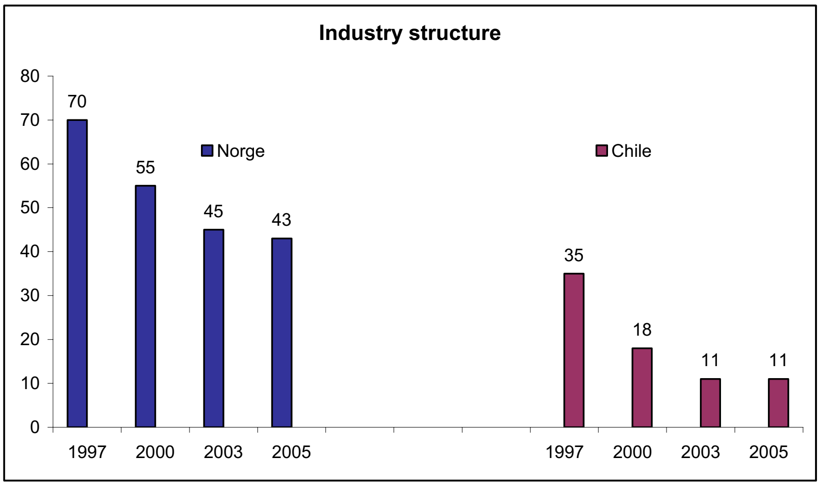
Estimated share of total costs in Norway	
Feed	44%
Harvest, Packing, wellboat	15%
Misc. operating costs	14%
Smolt	10%
Gutting loss	8%
Labour cost	6%
Interest/depreciations	3%
FOB gutted packed fish	100%

Source: Analyst estimates

7.6.4 Industry structure

The salmon farming industry has become more and more globalised over the last years and today the multinational companies have operations in almost all of the important production regions.

The salmon farming industry has undergone major structural changes both in Chile and Norway over the last years. In 1997, about 70 companies accounted for 80% of total production, while in 2005 it was about 43 companies. The consolidation of the industry has happened even faster in Chile. In 1997, 35 companies accounted for 80% of production, while it was about 11 in 2005.

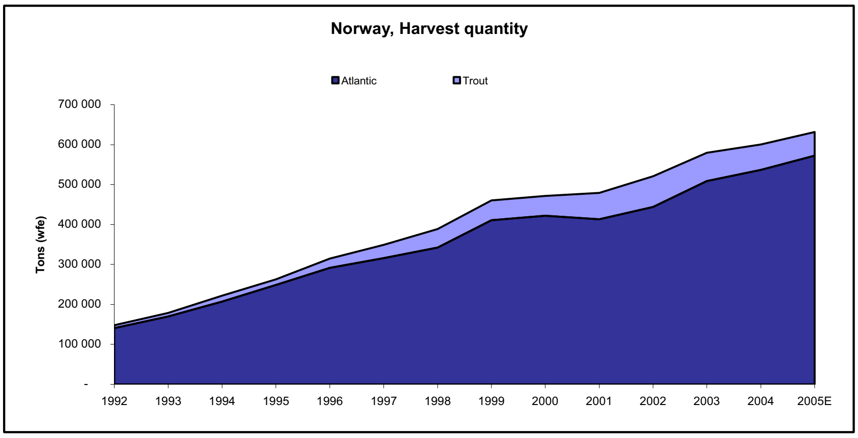


Source: Kontali/IFFO

7.6.5 Production Regions

Norway

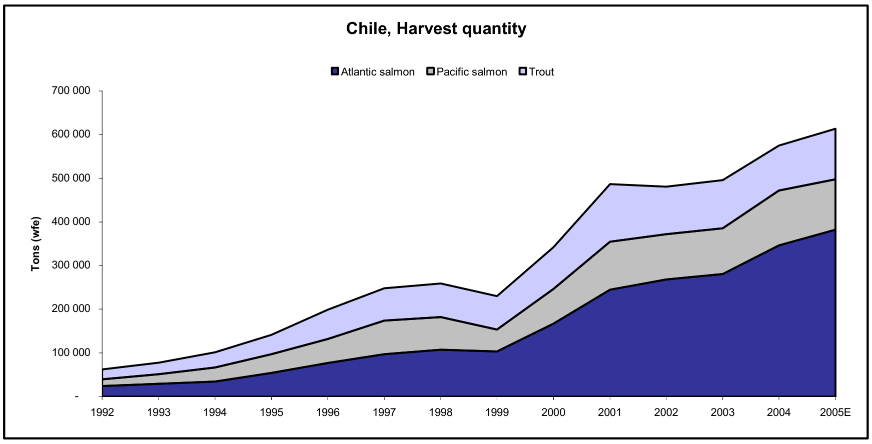
Total harvest quantity of Atlantic salmon in Norway was 572,000 tonnes wfe (whole fish equivalents) in 2005, up from 537,000 tonnes wfe in 2004, or more than 6.5%. Norway is by far the world's biggest producer of Atlantic salmon, much because Norwegian fjords offer very good conditions for farming salmon. Norway also produces about 60,000 tonnes wfe of trout each year. The main export market is the European market.



Source: Kontali Analyse AS

Chile

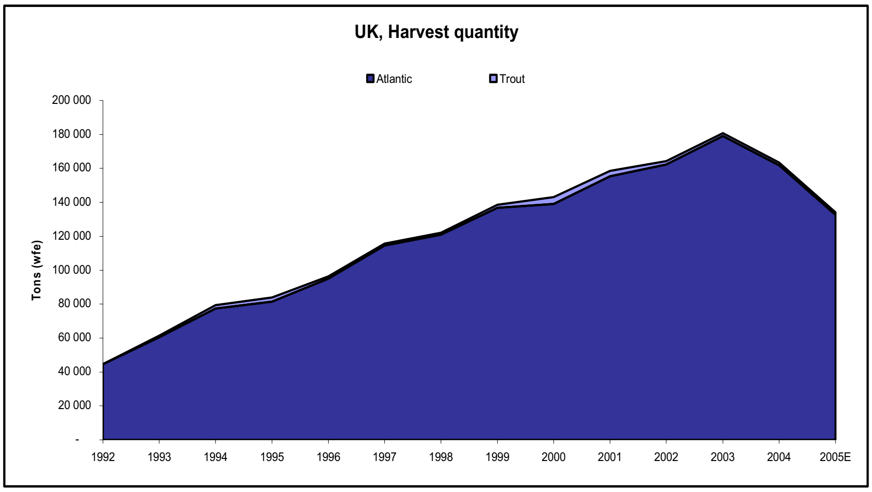
Chile harvested 385,200 tonnes wfe of Atlantic salmon in 2005, compared to 346,200 tonnes wfe in 2004. This means a growth of more than 11% from 2004 to 2005. In addition, Chile produces 122,000 tonnes wfe of trout, 109,000 tonnes wfe of Coho and 3,000 tonnes of Chinook. Most farming takes place in Region X in the area around Puerto Montt and the main export market is US.



Source: Kontali Analyse AS

UK

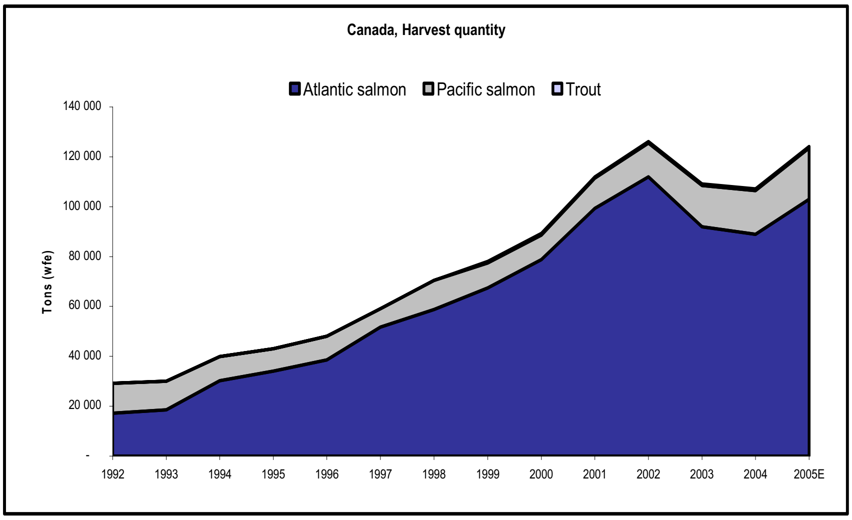
United Kingdom harvested 149,800 tonnes wfe in 2004 and 119,600 tonnes wfe in 2005, and about 1,000 tonnes of trout. Most of the production takes place at mainland Scotland, Shetland, Orkney Islands and the Hebrides. Costs of producing salmon in Scotland are higher than in Norway, but the industry is also more focused on producing organic salmon. At the same time, UK has the advantage of closeness to the European market and in 2005; about 40% of total harvest quantity was exported to the European market, while around 50% was consumed domestically.



Source: Kontali Analyse AS

Canada

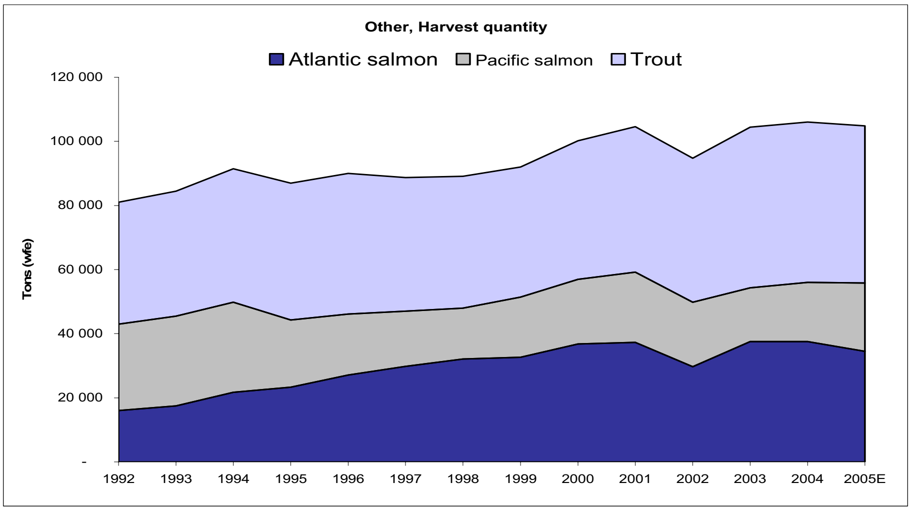
Canada had a production of 107,000 tonnes wfe in 2005, up from 89,000 tonnes wfe in 2004. In addition, it was produced about 18,000 tonnes wfe of Chinook and 2,500 tonnes wfe of Coho. Canada mainly exports fresh whole salmon to the US. Atlantic salmon are farmed on the east coast of Canada, while also Chinook and Coho were farmed on the eat coast in addition to Atlantic salmon.



Source: Kontali Analyse AS

Other regions

Other producing regions include Australia, Faroes, Ireland, Iceland, US and others. In total these countries harvested about 63,700 tonnes wfe of Atlantic salmon in 2005, or about 5% of total world harvest quantity. The Faroes had some difficulties with diseases over the last couple of years. Since the record year 2003, the harvest quantities have been reduced from 47,100 tonnes wfe to 17,200 tonnes wfe in 2005.



Source: Kontali Analyse AS

Harvest quantity Atlantic salmon world wide 1995 - 2005E											
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005E
Norway	249 000	291 700	316 200	342 500	410 700	422 100	413 300	443 900	508 400	537 000	572 200
Chile	54 300	77 300	96 700	107 000	103 200	166 900	244 800	268 200	280 700	346 200	385 200
UK	70 000	82 000	99 600	104 100	118 200	119 800	131 600	140 100	160 800	149 800	119 600
Canada	34 000	38 600	51 800	58 800	67 400	78 800	99 300	112 000	92 000	89 000	107 000
Faeroe ila	8 100	17 000	20 500	19 200	35 900	29 800	41 000	42 100	47 100	36 800	17 200
Australia	6 000	8 000	8 000	9 000	10 000	11 000	12 000	13 000	14 000	15 200	16 000
Ireland	11 500	13 000	15 000	16 800	18 600	19 300	23 700	22 300	18 400	12 100	12 000
USA	14 400	16 100	19 200	20 400	19 600	22 400	21 400	13 200	18 000	13 300	9 600
Iceland	2 900	3 000	2 600	2 700	3 000	3 400	2 700	1 500	3 700	6 600	6 500
Others							1 200	2 000	1 800	2 400	2 400
Total	450 200	546 700	629 600	680 500	786 600	873 500	991 000	1 058 300	1 144 900	1 208 400	1 247 700

Source: Kontali Analyse AS

7.6.6 Market development – salmon & trout

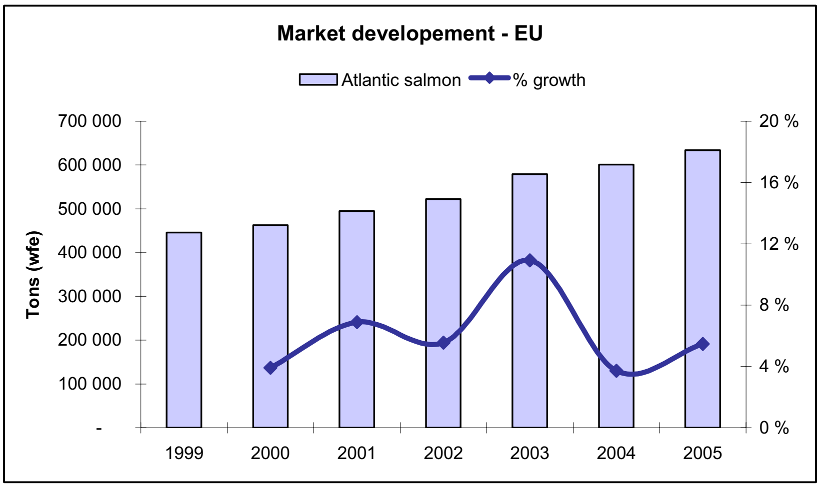
Regional market differences

In comparison to meat, vegetables and also compared to demersal fish, farmed salmon is a relatively new source of protein in many markets. It is only during the last decade or so, that farmed salmon has really become a globally traded commodity. During the first years of the salmon farming industry reaching notable volumes in a commercial context, market efforts where directed towards markets with an already established consumption of salmon based on wild salmon, and to markets where geographical closeness, and already established logistic channels in place. Such markets, primarily represented by Japan, Western Europe and the US, are thus today of the largest, most important – but also the more traditional and perhaps mature markets for farmed salmon & trout.

The traditional markets for farmed salmon & trout

EU market

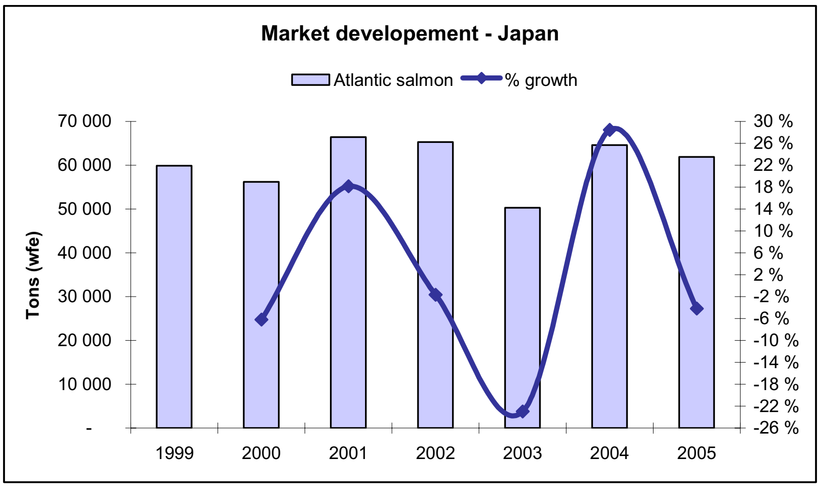
With less than 10% of the world's population, the 25 countries in the European Union consumed 50% of the total available volume of farmed Atlantic salmon in 2005. The EU-market has shown a steady market growth over the past 15 years, with an average annual growth rate of 9% in the period between 1990 and 2005. The majority of the farmed Atlantic salmon supplied to the EU-market in 2005 was of Norwegian (65%) or Scottish (17%) origin. A strong increase in exports from Chile in 2005 brought the share of Atlantic salmon in the EU of Chilean origin up to 13%.



Source: Kontali Analyse AS

Japanese market

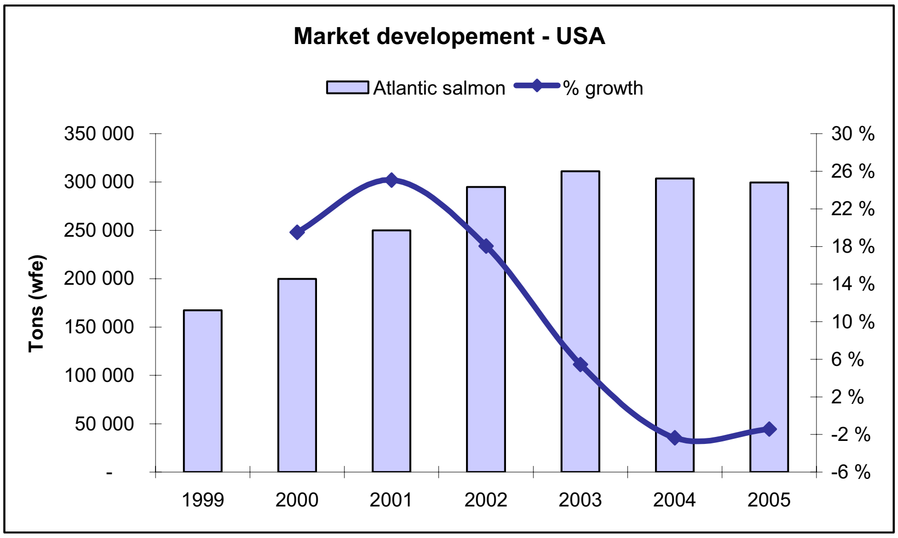
Japan, one of the most sophisticated markets for salmonids, is one of the countries with the highest per capita consumption of salmon in the world. In total – for both farmed and wild caught salmon, this represents a consumption of more than 500,000 tonnes wfe per year. While Japan is the dominant market for farmed Coho and large trout (200 – 250,000 tonnes wfe per year), the market for farmed Atlantic salmon has fluctuated between only 50 and 65,000 tonnes wfe over the past five years.



Source: KontaliAnalyse AS

USA market

The supply of farmed Atlantic salmon to the US market has not shown any increase over the past two years. Limited supplies of fresh Chilean fillets have been a strong contributor to the stagnating volume development, along with less export of European salmon across the Atlantic to the US market. As a consequence of the limited supply – if not so much in 2004, this has definitively been the case in 2005 – the prices for both fresh salmon fillets and whole fresh salmon have increased to a historic high level.



Source: Kontali Analyse AS

New & emerging markets for farmed salmon & trout

Eastern Europe

In May 2004, 10 new countries entered the European Union. Several of these, and particularly so the acceding countries from Eastern Europe, were relatively undeveloped markets for farmed salmon. By the time of their entrance, these countries had a per capita consumption well below that of Western Europe. Still, while the former EU-15 countries can only claim an average annual growth rate of close to 6% over the past ten years, the corresponding trend for the 10 acceding countries has been approximately 35%.

Russia

Over the past couple of years, Russia has been the country that has shown the strongest consumption growth for farmed salmon and trout, both in absolute and relative terms. Total volume growth for farmed salmon & trout in Russia alone from 2003 till 2005 (+ 48,000 tonnes wfe), constitute more than 40% of the global growth in supply of the same species.

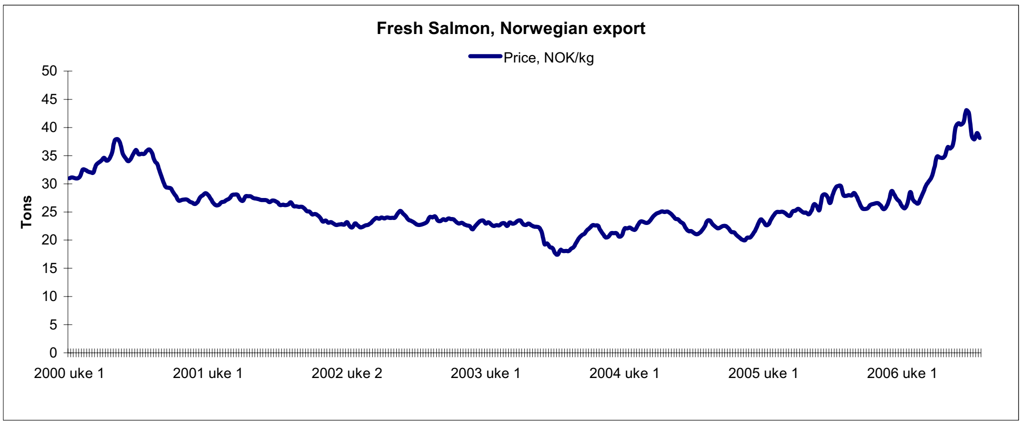
From January 2006, an import ban has been placed on fresh salmon and trout from Norway, the production region where the majority of the supply to the Russian market has come from. The first months of 2006 indicate that as a supplement to fresh salmon and trout, a rapid and notable shift back to frozen product has taken place, though not fully compensating for the decline on fresh. Further, the development so far in 2006 indicate that the constraints at the Russian borders have not yet had critical or significant effects in other markets. Still, if the current situation goes on unsettled, a powerful force behind the growth in the salmon markets will, at least preliminary, be notably limited. So far two Norwegians factories have been permitted to resume export to Russia. During August 2006 russian inspectors have inspected 10 more factories, but the results are not yet available.

Latin America

Along with the strong growth of salmon farming in Chile, nearby markets such as Brazil and Argentina have benefited from the easier availability of Chilean fresh salmon products. However, as a region where the recent history has also shown economic turbulence, the volume growth for farmed salmon has not been steady and continuous. The lower volume growth in the Chilean production in 2005, along with increasing prices, have also made it challenging for the South American countries to keep up with the market growth seen in 2004. The average annual growth rate for the past ten years has still been close to 20%.

Price development

With the production of farmed salmon being a biologic production with each individual going through a life cycle of two - two and a half year, shorter periods oversupply or shortage of salmon are inevitable. Thus, prices have also followed cyclical trends.

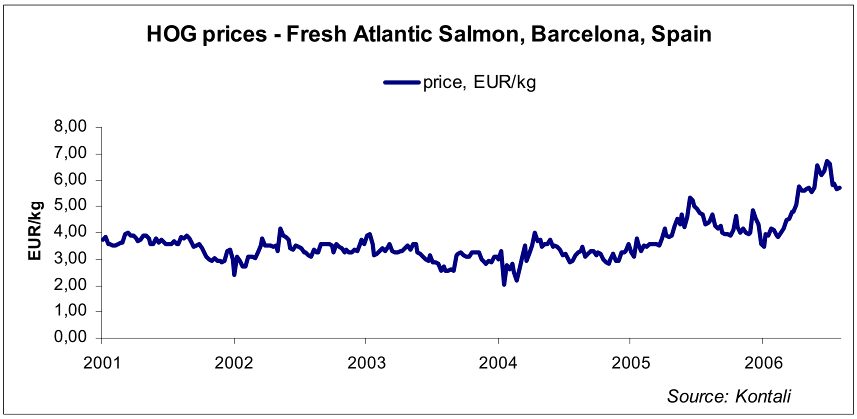


Source: FHL/EFF

During 2005, prices for farmed salmon and trout have seen an increase over both 2003 level and 2004-level in all major markets.

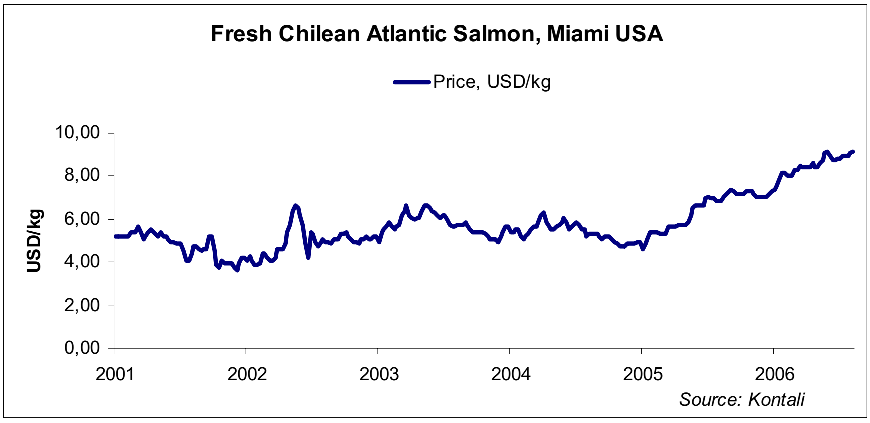
EU – Farmed Atlantic salmon

In the EU, prices for Atlantic salmon have declined compared to the peak in mid-2005, but during the first weeks of March 2006, first hand prices for fresh salmon in Norway are approaching the highest level seen in 5-6 years.



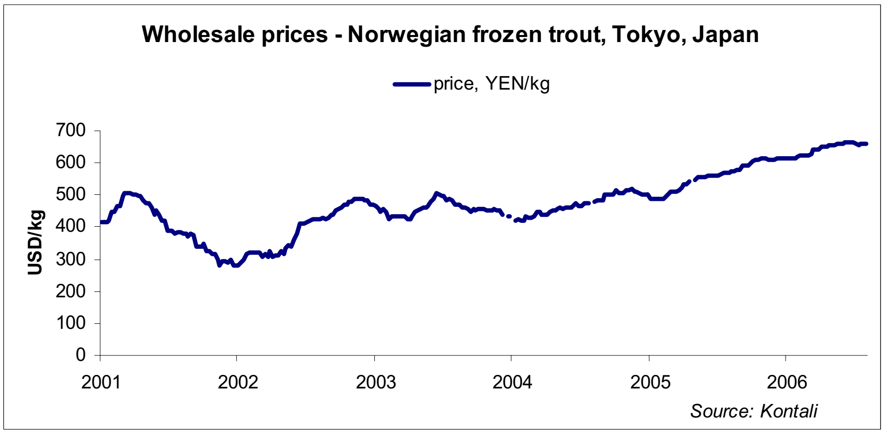
USA – Farmed Atlantic salmon

Since 2003, there has been virtually no growth in the supply of fresh salmon fillets from Chile to the US Market. During 2004, this did not have any notable effect on the price development for the same product category. However, in 2005, there has been a near continuous increase in the prices quoted for fresh Chilean salmon fillets in the US. So far into 2006, the increase has continued up to a level not registered in more than 10 years.



Japan – Farmed trout

Along with the general price increase on farmed salmon in other markets, price quotations for farmed trout in Japan has also followed the same trend. Strong demand for trout in markets such as Russia, and a number of new and growing South Asian markets, has resulted in a competition for the raw material upon the recent and current supply shortage, which seldom before has been seen in the trout market.



7.7 Competitive position

The below is based on the Company's perception of its position in the industry and the Managers industrial analysis. In such analysis the Company and the Managers have sought information and support from third parties who attempt to make neutral and unbiased industrial analyses on the seafood and fisheries industry, such as FAO (Food and Agriculture Organization of the United Nations), IFFO (International Fishmeal and Fishoil Organization) and Kontali Analyse.

Austevoll Seafood has a strong position in the global fish oil industry:

South America

The global fish meal and fish oil industry is quite fragmented. Total production is in excess of 7 million tons, and Austevoll Seafood's production is 270,000 tons in comparison, or 3.8%. In Chile, Austevoll just acquired Fiordo Austral S.A., a seafood and canning company, thereby strengthening its competitive position and growth potential. In Peru, the recent increase to 88% ownership of Austral will significantly improve Austevoll's position and ability to carry out improvements both within catching and production management.

The fish meal and fish oil industry in Peru and Chile is likely to consolidate further, thus creating interesting opportunities for financially strong players like Austevoll.

Norway

Fish meal and oil

Through Welcon, Austevoll Seafood controls more than 50% of the Norwegian fish meal and fish oil production. Welcon's produces around 100,000 tons of output per year, using roughly 400,000 tons of input, mainly blue whiting. The main competitor in Norway is Norsildmel, a cooperation of five member companies (Egersund Fisk, Karmsund Fiskemel, Vedde, Bodø Sildeolje, TroFi) controlling the rest of the market. It is fair to say that Welcon enjoys a strong competitive position.

Salmon

Veststar is a medium-sized salmon producer with an assumed production capacity of 25,000 tons per year. In spite of a recent wave of consolidation of the industry with Pan Fish acquiring Marine Harvest and Fjord Seafood, the industry is still fragmented. Pan Fish controls 25% of the production capacity, which is at the maximum in accordance with Norwegian law. Veststar's expected 2007 production will account for about 5% of total Norwegian production, and the company is well positioned with its own sales company and own smolt production.

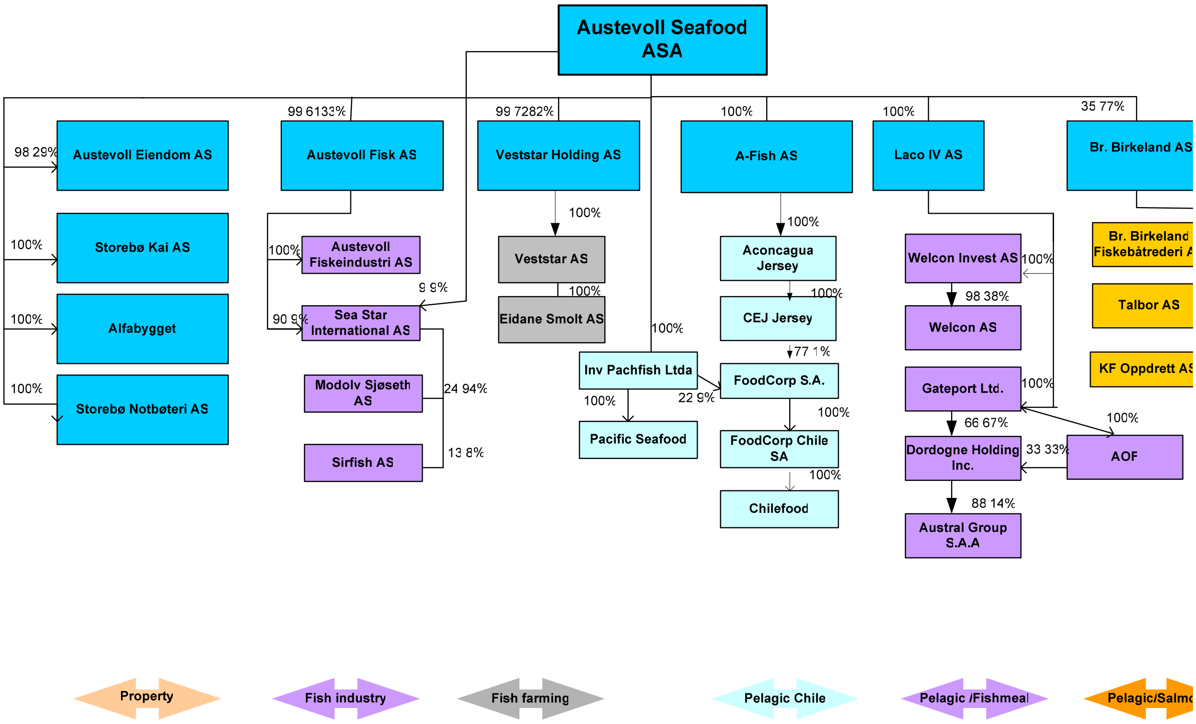
8 ORGANISATIONAL STRUCTURE

Austevoll Seafood ASA is the parent company in the Austevoll Seafood Group of companies. The table below sets forth the Company's significant subsidiaries (direct and indirect).

Name	Country of incorporation	Ownership interest
Austevoll Eiendom AS	Norway	98.29%
Storebø Kai AS	Norway	100%
Alfabygget AS	Norway	100%
Storebø Notbøteri AS	Norway	100%
Austevoll Fisk AS	Norway	99.6%
Austevoll Fiskeindustri AS	Norway	100%
Sea Star International AS	Norway	100%
Modolv Sjøseth AS	Norway	24.94%
Sirfish AS	Norway	13.8%
Veststar Holding AS	Norway	99.7%
Veststar AS	Norway	100%
Eidane Smolt AS	Norway	100%
Inv Pachfish Ltda.	Chile	99.99%
A-Fish AS	Norway	100%
Aconcagua Ltd.,	Jersey	100%
Consortium Enterprises (Jersey) Ltd.	Jersey	100%
FoodCorp S.A.	Chile	99.99% (directly and indirectly)
FoodCorp Chile SA	Chile	99.99% (directly and indirectly)
Chilefood S.A.	Chile	99.99% (directly and indirectly)
Laco IV AS	Norway	100%
Welcon Invest AS	Norway	100%
Welcon AS	Norway	98.4%
Gateport Overseas Inc	Panama	100%
Dordogne Holding Inc.	Panama	100% (directly and indirectly)
Austral Group S.A:A	Peru	88.14%
Br. Birkeland AS	Norway	35.8%
Br. Birkeland Fiskebåtrederi AS	Norway	100%
Talbor AS	Norway	100%
KF Oppdrett AS	Norway	100%

Austevoll Seafood is generally responsible for the overall management of the Austevoll Seafood Group and sets out the Group's goals and strategy.

Inversiones Pachfish Limitada is an investment company, and Austevoll Seafood holds 99.99% of the shares. Inversiones Pachfish Limitada holds 99.78% of the shares of Pacific Seafood S.A, which holds the licenses for salmon farming in Chile.



Austevoll Seafood ASA
98 29%
Austevoll Eiendom AS
100%
Storebø Kai AS
100%
Alfabygget
100%
Storebø Notbøteri AS
99 6133%
Austevoll Fisk AS
100%
Austevoll Fiskeindustri AS
9 9%
90 9%
Sea Star International AS
Modolv Sjøseth AS
24 94%
Sirfish AS
13 8%
99 7282%
Veststar Holding AS
100%
Veststar AS
100%
Eidane Smolt AS
100%
Inv Pachfish Ltda
100%
Pacific Seafood
22 9%
100%
A-Fish AS
100%
Aconcagua Jersey
100%
CEJ Jersey
77 1%
FoodCorp S.A.
100%
FoodCorp Chile SA
100%
Chilefood
100%
Laco IV AS
Welcon Invest AS
100%
98 38%
Welcon AS
Gateport Ltd.
100%
66 67%
Dordogne Holding Inc.
33 33%
100%
AOF
88 14%
Austral Group S.A.A
35 77%
Br. Birkeland AS
Br. Birkeland Fiskebåtrederi A
Talbor AS
KF Oppdrett AS
Property
Fish industry
Fish farming
Pelagic Chile
Pelagic /Fishmeal
Pelagic/Salmo

9 SUMMARY OF PROPERTY, PLANTS AND EQUIPMENT

9.1 Fishing fleet

Br. Birkeland AS owns two fishing vessels, built in 2001 and 2004 respectively, for catching pelagic fish.

FoodCorp S.A. in Chile owns 5 fishing vessels for catching pelagic fish.

Austral S.A.A in Peru owns 34 purse seiners for catching pelagic fish, with a total capacity of approx. 14,507 cubic metres.

9.2 Production facilities and other fixed assets

In Norway, the Company owns Austevoll Fiskeindustri AS, processing pelagic fish and mainly salmon in Austevoll. The Company owns the land and buildings in which production takes place. Further, the quay facility connected to the production plant is owned by the Company, together with its administration building.

Welcon AS, through its subsidiaries, owns 4 fish meal/oil production facilities in Norway, including 1 blending plant, in Måløy, Egersund, Moltustrand and Vadsø. The company owns the land and buildings in which production takes place, including the production equipment.

The production at Welcon Egersund AS is agreed to be moved to a location in Northern Ireland in 2008.

In Chile, FoodCorp S.A. owns 2 fish meal and oil production facilities, 1 canning facility and 1 production facility for frozen fish. The company owns the land and buildings in which production takes place, including the production equipment.

In Peru, Austral S.A.A. owns 6 fish meal/oil production facilities, 2 canning production facilities and one production facility for frozen fish. The company owns the land and the buildings in which production takes place, including the production equipment.

In Chile and Peru considerable funds have been employed towards better industrial production environments, particularly by investments in cleaning plants for treatment of waste water.

9.3 Environmental issues connected to tangible fixed assets.

Fishing vessels and land based production facilities may in themselves have an impact on the environment, mainly in the form of spills of various characters. In particular such issues would normally be linked to production facilities, where storage of oil and other products causing potential pollution damage to the nearby environment would be a possible problem source.

Fish farming production and stable access to other raw materials caught by fishing vessels in general for land based production is dependent on a variety of natural conditions, Changes occurring in sea temperatures, large spills of chemical or crude materials, in single instances and over time, growth of algae stocks and adverse weather conditions created by global heating may among other factors have effects on accessability.

For the fish farming activities a number of environmental risk issues may affect the operations. Farming is operated in open net cage systems located in marine environment and is hence exposed to changing weather conditions as well as pollution of open seas.

In areas attractive to the petroleum industry, sea transportation of oil is frequent. This represents a defined environmental hazard in form of a potential oil spill. Such spill is by nature extremely difficult to contain and will, in case of contamination of coastal zones and habitat, eliciting long term destruction of pristine areas for farming. Oil or petroleum products will when floating into a farm, severely affect the fish's ability for normal oxygen uptake over the gills and shed an unpleasant taste on surviving fish, which practically makes the fish inedible. Consequences from such an event are highly unpredictable. The Company's concentrated location of farms increases the vulnerability in case of oil spills.

An overwhelming majority of scientific experts agree that the diminution of the ozone layer results in climate changes. Among the effects of climate change which impact fish farming are rough weather and altered sea temperature profiles.

In particular, metrological registration may indicate more extreme weather conditions than previously recorded. All farms are supplied with mooring systems which must stand the test of hurricanes. However, the frequency of storms put the constructions at severe test, and weather conditions are beyond the Company’s control. Again, the concentration of farms may not be to the Company’s benefit given an extreme metrological situation. Temperature profile changes are extremely slow which over time may make some farming areas less attractive and others more suitable. It will hardly have a definite affect to operations within the scope covered by this Prospectus.

The climate of the South American west coast undergoes temperature changes each five to seven years. This phenomenon is known as El Niño. Since 2000 more than 50% of the world's total fish meal production comes from this region. El Niño reduced the volume of fish meal production by approx. 30% during its last occurrence in 1997.

10 CAPITAL RESOURCES

Austevoll Seafood has sufficient access to capital resources through a combination of operating revenues and external short and long term bank financing.

10.1 Sources and amounts of and a narrative description of the issuer's cash-flows

10.1.1 General description of the issue's cash flow

The Austevoll Seafood Group's cash flow is influenced by significant fluctuations in the underlying market price developments, primarily for pelagic fish products, and secondarily for salmon, and the development in production and catch/harvest volumes.

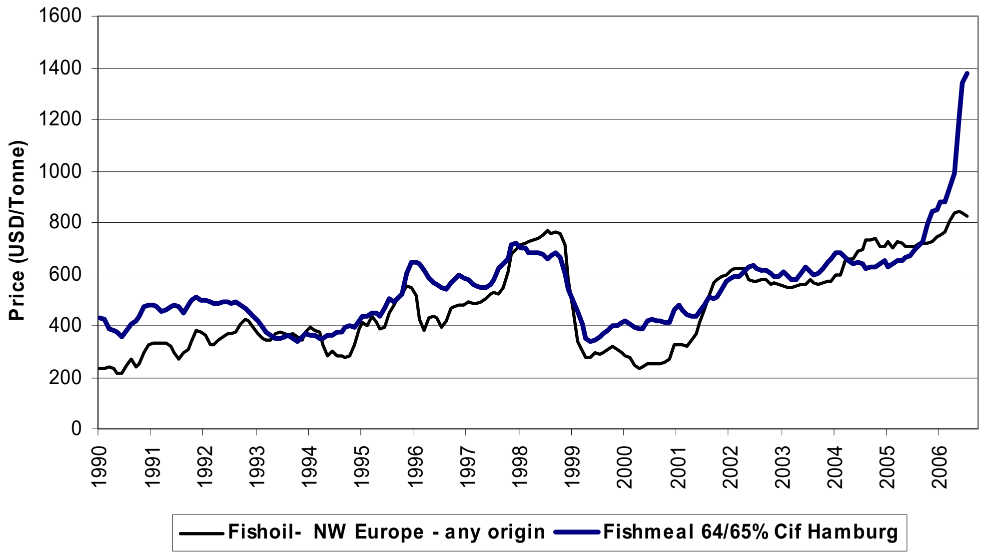
The Austevoll Seafood Group's primary source of liquidity on a daily basis is the operational cash flow. This is again dependent upon the development in the underlying market prices for pelagic fish products and salmon as described in the foregoing paragraph.

Key factors in analysing the operational sources as basis for revenue and cash flow are product pricing, production volumes and market access. In recent years the available volumes of marine sources (pelagic catches and farmed products) have been stable and to some extent increasing, especially so for Norwegian salmon, see table 4 below. Climatic factors, such as the recurring El Niño in South America, will exert a certain impact on catch and production volumes for pelagic species. In general product pricing will always be a function of underlying issues; production costs, available volumes and the balance between market demand and supply.

Over time there has been a positive development in prices for both pelagic and farmed marine products, which must be seen in conjunction with an increasing demand for such products in general. Although the market in principle is cyclical, recent statistics show signs of good market developments for marine products as a whole, as the focus on healthy food products and thereby demand, increases.

For an illustration of recent development in prices for various marine products, the graphs below show some key figures:

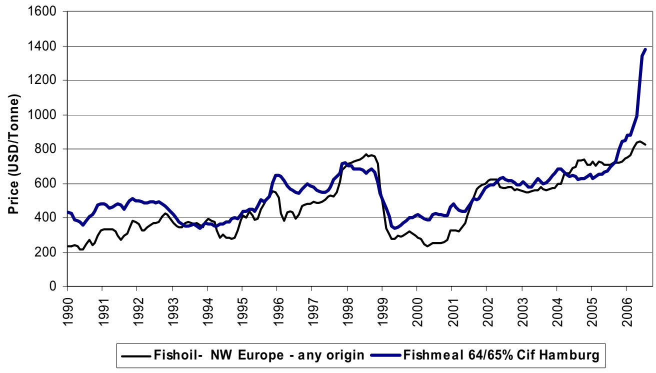
Table 1 Development in the price of fish meal and -oil for the period 1990 - 2006.



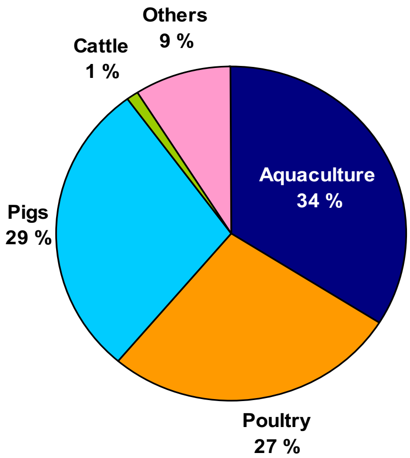
Source: Kontali.

Fishmeal and fishoil prices are rising

Price increase caused by increased demand from animal feed industry and limited supply of raw materials



Use of fish meal and oil (2002)

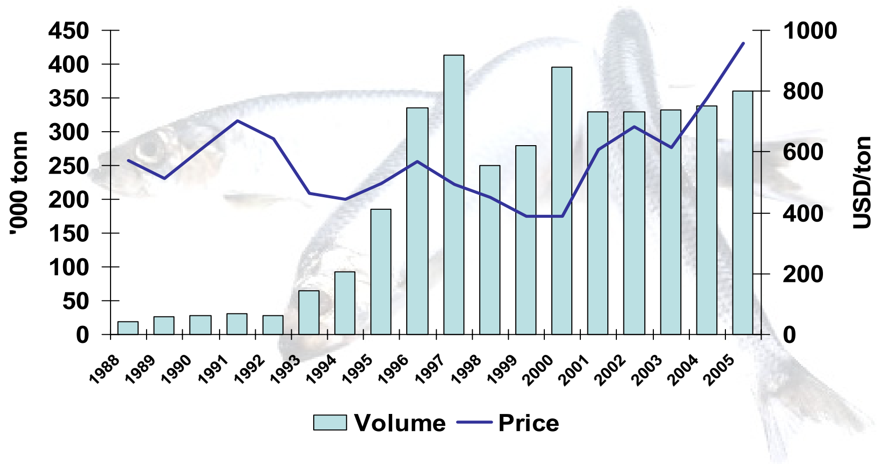


Last update: July 2006

Source: Kontali

Table 2 Development in Norwegian exports, volume and price, of frozen herring for the period 1998 - 2005:

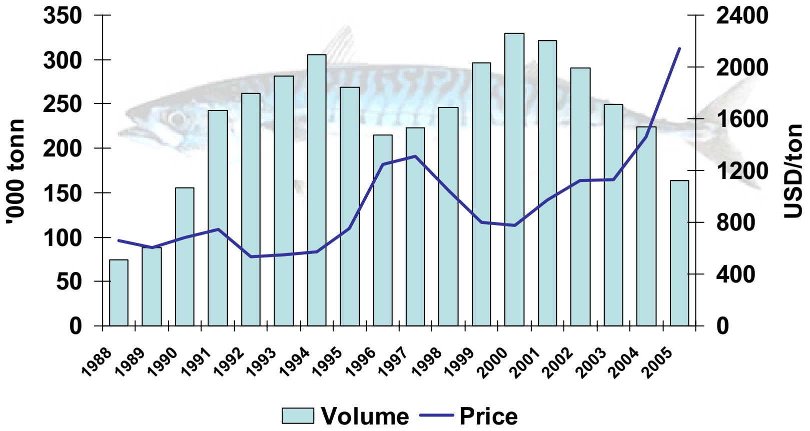
Norwegian export of frozen herring



Source: Eksportutvalget for fisk/SSB

Table 3 Development in Norwegian exports, volume and prices, of frozen Atlantic Mackerel for the period 1998 - 2005:

Norwegian export of frozen Atlantic mackerel



Source. The Norwegian Seafood Expert Council / Central Bureau of Statistics & the Fish Export Advisory Board (SSB)

Table 4 Development in Norwegian export of salmon, volume and prices, on a monthly basis during the period 2001 - June 2006:

	2001		**2002**		**2003**		**2004**		**2005**		**2006**	
	Quantity	**fob price**	**Quantity**	**fob price**	**Quantity**	**fob price**	**Quantity**	**fob price**	**Quantity**	**fob price**	**Quantity**	**fob price**
January	20,207	26,81	18,308	22,63	22,647	22,82	24,962	22,01	25,568	23,11	27,016	26,75
February	18,031	26,96	17,684	22,53	18,583	22,73	20,691	23,04	24,935	24,86	27,597	27,03
March	23,188	27,85	23,044	23,60	22,977	23,13	27,291	24,08	31,007	24,68	36,416	30,67
April	20,505	27,54	21,658	24,17	25,789	22,99	24,510	24,98	31,009	25,13	29,696	34,68
May	21,564	27,21	25,199	24,71	27,392	22,09	24,225	23,74	27,795	25,51	29,238	37,70
June	21,557	26,86	22,556	23,64	25,971	18,81	29,198	21,90	30,283	27,16	32,121	41,56
July	18,720	26,22	21,971	22,84	27,035	17,49	28,230	21,51	28,374	28,79	24,943	38,44
August	21,317	26,17	22,750	23,82	26,580	18,53	26,256	22,92	29,255	27,93	*29,611*	*36,37*
Total	**165,088**	**26,97**	**173,169**	**23,56**	**196,975**	**20,93**	**205,364**	**22,98**	**228,226**	**25,94**	**236,639**	**34,18**
September	20,656	25,64	21,113	23,56	26,883	21,03	31,450	22,31	37,374	26,62		
October	23,033	24,62	24,966	23,33	32,006	22,30	30,339	21,07	35,321	26,21		
November	25,508	23,38	26,366	22,48	29,136	20,76	33,082	20,24	37,730	26,06		
December	27,281	22,87	31,877	23,20	34,846	20,94	41,897	22,49	45,615	27,80		
Year Total	**261,567**	**25,88**	**277,491**	**23,40**	**319,847**	**21,06**	**342,131**	**22,42**	**384,266**	**26,27**		

Source: Central Bureau of Statistics & the Fish Export Advisory Board (SSB)

The development in the production cost for the various products is, as mentioned, important for basic product pricing, and subsequently the analysis of cash flow development.

In the pelagic industry, the operational cost of primary production (catch and delivery to shore) depends to a large extent on the level of investments in new and more effective vessels. Given the development in prices over the last decades, the equipment investment rate has increased dramatically, and with very sustainable results for the vessel owners.

In respect of the shore based pelagic industry processing and production costs, an increase in production facility investments over the last 10 years in particular has been seen. Such investments have mainly focused on automation and rationalization of production machinery and facilities, with lesser human resource costs as a result. As for Austevoll Seafood, as a general rule the production cost per kilo for pelagic products are at the approximate same level today (on average NOK 0.8 per kilo processed/produced fish) as it was 10 years ago.

The Norwegian Fisheries Directorate has published (autumn 2005) statistics dealing with the development of average production cost per kilo farmed fish (salmon and trout), covering the years 2002, 2003 and 2004. The figures show a declining production cost, with a total production cost average of NOK 18.82 for 2002, NOK 18.46 for 2003 and NOK 17.58 for 2004.

10.1.2 Description of cash-flows 2005

2005 was a good year for Austevoll Seafood ASA. Both prices for pelagic fish and salmon stayed at a relatively high level throughout the year. The Company achieved a more efficient production both within pelagic processing and salmon farming. Net cash cash-flow from operating activities was NOK 53.7 million.

In 2005 Austevoll Seafood ASA acquired 12 salmon licenses. The Company sold one vessel in Chile in 2005 and by the end of the year the Company sold their shares in Lafjord Fiskebåtrederi AS. Net cash cash-flow from investing activities was NOK -162.8 million.

In July 2005 the Company negotiated a refinancing of its salmon business at more favorable terms. Net cash cash-flow from financing activities was NOK 213.0 million.

The Company's financial position as of 31.12.2005 improved considerably compared to the year before and the liquidity was good. Total increase in cash and cash equivalents in 2005 was NOK 103.9 million.

10.1.3 Description of cash-flows 2nd quarter

The Company had a very good result in the 2nd quarter 2006 mainly due to high prices on all its products. The Company started up a new freezing plant in Chile by end of March and had by end of June sold 7.000 tons of frozen products. Cash-flow from operating activities amounted to NOK 0.7 million in the 2nd quarter of 2006. Cash-flow from operating activities is negatively influenced by the fact that the Group is growing rapidly. Consequently, the Group's working capital is increasing in this growth period. Further, approximately 2/3 of the Company's expected catch and purchase of pelagic products for 2006 have occurred in 1st half of 2006, meaning that the working capital reached its peak at end of June.

Net cash cash-flow from investing activities was NOK -875.1 million in 2nd quarter 2006. Most of the investments are related to the acquisitions of Welcon and Austral.

In June the Company successfully raised ca. NOK 1.5 billion in new equity through cash contribution. Net cash cash-flow from financing activities in 2nd quarter was NOK 1,627.3 million.

The Company's financial position as of 30.06.2006 improved considerably compared to 31.12.2005 and the liquidity was good. Total increase in cash and cash equivalents in 2nd quarter 2006 was NOK 752.9 million.

10.2 Funding structure and restrictions of use of capital resources

The long term funding of the Company consists of both equity and interest bearing debt, which is further described in Section 10.3. Section 24.2 in this Prospectus shows a statement of the Group's capitalisation and indebtedness, which includes a split between short- and long-term funding.

Book value of equity per 30 June 2006 was NOK 2,944 million and net interest bearing debt per 30 June 2006 was NOK 1,837 million. Consequently, the net debt to equity ratio per 30 June 2006 was 62%.

The funding of Austevoll Seafood is considered sufficient to fund the further development of the Company in line with the production targets communicated by the Company at significantly lower prices on the Group's products than the current level. The financing is considered sufficient to cover the seasonality of the operations and corresponding borrowing requirements.

The Company is not aware of any material legal or economic restrictions that influence the ability of the subsidiaries to transfer funds to the Company in the form of cash dividends, repayment of inter-company loans, new loans or advances. Consequently, the Company expects to meet its future cash obligations. The Company is to date in compliance with all its financial covenants.

10.3 Brief description of Debt obligations, Loan and Credit facilities

The Norwegian part of the Group is mainly financed by a Multicurrency Group Account system which regulates both short and long term debt. These agreements are divided in a long term debt portion and an overdraft facility covering the Austevoll Seafood Group's fish meal, salmon, trading and production businesses.

Margin of expenditure on the overdraft facility depends of the book value of accounts receivable and book value of inventory ("borrowing base"). The overdraft facility in Norway, has a total limit of NOK 650 million, and is divided between the Welcon Invest Group, Veststar Holding Group and Austevoll Seafood ASA. The agreements require the booked equity to assets ratio to be above 25% and an EBITDA ratio to net interest bearing debt to be at least 15%. These figures are to be reported based on the December 31st financial statements of each year. The members in the agreement are jointly and severally liable for any amount due to the Bank under the Agreement.

The facilities are secured by factoring mortgage, mortgage in inventory and mortgage in the tangible assets financed through the facilities.

The Group's fishing vessels are financed by own mortgage loans. Loan agreements for these loans are within normal terms, and consist of requirements related to book value of equity and fair value of the fishing vessels including licenses.

In addition to the above mentioned overdraft facility, the fish farming activity is financed by a mortgage loan of NOK 187.5 million.

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

Austral Group S.A.A. is currently financed by a bridge loan with DnB NOR Bank ASA, and this facility will be converted to long term financing by the end of September 2006. The bridge loan requires that Austevoll Seafood Group retains an ownership in Austral of 67% or more. In addition the company has an overdraft facility based on inventory and debtors.

FoodCorp S.A. has overdraft facility and long term financing with Banco de Chile. The long term financing requires a debt to equity ratio of maximum 1.5 and the facilities are secured by mortgages of vessels.

Below is a table showing the Austevoll Seafood Group's loan and credit facilities by 30.06.2006:

Un-audited, Description of debt Lender	Borrower	Currency	Balance	Annual repayment	Maturity	Effective interest rate
SR-Bank	Austevoll Seafood	NOK	5,550	3,700	2007	3.81%
DnB NOR Bank ASA	Austevoll Seafood	NOK	130,243	18,728	2013	NIBOR + 0.80%
DnB NOR Bank ASA	Austevoll Seafood	NOK	17,500	2,500	2013	3.40%
DnB NOR Bank ASA	Austevoll Seafood	NOK	165,000	165,000	2006	NIBOR + 0.80%
DnB NOR Bank ASA	A-Fish AS	USD	96,562	12,875	2008	LIBOR + 1.15%
Innovasjon Norge	Fishmarket AS	NOK	750	300	2008	5.00%
DnB NOR Bank ASA	Møgsterhav AS	NOK	70,970	6,580	2017	3.25%
DnB NOR Bank ASA	Møgsterfjord I AS	NOK	75,500	5,000	2021	3.25%
Innovasjon Norge	Storebø Kai AS	NOK	5,303	505	2017	5.90%
Innovasjon Norge	Austevoll Eiendom AS	NOK	15,701	3,140	2010	3.60%
Innovasjon Norge	Austevoll Fiskeindustri AS	NOK	2,867	410	2013	5.90%
Innovasjon Norge	Austevoll Fiskeindustri AS	NOK	8,000	667	2018	3.60%
DnB NOR Bank ASA	Austevoll Fisk AS	NOK	929	959	2006	4.65%
DnB NOR Bank ASA	Veststar Holding AS	NOK	187,500	25,000	2014	3.75%
Ewos AS	Veststar Holding AS	NOK	2,492	2,000	2008	4.75%
Handelsbanken	Alfabygget AS	NOK	19,008	864	2028	3.92%
DnB NOR Bank ASA	FoodCorp S.A.	USD	33,085	2,559	2019	LIBOR + 1.15%
Eksportfinans	FoodCorp S.A.	USD	92,999	9,757	2013	3.99%
Banco Chile	FoodCorp S.A.	USD	271,551	47,149	2011	LIBOR + 1.20%
Banco BHIF	FoodCorp S.A.	USD	7,903	1,461	2008	LIBOR + 2%
DnB NOR Bank ASA	Inv. Pacfish Ltda.	USD	7,491	562	2019	LIBOR + 1.15%
Nordea Bank Norge ASA	Welcon Invest AS	NOK	171,100	13,500	2014	NIBOR + 0.70%
Tibutaria	Austral Group S.A.A.	USD	11,374	886	2012	8.00%
Confide	Austral Group S.A.A.	USD	21,923	493	2015	8.00%
AGR	Austral Group S.A.A.	USD	30,082	-	0	0.54%
Fibras Industriales	Austral Group S.A.A.	USD	3,964	1,442		7.00%
Interbankloan	Austral Group S.A.A.	USD	4,089	50	2019	0.00%
Commercial	Austral Group S.A.A.	USD	8,677	81	2024	0.00%
DnB NOK Bank ASA	Austral Group S.A.A.	USD	262,181	262,181	2007	
Leasing liabilities;						
Norway		NOK	28,309	4,635	2009-2011	4.00%
Peru		USD	146,815	61,856	2012-2018	7.57%
Chile		USD	16,499	4,276	2009-2010	6.38%
Total			**1,921,914**	**659,116**		

Source: Management reporting

10.4 Leasing

The Austevoll Seafood Group's leasing arrangements are primarily treated as financial leasing. The leased equipment consists mainly of production equipment in Norway, and represents a minor part of the Austevoll Seafood Group's financial commitments, in a total volume of approx. NOK 25 - 30 million.

10.5 Guarantees

As of the date of this prospectus Austevoll Seafood has furnished guarantees for the financing of Veststar, the acquisition financing of Foodcorp taken by A-Fish. In addition, there is a cross default provision in the Austral bridge loan facility and the long term facility whereby Austevoll Seafood will be deemed being in default under its loan facilities with DnB NOR Bank ASA if Austral defaults under its bridge loan or long term facility. Austevoll Seafood has issued an on demand guarantee in favour of DnB NOR Bank ASA in the amount of USD 55,000,000 as security for the bridge loan facility and the long term facility. According to the bridge loan and the term sheet for the long term facility it will be deemed to be an event of default if Austevoll Seafood, directly or indirectly, fails to own at any time more than 67 % of the shares of capital stock of Austral Group S.A.A.

10.6 Significant change in the Company's financial or trading position

The Company is not aware of any significant changes in the financial or trading position of the Austevoll Seafood Group which has occurred since the end of 30.06.2006 other than the Private Placement conducted on the 5 October 2006 where the board resolved to Issue 20,000,000 million shares at NOK 39.The Shares in the Private Placement have been ordered and allotted and is in the process of being settled. See Section 20.1 and 25.2 for further information.

10.7 Foreign currency

The most important foreign currencies to the Group are USD, EUR, Pesos and Soles. Austevoll Seafood expects that in the future, a significant proportion of revenues and costs will continue to be denominated in currencies other than NOK. Consequently the Company will be exposed to movements in foreign exchange rates. In general loans are denominated in the same currency as the accompanying operational cash-flow.

10.8 Interest rate

The Company seeks to pursue a conservative interest hedging strategy in which parts of the debt are tied to a fixed interest rate.

10.9 Financial leverage

The Company’s future development and growth may be dependent on access to external capital, in the form of debt and/or equity capital. A lack of access to such capital or material changes in the terms and conditions relating to the same, could limit the Company’s future growth and strategy. There is no guarantee that the increase of the Company’s share capital resulting from the Private Placement described in this Prospectus will be sufficient to avoid such debt and capital requirements in the future.

11 RESEARCH AND DEVELOPMENT

In Norway, the Company has worked in close cooperation with the Norwegian Institute of Marine Research, participating in special project research for stock assessment and similar.

FoodCorp S.A. in Chile is joint owner of Inpesca, an internationally renowned institution, solely dedicated to doing research and development.

The Company has done extensive pioneering work in Norway in development of vessels, equipment and techniques for the fishing industry together with vessel designers, equipment manufacturers and its own and related personnel in order to improve the economic and technical aspects of its activities.

Research and development has not been a material part of the Company's activities in form of investments.

12 INFORMATION ON HOLDINGS

The Company has a proportional holding in the following undertakings, which are of significance to its own financial position:

- 35.8% of the shares in Brødrene Birkeland AS (in the process of being increased by another approximately 4%).
- 88.14% in Austral Group S.A.A., Peru.
- 98.38% in Welcon AS, Norway (through its 100% ownership in Welcon Invest AS)

13 ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

13.1 Organisation

Austevoll Seafood is a Norwegian public limited liability company incorporated 14 April 1981 under the laws of Norway and is registered with the Norwegian Register of Business Enterprises with registration number 929 975 200 under the corporate name Austevoll Seafood ASA.

13.2 Board and senior management

The following table sets forth information, as of the date of this Prospectus, with respect to members of the board of directors and the group executive officers.

Name	Age	Position	Shares
Directors			
Ole Rasmus Møgster	48	Chairman of the Board	115,014,495[1]
Helge Møgster	53	Member of the Board	115,014,495[1]
Oddvar Skjegstad	55	Member of the Board	55,000[2]
Hilde Waage	41	Member of the Board	0
Inga Lise L. Moldestad	40	Member of the Board	0
Group Executive Officers			
Arne Møgster	30	CEO	0
Britt Kathrine Drivenes	43	CFO	125,367[3]
Tore R. Mohn	55	Director of legal affairs, Austevoll Seafood/ Director of legal affaires of Møgster Management AS	0
Esteban Urcelay	53	(CEO) CFO of FoodCorp S.A. (Chile)	83,578
Adriana Giudice	43	CEO of Austral Group S.A.A. (Peru)	0
Andres Daroch	46	CFO South America of Austevoll Seafood	83,578
Arne Stang	56	CEO Welcon Invest AS/ Welcon AS	0

[1]Shares controlled directly and indirectly through Laco AS, Vesterfjord AS and Br. Birkeland AS.
[2]Shares controlled directly through Rehua AS where Mr. Skjegstad owns 33.33%.
[3]Shares directly owned through Lerkehaug AS.

13.2.1 Description of the Board of Directors

In accordance with Norwegian law, the board of directors is responsible for administering the Company's affairs and for ensuring that the Company's operations are organized in a satisfactory manner.

The composition of the Board of Directors is in accordance with the recommendations in Norwegian Code of Practice for Corporate Governance dated 8 December 2005. Skjegestad, Waage og Moldestad are independent of the Company's main shareholders, the Company's executive management and material business contacts. The two brothers, Ole Rasmus Møgster and Helge Møgster together with other related parties control Laco AS, the main shareholder of the Company. Helge Møgster is the father of Arne Møgster, the CEO of Austevoll Seafood.

Ole Rasmus Møgster (born 1958), Chairman of the Board, Austevoll Seafood, Alfabygget, 5392 Storebø, Norway. CEO of the Company (formerly Austevoll Havfiske AS) until June, 2006, and one of the main shareholders of Laco AS (through his personal investment company), which is the main shareholder of DOF ASA and Austevoll Seafood. Mr Møgster has long experience from fish harvesting, fish processing and salmon farming. Mr. Møgster is a member of various other boards, among them the Oslo Børs listed company DOF ASA, and Norwegian and foreign subsidiaries of Austevoll Seafood. Mr. Møgster is a Norwegian citizen with residence in Storebø, Austevoll, Norway. Mr. Møgster has been on the board of Austevoll Seafood (formerly Austevoll Havfiske AS) since 1997. Mr. Møgster's term expires at the annual general meeting in 2008.

Helge Møgster (born 1953), Board member, Austevoll Seafood, Alfabygget, 5392 Storebø, Norway. CEO and one of the main shareholders of Laco AS (through his personal investment company). Mr Møgster has long experience from the fish harvesting and offshore supply market, and holds board positions in several companies. Mr. Møgster is also a member of various other boards, among them the Oslo Børs listed companies DOF ASA and GEO ASA, and Norwegian and foreign subsidiaries of Austevoll Seafood. Mr. Møgster is a Norwegian citizen with residence in Storebø, Austevoll Norway. Mr. Møgster has been on the board of Austevoll Seafood since 1997. Mr. Møgster's term expires at the annual general meeting in 2008.

Oddvar Skjegstad (born 1951), Board member. P. O. Box 318, 6399 Vestnes, Norway. Master of Business and Administration. Self employed, with a wide experience from executive positions in public administration, bank and industrial activity. Mr Skjegstad is engaged in board activities within several different business sectors. Mr.

Skjegstad is a Norwegian citizen with residence in Vestnes, Norway. Mr. Skjegstad has been on the board of Austevoll Seafood since 2 June 2006. Mr. Skjegstad's term expires at the annual general meeting in 2008.

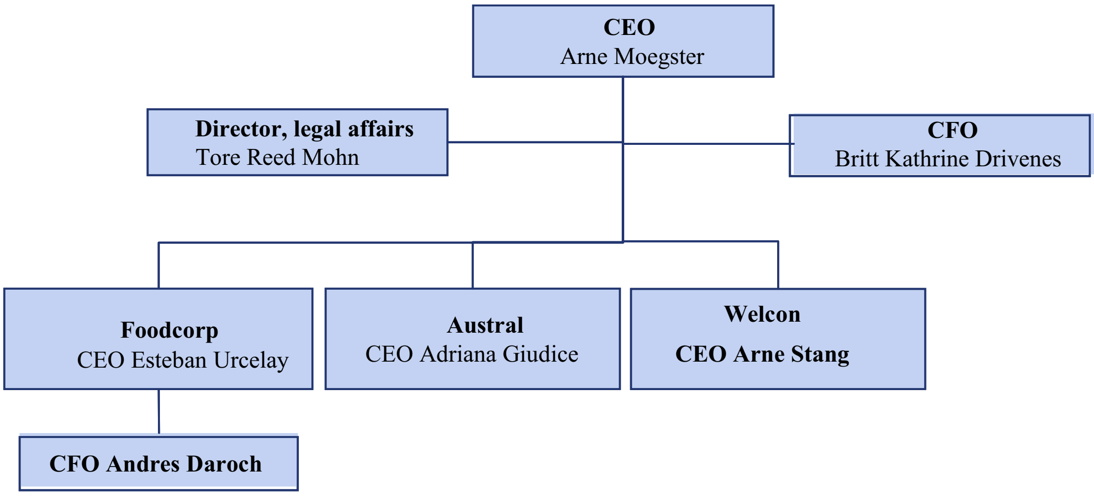
Hilde Waage (born 1965), Board member. Mercuri Urval AS, P. O. Box 6201, 5893 Bergen, Norway. CEMS Master. Senior Business Consultant in Mercuri Urval AS. Ms Waage holds a wide experience from bank, fishing and industry, and worked in Chile for 4 years. Ms. Waage is a Norwegian citizen with residence in Fana, Bergen, Norway. Ms. Waage has been on the board of Austevoll Seafood since 2 June 2006 and her term expires at the annual general meeting in 2008.

Inga Lise L. Moldestad (born 1966), Board member. Holberg Fondsforvaltning AS, Lars Hilles g. 19, 5008 Bergen, Norway. NHH (Norwegian School of Economics) MSc. CEO and partner in Holberg Fondsforvaltning, a Bergen based (asset) mutual fund management company. Extensive experience from Unibank Asset Management, Skandia Asset Management, and Arthur Andersen. Mrs. Moldestad is a Norwegian citizen with residence in Bergen, Norway. Mrs. Moldestad has been on the board of Austevoll Seafood since 2 June 2006. Mrs. Moldestad's term expires at the annual general meeting in 2008.

13.2.2 Description of the senior management

The senior management is responsible for the daily management and the operations of the Company.

The figure below is an overview of the organizational structure of Austevoll Seafood.



Arne Møgster, (born 1975), CEO, Austevoll Seafood, Alfabygget, 5392 Storebø, Norway. Bachelor of Business and Administration and MSc International Shipping. He has been working in subsidiaries of LACO AS since 1997, holding experience from the fishing, shipbuilding and offshore supply market. He has been working one year in Brazil and has held the position as Managing Director of Norskan AS since 2003. Mr. Møgster is a Norwegian citizen with residence in Storebø, Austevoll, Norway.

Britt Kathrine Drivenes, (born 1963), Chief Financial Officer (CFO), Austevoll Seafood, Alfabygget, 5392 Storebø, Norway. Bachelor of Business administration. Ms Drivenes started in the Company in 1991 and has held the position as CFO since 1996. Mrs. Drivenes has a wide experience in the fish harvesting, fish processing and fish farming market. Mrs. Drivenes is a Norwegian citizen with residence in Bekkjarvik, Austevoll, Norway.

Tore R. Mohn, (born 1950), Director of legal affairs, Austevoll Seafood, Alfabygget, 5392 Storebø, Norway. Law degree from the University of Bergen. Attorney-at-Law MNBA. Mr. Mohn has worked in Austevoll Seafood since 1997, since 2000 as Director of Legal Affairs for the Møgster Group of companies (Laco AS subsidiaries) including the Austevoll Seafood group and the DOF ASA and GEO ASA group of companies. He has former experience from Finansbanken (legal dept.) and Nordbanken. Mr. Mohn is a Norwegian citizen with residence in Fana, Bergen, Norway.

Esteban Urcelay, (born 1953), CEO of FoodCorp S.A. (Chile). Reyes Lavalle 3340 - Of. 1103 Las Condes, Santiago, Chile. Mr Urcelay has been leading this Chilean pelagic fishing company since it was founded in 1984. Mr Urcelay is a member of the board of the Industrial Fishing Association in Chile, and also a member of the Executive Committee of Austral Group S.A.A. Mr. Urcelay is a Chilean citizen with residence in Santiago, Chile.

Adriana Giudice, (born 1963), CEO of Austral Group S.A.A. (Peru), Av. Victor Andrés Belaunde No 147 Torre 7, Centro Empresarial Real, San Isidro (Lima 27) Peru. Attorney at Law. Mrs. Giudice joined Austral as legal advisor in 2000. She is a member of the Board of the National Fisheries Society of Peru. Previously she held the position of chief of legal advisors of the Peruvian Fishing Ministry, Vice president of the Consumer Protection

Commission and was a partner in a leading Peruvian law firm. Mrs. Giudice is a Peruvian citizen with residence in Lima, Peru.

Andres Daroch, (born 1960), CFO South America of Austevoll Seafood. Reyes Lavalle 3340 - Of. 1103 Las Condes, Santiago, Chile. Business Administrator, major in Finances. Mr Daroch is the Vice Managing Director of FoodCorp S.A. in Chile. Mr Daroch has previously held the position as CFO in different companies of the Møgster Group in Chile. Mr. Daroch is a Chilean citizen with residence in Conception, Chile.

Arne Stang, (born 1948), CEO Welcon Invest AS /Welcon AS, Henrik Ibsens g 100, 0230 Oslo, Norway. Shipping engineer. Mr Stang established his own company in late 1970s within electronics and real estate. He bought Stang Måløy Fish Oil Plant in 1994, which was later sold to Pan Fish werehe was in charge of Pan Fish' operations within fish meal and –oil. Mr. Stang has been the CEO of Welcon Invest AS/Welcon AS since 1994. Mr. Stang is a Norwegian citizen with residence in Oslo, Norway.

13.3 General

During the last five years preceding the date of this document, no Members of the Board or the senior management has:

- any convictions in relation to indictable offences or convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidiation in his capacity as a founder, director or senior manager of a company.

Over the five years preceding the date of this document, the Members of the Board and the senior management hold or have held the following directorships (apart from their directorships of the Company) and/or partnerships:

Board of Directors:	Current directorships/partnerships	Previous directorships/partnerships
Ole Rasmus Møgster	Anom AS AS Lafjord Aumur AS Austevoll Invest AS Austevoll Miljøsenter AS Austevoll Notverksted AS Austevoll Seafood ASA (several director ships within the Group) Bergen yards AS District Supply VIII AS DOF ASA (several director ships within the Group) DOF Holding AS DOF Management AS DOF Rederi Fishmarket International AS Fiskebåt Rederi AS Fitjar Mekaniske Verksted AS Hardsjø AS Kobbevik og Furuholmen Oppdrett AS Laco AS Laco IV AS Lafjord Fiskebåtrederi AS Lafjord Rederi AS Moco AS Mogstein AS Møgster Havfiske AS Møgster II AS Møgster III AS Møgster Management AS Møgsterfjord I AS Møgsterhav AS MV Marmon ANS Neptune Invest AS Norsk Havbruksforsikring AS Odra Industries AS Oppdrett Holding AS Pacpro AS Partrederiet JM Giske AS Salthella Eiendom AS Seastar Salmon Farms AS Talbor AS Vesterfjord AS Vesterfjord AS	
Helge Møgster	AS Lafjord Aumur AS Austevoll Seafood ASA (several director ships within the Group) Bergen Yards AS Borea AS Borea FX AS Borea Holding AS Borea Opportunity I AS Bravo Tug AS District Supply VI AS District Supply VII AS District Supply VIII AS DOF ASA (several director ships within the Group)	

	DOF Holding AS DOF Management AS DOF Rederi Dofcon ASA Eikelie AS Eikelie Eiendom AS Eikelie Invest AS Fitjar Mekaniske Verksted AS Geo ASA(several director ships within the Group) Geo Group AS Geo Rederi AS Geo Rederi II AS Geo Shipping AS Geoconsult AS Geofjord AS Geofjord Shipping AS Geograph AS Geograph Shipping AS Kobbevik og Furuholmen Oppdrett AS Laco AS Laco III AS Laco IV AS Lafjord Rederi AS Mogstein AS Møgster Havfiske AS Møgster II AS Møgster III AS Møgster IV AS Møgster Management AS Møgsterbas AS Møgsterfjord I AS Møgsterhav AS Møvik AS MRG Maritime resource group AS Murman Fishing Company Ltd. MV Marmon ANS Norskan AS Pacpro Norge AS Partrederiet JM Giske AS Talbor AS Vesterfjord AS Vesterlie AS	
Oddvar Skjegstad	Årø Bilsenter AS Arparo AS Austevoll Seafood ASA Axel AS Buby AS Bussbygg AS E Christensen AS Gråurvegen AS IS Fiskenes Hus Molde Produksjonssenter AS Oddvar Skjegstad Offinn AS Rehua AS Rehua Eiendom AS Skjegstad Asmdrift AS Skjegstad Samdrift AS Skobutikken Vestnes AS Sydvestor Vekst AS Vartdal Fiskeriselskap AS	

Hilde Waage	Austevoll Seafood ASA	
Inga Lise L. Moldestad	Austevoll Seafood ASA Partner Forvaltning AS	

Management:	**Current directorships/partnerships**	**Previous directorships/partnerships**
Arne Møgster	DOF Holding AS Fitjar Mekaniske AS Vesterlie AS	
Britt Kathrine Drivenes	Lerkehaug AS Aumur AS Møgster Havfiske AS Møgster II AS	
Tore R. Mohn	Bergen Mekaniske Verksted AS Bravo Tug AS District Supply IX AS District Supply VII AS Halsnøy Industribase AS Kanabus AS Kimek AS Laco IV AS Møvik AS	
Esteban Urcelay	Chilefood S.A. Pesquera Austral (Perú) ASIPES (Fishing Industry Association)	Foodcorp Chile S.A. Pesquera del Norte
Adriana Giudice	National Fisheries Association Apropisco S.A.C.	OSIPTEL - Private Investment in Telecommunications
Andres Daroch	Foodcorp Chile S.A. Pesquera del Cabo S.A. Saint John's School	Pacific Fisheries Pesquera del Norte S.A.
Arne Stang	ANS Bryggetorget AS AK Stang AS Arne Stang AS Deknepollen Eiendom AS Malibu Eiendom AS Mat Miljølaboratoriet As Måløy Sildoljefabrikk AS Sea Grain AS Vadsø Sildoljefabrikk As Welcon Moldustranda AS Welcon Protein AS	Pan Pelagic

13.4 Conflict of interests etc.

There are no potential conflict of interest between the management's and the director's duties to the Company, and their private interests and/or other duties. The management and the directors have not been associated with any bankruptcies, receiverships or liquidations for the last five years. None of the Managers or directors have been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), or been disqualified by a court from acting as a member of the administrative, management or supervisory body of an issuer or from acting in the management or conduct of the affairs of any issuer, or convicted of any fraudulent offences, for the last five years.

The Company's main shareholder, Laco AS, has entered into a lock-up agreement with Pareto Securities ASA dated 29 May 2006. See Section 25.5.

13.5 Corporate Governance

On 29 August 2006, the Company's Board of Directors adopted the Norwegian Code of Practice for Corporate Governance (the "CG Code"). Given current shareholder structure, the Company has chosen not to have an election committee for proposals of new Directors to be elected, as recommended in the CG Code section 7. However, the Company complies with the requirement for board composition as set out in section 8 of the CG Code, and has implemented a compliant board composition requirement in its own corporate governance guidelines. On 2 June 2006 the Board of Directors of the Company was granted an authorisation to acquire up to 10% of the Company's Shares. The authorization is valid until 2 December 2007, in compliance with the Norwegian Public Limited Companies Act, but longer than the recommendation set out in the CG Code section 3, recommending such authorization to last no longer than until the next ordinary general meeting of the Company.

14 REMUNERATION AND BENEFITS

The remuneration of the Directors of the Board shall be determined on an annual basis by the Company's shareholders in its annual general meeting in accordance with section 3 of the Company's Corporate Governance Policy. The directors may also be reimbursed for, inter alia, travelling, hotel and other expenses incurred by them in attending meetings of the directors or in connection with the business of the Company. A director who has been given a special assignment, besides his normal duties as a director of the Board, in relation to the business of the Company may be paid such extra remuneration as the directors may determine.

Up to and including 2005, no remuneration has been paid to the Board of Directors of the Company. The costs of auditing have been covered in accordance with invoices received.

The acting CEO, Mr. Arne Møgster, has a compensation of NOK 940,000 per year. In addition, he receives car allowance and the Company covers the costs of mobile- and home telephone as well as the costs of newspapers and pension-, group life-, travel- and holiday insurance. The CEO has no other compensation.

The CFO, Mrs. Britt K. Drivenes, has a compensation of NOK 850,000 per year. In addition she receives coverage of the cost of mobile- and home telephone, as well as the cost of pension-, group life-, travel and holiday insurance. The CFO has no other compensation.

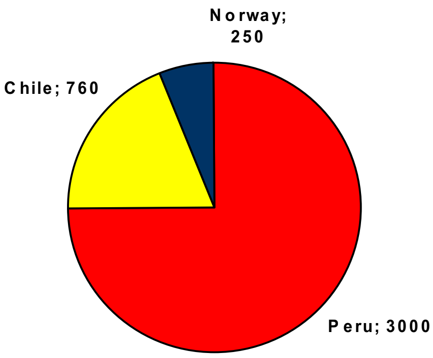
The Company has a general group pension scheme for the employees (11 persons), and CEO Arne Møgster and CFO Britt Kathrine Drivenes are included in this group pension scheme. This is a defined benefit pension scheme (NW: "ytelsesbasert pensjonsforliktelser") where the employee is entitled to a pension amounting to 70% of the salary from the retirement age of 67 years.

The company has set aside approx. NOK 1.6 million to cover future pension liabilities for the employees in the administration (11 persons), and this offset also includes the future liabilities for the CEO Arne Møgster and CFO Britt Kathrine Drivenes.

None of the members of the administrative, management or supervisory bodies' service contracts with the Company or any of its subsidiaries provide for benefits upon termination of employment.

15 EMPLOYEES

The Austevoll Seafood Group has about 4,000 employees, of which 250 are employed in Norway, 3,000 in Peru and 760 in Chile, as showed in the graph below. The bulk of employees are connected to the various land based production facilities in Chile and Peru.



In 2005 (before Austevoll Seafood's acquisition of Austral) the number of employees was on average approx. 860. The corresponding figure was 850 for 2004, and 910 for 2003.

16 MAJOR SHAREHOLDERS

As of 9 October 2006, Austevoll Seafood had a total of 1,828 registered shareholders, of whom 1,767 were Norwegian and 61 were foreign shareholders. There are no limits restricting foreign ownership of the Company's Shares. The Shares carry equal rights in all respects. Each Share has the right to one vote at general meetings.

The table below shows the 20 largest shareholders in the Company as registered by the VPS on 9 October 2006:

	Shareholder	Number of Shares	%
1	Laco AS	112,605,876	71.17%
2	BEAR STEARNS SECURITIES CORP. *	3,674,838	2.32%
3	GOLDMAN SACHS & CO*	3,588,000	2.27%
4	VERDIPAPIRFOND ODIN	3,276,650	2.07%
5	VERDIPAPIRFOND ODIN	3,243,750	2.05%
6	DEUTSCHE BANK AG LONDON*	2,773,147	1.75%
7	PARETO AKSJE NORGE	2,081,000	1.32%
8	BANK OF NEW YORK, BR BNY GCM *	1,776,506	1.12%
9	BR.BIRKELAND AS	1,722,223	1.09%
10	UBS AG, LONDON BRANCH*	1,688,000	1.07%
11	MOHN TROND	1,111,000	0.70%
12	MORGAN STANLEY & CO. INC.*	1,083,000	0.68%
13	STATE STREET BANK & TRUST CO.*	1,111,000	0.68%
14	PARETO AKTIV	996,300	0.63%
15	VESTERFJORD AS	607,030	0.38%
16	UBS AG, LONDON BRANCH*	578,000	0.37%
17	MØGSTERFJORD FISKEBÅTREDERI AS	559,640	0.35%
18	CINUS A/S	556,000	0.35%
19	BJÅNES, PER ARNE	555,556	0.35%
20	AS NAVE	555,556	0.35%
	Total 20 largest shareholders	144,125,618	91.08%
	Other shareholders	14,098,006	8.92%
	Total shareholding	**158,223,624**	**100.00%**

* Registered as nominee shareholder with VPS.

The Company is for purposes of Norwegian law controlled by Laco AS (71.1%), a company controlled through holding companies owned by Helge Møgster, Ole Rasmus Møgster and their relatives. As further described in Sections 20.8.7 and 20.8.8, Norwegian legislation contains mechanisms designed to protect minority shareholders in a Norwegian company, including but not limited to protection in connection with transactions between a related party and the Company.

As of the date of this Prospectus, the total number of Shares held indirectly beneficially by directors and executive officers of the Company as a group, amounts to 72.91% of the total number of shares of the Company. As of the date of this Prospectus, to the knowledge of the Company, there are no arrangements or agreements, which may at a subsequent date result in a change of control in the Company.

17 RELATED PARTY TRANSACTIONS

17.1 Transactions with related parties

All of the transactions/agreements described in this section are entered into on ordinary terms and conditions for such type of agreements, and are based on the principle of "arm's length" pricing.

17.1.1 Merger between Laco III AS and A-Fish AS

Through a merger between Laco III AS, a wholly owned subsidiary of Laco AS, and A-Fish AS, a wholly owned subsidiary of Austevoll Seafood, in 2003 Austevoll Seafood acquired 100% of the Chilean sub-group Foodcorp S.A. as of 1 July, 2003. The consideration to Laco AS of NOK 278.7 million was settled through a share issuance of 8,226,061 shares in Austevoll Seafood with a par value of NOK 2,-.

17.1.2 Sale of shares in Lafjord Fiskebåtrederi AS 2005

In December 2005, Austevoll Seafood sold 49.98% of the shares in Lafjord Fiskebåtrederi AS (3,008,796 shares with par value NOK 1.-). The shares were transferred to 8 different companies, including the related parties Møgsterfjord I AS, Møgsterhav AS, Talbor AS and Brødrene Birkeland Fiskebåtrederi AS. The remaining shares in the company were acquired by the same buyers from the other shareholder AS Lafjord (a company controlled by the owners of Laco AS).

17.1.3 Transfer of shareholdings from Laco AS to Austevoll Seafood in 2006

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

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

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

17.1.4 Transfer of shareholding from Møgster II AS to Austevoll Seafood 2006

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

17.1.5 De-merger of Austevoll Seafood 2006

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

17.1.6 Other acquisitions 2006

- Medio 2006, Austevoll Seafood acquired 4,258,517 shares in Austevoll Fisk AS at par value NOK 1.00 and 100% of the shares in Storebø Notbøteri AS (1,000 shares at par value NOK 1.00) from its associated company Br. Birkeland AS. Austevoll Seafood now controls 99.6% of the shares in Austevoll Fisk AS and 100% of the shares in Storebø Notbøteri AS
- Austevoll Seafood has made an offer to buy approx. 4% of the shares in Br. Birkeland AS through an exercise of pre-emption rights. This transaction will be completed before the end of 2006.

17.2 Business relationships with related parties

- Møgster Management AS provides services for the Austevoll Seafood Group at its main office in Storebø, Austevoll. These services include certain administrative services such as IT, reception, catering, accounting and secretary- and financial services. The Austevoll Seafood Group is invoiced on an annual basis for these services.
- Consecutive transactions between the companies within the Austevoll Seafood Group take place on a daily basis, cf section 20 (Material Contracts) for further details.
- Sea Star International AS has a 25.8% shareholding in Modolv Sjøseth AS, with an option of later acquisition of all shares in the company. Sea Star International AS has entered into an agreement for marketing and sale of all products from Modolv Sjøseth AS.
- Sea Star International AS has a 13.8% shareholding in Sir Fish AS, and has entered into an agreement for marketing and sale of all products from Sir Fish AS.

18 FINANCIAL INFORMATION

Annual reports including audited historical financial information and audit reports in respect of 2005, 2004 and 2003 may be found at the Company's website www.auss.no and information published after 30 August 2006 at www.newsweb.no under the ticker AUSS. The financial statements have been audited by Austevoll Seafood's statutory auditor, PricewaterhouseCoopers.

The Company's financial information for the 2 quarter 2006 is enclosed as Appendix 6. The 2 quarter report has been subject to a limited review (Appendix 7). The Company has not, since its incorporation, paid any dividends.

International Financial Reporting Standards (IFRS) have been adopted as the accounting principles for listed companies in Norway and Europe with effect from 1 January 2005. Annual figures for 2004 have also been revised to be in compliance with the new accounting standard. For comparative purposes, 2004 figures are stated in NGAAP and IFRS. For further comments to the Company's accounts and explanatory notes, see the annual report for 2005 in Appendix 3, and the annual reports for 2004 and 2003, Appendix 4 and Appendix 5, respectively, which are available as set forth in Section 23 "Documents on display".

18.1 Summary of significant accounting policies

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. Both 2004 and 2005 financial statements are originally prepared according to NGAAP. However, in connection with the planned listing on the Oslo Stock Exchange in 2006, the Group has also prepared the 2005 financial statements in accordance with IFRS. The 2004 comparable figures shown in the 2005 consolidated financial statements are based on the same principles applied in the 2005 consolidated financial statements. The main changes in accounting principles and the main effects of the transition from NGAAP to IFRS are shown in paragraph 17.2.

The consolidated financial statements have been prepared under the historical cost convention, as modified by harvestable biological assets, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss. Consolidated pro-forma information has been prepared following the same principles as described above.

Significant accounting judgments and estimates

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

Consolidation

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

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

Transactions and minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties internal to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded directly against equity. In the case of purchase of minority interests, the compensation is charged against minority interests related to this investment, and the remaining difference is charged against other equity. Thus, purchase of minority does not generate or change excess values, including goodwill.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

Transactions under common control

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

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

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

(iii) all resulting exchange differences are recognised as a separate component of equity.

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

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

Property, plant and equipment

Land and buildings comprise mainly factories and offices. Property, plant and equipment is stated at historical cost less depreciation and impairment.

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 item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

Intangible assets

Internally generated intangible assets are not recognised in the accounts. Goodwill and licences with indefinite economic life are subject to annual impairment tests. Impairment tests are performed more frequently if indications of impairment exist. Depreciated licences are tested for impairment only if indications of impairment exist.

Goodwill

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

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

Licences

Fishing concessions and fish farming licences that have an indefinite useful life are not amortised but reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying amount may have decreased. Concessions and licenses with indefinite useful lives are distributed to the Company by the Government, and the distribution is not contingent on future compliance of any specific conditions. Further, these are not limited in terms of time. Licences that have a definite useful life are amortised over this definite time period. These licenses are also distributed by the Government, but the limited terms of time are publicly known in advance.

Impairment of non-financial assets

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

Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

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

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

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'other financial income/losses'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Group's right to receive payments is established.

The 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.

Inventories

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

Biological assets

The Company currently accounts for fish weighing 4 kg or more on the basis of reported selling prices for slaughtered salmon of the equivalent size, whereas smaller living fish is measured at cost.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement within 'other operating expenses'.

Cash and cash equivalents

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

Share capital

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

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Deferred income tax

Deferred income tax is provided in full, 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.

Pension obligations

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.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminated sales within the Group. Revenue is recognised as follows:

Sales of goods

Sales of goods are recognised when a group entity has delivered products to the customer; the customer has accepted the products and collectibles of the related receivables is reasonably assured. The sales income is recognised when the risk and rewards related to the goods have been transferred to the customer.

Harvestable biological assets

Changes if fair value of biological assets is recognized in the income statement when the average size of the fish in a location exceeds 4 kg. The fair value adjustment is reported on a separate line; "fair value adjustment biological assets".

Interest income

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

Dividend income

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

Leases

Finance leases

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

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

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received 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.

Contingent assets and liabilities

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.

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

18.2 Transition from NGAAP to EU-IFRS

Both 2004 and 2005 consolidated accounts were prepared according to NGAAP. However, in connection with the planned listing on the Oslo Stock Exchange in 2006, the Group has also prepared the 2005 financial statements in accordance with IFRS. The 2004 comparable figures shown in the 2005 consolidated financial statements are based on the same principles applied in the 2005 consolidated financial statements. The accounting principles summarised in Section 17.1 are applied on both 2004 and 2005 consolidated accounts prepared according to EU-IFRS. The table below outlines the differences between EU-IFRS and NGAAP and is based on audited financial information:

Transition from NGAAP to EU-IFRS (NOKm) Audited	Group 31.12.2005	Group 31.12.2004	Group 01.01.2004
Equity according to NGAAP	1,013,318	784,947	702,260
Equity according to EU-IFRS	977,869	721,963	619,516
Difference	**35,449**	**62,984**	**82,744**
IFRS adjustments:			
Goodwill	49,047	19,986	16,210
Licenses	3,274	2,526	1,778
Vessels	29,650	18,452	7,300
Other property, plant and equipment	1,278	1,300	1,322
Fair value adjustment on biological assets	0	1,108	-3,710
Deferred tax liabilities	-114,662	-104,720	-105,896
Pension obligations	-3,953	-3,765	-3,918
Other adjustments	-83	2,129	4,170
Total adjustments	**35,449**	**62,984**	**82,744**

Goodwill

Under NGAAP goodwill was amortized over a period between 5-20 years. However under EU-IFRS, goodwill is not depreciated but evaluated annually for impairment to ensure that the carrying amounts do not exceed fair value. Consequently, in transitioning from NGAAP to EU-IFRS depreciation of goodwill is reversed. Further, goodwill related to a business combination in 2005 was adjusted due to implementation of IFRS 3.

Licenses

Under previous GAAP licenses (with indefinite lives) in Chile that were acquired in conjunction with a vessel were recognized together with the vessel within fixed assets. After the initial recognition, the book value was depreciated. However under EU-IFRS the fishing licenses were retrospectively separated from the related vessel on the date they were acquired and reclassified to intangible assets. Depreciation calculated for the portion of the asset related to the license was reversed. Separation of the vessels and licenses was done based upon fair values.

Vessels and other property, plant and equipment

Book value of vessels has been changed due to implementation of the component approach, and revised estimates of useful lives and residual values.

Fair value adjustment on biological assets

Under NGAAP biological assets were accounted for using the lowest of production cost and net realisable value based upon future sales prices. However, under EU-IFRS biological assets (salmon) with weight > 4 kg are accounted for at fair value less estimated point-of-sale cost based upon quoted prices as of balance sheet date.

Deferred tax

Under NGAAP, deferred tax provision was calculated by using net present value of deferred tax related to assets with indefinite lives (mainly licenses). However, under EU-IFRS deferred tax provisions are based upon nominal values.

In addition, deferred tax is also influenced by other changes due to IFRS-implementation.

Pensions

The Group has in line with EU-IFRS elected to recognise all cumulative actuarial gains and losses as of 1 January 2004 in equity. This creates a difference towards previous GAAP.

18.3 Historical financial accounts

18.3.1 Consolidated income statements

International Financial Reporting Standards (IFRS) have been adopted as the accounting principles for listed companies in Norway and Europe with effect from 1 January 2005. Annual figures for 2004 have also been revised to be in compliance with the new accounting standard. For comparative purposes, 2004 figures are stated in NGAAP and IFRS. For further comments to the Company's accounts and explanatory notes, see the annual report for 2005 in Appendix 3, and the annual reports for 2004 and 2003, which are available as set forth in Section 23 "Documents on display".

The table below summarizes the consolidated income statements for the Company and its subsidiaries for the years ended 31 December 2005, 2004 and 2003, and the three and six month's period ended 30 June 2005 and 2006.

	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	NGAAP	NGAAP
	*Un-audited	*Un-audited	*Un-audited	*Un-audited	Audited	Audited	Audited	Audited
	2. quarter 30.06.06	2. quarter 30.06.05	YTD 30.06.06	YTD 30.06.05	Full year 2005	Full year 2004	Full year 2004	Full year 2003
Operating income	441,933	434,947	800,933	784,707	1,912,369	1,250,007	1,310,247	1,064,604
Operating expenses	-333,363	-272,794	-641,085	-582,503	-1,513,027	-1,064,928	-1,123,263	-931,320
Operating profit before deprec. and fair value adj. biological assets	108,570,	162,153	159,848	202,204	399,162	185,079	186,984	133,284
Depreciation and amortisation	-21,809	-33,549	-41,977	-60,702	-114,382	-98,421	-118,294	-255,306
Impairment	77,932	-	77,932	-	-	-	-	
Operating profit before fair value adj. of biomass	164,693	128,604	195,803	141,502	284,780	86,658	68,690	-122,022
Fair value adjustment of biological assets	-	-4,385	-	-1,994	-1,108	4,820	-	-
Operating profit	164,693	124,219	195,803	139,508	283,672	91,478	68,690	-122,022
Income from associated companies	7,757	1,759	13,237	3,064	17,066	2,163	2,275	-43,885
Net financial items	-3,891	-17,748	-14,589	-26,732	-72,597	-29,790	-30,455	-39,796
Profit before tax	168,559	108,230	194,451	115,840	228,141	63,851	40,508	-205,703
Income tax expense	-39,783	-19,827	-37,606	-21,355	8,931	19,060	20,733	2,927
Net profit	128,776	88,403	156,845	94,485	237,072	82,911	61,241	-202,776
Profit to minority interests	1,259	-5,964	2,762	-5,065	9,871	4,882	4,882	-6,726
Profit attributable to equity holders of Austevoll Seafood ASA	127,517	94,367	154,083	99,550	227,201	78,029	56,359	-196,051

** Source: 2nd quarter report 2006*

18.3.2 Consolidated balance sheet for Company

Set out below is the consolidated balance sheet for the Group for the periods ending 30 June 2005 and 2006, together with balance sheets for the years ending 31 December, 2003, 2004 and 2005:

	IFRS Unaudited*	IFRS Unaudited*	IFRS Audited	IFRS Audited	NGAAP Audited	NGAAP Audited
ASSETS	**30.06.06**	**30.06.05**	**31.12.05**	**31.12.04**	**31.12.04**	**31.12.03**
Intangible assets	1,367,223	913,110	845,562	762,317	679,830	700,365
Vessels	816,072	436,202	484,899	647,276	688,802	726,792
Other property, plant and equipment	1,613,836	593,907	597,079	415,550	414,250	430,344
Investments in associated companies	113,502	92,299	102,176	104,221	104,333	95,466
Available for sale financial assets	8,921	8,685	,59,342	7,125	7,125	5,846
Non-current receivables	116,665	133,202	115,243	104,303	104,303	54,481
Total non-current assets	**4,036,219**	**2,177,405**	**2,204,301**	**2,040,792**	**1,998,643**	**2,013,294**
Inventories	1,015,089	127,900	111,401	72,739	60,539	46,773
Biological assets	187,094	179,364	176,195	171,237	182,329	181,234
Accounts receivable	782,016	233,087	204,080	166,124	166,124	156,571
Other current receivables	45,095	95,763	271,040	67,740	67,740	109,238
Cash and cash equivalents	889,207	103,131	126,493	22,640	22,640	75,497
Total current assets	**2,918,501**	**739,245**	**889,209**	**500,480**	**499,372**	**569,315**
Total assets	**6,954,720**	**2,916,650**	**3,093,510**	**2,541,272**	**2,498,015**	**2,582,609**
	IFRS	IFRS	IFRS	IFRS	NGAAP	NGAAP
Equity and liabilities	**30.06.06**	**30.06.05**	**31.12.05**	**31.12.04**	**31.12.04**	**31.12.03**
Share capital	88,135	56,097	56,097	56,097	56,097	56,097
Share premium fund	2,115,418	512,088	512,088	512,088	512,088	512,088
Retained earnings and other reserves	597,222	170,967	332,650	,38,761	108,547	39,341
Minority interests	142,807	151,551	,77,034	115,017	108,215	94,734
Total equity	**2,943,582**	**890,703**	**977,869**	**721,963**	**784,947**	**702,260**
Deferred tax liabilities	669,207	322,089	281,228	291,615	186,895	238,881
Pension obligations	3,061	4,872	4,546	4,150	,385	63
Borrowings	1,265,270	720,665	1,007,087	752,081	1,033,069	1,176,820
Other non-current liabilities	96,392	109,603	113,692	97,193	97,193	99,214
Total non-current liabilities	**2,033,930**	**1,157,229**	**1,406,553**	**1,145,039**	**1,317,542**	**1,514,978**
Borrowings	1,419,193	587,518	437,954	471,334	190,346	166,602
Accounts payable	495,723	166,065	161,445	121,952	121,952	126,830
Other current liabilities	62,292	115,135	109,689	80,984	83,228	71,939
Total current liabilities	**1,977,208**	**868,718**	**709,088**	**674,270**	**395,526**	**365,371**
Total liabilities	**4,011,138**	**2,025,947**	**2,115,641**	**1,819,309**	**1,713,068**	**1,880,349**
Total equity and liabilities	**6,954,720**	**2,916,650**	**3,093,510**	**2,541,272**	**2,498,015**	**2,582,609**

** Source: 2nd quarter report 2006*

18.3.3 Consolidated statement of changes in equity

Set out below is the consolidated statement of changes in equity for the Group for the periods ending 30 June 2005 and 2006, together with the years ending 31 December, 2003, 2004 and 2005:

	IFRS *Un-audited	**IFRS *Un-audited**	**IFRS *Un-audited**	**IFRS *Un-audited**	**IFRS Audited**	**IFRS Audited**	**NGAAP Audited**	**NGAAP Audited**
	2. quarter 30.06.06	**2. quarter 30.06.05**	**YTD 30.06.06**	**YTD 30.06.05**	**Full year 2005**	**Full year 2004**	**Full year 2004**	**Full year 2003**
Equity period start	**985,834**	**790,211**	**977,869**	**721,963**	**721,963**	**619,870**	**702,260**	**645,823**
Profit for the period	128,776	88,403	156,845	94,485	237,072	82,911	62,094	-202,778
Currency translation differences	-34,549	13,506	-54,653	34,860	53,026	-10,216	-7,390	-12,803
Other gains and losses charged directly to equity	-	-	-	-	-2,811	-606	-1,481	-5,805
Total gains and losses charged directly to equity	-34,549	13,506	-54,653	34,860	50,215	-10,822	-8,871	-18,608
Total recognised income for the period	94,227	101,909	102,192	129,345	287,287	72,089	53,223	-221,386
Dividends	-	-1,417	-	-1,417	-1,417	-	-540	-878
Acquisition of minorities	-179,606	-	-179,606	-	-29,964	-	-	-
Minority interests arising from business combinations	119,074	-	119,074	40,812	-	-	-	-
Revaluation of existing interests related to business combinations	288,686	-	288,686	-	-	-	-	-
New equity from cash contributions and contributions in kind	1,673,192	-	1,673,192	-	-	30,004	30,004	278,700
Expenses related to share issues (net of tax)	-37,825	-	-37,825	-	-	-	-	-
Total equity from shareholders in the period	1,863,521	-1,417	1,863,521	39,395	-31,381	30,004	29,464	277,822
Total change of equity in the period	1,957,748	100,492	1,965,713	168,740	255,906	102,093	82,687	56,436
Equity at period end	**2,943,582**	**890,703**	**2,943,582**	**890,703**	**977,869**	**721,963**	**784,947**	**702,260**

** Source: 2nd quarter report 2006*

18.3.4 Consolidated cash-flow statement for Company

Set out below is the consolidated cash flow statement for Company for the 3 and 6 months periods ending 30 June 2005 and 2006, together with statements for the years ending 31 December, 2003, 2004 and 2005:

	IFRS *Un-audited	IFRS *Un-audited	IFRS *Un-audited	IFRS *Un-audited	IFRS Audited	IFRS Audited	NGAAP Audited	NGAAP Audited
	2. quarter 30.06.06	2. quarter 30.06.05	YTD 30.06.06	YTD 30.06.05	Full year 2005	Full year 2004	Full year 2004	Full year 2003
Net cash flow from operating activities	681	85,237	25,975	7,293	53,690	142,981	142,981	32,038
Net cash flow from investing activities	-875,090	48,237	-839,100	26,393	-162,829	-128,744	-178,566	-31,151
Net cash flow from financing activities	1,627,263	-47,525	1,575,840	35,805	212,992	-67,094	-17,272	-38,512
Net change in cash and cash equivalents	752,854	85,949	762,715	69,491	103,853	-52,857	-52,857	-37,625
Cash and cash equivalents at beginning of period	**136,353**	**17,182**	**126,493**	**33,640**	**22,640**	**75,497**	**75,497**	**113,122**
Cash and cash equivalents at period end	**889,207**	**103,131**	**889,208**	**103,131**	**126,493**	**22,640**	**22,640**	**75,497**

** Source: 2nd quarter report 2006*

18.4 Segment information

Business segment – primary segment information

The Group operates within three segments in relation to strategic types of activities. The different business segments are divided into fish meal/-oil, Human Consumption and Salmon. Set out below is the consolidated business segment information for the Group for the 3 and 6 months periods ending 30 June 2005 and 2006, together with segment information for the years ending 31 December, 2003, 2004 and 2005:

Business segments	**Fish meal/-oil**		**Human Consumption**		**Salmon**		**Other/eliminations**		**Group**	
All figures in NOK 1.000	**2Q**		**2Q**		**2Q**		**2Q**		**2Q**	
3 months ending 30. June Un-audited*	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
Total operating revenues	119,443	60,109	333,650	339,395	99,616	128,047	-110,776	-92,604	441,933	434,947
Op. profit bef. deprec. and adj. biom.	34,339	8,116	25,561	129,810	48,253	22,610	417	1,617	108,570	162,153
Operating profit bef. adj. biological assets	29,066	5,208	16,195	109,026	119,383	13,491	49	879	164,693	128,604
Operating profit	29,066	5,208	16,195	109,026	119,383	9,106	49	879	164,693	124,219
Profit before tax	26,378	123	18,849	110,925	117,968	-3,225	5,364	407	168,559	108,230

** Source: 2nd quarter report 2006*

Business segments	Fish meal/-oil		Human Consumption		Salmon		Other/eliminations		Group	
All figures in NOK 1.000										
	YTD		YTD		YTD		YTD		YTD	
6 months ending 30. June **Un-audited***	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
Total operating revenues	165,683	127,642	648,276	582,122	143,623	191,655	-156,649	-116,712	800,933	784,707
Op. profit bef. deprec. and adj. biom.	45,704	32,790	52,770	75,203	60,255	32,470	1,119	61,741	159,848	202,204
Operating profit bef. adj. biological assets	35,922	21,829	34,797	42,155	124,701	16,515	383	61,003	195,803	141,502
Operating profit	35,922	21,829	34,797	42,155	124,701	14,521	383	61,003	195,803	139,508
Profit before tax	30,299	7,579	38,968	45,819	119,698	1,912	5,486	60,531	194,451	115,840

** Source: 2nd quarter report 2006*

Business segments	Fish meal/-oil		Human Consumption		Salmon		Other/eliminations		Group	
All figures in NOK 1.000	**Full year**		**Full year**		**Full year**		**Full year**		**Full year**	
Full year, Audited	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**
Total operating revenues	206,029	182,487	1,404,174	1,031,343	348,918	248,092	-46,752	-211,915	1,912,369	1,250,007
Op. profit bef. deprec. and adj. biom.	65,846	80,880	103,208	127,979	55,680	645	174,427	-24,424	399,162	185,079
Operating profit bef. adj. biological assets	37,485	56,329	47,500	78,195	24,150	-20,783	175,645	-27,083	284,780	86,658
Operating profit	37,485	56,329	47,500	78,195	23,042	-15,963	175,645	-27,083	283,672	91,478
Profit before tax	5,141	53,659	33,178	60,215	8,680	-27,343	181,142	-22,679	228,141	63,851

Business segments	Fish meal/- oil	Human Consumption	Salmon	Other/eliminations	Group
NGAAP, Un-audited *All figures in NOK1.000*	**Full year 2003**	**Full year 2003**	**Full year 2003**	**Full year 2003**	**Full year 2003**
Total operating revenues	124 342	923 952	115 112	-98 803	1 064 603
Op. profit bef. deprec. and adj. biom.	31 218	121 383	-22 249	2 932	133 284
Operating profit bef. adj. biomass	10 124	48 873	-182 476	1 457	-122 022
Operating profit	10 124	48 873	-182 476	1 457	-122 022
Profit before tax	**39 630**	**-45 954**	**-199 135**	**-245**	**-205 704**

** Source: Management reporting*

Geographical segment

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

As of June 30, 2006, December 31, 2005, December 31, 2004, December 31, 2003 South America consists of Chile.

Segment information

Geographical segments	South America IFRS		Norway IFRS		Group IFRS	
	2005	2004	2005	2004	2005	2004
Operating income	473,626	260,506	1,438,743	989,501	**1,912,369**	**1,250,007**

Geographical segments	South America NGAAP		Norway NGAAP		Group NGAAP	
	2004	2003	2004	2003	2004	2003
Operating income	414,744	197,716	895,503	866,887	**1,310,247**	**1,064,603**

Geographical segments	South America IFRS		Norway IFRS		Group IFRS	
	2Q2006	2Q2005	2Q2006	2Q2005	2Q2006	2Q2005
Operating income	213,620	166,601	228,313	268,346	**441,933**	**434,947**

Geographical segments	South America IFRS		Norway IFRS		Group IFRS	
	YTD2006	YTD2005	YTD2006	YTD2005	YTD2006	YTD2005
Operating income	312,483	342,852	488,450	441,855	**800,933**	**784,707**

18.5 Financial key figures for the Group

	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	NGAAP
	2. quarter		YTD		Full year	Full year	Full year
	30.06.06	30.06.05	30.06.06	30.06.05	2005	2004	2003
Book equity per share (end of period) (NOK)	15.89	6.59	15.89	6.59	8.03	5.41	5.41
Earnings per share (NOK)	0.95	0.84	1.25	0.89	2.03	0.70	-2.39
Equity ratio (%) end of period	42%	31%	42%	31%	32%	28%	27%
EBITDA margin before fair value adjustments of biological assets	25%	36%	20%	26%	21%	15%	13%
Return on equity	-	-	-	-	33%	13%	-31%
Dividend	0	0	0	0	0	0	0

Definitions of financial key figures:

Book equity per share:	Book equity attributable to equity holders of Austevoll Seafood ASA/ Total shares in Austevoll Seafood ASA adjusted for share split in 2006.
Earnings per share:	Profit/loss of the year attributable to equity holders of Austevoll Seafood ASA/ Average number if outstanding shares in Austevoll Seafood ASA in the period adjusted for share split in 2006.
Equity ratio:	Book equity at period end / Total assets at period end
EBITDA margin:	Operating profit before depreciation and fair value adjustments of biological assets / Operating revenues
Return on equity:	Profit after taxes / Total book equity at period start

18.6 Comments on financial accounts

In the following paragraphs significant matters relating to the consolidated accounts are elaborated.

18.6.1 Developments in second quarter 2006

Operations and result

The Group's consolidated operating income was NOK 441.9 million (Q2 2005: NOK 434.9 million).

EBITDA pre fair value adjustment of biological assets was NOK 108.6 million (Q2 2005: NOK 162.2 million). The figures are not directly comparable for the same periods in each year, due to seasonal variations in catches, farmed volumes, harvest, production and sales. The prices both for fishmeal- and oil and salmon have increased in 2006, however the sold quantity in second quarter compared to 2005 has been lower both for canned products and for salmon. The increase in oil prices has impact to our expenses, as fuel is a relatively large part of the expenses for the fishing vessels.

EBIT pre fair value adjustment of biological assets was NOK 164.7 million (Q2 2005: NOK 128.6 million). In 2Q 2006 the Group reversed an earlier years impairment of salmon licenses by NOK 77.9 million.

Fair value adjustments required on biological assets under IFRS had no effect in Q2 2006 as the Group had no biological assets above 4 kg as of 30.06.2006 and 31.03. 2006 (Q2 2005: loss of NOK -4.4 million). The principal adjustments for fair value relate to valuing mature or harvestable fish at a market value equivalent rather than cost. The regulatory body responsible for reviewing the accounts of public companies, Kredittilsynet (the Financial Supervisory Authority of Norway), has indicated to listed companies that they disagree with the industry interpretation of IAS41, namely in using cost on live inventories of immature fish. The industry has appealed this decision to the Norwegian Ministry of Finance. At the date of this document the outcome of this appeal is uncertain. Should Kredittilsynet's determination be upheld, there may be a requirement to restate the fair value adjustment on biological assets line in the profit and loss account including for comparison periods. Reported EBIT pre fair value would be unaffected by any such change and there would be no cash effect from such an adjustment.

Net financial expenses were NOK 3.9 million for 2nd quarter 2006 (Q2 2005: NOK -17.7 million). The exchange rate between NOK and USD will influence on the net financial result as unrealised agio and disagio on long term loans in USD must be calculated each quarter. 2nd quarter profit before taxes in 2006 was NOK 168.6 million (Q2 2005: NOK 108.2 million).

Earnings per share for 2nd quarter was NOK 0.95 compared to NOK 0.84 the 2nd quarter 2005.

Balance sheet

The Group had total assets of NOK 6,954.7 million at 30.06.2006 compared to NOK 2,916.6 million at 31.12.2005. The increase in total capital is mainly due to acquisitions of Welcon Invest AS and Austral S.A.A

Net interest-bearing debt for the group was NOK 1.837,3 million at the end of 2nd quarter 2006 compared to NOK 1,266.7 million at the end of 2005. The increase in net interest-bearing debt is also related to the acquisitions of Welcon Invest AS and Austral S.A.A.

The short term borrowings include a bridge loan of NOK 262.2 million to the Austral Group. This loan will be converted to a long term loan facility by end of September this 2006.

At the end of 2nd quarter 2006 the Group's equity was NOK 2,943.6 million compared with NOK 977.9 million at year end 2005 and NOK 890.7 million at the same time last year. The equity-to-assets ratio was 42 percent as of 30 June 2006.

Deferred taxes calculated on book value of licenses have been included in the balance sheet when implementing IFRS, even though these will not materialise in the foreseeable future, and as such has fair value of nil. IFRS requires deferred taxes to be calculated without considering fair value of it.

Cash flow

Austevoll Seafood had a total net cash-flow of NOK 752.9 million in the 2nd quarter 2006 compared to NOK 86.0 million the same period last year. Early June the Company successfully raised NOK 1.5 billion in new equity.

Cash-flow from operating activities amounted to NOK 0.7 million in the 2nd quarter of 2006. Cash-flow from operating activities is negatively influenced by the fact that the Group is growing rapidly. Consequently, the Group's working capital is increasing in this growth period.

Cash and cash equivalents amounted to NOK 889.2 million at 30.06.2006.

18.6.2 Developments 30 June 2006

Operations and result

The Group's consolidated operating income was NOK 800.9 million (30 June 2005: NOK 784.7 million).

EBITDA pre fair value adjustment of biological assets was NOK 159.8 million (30 June 2005: NOK 202.2 million). The figures are not directly comparable for the same periods in each year, due to seasonal variations in catches, farmed volumes, harvest, production and sales. The prices both for fishmeal- and oil and salmon have increased in 2006, however the sold quantity first half year compared to 2005 has been lower both for canned products and for salmon. Late March we started up the new freezing plant in Chile. The increase in oil prices has impact to our expenses, as fuel is a relatively large part of the expenses for the fishing vessels.

EBIT pre fair value adjustment of biological assets was NOK 195.8 million (30 June 2005: NOK 141.5 million). In first half year 2006 the Group reversed an earlier year's impairment of salmon licenses by NOK 77.9 million.

Fair value adjustments required on biological assets under IFRS had no effect in first half year 2006 as the Group had no biological assets above 4 kg as of 30.06.2006. (30 June 2005: loss of NOK -2.0 million). The principal adjustments for fair value relate to valuing mature or harvestable fish at a market value equivalent rather than cost. The regulatory body responsible for reviewing the accounts of public companies, Kredittilsynet (the Financial Supervisory Authority of Norway), has indicated to listed companies that they disagree with the industry interpretation of IAS41, namely in using cost on live inventories of immature fish. The industry has appealed this decision to the Norwegian Ministry of Finance. At the date of this document the outcome of this appeal is uncertain. Should Kredittilsynet's determination be upheld, there may be a requirement to restate the fair value adjustment on biological assets line in the profit and loss account including for comparison periods. Reported EBIT pre fair value would be unaffected by any such change and there would be no cash effect from such an adjustment.

Net financial expenses were NOK – 1.3 million per 30 June 2006 (30 June 2005: NOK -23.7 million). The exchange rate between NOK and USD will influence on the net financial result as unrealised agio and disagio on long term loans in USD must be calculated each quarter. 30 June 2006 profit before taxes was NOK 194.5 million (30 June 2005: NOK 115.8 million).

Earnings per share per 30 June 2005 was NOK 1.25 compared to NOK 0.89 the 30 June 2005.

Balance sheet

The Group had total assets of NOK 6,954.7 million at 30.06.2006 compared to NOK 2,916.6 million at 31.12.2005. The increase in total capital is mainly due to acquisitions of Welcon Invest AS and Austral S.A.A

Net interest-bearing debt for the group was NOK 1.837,3 million at the end June 2006 compared to NOK 1,266.7 million at the end of 2005. The increase in net interest-bearing debt is also related to the acquisitions of Welcon Invest AS and Austral S.A.A.

The short term borrowings include a bridge loan of NOK 262.2 million to the Austral Group. This loan will be converted to a long term loan facility by end of September this 2006.

By June, 2006 the Group's equity was NOK 2,943.6 million compared with NOK 977.9 million at year end 2005 and NOK 890.7 million at the same time last year. The equity-to-assets ratio was 42 percent as of 30 June 2006.

Deferred taxes calculated on book value of licenses have been included in the balance sheet when implementing IFRS, even though these will not materialise in the foreseeable future, and as such has fair value of nil. IFRS requires deferred taxes to be calculated without considering fair value of it.

Cash flow

Austevoll Seafood had a total net cash-flow of NOK 762.7 million by 30 June 2006 compared to NOK 69.5 million the same period last year. Early June the Company successfully raised NOK 1.5 billion in new equity.

Cash-flow from operating activities amounted to NOK 26.0 million by June 30, 2006. Cash-flow from operating activities is negatively influenced by the fact that the Group is growing rapidly. Consequently, the Group's working capital is increasing in this growth period.

Cash and cash equivalents amounted to NOK 889.2 million at 30.06.2006.

18.6.3 Developments the year ended 31 December 2005 and 31 December 2004 (IFRS)

Operations and result

The Group achieved total revenues of NOK 1,912.4 million in 2005, compared with NOK 1,250.0 million in 2004. The Group bought a Norwegian company with 12 salmon licenses in 2005 and had a full year of consolidation of this company. In 2005 the group had operation and results from 27 Norwegian licenses compared with 2004 were the group only had 15 Norwegian licenses. Prices on both pelagic products and salmon have increased compared to 2004.

The group had approx. NOK 170 million in gain from sale of assets in 2005, compared to 2004 were gain from sale of assets were only NOK 0.7 million.

EBITDA pre fair value adjustment of biological assets was NOK 399.2 million (2004: NOK 185.1 million).

The depreciation has increased by NOK 16 million, due to acquisition of the salmon company Rong Laks AS.

There were adjustments in biomass by December 31, 2005 by NOK -1.1 million compared with a positive adjustment in biomass by 31 December 2004 by NOK 4.8 million.

Net financial items in 2005 were NOK -55.5 million relative to NOK -27.6 in 2004.

The group had a profit of NOK 237.1 in 2005 compared with a profit of NOK 82.9 million in 2004.

Balance sheet

The group had total assets of NOK 3,093.5 million at the end of 2005 compared with NOK 2,541.3 in 2004. The changes in assets during 2005 are mainly du to that the Group has invested in intangible assets, property, plant and equipment and has increased trade receivables and cash equivalents as a part of the Group's growth. The long term debt was NOK 1,007.1 in 2005 compared with NOK 752.1 million in 2004. This reflects a refinancing of the salmon business, and a long term loan from Eksportfinans for financing of the new freezing plant in Chile.

Trade payables and other short term liabilities have increased due to higher activities for the group in general.

Cash flow

Net cash from operations decreased from NOK 143 million in 2004 to NOK 53.7 million in 2005. Changes in depreciation, trade receivables and trade payable and other balance are a result of the general growth in the group and are explained in detail in the analysis for the income statement and balance sheet above.

The net cash from investment activities increased from NOK -128.7 million in 2004 to NOK -162.8 million in 2005. This was due to purchase of intangible assets, property, plant and equipment.

Net cash flow from financing activities were NOK 213.0 million in 2005 compared with NOK -67.1 million in 2004.

At year end the group had NOK 126.5 million in available cash.

Developments the year ended 31 December 2004 and 31 December 2003 (NGAAP)

18.6.4 Developments the year ended 31 December 2004 and 31 December 2003 (NGAAP)

Operations and result

The group achieved total revenues of NOK 1,310.2 million in 2004, compared with NOK 1,064.6 million in 2003. The group bought and consolidated FoodCorp S.A from 1 July 2003. The operating profit before depreciation and biomass adjustments increased with NOK 53.7 million from NOK 133.3 million in 2003 to NOK 187.0 million in 2004. The operating profit before biomass adjustments increased with NOK 190.7 mill from NOK -122.0 million in 2003 to NOK 68.7 million in 2004. In 2003 the group did a write down on Goodwill, salmon licences and vessels of NOK 141.2 million.

There were no biomass adjustments in 2004, consequently operating result after biomass adjustments ended at NOK 68.7 million in 2004.

The group had a total profit of NOK 61.2 million in 2004, compared with a loss o NOK -202.8 million in 2003.

Balance sheet

The group had total assets of NOK 2,498.0 million at the end of 2004 compared with NOK 2,582.6 million in 2003. The group has only had minor changes in total asset for 2004 compared with 2003.

The groups book equity amounted to NOK 784.9 million at year end 2004 compared to NOK 702.3 million in 2003. The groups equity ratio was at year end 2004 at 31% compared with an equity ratio of 27% in 2003.

Cash flow

Net cash from operations increased from NOK 32.0 million in 2003 to NOK 143.0 million in 2004. The net cash from investment activities increased from NOK -31.2 million in 2003 to NOK -178.6 million in 2004. Net cash flow from financing activities were NOK -17.3 million in 2004 compared with NOK -38.5 million in 2003. At year end the group had NOK 75.5 million in available cash.

18.6.5 Major events after 30 June 2006

In May 2006 the Board and General Meeting of Austevoll Seafood decided to demerge by transferring the Company's shares in Møgsterfjord I AS and Møgsterhav AS to Møgster Havfiske AS, as further described in Section 17.1.4 of this Prospectus. The two mentioned companies both own a fishing vessel with licenses for pelagic fishery in the North Sea. The demerger was not finalized at end of the 2nd quarter 2006, meaning that the two mentioned companies are included in the balance sheet as of 30 June 2006. The demerger was finalized and registered on 26 July 2006.

Austevoll Seafood AS bought Eidane Smolt through its subsidiary Veststar AS in September, 2006, by cash payment for all shares of Eidane Smolt. Eidane Smolt has a license to produce approx. 1.5 million units of smolt. The acquisition was motivated mainly by the requirement for future access to smolt.

In an Extraordinary General Meeting in Austevoll Seafood held on 15 September 2006, the Board of Directors of the Company was granted an authorisation to increase the share capital of the Company by up to NOK 25,000,000 through the issue of up to 50,000,000 new Shares. In a board meeting held on 5 October 2006, the Board resolved to increase the share capital of the Company through a private placement directed towards Norwegian and international professional investors (the "Private Placement"). In the Private Placement, the Board resolved to issue 20,000,000 new Shares, each with a par value of NOK 0.50 at a subscription price of NOK 39 per Share. Total gross proceeds in the Private Placement will be NOK 780 million.

In September 2006, one of the Austevoll seafood subsidiaries in Chile, Chilefood S.A., acquired 100% of the shares of Fiordo Austral, a seafood and canning facility in Puerto Montt in Chile, with a present production capacity of more than 1.4 million crates of canned salmon, mackerel, jack mackerel and scallops.

The subsidiary companies Alfabygget AS, Storebø Kai AS, Storebø Notbøteri AS and Austevoll Eiendom AS will merge with Austevoll Eiendom AS as receiving and surviving company. An extraordinary general meeting of the mergeing companies will be held on 9 October, 2006.

Imposition from Kredittilsynet (The Financial Supervisory Authority of Norway)

The largest fish farming companies listed on Oslo Stock Exchange have been imposed by Kredittilsynet to change their accounting principles relating to the valuation of live fish, taking effect as at the fourth quarter 2005 and through the adjustment of the corresponding figures for 2004. The principle adopted by the companies is to enter all fish larger than 4 kg into the accounts at the reported sales price for harvested salmon of the same size, whereas smaller fish is entered into the accounts at cost. The decision made by Kredittilsynet implies that fish weighing less than 4 kg must be entered into the accounts at the reported sales price for harvested salmon of the same size. Preliminary analyses indicate that based on Kredittilsynet's interpretation, it is highly likely that this would have increased the entered valuation of biological as at 31 December 2005 and at 30 June 2005 and 2006. The affected parties have appealed against the decision made by Kredittilsynet, which has suspensive effect until the Ministry of Finances presents a final ruling on the matter. The Company will abide by any regulatory decision by the FSAN.

Effect of measuring biological asses based on the interpretation by the Financial Supervisory Authority of Norway

If the group were to apply the measurement principles suggested by FSA, the Group argues that the biological assets still have to be divided into fish ready for harvest (mature fish) and fish not ready for harvest (immature fish)

In this calculation fish not ready for harvesting is defined as fish below 2.0 kg live fish. The immature fish is accounted ascost because only a minor biological transformation has occured and a fair value would be clearly unreliable.

Valuation per 30 June 2006	**Live fish > 2,0 kg**	**Live fish < 2,0 kg**	**Total**
Standing biomass (kg)	2,068,067	5,175,819	7,243,886
Valuation FSA	172,336,974	71,849,970	244,186,944
Valuation Austevoll Seafood ASA	104,603,631	71,849,970	176,453,601
Variance	**67,733,343**	**-**	**67,733,343**

18.6.6 Future prospects*

World total demand for fish and fishery products is projected to expand by almost 50 million tonnes, from 133 million tonnes in 1999/2001 to 183 million tonnes by 2015. This represents an annual growth rate of 2.1 percent compared with 3.1 percent during the previous 20 years. Demand for food would account for 137 million tonnes. The world average per capita demand for all seafood could amount to 18.4 kg in 2010 and 19.1 kg in 2015, compared with 16.1 kg in 1999/2001. This increase in demand implies an 18 percent increase over the next 15 years compared with a 40 percent increase over the previous 20 years. Per capita demand for finfish would account for 13.7 kg in 2010 and 14.3 kg in 2015, respectively, while demand for shellfish and other aquatic animals would be 4.7 kg and 4.8 kg, respectively.

Of the total increase in demand for food (some 40 million tonnes) about 46 percent would result from population growth, while the remaining 54 percent would be caused by economic development and other factors.

World fish meal and oil demand is projected to grow by only 1.1 percent (from 2000 to 2010) and 0.5 percent (from 2010 to 2015) annually.[92] While the demand for fish meal in developed countries is projected to decrease annually by 1.6 percent, the yearly growth of demand for fish meal in developing countries would be 2.6 percent until 2010 and 1.4 percent thereafter. The amount of fish required to meet the global demand for fish for reduction to meal and for other non-food uses would total some 45 million tonnes in 2015.

Prospects for fish production

Total world fish production would increase from 129 million tonnes in 1999/2001 to 159 million tonnes by the year 2010 and to 172 million tonnes by the year 2015.[93] This means that growth in global world fish production is projected to decline from the annual rate of 2.7 percent of the past decade to 2.1 percent per year between 1999/2001 and 2010 and to 1.6 percent per year between 2010 and 2015. World capture production is projected to stagnate, while world aquaculture production is projected to increase substantially, albeit at a slower rate than in the past.

Out of the expected increase of 43 million tonnes in global fish production from 1999/2001 to 2015, 73 percent would come from aquaculture, which is projected to account for 39 percent of global fish production in 2015 (up from 27.5 percent in 1999/2001).

The share of pelagic species in total fish output would decline from 30.8 percent in 1999/2001 to 24.5 percent by 2015. Similarly, the share of demersal fish would shrink from 16.2 percent to 12.7 percent. By contrast, the share of freshwater and diadromous fish would increase from 23.7 percent in 1999/2001 to 29.3 percent by 2015, and that of crustaceans, molluscs and cephalopods would rise from 20.5 to 25.6 percent during the same period.

Prospects for trade and implications for prices

A comparison of the supply and demand projections for fish and fishery products shows that demand would tend to exceed potential supply. The deficit for all types of fish combined would amount to 9.4 million tonnes by 2010 and to 10.9 million tonnes by 2015. The deficit will not materialize as the market will be re-equilibrated, on the one hand through relative price rises and shifts in demand among different types of fish and fish products and, on the other, through shifts in demand towards alternative protein foods.

To simulate the market-clearing effect of price changes, the World Price Equilibrium Model was applied.[94] According to the projections, the prices for all types of fish would increase in real terms by 3.0 percent and 3.2 percent by the years 2010 and 2015, respectively. Increases in real prices will have severe effects on low-income consumers. As a result of the price rise, world consumption of all types of fish would be 165.2 million tonnes by 2010, which is 3.1 million tonnes lower than the projected demand at constant relative prices. Similarly, overall consumption of fish by 2015 would be 179.0 million tonnes, corresponding to a reduction of 3.8 million tonnes in demand. On the other hand, world supply of all types of fish, stimulated by higher prices, would increase by 6.3 and 7.1 million tonnes, respectively, at the end of the two projection periods.

The study indicates that developing countries as a whole would increase their net exports of fish and fishery products from 7.2 million tonnes in 1999/2001 to 10.6 million tonnes by 2010, but they would slightly reduce their net exports to 10.3 million tonnes by 2015, mainly in response to increased domestic demand. On a regional basis, Latin America and the Caribbean would continue to be large world net exporters of fish and Africa, which was a marginal net importer of fish in 1999/2001, would become a net exporter by 2010. Asia is expected to reduce slightly its net imports from 5.1 million tonnes in 1999/2001 to 4.8 million tonnes by 2015. In contrast with this trend, China, projected to be a net importer at constant relative prices, is expected to become an exporter of fish by 2015, mainly because of the continuing expansion of its aquaculture output.

Developed countries would reduce their current net imports of fish and fishery products from 11.3 million tonnes in 1999/2001 to 10.6 million tonnes by 2010 and to about 10.3 million tonnes by 2015. On a regional basis, North America is likely to increase its net imports from 1.7 million tonnes in 1999/2001 to 2.4 million tonnes by 2015. Western Europe is predicted to reduce its net import from the current level of 2.6 million tonnes to about 0.2 million tonnes by 2015. Other developed countries, notably Japan, are projected to maintain approximately their current level of fish imports.

Conclusions: supply and food consumption

According to the projections there would be a global shortage of supply of fish in future. Although the severity of the shortage would differ among countries, the overall effect would be a rise in the price of fish. Prices for all types of fish would increase in real terms by 3.0 and 3.2 percent by the years 2010 and 2015, respectively.

At world equilibrium prices, growth in world fish production is projected to slow down from the rate of 2.9 percent per year recorded during the past two decades to 2.1 percent per year between 1999/2001 and 2015. Global fish production in developing countries is projected to grow at 2.7 percent per year during the projection period, which is at half the rate recorded, on average, during the past two decades. In these countries, capture fisheries are expected to grow at only 1 percent per year. Therefore, most of the increase would come from aquaculture, which is expected to grow at 4.5 percent per year. The share of developing countries in world fish production is expected to increase from 75 percent in 1999/2001 to 81 percent by 2015. Total fish production in developed countries would only grow at 0.3 percent per year; this, however, represents an improvement with respect to the negative growth experienced during the past two decades. As a result, the share of developed countries in total world fish production is expected to fall from about 25 percent to 19 percent by 2015. Capture fisheries production in developed countries is expected to stagnate or even decline in absolute terms during the projection period.

On average, people will be consuming more fish in 2015, but increases henceforth are likely to accrue more slowly than in the past two decades. At equilibrium prices, global per capita fish consumption would increase at an annual compound rate of 0.8 percent from 1999/2001 to 2015, down from the rate of 1.5 percent achieved over the past 20 years. Developing countries would lead with per capita demand growth projected at 1.3 percent per year, while per capita demand would decrease yearly, on average, by 0.2 percent in developed countries.

Fish to 2020: supply and demand in changing global markets (IFPRI study)

The IFPRI study projects supply, demand and trade of fish from 1997 to 2020 in response to different policy and environmental scenarios for the fish sector. The study, which draws on FAO statistical databases, was carried out under six scenarios, using IFPRI's IMPACT model modified to deal with food fish. This summary discusses two of these scenarios: the baseline scenario and the one described as "ecological collapse".

Fish production

Food fish production is projected (under the base scenario) to increase globally by 40 percent to 130 million tonnes by 2020, at an average annual rate of 1.5 percent (1.8 percent in developing countries, including China, or 1.6 percent excluding China; 0.4 percent in developed countries). The average annual growth rate for capture fisheries and aquaculture are projected to be 0.7 and 2.8 percent, respectively, with a lower rate of growth (0.7 percent) for capture fisheries in developed countries, compared with developing countries (1.0 percent). About 73 percent of the total increase in food fish production by 2020 will come from developing countries (compared with 73 percent in 1997). Aquaculture will contribute 41 percent of food fish supplies (54 million tonnes), and the share of low-value food fish in total food fish production will remain stable at 48 percent. Increased investment in aquaculture and its accelerated pace of expansion will significantly increase production. Under the ecological collapse scenario, increased aquaculture production moderates the decline in production of food fish to 17 percent.

Fish consumption

Consumption of low- and high-value commodities will increase in developing countries (in the baseline scenario) by 1.9 percent annually, or by 2.0 percent if China is included, while remaining static in developed countries (0.2 percent) and sub-Saharan Africa. In this scenario, the global annual rate of increase in consumption, during the period 1997–2020, is projected to be about 1.5 percent. Per capita consumption of molluscs and crustaceans would increase most rapidly (1.0 and 0.7 percent annually, respectively), while that of high-value finfish is projected to decrease. Lower production by China reduces consumption by 1 kg, mainly due to the impact within China, with little effect on consumption and world prices of fish outside the country. Faster expansion of aquaculture would increase per capita food fish consumption by 1.9 kg in the baseline scenario. Under the ecological collapse scenario, per capita consumption would decline only from 17.1 kg (with the baseline scenario) to 14.2 kg, due to the moderating influence of higher prices on demand pressure, and of increased aquaculture production on supply.

Fish prices

The study indicated that fish prices would probably continue to increase during the coming two decades. Under the more likely baseline scenario, increases of 15 percent are projected for high-value finfish and crustaceans and 18 percent for fish meal and fish oil, while molluscs and low-value fish are forecast to have significantly lower but still positive (4 percent and 6 percent, respectively) real price appreciation. This is in contrast with other food commodities, which show almost uniform price declines. Fish is projected to become 20 percent more expensive than other meat sources. Fish meal and fish oil prices increase under several of the scenarios, more than doubling (+134 and 128 percent, respectively) under combined ecological collapse and increased demand from aquaculture. Rapid aquaculture expansion, while putting pressure on fish meal and fish oil prices (+42 percent), is projected to reduce real prices of low-value food fish (–12 percent), suggesting that investment in the efficiency of related production systems would put these commodities within the reach of more poor people. Predictably, improved conversion efficiency would reduce the price of fish meal (–16 percent) and fish oil (– 6 percent), implying that the culture of carnivorous species would benefit from research to this end. Slower aquaculture growth would lead to significant price increases for all food fish commodities (+19–25 percent range), underlining the market impact of aquaculture in the face of level supplies from capture fisheries.

World trade

With regard to net international trade, the growth rate of consumption (under the base scenario) will exceed that of production by 0.2 percent per year to 2020 in developing countries (0.3 percent excluding China), resulting in reduced net exports from developing countries (excluding China) to developed countries (5 percent of food fish production, compared with 11 percent in the late 1990s). China, India and Latin America are projected to be net exporters, but only Latin America will export a significant portion of its production. Developing countries will continue to be net importers of low-value food fish and net exporters of high-value food fish, although many will begin to import high-value commodities also, thus driving a likely increase in South–South trade.

Conclusions

The quantitative outlook developed in the IFPRI study reinforces five major structural shifts that are already underway, but will become more pervasive between now and 2020.

- Developing countries (particularly Asian countries) will dominate food fish production, from both capture fisheries and aquaculture. Stocks that are not fully exploited will be fished more heavily.
- South–South trade will increase with the emergence of urban middle classes. Domestic producers in developed countries will gradually leave the sector, and policy in these countries will probably come to favour import-friendly regimes for fish. Fish will become an increasingly high-value commodity and the shift, in traded products, from frozen low-grade whole fish to value-added products will continue.
- Environmental controversy will continue: sustainability concerns will increase and motivate environmental regulations and institutions, first in developed countries and then in developing countries. Overfishing will remain a major concern, and the use of pelagic stocks for fish meal and fish oil will become an important policy issue. The link between pollution and food safety in the fish sector, including pollution sources outside the sector, will receive more attention worldwide.
- Fisheries and aquaculture technology will address new challenges in both the North and South: reducing fish meal and fish oil requirements in aquaculture; reducing and mitigating the environmental impacts of intensive aquaculture; finding alternatives to food safety regulations requiring capital-intensive, scale-sensitive approaches to compliance; and utilizing information technology for improved fisheries management.
- Institutional development in the sector will be necessary for reducing poverty through fisheries and aquaculture development, as it will be for improving environmental sustainability and food safety.

* Source FAO.

The Company will monitor closely its use of resources, with a particular focus on the benefit of changes in production pattern from industrial to direct human consumption products.

18.6.7 Brief description of Debt obligations, Loan and Credit facilities

The Norwegian part of the Group is mainly financed by a Multicurrency Group Account system which regulates both short and long term debt. These agreements are divided in a long term debt portion and an overdraft facility covering the Austevoll Seafood Group's fish meal, salmon, trading and production businesses.

Margin of expenditure on the overdraft facility depends of the book value of accounts receivable and book value of inventory ("borrowing base"). The overdraft facility in Norway, has a total limit of NOK 650 million, and is divided between the Welcon Invest Group, Veststar Holding Group and Austevoll Seafood ASA. The agreements require the booked equity to assets ratio to be above 25% and an EBITDA ratio to net interest bearing debt to be at least 15%.

These figures are to be reported based on the December 31st financial statements of each year. The members in the agreement are jointly and severally liable for any amount due to the Bank under the Agreement.

The facilities are secured by factoring mortgage, mortgage in inventory and mortgage in the tangible assets financed through the facilities.

The Group's fishing vessels are financed by own mortgage loans. Loan agreements for these loans are within normal terms, and consist of requirements related to book value of equity and fair value of the fishing vessels including licenses.

In addition to the above mentioned overdraft facility, the fish farming activity is financed by a mortgage loan of NOK 187.5 million.

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

Austral Group S.A.A. is currently financed by a bridge loan with DnB NOR Bank ASA, and this facility will be converted to long term financing by the end of September 2006. The bridge loan requires that Austevoll Seafood Group retains an ownership in Austral of 67% or more. In addition the company has an overdraft facility based on inventory and debtors.

FoodCorp S.A. has overdraft facility and long term financing with Banco de Chile. The long term financing requires a debt to equity ratio of maximum 1.5 and the facilities are secured by mortgages of vessels.

Below is a table showing the Austevoll Seafood Group's loan and credit facilities by 30.06.2006:

Un-audited, Description of debt Lender	Borrower	Currency	Balance	Annual repayment	Maturity	Effective interest rate
SR-Bank	Austevoll Seafood	NOK	5,550	3,700	2007	3.81%
DnB NOR Bank ASA	Austevoll Seafood	NOK	130,243	18,728	2013	NIBOR + 0.80%
DnB NOR Bank ASA	Austevoll Seafood	NOK	17,500	2,500	2013	3.40%
DnB NOR Bank ASA	Austevoll Seafood	NOK	165,000	165,000	2006	NIBOR + 0.80%
DnB NOR Bank ASA	A-Fish AS	USD	96,562	12,875	2008	LIBOR + 1.15%
Innovasjon Norge	Fishmarket AS	NOK	750	300	2008	5.00%
DnB NOR Bank ASA	Møgsterhav AS	NOK	70,970	6,580	2017	3.25%
DnB NOR Bank ASA	Møgsterfjord I AS	NOK	75,500	5,000	2021	3.25%
Innovasjon Norge	Storebø Kai AS	NOK	5,303	505	2017	5.90%
Innovasjon Norge	Austevoll Eiendom AS	NOK	15,701	3,140	2010	3.60%
Innovasjon Norge	Austevoll Fiskeindustri AS	NOK	2,867	410	2013	5.90%
Innovasjon Norge	Austevoll Fiskeindustri AS	NOK	8,000	667	2018	3.60%
DnB NOR Bank ASA	Austevoll Fisk AS	NOK	929	959	2006	4.65%
DnB NOR Bank ASA	Veststar Holding AS	NOK	187,500	25,000	2014	3.75%
Ewos AS	Veststar Holding AS	NOK	2,492	2,000	2008	4.75%
Handelsbanken	Alfabygget AS	NOK	19,008	864	2028	3.92%
DnB NOR Bank ASA	FoodCorp S.A.	USD	33,085	2,559	2019	LIBOR + 1.15%
Eksportfinans	FoodCorp S.A.	USD	92,999	9,757	2013	3.99%
Banco Chile	FoodCorp S.A.	USD	271,551	47,149	2011	LIBOR + 1.20%
Banco BHIF	FoodCorp S.A.	USD	7,903	1,461	2008	LIBOR + 2%
DnB NOR Bank ASA	Inv. Pacfish Ltda.	USD	7,491	562	2019	LIBOR + 1.15%
Nordea Bank Norge ASA	Welcon Invest AS	NOK	171,100	13,500	2014	NIBOR + 0.70%
Tibutaria	Austral Group S.A.A.	USD	11,374	886	2012	8.00%
Confide	Austral Group S.A.A.	USD	21,923	493	2015	8.00%
AGR	Austral Group S.A.A.	USD	30,082	-	0	0.54%
Fibras Industriales	Austral Group S.A.A.	USD	3,964	1,442		7.00%
Interbankloan	Austral Group S.A.A.	USD	4,089	50	2019	0.00%
Commercial	Austral Group S.A.A.	USD	8,677	81	2024	0.00%
DnB NOK Bank ASA	Austral Group S.A.A.	USD	262,181	262,181	2007	
Leasing liabilities;						
Norway		NOK	28,309	4,635	2009-2011	4.00%
Peru		USD	146,815	61,856	2012-2018	7.57%
Chile		USD	16,499	4,276	2009-2010	6.38%
Total			**1,921,914**	**659,116**		

** Source: Management reporting*

18.7 Leasing

The Austevoll Seafood Group's leasing arrangements are primarily treated as financial leasing. The leased equipment consists mainly of production equipment in Norway, and represents a minor part of the Austevoll Seafood Group's financial commitments, in a total volume of approx. NOK 25 - 30 million.

18.8 Guarantees

As of the date of this prospectus Austevoll Seafood has furnished guarantees for the financing of Veststar, the acquisition financing of Foodcorp taken by A-Fish. In addition, there is a cross default provision in the Austral bridge loan facility and the long term facility whereby Austevoll Seafood will be deemed being in default under its loan facilities with DnB NOR Bank ASA if Austral defaults under its bridge loan or long term facility. Austevoll Seafood has issued an on demand guarantee in favour of DnB NOR Bank ASA in the amount of USD 55,000,000 as security for the bridge loan facility and the long term facility. According to the bridge loan and the term sheet for the long term facility it will be deemed to be an event of default if Austevoll Seafood, directly or indirectly, fails to own at any time more than 67 % of the shares of capital stock of Austral Group S.A.A.

18.9 Significant change in the Company's financial or trading position

The Company is not aware of any significant changes in the financial or trading position of the Austevoll Seafood Group which has occurred since the end of 30.06.2006 other than the Private Placement conducted on the 5 October 2006 where the board resolved to Issue 20,000,000 million shares at NOK 39.The Shares in the Private Placement have been ordered and allotted and is in the process of being settled. See Section 20.1 and 25.2 for further information.

18.10 Legal and arbitration proceedings

The Company and its subsidiary will from time to time be involved in disputes in the ordinary course of its business activities.

Austral Group S.A.A is currently involved in five lawsuits where Austral Group S.A.A. has been named as defendant. The claims against Austral Group S.A.A. amount to claims for damages in the total amount of USD 21,750,000. The largest claim is based on alleged environmental contamination and amounts to USD 15,900,000. It is directed against Austral together with seven other companies. This claim, as well as the other main claims, is considered by the Company to be largely without merit.

Furthermore, Austral Group S.A.A is currently involved in 20 administrative proceedings before The Ministry of Production (PRODUCE). The proceedings may result in fines amounting to USD 2,410,000 and suspension of various numbers of effective fishing days.

Except for the disputes and proceedings described above, the Company is not as of the date of this Prospectus, and has not for the preceding 12 months been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), which may have, or have had in recent past, significant effects on the Company’s financial position or profitability.

18.11 Dividend policy

It will be the policy of the Company to distribute dividends to its shareholders within reasonable and permissible limits considering the requirements for future investments and available capital.

19 PRO FORMA FINANCIAL INFORMATION

19.1 Unaudited pro forma consolidated financial information

19.1.1 Description of acquisitions implying preparation of pro forma financial information

Pro forma figures should only be prepared if an acquisition/disposal is considered significant for the Group. In this respect, significant is defined by the Committee of European Securities Regulators (CESR) as 25% of total assets, revenue or operating profit, cf. the CESR's advice to the European Commission on a possible amendment to Regulation (EC) 809/2004 regarding the historical financial information which must be included in a prospectus of October 2005, and recital (9) of the European Commission Regulation (EC) 809/2004. The transactions mentioned in the next two paragraphs are all considered significant in relation to CESR's definition.

Through a contribution in kind in May 2006 from the major shareholder in Austevoll Seafood, Laco AS, the Group acquired 100% of Laco IV AS, a holding company that owned 33.33% of Welcon Invest AS, a Norwegian fish meal and oil producing company, and 33.33% of Dordogne Holding Inc, a holding company that controls 88% of the shares in Austral Group S.A.A., a public listed pelagic fishery company in Peru. Further, the Group has in June 2006 acquired the remaining outstanding shares in Welcon Invest AS and Dordogne Holding Inc, and now controls 100% of the shares in the two mentioned companies. Welcon Invest AS and Dordogne Holding Inc. are consolidated from June 2006.

In May 2006 the Board and General Meeting of Austevoll Seafood decided to demerge by transferring the Company's shares in Møgsterfjord I AS and Møgsterhav AS to Møgster Havfiske AS, as further described in Section 17.1.4 of this Prospectus. The two mentioned companies both own a fishing vessel with licenses for pelagic fishery in the North Sea. According to the Norwegian Act relating to Limited Liability Companies the demerger must be reported to the Register of Business Enterprises not later than one month after the demerger plan has been approved by the General Meeting. Thereafter, the Register of Business Enterprises must make public the demerger resolution and notify the creditors of the company that any objection to the demerger must be submitted to the company within two months of the notice being published on the Brønnøysund Register Centre's Internet announcement pages. Consequently, the demerger was not finalized before end of the 2nd quarter 2006, meaning that the two mentioned companies are included in the actual balance sheet as of 30 June 2006. The demerger was finalized and registered on 26 July 2006.

Pro forma financial information (income statement) has been presented to illustrate the main effects that the acquisitions of Welcon Invest AS and Dordogne Holding Inc./Austral and the transfer of Møgsterfjord I AS and Møgsterhav AS would have had if the acquisitions and the transfer had been implemented with effect from 1 January 2005. Hence, pro forma income statements have been prepared for the three and six months periods ending 30 June 2005, the full year 2005 and the three and six months periods ending 30 June 2006. As mentioned in the previous paragraph, Møgsterfjord I AS and Møgsterhav AS are consolidated in the balance sheet as of 30 June 2006. Hence, a pro forma balance sheet as of 30 June 2006, where Møgsterfjord I AS and Møgsterhav AS are excluded, is included below. The pro forma financial information is prepared for illustrative purposes only.

19.1.2 Hypothetical situation

The following unaudited pro forma combined income statements are based on the historical income statements of Welcon Invest AS, Dordogne Holding Inc./Austral, Møgsterfjord I AS, Møgsterhav AS and the Company. The unaudited pro forma combined income statements for the year ended 31 December 2005, for the three and six months periods ending 30 June 2005 and 2006, have been prepared to give effect to the transaction as though the acquisitions of Welcon Invest AS and Dordogne Holding Inc./Austral and the demerger of Møgsterfjord I AS and Møgsterhav AS had occurred as of 1 January 2005. The combined income statements addresses a hypothetical situation and does not represent the actual consolidated financial statements for the Austevoll Seafood Group (excluding Møgsterfjord I AS and Møgsterhav AS), Welcon Invest AS and Dordogne Holding Inc./Austral for the full year 2005 and the three and six months periods ending 30 June 2005 and 2006. There is a greater degree of uncertainty associated with pro forma figures than with actual reported results. The pro forma financial information is based on judgments and assumptions made by the management of the Company that not necessarily would have occurred had the acquisitions and the demerger described been made at an earlier point in time.

19.1.3 Sources of pro forma information

The historical income statement information for the Group, including Welcon Invest AS, Dordogne Holding Inc./Austral Møgsterfjord I AS and Møgsterhav AS, for the year 2005 on which the pro forma adjustments were applied, has been derived from audited financial information. The historical financial income statement information for the three and six month's period ending 30 June 2005 and 2006 has been derived from unaudited financial information.

19.1.4 Basis for preparation of the pro forma figures

The summations of historical figures are adjusted for depreciation of any excess values on operational fixed assets and tax effects of depreciation of excess values. The acquisitions were both financed with a share issue and the share issue is directly attributed to the acquisitions. Consequently, no adjustments related to financing expenses are made in the pro forma figures. Intercompany transactions between the parties are eliminated. No significant transactions between the parties ahead of the acquisition have been identified.

19.1.5 Pro forma accounting principles

The pro forma figures have been prepared using the same accounting principles as for the 2005 audited financial statements for Austevoll Seafood as summarised in Section 17.1.

19.1.6 Unaudited pro forma income statement for the three and six months periods ending 30 June 2005 and 2006 and the year 2005

The tables below sets out pro forma financial information for the Group for the three and six months periods ending 30 June 2006 and the year 2005. The pro forma income statements are developed in line with principles described above. The tables below show actual figures for the Group, figures for the companies Welcon Invest AS, Dordogne Holding Inc./Austral, Møgsterfjord I AS (shown with negative numbers) and Møgsterhav AS (shown with negative numbers), and adjustments. Summing up these columns constitute the pro forma income statements for the acquisitions and the demerger. Please see Appendix 9 and 10 for the annual report for 2005 for Welcon AS and Austral, respectively.

Pro forma Income Statement Un-audited Three months period ending 30 June 2006	**Group Actual**	**Welcon**	**Dordogne/ Austral**	**Møgsterfj.**	**Møgsterh.**	**Adjustm.**	**Group Pro forma**
Operating income	441,933	88,259	263,610	-9,098	-10,186	-	774,521
Operating expenses	-333,363	-60,571	-146,598	6,096	5,338	-	-529,098
Operating profit before deprec. and fair value adj. biological assets	108,570	27,688	117,012	-3,002	-4,849	-	245,423
Depreciation and amortisation	-21,809	-6,685	-25,001	1,112	1,057	224	-51,102
Impairment	77,932					-	77,932
Operating profit before fair value adj. of biological assets	164,693	21,004	92,011	-1,890	-3,792	224	272,253
Fair value adjustment of biological assets							
Operating profit	164,693	21,004	92,011	-1,890	-3,792	224	272,253
Income from associated companies	7,757	-	-	-	-	-	7,757
Net financial items	-3,891	-2,134	-14,341	456	1,480	-	-18,431
Profit before tax	168,559	18,869	77,669	-1,434	-2,312	224	261,579
Income tax expense	-39,783	-5,283	-46,943	402	647	-90	-91,052
Net profit	128,776	13,586	30,726	-1,032	-1,664	134	170,526
Profit to minority interests	1,259	1,311	-538	-	-	-	2,032
Profit attributable to equity holders of Austevoll Seafood ASA	127,517	12,275	31,264	-1,032	-1,664	134	168,494

Pro forma Income Statement Un-audited Six months period ending 30 June 2006	Group Actual	Welcon	Dordogne/ Austral	Møgsterfj.	Møgsterh.	Adjustm.	Group Pro forma
Operating income	800,933	261,490	489,136	-22,239	-23,264	-	1,506,059
Operating expenses	-641,085	-203,192	-329,956	14,891	14,260	-	-1,145,083
Operating profit before deprec. and fair value adj. biological assets	159,848	58,298	159,180	-7,348	-9,005	-	360,976
Depreciation and amortisation	-41,977	-11,365	-51,381	2,224	2,116	448	-99,935
Impairment	77,932	-	-			-	77,932
Operating profit before fair value adj. of biological assets	195,803	46,933	107,799	-5,124	-6,889	448	338,973
Fair value adjustment of biological assets							
Operating profit	195,803	46,933	107,799	-5,124	-6,889	448	338,973
Income from associated companies	13,237	-	-	-	-	-	13,237
Net financial items	-14,589	-7,705	-15,609	899	2,067	-	-34,937
Profit before tax	194,451	39,228	92,190	-4,225	-4,822	448	317,273
Income tax expense	-37,606	-10,984	-43,447	1,183	1,350	-181	-89,686
Net profit	156,845	28,244	48,743	-3,042	-3,472	267	227,587
Profit to minority interests	2,762	2,121	4,453	-	-	-	9,336
Profit attributable to equity holders of Austevoll Seafood ASA	154,083	26,123	44,290	-3,042	-3,472	267	218,252

Pro forma Income Statement Un-audited Full year 2005	Group Actual	Welcon	Dordogne/ Austral	Møgsterfj.	Møgsterh.	Adjustm.	Group Pro forma
Operating income	1,912,369	608,061	751,007	-59,620	-61,444	20,000	3,170,373
Operating expenses	-1,513,207	-554,086	-598,840	34,820	33,423	-	-2,597,890
Operating profit before deprec. and fair value adj. biological assets	399,162	53,975	152,166	-24,800	-28,021	20,000	572,483
Depreciation and amortisation	-114,382	-25,847	-105,427	7,674	7,379	896	-229,707
Impairment	-	-1,909	-	-	-	-	-1,909
Operating profit before fair value adj. of biological assets	284,780	26,220	46,739	-17,126	-20,642	20,896	340,867
Fair value adjustment of biological assets	-1,108	-	-	-	-	-	-1,108
Operating profit	283,672	26,220	46,739	-17,126	-20,642	20,896	339,759
Income from associated companies	17,066	16	-	-	16	-	17,098
Net financial items	-72,597	8,569	17,762	7,399	15,593	-	-23,274
Profit before tax	228,141	34,804	64,502	-9,727	-5,033	20,896	333,583
Income tax expense	8,931	-7,393	-17,137	4,593	5,033	-5,962	-11,935
Net profit	237,072	27,411	47,365	-5,134	-	14,934	321,648
Profit to minority interests	9,871	1,237	-844	-	-		10,264
Profit attributable to equity holders of Austevoll Seafood ASA	227,201	26,175	48,209	-5,134	-	14,934	311,385

Comments to the tables above:

Adjustments in depreciation and amortisation are related to depreciation of excess values allocated to tangible fixed assets in relation to the purchase price allocation of the acquisitions of Welcon Invest AS and Dordogne Holding Inc/Austral. Adjustments in depreciation and amortisation are expected to have a continuing impact. In the consolidated accounts of Austral licenses were not separated from the vessels, but recognized together with the vessels within tangible fixed assets. In addition, licenses were depreciated together with the vessel even though the licenses have indefinite life. In relation to the purchase price allocation, vessels and licenses are separated. Licenses with indefinite life are not depreciated.

The adjustment in operating income of NOK 20 million in 2005 is related to internal gains from transactions involving Møgsterhav AS and Møgsterfjord 1 AS. The adjustment is expected to have a one-off impact.

Adjustments in income tax expense are calculated as the tax effect of the above mentioned adjustments.

19.1.7 Unaudited pro forma balance sheet as of 30 June 2006

Welcon Invest AS and Dordogne Holding Inc/Austral were acquired in June 2006 and are therefore included in the actual balance sheet as of 30 June 2006. As the transfer of Møgsterfjord I AS and Møgsterhav AS was not finalized as of 30 June 2006, these companies are consolidated in the actual balance sheet as of 30 June 2006. Hence, a pro forma balance sheet as of 30 June 2006, where Møgsterfjord I AS and Møgsterhav AS are excluded, is included below. As numbers from Møgsterfjord I AS and Møgsterhav AS are shown as negative, summing up these columns constitute the pro forma balance sheet.

Pro forma Balance Sheet as of 30 June 2006 Un-audited ASSETS	Group Actual	Møgsterfj.	Møgsterh.	Adjustm.	Group Pro forma
Intangible assets	1,367,223	-68,045	-54,821	-	1,244,357
Property, plant and equipment	1,613,836	-897	-1,554	-	1,611,385
Vessels	816,072	-68,532	-68,123	-	679,417
Investments in associated companies	113,502	0	0		113,502
Investments in other shares	8,921	-383	-	-	8,538
Other long-term receivables	116,665	63,750	570	-63,476	117,509
Total non-current assets	**4,036,219**	**-74,107**	**-123,928**	**--63,476**	**3,774,708**
Inventories	1,015,089	-	-	-	1,015,089
Biological assets	187,094	-	-	-	187,094
Accounts receivable	651,761	-1,791	-913	-	649,057
Other current receivables	164,877	-429	-444	-	164,004
Available-for-sale financial assets	10,473	-	-	-	10,473
Cash and cash equivalents	889,207	-613	-38,269	-	850,325
Total current assets	**2,918,501**	**-2,833**	**-39,626**	**-**	**2,876,042**
Total assets	**6,954,720**	**-76,940**	**-163,554**	**-63,476**	**6,650,750**

Equity and liabilities	Group Actual	Møgsterfj.	Møgsterh.	Adjustm.	Group Proforma
Share capital	88,135	-	-	-9,023	79,112
Share premium fund	2,115,418	-	-	-58,956	2,056,462
Retained earnings and other reserves	597,222	4,748	-42,732	-10,951	570,190
Minority interests	142,807	-	-22,858		119,949
Total equity	**2,943,582**	**4,748**	**-65,590**	**-57,028**	**2,825,713**
Deferred tax liabilities	669,207	-10,927	-17,751	-	640,529
Pension obligations	3,061	-	-	-	3,061
Borrowings	1,265,270	-70,970	-75,500	-	1,118,800
Other long-term liabilities	96,392	6,448	-	-6,448	96,392
Total non-current liabilities	**2,033,930**	**-75,449**	**-93,251**	**-6,448**	**1,858,782**
Borrowings	1,419,193	-2,178	-	-	1,417,015
Accounts payable	495,723	-899	-168	-	494,656
Other current liabilities	62,292	-3,162	-4,545	-	54,584
Total current liabilities	**1,977,208**	**-6,239**	**-4,713**	**-**	**1,966,255**
Total liabilities	**4,011,138**	**-81,688**	**-97,964**	**-6,448**	**3,825,037**
Total equity and liabilities	**6,954,720**	**-76,940**	**-163,554**	**-63,476**	**6,650,750**

Comments to the tables above:

Adjustment in other long-term receivables and other long-term liabilities are related to inter company balances.

Adjustments in equity are directly related to the demerger of Møgsterhav and Møgsterfjord I. The demerger is recognized based on book values, but the reduction of share capital is however based on fair value analysis of the companies involved in the transaction.

20 SHARE CAPITAL

20.1 Share capital

As of the date of the Prospectus the issued share capital of the Company is NOK 79,111,812 consisting of 158,223,624 Shares fully paid, with a par value of NOK 0.50 per Share. There is one class of Shares. The Shares are equal in all respects, and each Share carries one vote at the Company's general meeting.

Following completion of the Private Placement on the 5 October 2006, and the issuance of the new Shares in connection therewith, the Company's share capital will be NOK 89,111,812 consisting of 178,223,624 Shares, each with a par value of NOK 0.50.

In an Extraordinary General Meeting in Austevoll Seafood held on 15 September 2006, the Board of Directors of the Company was granted an authorisation to increase the share capital of the Company by up to NOK 25,000,000 through the issue of up to 50,000,000 new Shares. In a board meeting held on 5 October 2006, the Board resolved to increase the share capital of the Company through a private placement directed towards Norwegian and international professional investors (the "Private Placement"). In the Private Placement, the Board resolved to issue 20,000,000 new Shares, each with a par value of NOK 0.50 at a subscription price of NOK 39 per Share. Total gross proceeds in the Private Placement will be NOK 780 million.

The Shares in the Private Placement have been ordered and allotted and is in the process of being settled. The share capital increase in connection with the Private Placement will be registered in the Norwegian Registry of Business Enterprises and the new Shares will be issued on or about 9 October 2006.

Following completion of the Private Placement and the issuance of the new Shares in connection therewith, the Company's share capital will be NOK 89,111,812 consisting of 178,223,624 Shares, each with a par value of NOK 0.50.

20.2 Outstanding authorizations

20.2.1 Authorisation to issue Shares

In a General Meeting held on 15 September 2006, the board of the Company was granted an authorization to increase the share capital of the Company with up to NOK 25,000,000, by issue of up to 50,000,000 new shares. 20,000,000 Shares were issued on the basis of this authorization in connection with the Private Placement. The board may waive the shareholders' preference to subscribe for shares under the Norwegian Public Limited Companies Act 45/1997 section 10-4. The authorization also comprises share capital increases against contributions in kind. The authorization expires at the Annual General Meeting in 2007.

20.2.2 Authorisation to purchase Shares

On 2 June 2006 the General Meeting resolved to authorise the board of the Company to acquire up to 10% of the Company's Shares. The authorisation is valid until December 2007. The purchase price shall be between NOK 0.50 and NOK 100 per Share. The Company has not utilised the authorisation to acquire Shares and does not own any Shares in the Company as of the date of this Prospectus.

20.3 Warrants etc.

The Company has no warrants, options, subscription rights shares or convertible bonds that give the holder rights to require issue of shares in the Company. No authority exists to such instruments.

20.4 Historical development of share capital

The table below shows the historical development of share capital and the number of outstanding shares in the Company:

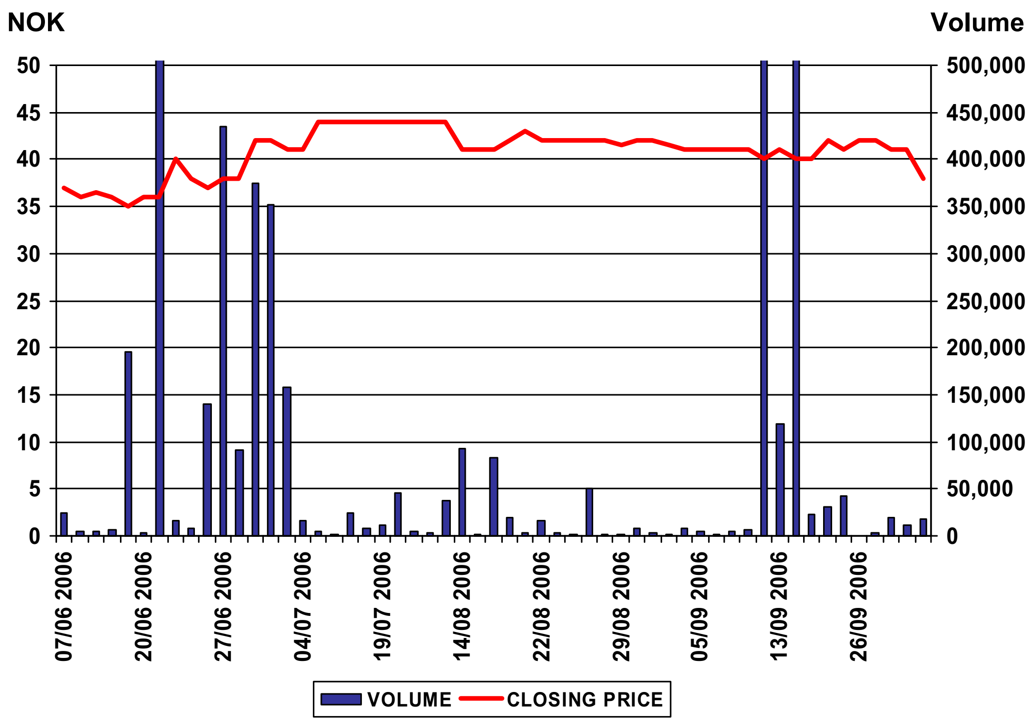
Date of registration	Type of change	Change in share capital (NOK)	Nominal value per share (NOK)	Total share capital	Number of shares
30.09.2000	Increase of share capital	12,556,890	2.00	13,952,100	6,976,050
29.12.2000	Increase of share capital	19,667,418	2.00	33,619,518	16,809,759
29.08.2002	Increase of share capital	11,544,908	2.00	45,164,426	22,582,213
30.08.2002	Reduction of share capital (demerger)	-5,518,768	2.00	39,645,658	19,822,829
11.12.2003	Increase of share capital	16,452,122	2.00	56,097,780	28,048,890
15.05.2006	Increase of share capital by contribution in kind	9,704,184	2.00	65,801,964	32,900,982
15.05.2006	Share split	0	0.50	65,801,964	131,603,928
15.05.2006	Increase of share capital by cash contribution	446,969	0.50	66,248,933	132,497,866
09.06.2006	Increase of share capital by cash contribution	21,885,715	0.50	88,134,648	176,269,296
26.07.2006	Reduction of share capital (demerger)	-9,022,836	0.50	79,111,812	158,223,624
9.10.2006	Private Placement	10,000,000	0.50	89,111,812	178,223,624

20.5 Share price development

Since 7 June 2006, the Shares have been publicly traded on the OTC market in Oslo under the ticker AUSS. The share price performance is shown in the graph below. There is no public trading market for the Shares outside Norway.

The tables below set forth the price and trading volume for the Shares, as reported on the OTC market, during the periods indicated. The closing price of the Shares as reported on the OTC market on 9 October 2006 was NOK 39.

Figure: Traded price and volumes Austevoll Seafood



Source: The Norwegian Securities Dealers Association

20.6 Shareholder policy

Austevoll Seafood will inform Oslo Børs, the Company's shareholders and the market in general on an ongoing basis of the Company's development, activities and special events, ensuring that as far as possible the pricing of the Company's Shares reflects the underlying values and expectations of future profits. Such information will, among other things, take the form of annual reports, quarterly reports, stock exchange bulletins, press releases and investor presentations when appropriate.

20.7 Shareholder agreements

The Company is not aware that its shareholders have entered into any shareholders' agreements.

20.8 Description of Shareholder Rights etc. and Summary of Articles of Association

20.8.1 Shareholder's Rights

According to the Norwegian Public Limited Companies Act (the "PLC Act"), all shares are to have equal rights in a company. However, the PLC Act permits a company's articles of association to provide for different types of shares (e.g., several classes of shares). In such case, a company's articles of association must specify the different rights, preferences and privileges of the classes of shares and the total par value of each class of shares. The Company's Articles of Association provide for a single class of shares with equal rights.

20.8.2 Limitations on the Right to Own and Transfer Shares

There are no restrictions affecting the right of Norwegian or non-Norwegian residents or citizens to own the Company's Shares. The Company's Articles of Association do not contain any provisions restricting the transferability of Shares.

20.8.3 General Meetings

According to the PLC Act, a company's shareholders are to exercise supreme authority in the company through the general meeting.

A shareholder may attend the general meeting either in person or by proxy. Although Norwegian law does not currently require the Company to send proxy forms to its shareholders for general meetings, the Company plans to include a proxy form with notices of general meetings.

In accordance with the PLC Act, the annual general meeting of the Company's shareholders is required to be held each year on or prior to June 30. The following business must be transacted and decided at the annual general meeting:

- approval of the annual accounts and annual report, including the distribution of any dividend; and
- any other business to be transacted at the general meeting by law or in accordance with the Company's Articles of Association.

The PLC Act requires that written notice of general meetings be sent to all shareholders whose addresses are known at least two weeks prior to the date of the meeting, unless a company's articles of association stipulate a longer period. The Company's Articles of Association do not include any provision on this subject. A shareholder is entitled to have an issue discussed at a general meeting if such shareholder provides the Board of Directors with notice of the issue so that it can be included in the written notice of the general meeting.

In addition to the annual general meeting, extraordinary general meetings of shareholders may be held if deemed necessary by the Company's Board of Directors. An extraordinary general meeting must also be convened for the consideration of specific matters at the written request of the Company's auditors or shareholders representing a total of at least 5% of the share capital.

20.8.4 Voting Rights

Subject to the terms of a company's articles of association to the contrary, the PLC Act provides that each outstanding share shall represent a right to one vote. There is no deviation from this principle in the Company's Articles of Association and all of the Company's Shares have an equal right to vote at general meetings. No voting rights can be exercised with respect to treasury shares held by a company.

In general, decisions that shareholders are entitled to make under the PLC Act or the Company's Articles of Association may be made by a simple majority of the votes cast. In the case of elections, the persons who obtain the most votes cast are elected. However, certain decisions, including but not limited to resolutions to:

- authorize an increase or reduction in the Company's share capital,
- waive preferential rights in connection with any share issue,
- approve a merger or demerger, and
- amend the Company's Articles of Association,

must receive the approval of at least two-thirds of the aggregate number of votes cast at the general meeting at which any such action is before the shareholders for approval, as well as at least two-thirds of the share capital represented at the meeting. There are no quorum requirements for general meetings.

In general, in order to be entitled to vote, a shareholder must be registered as the owner of shares in the share register kept by the Norwegian Central Securities Depository, referred to as the VPS (described below), or, alternatively, report and show evidence of the shareholder's share acquisition to the Company prior to the general meeting. Under Norwegian law, a beneficial owner of shares registered through a VPS-registered nominee is not guaranteed to be able to vote the beneficial owner's shares unless ownership is re-registered in the name of the beneficial owner prior to the relevant general meeting.

20.8.5 Amendments to the Company's Articles of Association, including Variation of Rights

The affirmative vote of two-thirds of the votes cast at a general meeting as well as at least two-thirds of the share capital represented at the meeting, is required to amend the Company's Articles of Association. Certain types of changes in the rights of the Company's shareholders require the consent of all shareholders or 90% of the votes cast at a general meeting, see section 28.11 "Securities Trading in Norway—Voting Rights."

20.8.6 Additional Issuances and Preferential Rights

If the Company issues any new Shares, including bonus share issues (involving the issuance of new Shares by a transfer from the Company's share premium reserve or distributable equity to the share capital), the Company's Articles of Association must be amended, which requires a two-thirds majority of the votes cast at a general meeting of shareholders. In connection with an increase in the Company's share capital by a subscription for Shares against cash contributions, Norwegian law provides the Company's shareholders with a preferential right to subscribe to the new Shares on a pro rata basis in accordance with their then-current shareholdings in the Company.

The preferential rights to subscribe to an issue may be waived by a resolution in a general meeting passed by a two-thirds majority of the votes cast at a general meeting of shareholders required to approve amendments to the Company's Articles of Association.

The general meeting may, with a vote as described above, authorize the Board of Directors to issue new Shares. Such authorization may be effective for a maximum of two years, and the par value of the Shares to be issued may not exceed 50% of the nominal share capital as at the time the authorization was granted. The preferential right to subscribe for Shares in consideration against cash may be set aside by the Board of Directors only if the authorization includes such possibility for the Board of Directors.

The issue of Shares to holders of the Company's Shares who are citizens or residents of the United States upon the exercise of preferential rights, the Company may be required to file a registration statement in the United States under U.S. securities laws. If the Company decides not to file a registration statement, these holders may not be able to exercise their preferential rights.

Under Norwegian law, bonus shares may be issued, subject to shareholder approval and provided, amongst other requirements, the company does not have an uncovered loss from a previous accounting year, by transfer from the Company's distributable equity or from the Company's share premium reserve. Any bonus issues may be effected either by issuing Shares or by increasing the par value of the Shares outstanding. If the increase in share capital is to take place by new shares being issued, these new Shares must be allotted to the shareholders of the company in proportion to their current shareholdings in the company.

20.8.7 Related Party Transactions

Under the PLC Act, an agreement to acquire assets or services from a shareholder or connected person (e.g., a spouse or significant other, and other family members) of such shareholder, which involves consideration from the company in excess of 1/20th of the Company's share capital at the time of such acquisition is not binding on the company unless the agreement has been approved by the shareholders at a general meeting. Business agreements in the normal course of the company's business containing pricing and other terms and conditions which are normal for such agreements, as well as the purchase of securities at a price which is in accordance with the official quotation, do not require such approval. Any performance of an agreement which is not binding on the company must be reversed.

20.8.8 Minority Rights

The PLC Act contains a number of protections for minority shareholders against oppression by the majority, including but not limited to those described in this and preceding paragraphs. Any shareholder may petition the courts to have a decision of the Company's Board of Directors or general meeting declared invalid on the grounds that it unreasonably favors certain shareholders or third parties to the detriment of other shareholders or the Company itself. In certain grave circumstances, shareholders may require the courts to dissolve the company as a result of such decisions. Shareholders holding in the aggregate 5% or more of the Company's share capital have a right to demand that the Company holds an extraordinary general meeting to discuss or resolve specific matters. In addition, any shareholder may demand that the Company places an item on the agenda for any general meeting if the Company is notified in time for such item to be included in the notice of the meeting.

20.8.9 Mandatory Bid Requirement

The Norwegian Securities Trading Act requires any person, entity or group acting in concert that acquires more than 40% of the voting rights of a Norwegian company listed on the OSE to make an unconditional general offer to acquire the whole of the outstanding share capital of that company. See Section 28.9 "Securities Trading in Norway – Mandatory offer requirement" for a further description of said legislation.

20.8.10 Compulsory Acquisition

A shareholder who, directly or via subsidiaries, acquires shares representing more than 90% of the total number of issued shares as well as more than 90% of the total voting rights of a company has the right (and each remaining minority shareholder of that company would have the right to require the majority shareholder) to effect a compulsory acquisition for cash of any shares not already owned by the majority shareholder. See Section 28.10 "Securities Trading in Norway – Compulsory acquisition" for a further description of said legislation.

20.8.11 Rights of Redemption and Repurchase of Shares

The Company has not issued redeemable Shares (i.e., Shares redeemable without the shareholder's consent). The Company's share capital may be reduced by reducing the par value of the Shares. Such a decision requires the approval of two-thirds of the votes cast at a general meeting as well as two-thirds of the aggregate share capital represented in the general meeting. Redemption of individual Shares requires the consent of the holders of the Shares to be redeemed.

A Norwegian company may purchase its own shares if an authorization for the board of directors of the company to do so has been given by the shareholders at a general meeting with the approval of at least two-thirds of the aggregate number of votes cast at the meeting as well as two-thirds of the aggregate share capital represented in the general meeting. The aggregate par value of treasury shares so acquired and held by the company is not permitted to exceed 10% of the company's share capital, and treasury shares may only be acquired if the company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the shares. The authorization by the shareholders at the general meeting cannot be given for a period exceeding 18 months.

20.8.12 Shareholder Vote on Certain Reorganizations

A decision to merge with another company or to demerge requires a resolution of the Company's shareholders at a general meeting passed by two-thirds of the aggregate votes cast as well as two-thirds of the aggregate share capital represented at the general meeting. A merger plan or demerger plan signed by the Company's Board of Directors along with certain other required documentation, shall to be sent to all shareholders at least one month prior to the shareholders' meeting.

20.8.13 Liability of Directors

The Company's Board of Directors and the President and Chief Executive Officer owe a fiduciary duty to the Company and its shareholders. Such fiduciary duty requires that the Board members and the President and Chief Executive Officer act in the Company's best interests when exercising their functions and exercise a general duty of loyalty and care towards the Company. Their principal task is to safeguard the interests of the Company.

Members of the Company's Board of Directors and the President and Chief Executive Officer may each be held liable for any damage they negligently or willfully cause the Company. The PLC Act permits the general meeting to exempt any such person from liability, but the exemption is not binding if substantially correct and complete information was not provided at the general meeting when the decision was taken. If a resolution to grant such exemption from liability or not to pursue claims against such a person has been passed by a general meeting with a smaller majority than that required to amend the Company's Articles of Association, shareholders representing more than 10% of the share capital or, if there are more than 100 shareholders, more than 10% of the shareholders may pursue the claim on the Company's behalf and in its name. The cost of any such action is not the Company's responsibility, but can be recovered from any proceeds the Company receives as a result of the action. If the decision to grant an exemption from liability or not to pursue claims is made by such a majority as is necessary to amend the Articles of Association, or if a settlement has been reached, the minority shareholders cannot pursue the claim in the Company's name. A resolution by the general meeting to exempt the directors from liability does not protect the directors from a claim or a lawsuit filed by a third party other than a shareholder, for example a creditor.

20.8.14 Indemnification of Directors and Officers

Neither the PLC Act (or any other Norwegian Act) nor the Company's Articles of Association contain any provision concerning indemnification by the Company of the Company's Board of Directors. The Company is permitted to purchase insurance to cover the members of its Board of Directors against certain liabilities that they may incur in their capacity as directors.

20.8.15 Distribution of Assets on Liquidation

According to the the PCL Act, a company may be wound-up by a resolution of the company's shareholders in a general meeting passed by the same vote as required with respect to amendments to the articles of association. The shares rank equally in the event of a return on capital by the company upon a winding-up or otherwise.

20.8.16 Summary of the Company's Articles of Association

The following is a summary of provisions of the Company's Articles of Association, some of which have not been addressed in the preceding discussion. A complete copy of the Company's Articles of Association is included as Appendix 1 to this Prospectus.

Name of the Company: The Company's registered name is Austevoll Seafood ASA. Austevoll Seafood ASA is a Norwegian public limited liability company.

Registered Office: The Company's registered office is in Austevoll, Norway.

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

Share Capital: The Company's share capital is NOK 79,111,812 divided into 158,223,624 Shares. The shares are according to the articles of association freely transferable.

Nominal Value of Shares: The par value of each share is NOK 0.50.

Board of Directors: The Company's articles of association provide that its Board of Directors shall consist of minimum of 5 and a maximum of 7 directors, in accordance with the decision of the general meeting of the Company.

Signatory rights: The right to sign on behalf of the Company shall be exercised by the Chairman of the Board alone or by two Directors jointly.

Annual General Meeting: The annual general meeting will deal with the approval of the annual report and accounts, including distribution of dividends, and any other matters as required by law or the Company's articles of association.

21 MATERIAL CONTRACTS

The Austevoll Seafood Group has not entered into any material contracts, neither with subcontractors nor with clients/buyers. The sale of products does not occur as a result of long term contracts, most of the sales are executed in the spot market on a day to day basis. As part of its ordinary course of business, the Company has entered into contracts for acquisition of other companies and/or businesses as further described in Section 5.3 and 17.

Consecutive transactions between the companies within the Austevoll Seafood Group take place on a regular basis. The Company has structured all of its activity, including its fishing vessels, fish meal/oil production, aquaculture production and sales and distribution network into an integrated value chain, and has successfully created synergies and value added business through co-operation across its business areas and between its companies. The Austevoll Seafood Group produces its own smolt and spawn, and also provides packaging-services. Austevoll Fiskeindustri AS uses most of its capacity on commissions from Veststar AS. Veststar AS sells all of its production through Sea Star International AS.

22 THIRD PARTY INFORMATION

The information in this Prospectus that has been sourced from third parties has been accurately reproduced and, as far as the Company is aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

23 DOCUMENTS ON DISPLAY

The following documents (or copies thereof) may be inspected at www.auss.no:

i. the articles of associations of the Company;

ii. historical financial information including auditor's report for the financial years ending 31 December 2005, 31 December 2004 and 31 December 2003

iii. stock exchange notices, including quarterly reports, distributed by the Company through Oslo Børs' information system after the submission of the application for listing.

The following documents (or copies thereof) may be inspected at the Company's headquarter:

i. historical financial information including auditor's report for the Company's subsidiaries for the financial years ending 31 December 2005, 31 December 2004 and 31 December 2003;

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24 KEY INFORMATION

24.1 Working capital statement

As of the date of this Prospectus, it is in Austevoll Seafood's opinion that the working capital is sufficient for the Company's present requirements.

24.2 Capitalisation and indebtedness

The table below sets forth the Company's audited and unaudited consolidated capitalisation and indebtedness as at respectively 31 December 2005 and 1 July 2006 on an actual basis. The table should be read together with the consolidated financial statements and the related notes thereto, as well as the information under Section 18 "Financial Information". The table below is prepared for illustrative purposes only.

Consolidated capitalisation and indebtedness

	31 July 2006 Un-audited*	31 December 2005 Audited
Total Current debt	**1,254,978**	**444,339**
Guaranteed	0	0
Secured	1,254,978	431,383
Unguaranteed/Unsecured	0	12,956
Total Non-Current debt	**1,364,955**	**1,007,087**
Guaranteed	0	0
Secured	1,364,955	989,366
Unguaranteed/Unsecured	0	17,721
Shareholder's equity	**2,135,574**	**568,185**
Share Capital	79,112	56,097
Share premium fund	2,056,462	512,088
Total	**4,755,507**	**2,019,611**

*Source: Management reporting

The table below shows a statement of the consolidated capitalization and indebtedness as of 31 December 2005 and 31 July 2006. Indebtedness is computed on the basis of the consolidated accounts of Austevoll Seafood Group.

Consolidated net indebtedness

	31 July 2006 Un-audited	31 December 2005 Audited
Cash	834,489	126,493
Cash equivalent	0	0
Trading securities	0	0
Liquidity	**834,489**	**126,493**
Current Financial Receivable	**0**	**0**
Current bank debt	702,978	264,745
Current portion of non current debt	552,000	179,594
Other current financial debt	0	0
Current Financial Debt	**1,254,978**	**444,339**
Net Current Financial Indebtedness	**420,489**	**317,846**
Non-current Bank loans	1,245,204	966,084
Bonds Issued	0	0
Other non-current loans (i.e. leasing)	119,751	41,003
Non current Financial Indebtedness	**1,364,955**	**1,007,087**
Net Financial Indebtedness	**1,785,444**	**1,324,933**

*Source: Management reporting

24.3 Interest of natural and legal persons involved in the Offer

There are no material interests to the issue offer involving any leading personnel or Directors of Austevoll Seafood.

24.4 Reason for the Listing

The contemplated Listing of the Shares on Oslo Børs is an important element of the Company's strategy. Through a stock exchange listing, the Company will be able to provide a regulated marketplace for the trading of its Shares. Moreover, the Listing will facilitate the use of the capital markets in order to raise further equity, and will increase the attractiveness of the shares as consideration in possible future acquisitions and/or mergers.

25 INFORMATION CONCERNING THE SECURITIES ADMITTED TO TRADING

25.1 Type, class and ISIN number of the Shares

The Company has only one class of shares. The Company's Shares are in registered form, and are registered in book-entry form with the VPS under the securities identification code ISIN NO 001 0073489. The Company's account operator is DnB NOR Verdipapirservice, Stranden 21, NO-0021 Oslo, Norway.

25.2 Rights attached to the Shares

The Shares will be entitled to dividend from and including the financial year 2005. See "Share Capital" for a further description of certain matters pertaining to the Company's Shares, including dividend rights, voting rights, pre-emption rights, rights to share in profits, right to share in surplus in the event of liquidation, mandatory offer obligation, squeeze-out rules, etc. See section "Taxation Issues" below for a description of applicable rules regarding withholding tax, etc.

The Shares in the Private Placement have been ordered and allotted and is in the process of being settled. The share capital increase in connection with the Private Placement will be registered in the Norwegian Registry of Business Enterprises and the new Shares will be issued on or about 9 October 2006. The rights attached to the new shares will be the same as those attaching the Company's existing Shares and will rank pari passu with existing Shares in all respects from such time as the share capital increase in connection with the issuance of the new Shares is registered with the Norwegian Register of Business Enterprises.

Following completion of the Private Placement and the issuance of the new Shares in connection therewith, the Company's share capital will be NOK 89,111,812 consisting of 178,223,624 Shares, each with a par value of NOK 0.50.

25.3 Transferability

The Shares are freely transferable.

25.4 Managers

The Managers of the Listing are:

- Pareto Securities ASA, P. O. Box 1411Vika, N-0115 Oslo Norway;
- DnB NOR Markets, Stranden 21, Aker Brygge, N-0021 Oslo, Norway; and
- SEB Enskilda ASA, Filipstad Brygge 1, P.O. Box 1363, N-0113 Oslo, Norway.

25.5 Lock-up agreement

The Company's Main shareholder, Laco AS, has entered into a lock-up agreement with Pareto Securities ASA dated 29 May 2006. Under the lock-up agreement, Laco AS has agreed not to sell any Shares for a period of 6 months following the Listing, without approval from the Managers. Pareto Securities ASA and the other Managers have entered into a separate agreement whereby Pareto Securities ASA have undertaken not to approve an exemption from the lock-up without the prior consent of the other Managers.

25.6 Jurisdiction

This Prospectus is subject to Norwegian law, unless otherwise indicated herein. Any dispute arising in respect of the Listing or this Prospectus is subject to the exclusive jurisdiction of the Norwegian courts.

26 ADMISSION TO TRADING

On 30 August 2006, the Company submitted an application for Listing of the Shares on Oslo Børs.

In a board meeting held on 27 September 2006, the Board of Directors of Oslo Børs resolved to approve the Company's application for the Listing. Barring unforeseen circumstances, the first day of trading for the Shares on Oslo Børs is expected to be on or about 11 October 2006. The Shares will be listed on the Main list and will trade in round lots (Nw. "børspost") of 200 Shares under the ticker symbol "AUSS".

Since 7 June 2005, the Shares have been publicly traded on the OTC market in Oslo under the ticker AUSS.

27 EXPENSES IN CONNECTION WITH LISTING

Transaction costs and all other directly attributable costs in connection with the Listing will be borne by the Company. The total costs related to the Listing are expected to amount to approximately NOK 6.4 million.

28 SECURITIES TRADING IN NORWAY

28.1 Introduction

Oslo Børs was established in 1819 and is the principal market in which shares, bonds and other financial instruments are traded in Norway. Oslo Børs is incorporated as a public limited company. As of 31 December 2005, the total capitalization of companies listed on Oslo Børs amounted to approximately NOK 1,403 billion. Shareholdings of non-Norwegian companies as a percentage of total market capitalization on 31 December 2005 amounted to approximately 7.8%.

Oslo Børs is a part of the NOREX Alliance, whose other members are the Copenhagen Stock Exchange, the Stockholm Stock Exchange and the Iceland Stock Exchange.

28.2 Trading and settlement

Trading on the NOREX exchanges is carried out in the electronic trading system SAXESS. OM Technology, a part of OM AB that owns the OM Stockholm Exchange, has developed SAXESS. This trading system is in use by all members of the NOREX Alliance, and allows brokers to operate on all such exchanges of which they are members through a single trading system. For the time being, clearing of all trades, however, takes place through different systems for trades effected on the different exchanges.

Official trading takes place between 9:00 am and 4:30 pm each trading day. Orders may be placed in the system beginning at 8:15 am.

The settlement period for trading on Oslo Børs is three days (T+3).

The ability of brokerage houses to trade for their own account is restricted to trading that occurs as an integral part of either investment services or general capital management. Trading by individual employees is also restricted.

Investment services may only be provided by Norwegian brokerage houses holding a license under the Securities Trading Act, branches of brokerage houses from an EEA -state or brokerage houses from outside the EEA that have been licensed to operate in Norway. EEA-state brokerage houses may also conduct cross-border investment services in Norway.

It is possible for brokerage houses to undertake market-making activities in listed Norwegian shares if they have a license to do so under the Securities Trading Act, or in the case of EEA–state brokerage houses, a license to carry out market making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Securities Trading Act covering brokers' trading for own account. Such market-making activity, however, does not as such require notification to the Financial Supervisory Authority of Norway (Kredittilsynet) ("FSAN") or Oslo Børs except for the general obligation on brokerage houses that are members of Oslo Børs to report all trades in stock exchange listed securities.

28.3 Information, control and surveillance

Under Norwegian law, Oslo Børs is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of Oslo Børs monitors all market activity on a continuous basis and is responsible for the dissemination of information from listed companies to the market. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

Oslo Børs controls the issuance of securities in both the equity and bond markets in Norway. Oslo Børs evaluates whether the issuance documentation contains the required information and whether it would otherwise be illegal to carry out the issuance.

Each listed company must deliver to Oslo Børs copies of all reports and communications sent to its shareholders. Each company must also promptly, unless there are valid reasons for postponement, release to Oslo Børs any other precise information about the financial instruments, the company or other matters which are suited to influence the price of the financial instruments or related financial instruments noticeably, and which are not publicly available or commonly known in the market. Oslo Børs may levy fines on companies that violate such requirements.

28.4 The VPS and transfer of shares

The VPS is the Norwegian paperless centralized securities registry. It is a computerized bookkeeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. The Company's share register is operated through the VPS. All transactions relating to securities registered with the VPS are made through computerized book entries. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To effect such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, the Bank of Norway, authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

The entry of a transaction in the VPS is prima facie evidence in determining the legal rights of parties as against the issuing company or a third party claiming an interest in the given security.

The VPS is strictly liable for any loss resulting from an error in connection with registering, altering or cancelling a right, except in the event of contributory negligence, in which event compensation owed by the VPS may be reduced or withdrawn.

A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition of shares is not prevented by law, the Articles of Association or otherwise.

28.5 Share register

Under Norwegian law shares are registered in the name of the owner of the shares. As a general rule, there are no arrangements for nominee registration. However, shares may be registered in the VPS by a fund manager (bank or other nominee) approved by the Norwegian Ministry of Finance, as the nominee of foreign shareholders. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In the case of registration by nominees, registration with the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions but cannot vote at general meetings on behalf of the beneficial owners. Beneficial owners must register with the VPS or provide other sufficient proof of their ownership to the shares in order to vote at general meetings.

28.6 Foreign investment in Norwegian shares

Foreign investors may trade shares listed on Oslo Børs through any broker that is a member of Oslo Børs, whether Norwegian or foreign.

28.7 Disclosure obligations

A person, entity or group acting in concert that acquires shares, options for shares or other rights to shares resulting in its beneficial ownership, directly or indirectly, in the aggregate meeting or exceeding the respective thresholds of 1/20, 1/10, 1/5, 1/3, 1/2, 2/3 or 9/10 of the share capital or the voting rights in the Company has an obligation under Norwegian law to notify Oslo Børs immediately. The same applies to disposal of shares (but not options or other rights to shares) resulting in a beneficial ownership, directly or indirectly, in the aggregate meeting or falling below said thresholds.

28.8 Insider trading

According to Norwegian law subscription for, purchase, sale or exchange of shares which are quoted, or incitement to such dispositions, must not be undertaken by anyone who has precise information about the financial instruments, the company or other matters which are suited to influence the price of the financial instruments or related financial instruments noticeably, and which are not publicly available or commonly known in the market. The same applies to entry into, purchase, sale or exchange of option or futures/forward contracts or equivalent rights connected with such shares or incitement to such disposition.

28.9 Mandatory offer requirement

Norwegian law requires any person, entity or group acting in concert that acquires more than 40% of the voting rights of a Norwegian company listed on Oslo Børs to make an unconditional general offer for the purchase of the remaining shares in the company. The offer is subject to approval by Oslo Børs before submission of the offer to the shareholders. The Offer Price per share must be at least as high as the highest price paid or agreed by the offeror in the six-month period prior to the date the 40% threshold was exceeded, but equal to the market price if the market price was higher when the 40% threshold was exceeded. In the event that the acquirer thereafter, but prior to the expiration of the bid period acquires, or agrees to acquire, additional shares at a higher price, the acquirer is obliged to restate its bid at that higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered. A shareholder who fails to make the required offer must within four weeks dispose of sufficient shares so that the obligation ceases to apply (i.e., to reduce the ownership to a level below 40%). Otherwise, Oslo Børs may cause the shares exceeding the 40% limit to be sold by public auction. A shareholder who fails to make such bid cannot, as long as the mandatory bid requirement remains in force, vote for his shares on the company’s shareholders meetings or exercise any rights of share ownership unless a majority of the remaining shareholders approve. The shareholder can, however, exercise the right to dividends and pre-emption rights in the event of a share capital increase. Oslo Børs may impose a daily fine upon a shareholder who fails to make the required offer.

A shareholder or consolidated group that owns shares representing more than 40% of the votes in a listed company, and that has not made an offer for the purchase of the remaining shares in the company in accordance with the provisions concerning mandatory offers (e.g., due to available exemptions), is obliged, in general, to make a mandatory offer in the case of each subsequent acquisition. However, there are exceptions to this rule, including for a shareholder or a consolidated group that, upon admission of the company to listing on a stock exchange, owns more than 40% of the shares in the company.

28.10 Compulsory acquisition

If a shareholder, directly or via subsidiaries, acquires shares representing more than 90% of the total number of issued shares as well as more than 90% of the total voting rights attached to such shares, then such majority shareholder would have the right (and each remaining minority shareholder of the Company would have the right to require such majority shareholder) to effect a compulsory acquisition for cash of any shares not already owned by such majority shareholder. Such compulsory acquisition would imply that the majority shareholder has become the owner of the thus acquired shares with immediate effect. Upon effecting the compulsory acquisition the majority shareholder would have to offer the minority shareholders a specific price per share, the determination of which price would be at the discretion of the majority shareholder. Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than two months' duration, request that the price be set by the Norwegian courts. Absent such request or other objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiry of the two months deadline. The cost of such court procedure would, as a general rule, be for the account of the majority shareholder, and the courts would have full discretion in respect of the valuation of the shares as per the effectuation of the compulsory acquisition.

28.11 Voting rights

Each share in the Company carries one vote.

As a general rule, resolutions that shareholders are entitled to make pursuant to Norwegian law or the Company's Articles of Association require approval by a simple majority of the votes cast. In the case of election of directors to the board of directors, the persons who obtain the most votes cast are deemed elected to fill the positions up for election. However, as required under Norwegian law, certain decisions, including resolutions to waive preferential rights in connection with any share issue, to approve a merger or demerger, to amend the Company's Articles of Association, to authorize an increase or reduction in the share capital, to authorize an issuance of convertible loans or warrants or to authorize the Board of Directors to purchase the Company's Shares or to dissolve the Company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a shareholders' meeting. Norwegian law further requires that certain decisions, which have the effect of substantially altering the rights and preferences of any shares or class of shares receive the approval of the holders of such shares or class of shares as well as the majority required for amendments to the Company's Articles of Association. Decisions that (i) would reduce any shareholder's right in respect of dividend payments or other rights to the assets of the Company or (ii) restrict the transferability of the shares require a majority vote of at least 90% of the share capital represented at the general meeting in question as well as the majority required for amendments to the Company's Articles of Association. Certain types of changes in the rights of shareholders require the consent of all shareholders affected thereby as well as the majority required for amendments to the Company's Articles of Association.

In general, in order to be entitled to vote, a shareholder must be registered as the beneficial owner of shares in the share register kept by the VPS. Beneficial owners of shares that are registered in the name of a nominee are generally not entitled to vote under Norwegian law, nor are any persons who are designated in the register as holding such shares as nominees.

Readers should note that there are varying opinions as to the interpretation of Norwegian law in respect of the right to vote nominee-registered shares. For example, Oslo Børs has in a statement on 21 November 2003 held that in its opinion "nominee-shareholders" may vote in general meetings if they actually prove their shareholding prior to the general meeting.

28.12 Restriction on ownership of shares

The Articles of Association of the Company contain no provisions restricting foreign ownership of shares.

There are no limitations under Norwegian law on the rights of non-residents or foreign owners to hold or vote the shares.

28.13 Additional issuances and preferential rights

All issuances of shares by the Company, including bonus issues, require an amendment to the Articles of Association, which requires the same vote as other amendments to the Articles of Association (i.e., support by at least two-thirds of the votes cast). Furthermore, under Norwegian law, the Company's shareholders have a preferential right to subscribe for issues of new shares. The preferential rights to subscribe in an issue may be waived by a resolution in a general meeting by the same vote required to approve amendments to the Articles of Association. A waiver of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding shares, irrespective of class.

Under Norwegian law, bonus issues may be distributed, subject to shareholder approval, by transfer from the Company's free equity or from its share premium reserve. Such bonus issues may be effected either by issuing shares or by increasing the par value of the shares outstanding.

To issue shares to holders who are citizens or residents of the United States upon the exercise of preferential rights, the Company may be required to file a registration statement in the United States under United States securities laws. If the Company decides not to file a registration statement, such holders may not be able to exercise their preferential rights and in such event would be required to sell such rights to eligible Norwegian persons or other eligible non-U.S. holders to realize the value of such rights.

28.14 Dividends

Under Norwegian law, no interim dividends may be paid in respect of a financial period as to which audited financial statements have not been approved by the annual general meeting of shareholders, and any proposal to pay a dividend must be recommended or accepted by the directors and approved by the shareholders at a general meeting. The shareholders at an annual general meeting may vote to reduce (but not to increase) the dividends proposed by the directors.

Dividends in cash or in kind are payable only out of (i) the annual profit according to the adopted income statement for the last financial year, (ii) retained profit from previous years, and (iii) distributable reserves, after deduction of (a) any uncovered losses, (b) the book value of research and development, (c) goodwill, (d) net deferred tax assets recorded in the balance sheet for the last financial year, (e) the aggregate value of any treasury shares that the Company has purchased or been granted security over during the preceding financial years, (f) any credit or security given pursuant to sections 8-7 to 8-9 of the Norwegian Public Limited Companies Act and provided always that such distribution is compatible with good and prudent business practice with due regard to any losses which may have occurred after the last balance sheet date or which may be expected to occur. The Company cannot distribute any dividends if the equity, according to the balance sheet, amounts to less than 10% of the total balance sheet without a two months' creditor notice period.

Under Norwegian foreign exchange controls currently in effect, transfers of capital to and from Norway are not subject to prior government approval. However, all payments to and from Norway shall be registered with the Norwegian Currency Registry. Such registration is made by the entity performing the transaction. Further, each physical transfer of payments in currency shall be notified to the Norwegian customs. Consequently, a non-Norwegian resident may receive dividend payments without Norwegian exchange control consent if such payment is made through a licensed bank.

The board will consider the amount of dividend (if any) to recommend for approval by the Company's shareholders, on an annual basis, based upon the earnings of the Company for the years just ended and the financial situation of the Company at the relevant point in time.

29 TAX ISSUES

Set out below is a summary of certain Norwegian tax matters related to investments in the company. The summary is based on Norwegian laws, rules and regulations applicable as of the date of this Prospectus, and is subject to any changes in law occurring after such date. Such changes could possibly be made on a retroactive basis. The summary does not address foreign tax laws. The summary is of a general nature and does not purport to be a comprehensive description of all the Norwegian tax considerations that may be relevant for a decision to acquire, own or dispose of shares in the company. Shareholders who wish to clarify their own tax situation should consult with and rely upon their own tax advisers. Shareholders resident in jurisdictions other than Norway should consult with and rely upon local tax advisors with respect to the tax position in their country of residence.

Please note that for the purpose of the summary below, a reference to a Norwegian or foreign shareholder refers to the tax residency rather than the nationality of the shareholder.

29.1 Tax consequences related to the ownership and disposal of shares – Norwegian shareholders

This section summarizes Norwegian tax rules relevant to shareholders that are residents of Norway for Norwegian tax purposes ("*Norwegian shareholders*").

Taxation of dividends

Personal shareholders

Dividends distributed to Norwegian personal shareholders (i.e. shareholders who are individuals) are taxable as general income at a rate of 28% to the extent the dividends exceed a calculated tax-free allowance. The allowance is calculated on a share by share basis, and is equal to the cost price of the share (including RISK-adjustments per 1 January 2006) multiplied with a determined risk free interest rate based on the effective rate after tax of interest on treasury bills (Norwegian: statskasseveksler) with three months maturity. Any part of the calculated allowance one year exceeding the dividend distributed on the share the same year ("unused allowance") is added to the cost price of the share and included in the basis for calculating the allowance the following year.

Corporate shareholders

Norwegian corporate shareholders (i.e. limited liability companies and similar entities) are exempt from tax on dividends received on shares in Norwegian limited liability companies and similar entities.

Shares owned through partnerships

Partnerships are as a general rule transparent for Norwegian tax purposes. Taxation occurs at partner level, and each partner is taxed on a current basis for its proportional share of the net income generated by the partnership at a rate of 28%, regardless of whether such income is distributed to the partners or not. However, shareholders resident in Norway for tax purposes owning shares through a partnership is not taxed on a current basis for their proportional share of dividends received by the partnership. For partners who are Norwegian personal shareholders taxation occurs when the dividends received are distributed from the partnership to such partners. Such distributions will be taxed as general income at a rate of 28%. The Norwegian personal shareholders will be entitled to deduct a calculated allowance when calculating their taxable income, cf. the description of tax issues related to personal shareholders above. Norwegian corporate shareholders holding shares through a partnership will be exempt from taxation of their proportional part of dividends received by the partnership.

Taxation upon realisation of shares

Personal shareholders

Sale or other disposal of shares is considered a realisation for Norwegian tax purposes. A capital gain or loss generated by a Norwegian personal shareholder through a realisation of shares is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from general income in the year of disposal. The tax rate for general income is currently 28%. The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares realised.

The taxable gain/deductible loss related to the realisation of shares is calculated per share as the difference between the consideration received and the cost price of the share, including any RISK-adjustments up to 1 January 2006 and costs incurred in relation to the acquisition or realisation of the share. Any unused allowance on a share (see above) may be set off against capital gains related to the realisation of the same share, but this may not lead to or increase a deductible loss, i.e. any unused allowance exceeding the capital gain upon the realisation of a share will be annulled.

If the shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

With effect from 1 January 2006, new regulations were introduced whereby a Norwegian personal shareholder who moves abroad and ceases to be tax resident in Norway as a result of this, will be deemed taxable in Norway for any potential gain related to the shares held at the time the tax residency ceased, as if the shares were realised at this time. Gains of NOK 200,000,- or less are not taxable. If the person moves to a jurisdiction within the EEA, potential losses related to shares held at the time tax residency ceases will be tax deducible. Taxation (loss deduction) will occur at the time the shares are actually sold or otherwise disposed of. If the shares are not realised within five years after the shareholder ceased to be resident in Norway for tax purposes, the tax liability calculated under these provisions will not apply.

Corporate shareholders

Norwegian corporate shareholders are exempt from tax on capital gains upon the realisation of shares in Norwegian limited liability companies and similar entities. Losses upon the realisation and costs incurred in connection with the purchase and realisation of such shares are not deductible for tax purposes.

Shares owned through partnerships

Partnerships are as a general rule transparent for Norwegian tax purposes, and taxation occurs at partner level on a current basis, cf above. However, shareholders resident in Norway for tax purposes owning shares through a partnership is not taxed on a current basis for their proportional share of capital gains received by the partnership in relation to such shares. For partners who are Norwegian personal shareholders taxation occurs when the capital gains received are distributed from the partnership to such partners. Such distributions will be taxed as general income at a rate of 28%. The Norwegian personal shareholders will be entitled to deduct a calculated allowance when calculating their taxable income, cf. the description of tax issues related to personal shareholders above. Norwegian corporate shareholders holding shares through a partnership will be exempt from taxation of their proportional part of dividends received by the partnership.

Net Wealth Tax

Norwegian limited liability companies and certain similar entities are exempt from Norwegian net wealth tax. For other Norwegian shareholders, shares will form part of their basis for calculation of Norwegian net wealth tax. Listed shares are valued at 80% of their stock value as of 1 January in the assessment year. The current marginal wealth tax rate is 1.1%.

29.2 Tax consequences related to the ownership and disposal of shares – foreign shareholders

This section summarizes Norwegian tax rules relevant to shareholders that are not residents of Norway for Norwegian tax purposes ("*foreign shareholders*"). The potential tax liabilities for foreign shareholders in the jurisdiction where they are resident for tax purposes or other jurisdictions will depend on tax rules applicable in the relevant jurisdiction.

Taxation of dividends

Dividends paid by Norwegian limited liability companies and similar entities to foreign shareholders, both corporate and personal shareholders, are as a general rule subject to withholding tax in Norway at a rate of 25%, unless otherwise provided for in an applicable income tax treaty or the recipient is covered by the specific regulations for shareholders resident within the EEA (see below). The withholding obligation lies with the company distributing the dividends.

Foreign *personal shareholders* who are resident within the EEA for tax purposes are subject to Norwegian withholding tax on dividends received from Norwegian companies at the regular rate or at a reduced rate determined in an applicable tax treaty. However, such shareholders may apply individually to the tax authorities for a refund of an amount corresponding to the calculated tax-free allowance on each individual share (see above). In contrast to Norwegian personal shareholders, Norwegian tax authorities have stated that foreign personal shareholders resident within the EEA may not carry forward any unused allowance.

Foreign *corporate shareholders* who are tax resident within the EEA are exempt from Norwegian withholding tax on dividends distributed from Norwegian limited liability companies and similar entities, provided that the shareholder is the beneficial owner of the dividends.

Dividends distributed to *foreign partnerships* are in practice normally subject to withholding tax at a rate of 25%. However, the partners in the partnership may be entitled to a reduced withholding tax rate (or a zero rate) based on their tax residency and/or applicable tax treaties. However, this depends on each partner's specific situation, and each investor is advised to consult with their tax advisors in this respect.

In accordance with the present administrative system in Norway, a distributing company will normally deduct withholding tax at the applicable reduced rate when dividends are paid directly to an eligible foreign shareholder based on the information registered with the VPS (the Norwegian Central Securities Depository) as to the tax residence of the foreign shareholder. Dividends paid to foreign shareholders in respect of nominee registered shares will be subject to withholding tax at the general rate of 25% unless the nominee, by agreeing to provide certain information regarding beneficial owners, has obtained approval for reduced treaty-rate withholding from the Central Office for Foreign Tax Affairs (*Sentralskattekontoret for utenlandssaker*). Foreign shareholders who have suffered a higher withholding tax than set out by an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

If a foreign shareholder is carrying on business activities in Norway, and the relevant shares are effectively connected with such business activities, dividends distributed to such shareholder will be subject to the same taxation as Norwegian shareholders, as described above.

Taxation of capital gains upon the realisation of shares

Capital gains related to the realisation of shares in Norwegian companies by a foreign *personal shareholder* will not be subject to taxation in Norway unless the personal shareholder (i) holds the shares in connection with the conduct business activities in Norway or (ii) has been a tax resident of Norway within the five calendar years preceding the year of the sale or disposition (and whose gains are not exempt pursuant to the provisions of an applicable income tax treaty).

Capital gains related to the realisation of shares in Norwegian companies by foreign *corporate shareholders* are not subject to taxation in Norway.

Net Wealth Tax

Foreign shareholders are not subject to net wealth tax in Norway on shares in Norwegian companies unless the shareholder is an individual and the shareholding is effectively connected with business activities carried out by the shareholder in Norway.

29.3 Duties on the transfer of shares

No stamp or similar duties are currently imposed in Norway on the transfer or issuance of shares in Norwegian companies.

29.4 Inheritance tax

When shares are transferred either through inheritance or as a gift, such transfer may give rise to inheritance or gift tax in Norway if the decedent, at the time of death, or the donor, at the time of the gift, is a resident or citizen of Norway, or if the shares are effectively connected with a business carried out through a permanent establishment in Norway. However, in the case of inheritance tax, if the decedent was a citizen but not a resident of Norway, Norwegian inheritance tax will not be levied if inheritance tax or a similar tax is levied by the decedent's country of residence.

30 DEFINITIONS AND GLOSSARY

The following definitions and glossary apply in this Prospectus unless dictated otherwise by the context, including the foregoing pages of this Prospectus.

30.1 Definitions

AUSS:	Austevoll Seafood together with its subsidiary.
Austevoll Seafood Group:...........	Austevoll Seafood together with its subsidiaries.
Austevoll Seafood:......................	Austevoll Seafood or when the context so requires, the Austevoll Seafood Group.
Board:..	The Board of Directors of Austevoll Seafood.
Company:...................................	Austevoll Seafood or when the context so requires, the Austevoll Seafood Group.
IFRS:..	International Financing Reporting Standards, issued by the International Financial Reporting Interpretations Committee (IFRIC) (formerly, the "”Standing Interpretations Committee”" (SIC)).
Listing:.......................................	The listing of the Company’s shares on Oslo Børs.
Managers:...................................	Pareto Securities ASA, DnB Nor Markets and SEB Enskilda ASA.
NOK:..	Norwegian Kroner, the lawful currency of the Kingdom of Norway.
Norwegian Public Limited Companies Act:..........................	The Norwegian Public Limited Companies Act of 13 June 1997 no. 45 (Nw. “Allmennaksjeloven”).
Norwegian Securities Trading Act:..	The Securities Trading Act of 19 June 1997 no. 79 (Nw. “Verdipapirhandelloven”).
Norwegian Stock Exchange Regulations:	The Stock Exchange Regulations of 17 January 1994 no. 30, last amended by Regulation of 9 December 2005 nr. 1427 (Nw. “Børsforskriften”).
Oslo Børs:	Oslo Børs ASA (translated “the Oslo Stock Exchange”).
OTC:	The Norwegian Over-the-counter market, managed by the Norwegian Securities Dealers Association (Nw. in Norwegian: “Norges Fondsmeglerforbund”).
Private Placement:	The increase in share capital of NOK 10,000,000 by issuance of 20,000,000 new Shares directed at professional investors resolved by the Board on 5 October 2006 and as further described in section 20.1 and 25.2.
Prospectus:.................................	This Prospectus dated 9 October 2006 prepared in connection with the Listing.
Share(s):.....................................	“Shares” means The common shares in the capital of Austevoll Seafood and “Share” means any one of them.
TNOK:	NOK 1,000.
USD:	United States Dollars.
VPS account:..............................	An account with VPS for the registration of holdings of securities.
VPS:...	Verdipapirsentralen (Norwegian Central Securities Depository), which organizes the Norwegian paperless securities registration system.

30.2 Glossary of Terms

EFF:	The Norwegian Seafood Expert Council, (Nw. “Ekportutvalget for Fisk”).
FAO:	Food and Agriculture Organization of the United Nations.
FHL:	The Norwegian Seafood Federation, (Nw. “Fiskeri og Havbruksnæringens Landsforening”).
Gw:...	Gross weight.
ICES:..	The International Council for the Exploration of the Sea.

IFFO:... International Fishmeal and Fish Oil Organisation.

Kontali: .... Kontali Analyse AS

Mt:... Metric tonnes.

SERNAPESCA:.......................... Servicio Nacional de Pesca = Chile’s Fishing Agency.

SSB: .... Central Bureau of Statistics.

Wfe: .... Whole fish equivalents.

31 APPENDIX

31.1 Appendices

Appendix 1: Articles of Association[2]

Austevoll Seafood ASA

(last amended 5 October 2006)

§ 1

The name of the company is Austevoll Seafood ASA. The company is a Public Limited Liability Company.

§ 2

The registered office of the company is in Austevoll local authority.

§ 3

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

§ 4

The share capital is NOK 89,111,812 divided into 178,223,624 shares, each with a nominal value of NOK 0.50.

§ 5

The shares of the company are freely transferable without restrictions of any kind.

§ 6

The Board of Directors of the company shall consist of 5-7 Directors. The Chairman of the Board of Directors shall be elected by the General Meeting.

The Chairman of the Board of Directors alone or any two Directors jointly, may sign for and on behalf of the Company. The Board of Directors may appoint a general manager and grant proxy.

§ 7

The Ordinary General Meeting shall deal with and decide upon the following matters:

1) Approval of the annual accounts and the annual report, including distribution of dividend.
2) Approval of the group accounts and consolidated balance sheets
3) Any other business to be transacted at the General Meeting by law or in accordance with the Articles of Association.

§ 8

Shareholders wishing to attend at the General Meeting must notify the company within

a certain time limit stated in the notice of General Meeting, which must not expire earlier than five days before the General Meeting. Shareholders failing to notify the company within the specified time limit may be denied entrance to the General Meeting.

§ 9

Moreover, the at all times prevailing legislation on Public Limited Liability Companies is applicable.

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[2] Unofficial translation from Norwegian

Appendix 2: Annual Report for 2005

Austevoll Seafood ASA

Balance sheet

(Amounts in NOK 1.000)

Assets	Note	IFRS 31.12.2005	IFRS 31.12.2004
Goodwill	15	76 172	73 320
Licenses	15	769 390	688 997
Vessels	16	484 899	647 276
Other property, plant and equipment	16	597 079	415 550
Associated companies	17	143 106	104 221
Available for sale financial assets	18	18 412	7 125
Non-current receivables	19	115 243	104 303
Total non-current assets		**2 204 301**	**2 040 792**
Inventories	20	111 401	72 739
Biological assets	21	176 195	171 237
Accounts receivable	22	204 080	166 124
Other current receivables	19	271 040	67 740
Cash and cash equivalents	24	126 493	22 640
Total current assets		**889 209**	**500 480**
Total assets		**3 093 510**	**2 541 272**

Equity and liabilities	Note	IFRS 31.12.2005	IFRS 31.12.2004
Share capital	25	56 097	56 097
Share premium		512 088	512 088
Retained earnings and other reserves		332 650	38 761
Minority interest		77 034	115 017
Total equity		**977 869**	**721 963**
Deferred tax liabilities	26	281 228	291 615
Pension obligations	27	4 546	4 150
Borrowings	29	1 007 087	752 081
Other non-current liabilities	29	113 692	97 193
Total non-current liabilities		**1 406 553**	**1 145 039**
Borrowings	29	444 339	485 249
Accounts payable		161 445	121 952
Tax payable	26	3 499	7 554
Accrued salary expense and public tax payable		20 390	21 695
Other current liabilities	32	79 415	37 820
Total current liabilities		**709 088**	**674 270**
Total liabilities		**2 115 641**	**1 819 309**
Total equity and liabilities		**3 093 510**	**2 541 272**

Austevoll Seafood ASA

Income statement

(Amounts in NOK 1.000)

	Note	IFRS 2005	IFRS 2004
Sales revenue	10	1 734 035	1 250 387
Other income		178 334	-380
Total income	11	1 912 369	1 250 007
Change in inventories	20	10 211	-53 368
Raw materials and consumables used		-1 038 433	-658 709
Salaries and personnel expenses	12	-170 860	-149 975
Other operating expenses	12	-314 125	-202 876
Operating profit before depreciation and fair value adjustments of biological assets		399 162	185 079
Depreciation	16	-106 085	-90 366
Impairment of fixed assets	16	-	-
Amortisation of intangible assets	15	-8 297	-8 055
Impairment of intangible assets	15	-	-
Operating profit before fair value adjustment of biological assets		284 780	86 658
Fair value adjustment of biological assets	21	-1 108	4 820
Operating profit	10	283 672	91 478
Income from associated companies	17	17 066	2 163
Financial income	13	44 767	38 416
Financial expenses	13	-117 364	-68 206
Profit before taxes		228 141	63 851
Income tax expense	26	8 931	19 060
Profit for the year		237 072	82 911
Profit attributable to minority interests		9 871	4 882
Profit attributable to equityholders of Austevoll Seafood ASA		227 201	78 029
Earnings per share (NOK)	14	8,10	2,78
Earnings per share - diluted (NOK)	14	8,10	2,78

Austevoll Seafood ASA

Statement of changes in equity

(Amounts in NOK 1.000)

	Note	Share capital	Share premium	Retained earnings	Currency translation differences	Minority interests	Total equity
Equity 31.12.2003 NGAAP		**56 097**	**512 088**	**39 341**	**-**	**94 734**	**702 260**
Impacts of transition to IFRS	5	-	-	-89 312	-	6 922	**-82 390**
Equity 01.01.2004 IFRS		**56 097**	**512 088**	**-49 971**	**-**	**101 656**	**619 870**
Profit for the year 2004		-	-	78 029		4 882	**82 911**
Currency translation differences		-	-		-9 556	-660	**-10 216**
Other gains and losses charged directly to equity		-	-	259		-865	**-606**
Total gains and losses charged directly to equity		**-**	**-**	**259**	**-9 556**	**-1 525**	**-10 822**
Total recognised income		**-**	**-**	**78 288**	**-9 556**	**3 357**	**72 089**
New equity from cash contributions	25					30 004	**30 004**
Dilution gain				20 000		-20 000	**-**
Total equity to/from shareholders		-	-	**20 000**	**-**	**10 004**	**30 004**
Total change of equity in 2004		-	-	**98 288**	**-9 556**	**13 361**	**102 093**
Equity 31.12.04		**56 097**	**512 088**	**48 317**	**-9 556**	**115 017**	**721 963**
Profit for the year 2005				227 201		9 871	**237 072**
Currency translation differences		-	-		52 269	757	**53 026**
Other gains and losses charged directly to equity		-	-	172		-2 983	**-2 811**
Total gains and losses charged directly to equity		-	-	**172**	**52 269**	**-2 226**	**50 215**
Total recognised income		-	-	**227 373**	**52 269**	**7 645**	**287 287**
Dividends		-	-	**-**		-1 417	**-1 417**
Acquisition of minorities	5	-	-	14 247		-44 211	**-29 964**
Total equity to/from shareholders		-	-	**14 247**	**-**	**-45 628**	**-31 381**
Total change of equity in 2005		-	-	**241 620**	**52 269**	**-37 983**	**255 906**
Equity 31.12.05		**56 097**	**512 088**	**289 937**	**42 713**	**77 034**	**977 869**

Austevoll Seafood ASA

Cash flow statement

(Amounts in NOK 1.000)

	Note	2005	2004
Profit before income taxes		228 142	64 343
Fair value adjustment on biological assets	21	1 108	-4 820
Taxes paid for the period		-10 441	-7 733
Depreciation and amortisation	15, 16	114 381	98 421
(Gain) on sale of property, plant and equipment		-64 847	-
(Gain) on investments		-132 286	-1 668
Fair value losses on financial assets/instruments through profit or loss		1 081	-
Share of (profit) from associates	17	-17 066	-2 163
Change in inventories		-9 384	-14 859
Change in accounts receivable and other receivables		-43 068	-9 553
Change in accounts payable and other payables		9 648	-4 878
Change in other accruals		-24 828	26 604
Net cash flow from operating activities		**52 440**	**143 694**
Proceeds from sale of fixed assets		138 891	2 704
Proceeds from sale of shares and other equity instruments		28 501	16 776
Purchase of fixed assets		-303 428	-146 945
Purchase of shares and equity investments in other companies		-26 793	-1 279
Net cash flow from investing activities		**-162 829**	**-128 744**
Proceeds from issuance of long-term interest bearing debt		532 581	110 000
Proceeds from issuance of short-term interest bearing debt		189 523	23 744
Repayment of long-term interest bearing debt		-402 313	-230 842
Repayment of short-term interest bearing debt		-105 375	-
Dividends paid		-1 417	-
Net cash flow from financing activities		**212 999**	**-67 094**
Net change in cash and cash equivalents		**102 610**	**-52 144**
Cash and cash equivalents at 01.01.	24	**22 640**	**75 497**
Currency exchange gains on opening balance of cash and cash equivalents		1 250	-713
Cash and cash equivalents at 31.12.	24	**126 500**	**22 640**

Notes to the accounts

1 GENERAL

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

These accounts were approved by the Board of Directors for publishing on August 29, 2006. The annual, statutory accounts, based upon Norwegian Generally Accepted Accounting Principles (N GAAP), were approved by the General Annual Meeting on May 11, 2006.

The group's activities are described in note 10. In the following "group" is used to describe information related to Austevoll Seafood ASA group whilst "company" is used for the parent company itself.

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

Austevoll Seafood ASA

Notes to the accounts

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. Both 2004 and 2005 financial statements were originally prepared according to Norwegian generally accepted accounting principles (NGGAP). However, in connection with a planned listing on the Oslo Stock Exchange in 2006, the Group has also prepared the 2005 financial statements in accordance with IFRS. The 2004 comparable figures shown in the 2005 consolidated financial statements are based on the same priciples as applied in the 2005 consolidated financial statements. The main changes in accounting principles and the main effects of the transition from NGAAP to IFRS are shown in Note 5.

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

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

Standards, interpretations and amendments to published standards that are not yet effective
Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2006 or later periods but which the Group has not early adopted, as follows:

• *IAS 19 (Amendment), Employee Benefits (effective from 1 January 2006).*
This amendment introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the Group does not intend to use the alternative recognition approach for actuarial gains and losses and does not participate in any multi-employer plans, adoption of this amendment will only impact the format and extent of disclosures presented in the accounts. The Group will apply this amendment from annual periods beginning 1 January 2006.

• IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions (effective from 1 January 2006).
The amendment allows the foreign currency risk of a highly probable forecast intragroup transaction to qualify as a hedged item in the consolidated financial statements, provided that: (a) the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction; and (b) the foreign currency risk will affect consolidated profit or loss. This amendment is not relevant to the Group's operations, as the Group does not have any intragroup transactions that would qualify as a hedged item in the consolidate financial statements as of 31 December 2005 and 2004.

• *IAS 39 (Amendment), The Fair Value Option (effective from 1 January 2006).*
This amendment changes the definition of financial instruments classified at fair value through profit or loss and restricts the ability to designate financial instruments as part of this category. The Group will apply this amendment from annual periods beginning 1 January 2006.

• *IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts (effective from 1 January 2006).*
This amendment requires issued financial guarantees, other than those previously asserted by the entity to be insurance contracts, to be initially recognised at their fair value, and subsequently measured at the higher of (a) the unamortised balance of the related fees received and deferred, and (b) the expenditure required to settle the commitment at the balance sheet date. Management considered this amendment to IAS 39 and concluded that it is not relevant to the Group.

• *IFRS 6, Exploration for and Evaluation of Mineral Resources (effective from 1 January 2006).*
IFRS 6 is not relevant to the Group's operations.

• *IFRS 7, Financial Instruments: Disclosures, and a complementary Amendment to IAS 1, Presentation of Financial Statements - Capital Disclosures (effective from 1 January 2007).*
IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It is applicable to all entities that report under IFRS. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Group assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis of market risk and the capital disclosures required by the amendment of IAS 1. The Group will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1 January 2007.

• IFRIC 4, Determining whether an Arrangement contains a Lease (effective from 1 January 2006).
IFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Management is currently assessing the impact of IFRIC 4 on the Group's operations and will apply this amendment from annual periods beginning 1 January 2006.

Further, the following IFRIC's are not relevant to the Group's operations

• IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (effective from 1 January 2006).
• IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment (effective from 1 December 2005).
• IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies (effective from 1 March 2006).
• IFRIC 8, Scope of IFRS 2 (effective from 1 May 2006).
• IFRIC 9, Reassessment of Embedded Derivatives (effective from 1 June 2006).

Notes to the accounts

2 ACCOUNTING PRINCIPLES

Consolidation
Subsidiaries
Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

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

Transactions with minority interests
The Group applies a policy of treating transactions with minority interests as transactions with parties internal to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded directly against equity. In the case of purchase of minority interests, the compensation is charged against minority interests related to this investment, and the remaining difference is charged against other equity. Thus, purchase of minority does not generate or change excess values, including goodwill.

Associates
Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been translated where necessary to ensure consistency with the policies adopted by the Group.

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

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

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

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

Austevoll Seafood ASA

Notes to the accounts

2 ACCOUNTING PRINCIPLES

Group companies
The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

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

(iii) all resulting exchange differences are recognised as a separate component of equity.

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

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

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

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

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date.

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

Intangible assets
Internally generated intangible assets are not rcognised in the accounts. Goodwill and licences with indefinite economic life are subject to annual impairment tests. Impairment tests are performed more frequently if indications of impairment exist. Depreciated licences are tested for impairment only if indications of impairment exist.

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

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

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

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

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

Financial assets
The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Austevoll Seafood ASA

Notes to the accounts

2 ACCOUNTING PRINCIPLES

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

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

For loans and receivables the company asseess each balance sheet wether there is any objective evidence that the assets are compaired. Such objective evidence are for instance
- breach of contracts, such as a default or delinquecy in interest or principal payments
- it becoming probably that borrower will enter backruptcy or other financial reorganisation

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

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

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

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'other financial income/losses'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Group's right to receive payments is established. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

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

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

Derivative financial instruments and hedging activities
The Group does not apply hedge accounting according to IAS 39. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value. Changes in the fair value of any derivative instruments are recognised immediately in the income statement within 'other financial income/losses'.

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Notes to the accounts

2 ACCOUNTING PRINCIPLES

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

Biological assets
The accounting treatment of living fish by companies applying IFRS is regulated by IAS 41 Agriculture. IAS 41 comprises a hierarchy of methods for accounting measurement of biological assets. The basic principle is that such assets shall be measured at fair value. The company currently accounts for fish weighing 4 kg or more on the basis of reported selling prices for slaughtered salmon of the equivalent size, whereas smaller living fish is measured at cost. This practice is based on the joint understanding of IAS 41 as developed by the major companies within the salmon industry, following an in-depth study of IAS 41 conducted with the support of external consultants. The Norwegian Financial Supervisory Board (Kredittilsynet) disagrees with the implemented solution. For further details on applied principles, see note 21.

Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement within 'other operating expenses'.

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

Share capital
Ordinary shares are classified as equity.

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

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

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

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

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

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

Employee benefits
Pension obligations
Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has only defined benefit plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

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

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

Notes to the accounts

2 ACCOUNTING PRINCIPLES

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

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

Profit-sharing and bonus plans
The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Provisions
Provisions (e.g. environmental restoration, restructuring costs and legal claims) are recognised when:
- the Group has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation;
- and the amount has been reliably estimated.
Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

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

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

Revenue recognition
Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminated sales within the Group. Revenue is recognised as follows:

Sales of goods
Sales of goods are recognised when a group entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured. The sales income is recognised when the risks and rewards related to the goods have been transferred to the customer.

Harvestable biological assets
Changes in fair value of biomass is recognized in the income statement when the average size of the fish at a location exceeds 4 kg. This fair value adjustment is reported on a separate line; "fair value adjustment biomass".

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

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

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

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

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

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

Austevoll Seafood ASA

Notes to the accounts

2 ACCOUNTING PRINCIPLES

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

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

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

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

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

Cash flow statement
The Group's cash flow statement shows the overall cash flow broken down to operating, investing and financing activities. The cash flow statement illustrates the effect of the various activities on cash and cash equivalents. Cash flows resulting from the disposal of operations are presented under investing activities.

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

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

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

Notes to the accounts

3 Financial risk management

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

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

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

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

(ii) Price risk
The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The Group is exposed to commodity price risk related to sale of salmon and pelagic species.

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

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

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

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

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

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

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

Notes to the accounts

4 Critical accounting estimates and judgements

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

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

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

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

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

Biological assets
Biological assets weighing more than 4 kg live weight (LWT) is measured at fair value, which is observable market prices at balance sheet day. The market prices fluctuates.

Salmon weighing less than 4 kg is measured at lower of cost or net realisable value. A write-down below cost of the biomass can be necessary when required by market conditions.

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

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

Notes to the accounts

5 Transition to IFRS

5.1 Basis of transition to IFRS

5.1.1 Application of IFRS 1
The Group's financial statements for the year ended 31 December 2005 will be the first annual financial statements that comply with IFRS. These financial statements have been prepared as described in Note 2.1. The Group has applied IFRS 1 in preparing these consolidated financial statements.

Austevoll Seafood ASA's transition date is 1 January 2004. The Group prepared its opening IFRS balance sheet at that date. The reporting date of these consolidated financial statements is 31 December 2005. The Group's IFRS adoption date is 31 December 2005.

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

5.1.2 Exemptions from full retrospective application – elected by the Group

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

(a) Business combinations exemption
Austevoll Seafood ASA has applied the business combinations exemption in IFRS 1. It has not restated business combinations that took place prior to the 1 January 2004 transition date. The application of this exemption is detailed later in this note.

(b) Fair value as deemed cost exemption
Austevoll Seafood ASA has not elected to measure any items of property, plant and equipment at fair value as at 1 January 2004. The application of this exemption is detailed later in this note.

(c) Employee benefits exemption
Austevoll Seafood ASA has elected to recognise all cumulative actuarial gains and losses as at 1 January 2004. The application of this exemption is detailed in later this note.

(d) Cumulative translation differences exemption
Austevoll Seafood ASA has elected to set the previously accumulated cumulative translation differences to zero at 1 January 2004. This exemption has been applied to all subsidiaries and associates in accordance with IFRS 1.

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

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

(g) Exemption from restatement of comparatives for IAS 32 and IAS 39
The Group elected to apply this exemption. It applies previous N GAAP rules to derivatives, financial assets and financial liabilities and to hedging relationships for the 2004 comparative information.

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

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

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

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

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

5.1.3 Exceptions from full retrospective application followed by the Group
Austevoll Seafood ASA has applied the following mandatory exceptions from retrospective application.

(a) Derecognition of financial assets and liabilities exception
Financial assets and liabilities derecognised before 1 January 2004 are not re-recognised under IFRS. The application of the exemption from restating comparatives for IAS 32 and IAS 39 means that the Group recognised from 1 January 2005 any financial assets and financial liabilities derecognised since 1 January 2004 that do not meet the IAS 39 derecognition criteria. Management did not chose to apply the IAS 39 derecognition criteria to an earlier date.

The application of this exception at the opening balance sheet date of 1 January 2005 is detailed later in this note.

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

(c) Estimates exception
Estimates under IFRS at 1 January 2004 should be consistent with estimates made for the same date under previous GAAP, unless there is evidence that those estimates were in error.

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

Austevoll Seafood ASA

Notes to the accounts

5 TRANSITION TO IFRS

5.2 Reconciliations between IFRS and GAAP
The following reconciliations provide a quantification of the effect of the transition to IFRS.
- equity at 1 January 2004 (Note 5.2.1)
- net income 31 December 2004 (Note 5.2.2)
- equity at 31 December 2004 (Note 5.2.3)
- explanations of the transition effects (Note 5.2.4)

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

5.2.1 Consolidated Balance Sheet IFRS Opening balance 1 January 2004	Note	Balances according to N GAAP	Effect of the transition to IFRS	Balances according to IFRS
ASSETS				
Goodwill	a, k	40 055	16 210	56 265
Licenses	b	660 310	81 021	741 331
Vessels	b, c	726 793	-71 943	654 850
Other property, plant and equipment	c	430 344	1 322	431 666
Associated companies		95 466	-	95 466
Available for sale financial assets		5 846	-	5 846
Non-current receivables		54 481	-	54 481
Total non-current assets		**2 013 295**	**26 610**	**2 039 905**
Inventories	d	46 775	-1 702	45 073
Biological assets	e	181 234	-3 712	177 522
Accounts receivables		156 570	-	156 570
Other current receivables		108 902	-	108 902
Available for sale financial assets		336	-	336
Cash and cash equivalents		75 497	-	75 497
Total current assets		**569 314**	**-5 414**	**563 900**
Total assets		**2 582 609**	**21 196**	**2 603 805**
Equity and liabilities				
Share premium and other reserves		512 088	-	512 088
Retained earnings		39 341	-89 312	-50 325
Minority interests	k	94 734	6 922	101 656
Total equity		**646 163**	**-82 390**	**563 419**
Deferred tax liabilities	j	238 881	106 033	344 777
Pension obligations	f	63	3 918	3 981
Borrowings	g	1 176 820	-257 247	919 573
Other non-current liabilities	k	99 214	3 304	102 518
Total non-current liabilities		**1 514 978**	**-143 992**	**1 370 849**
Borrowings	g	166 602	257 247	423 849
Accounts payable		126 830	-	126 830
Tax payable		7 733	-	7 733
Accrued salary expense and public tax payable		19 731	-	19 731
Other current liabilities	h, i, l	44 475	-9 178	35 297
Total current liabilities		**365 371**	**248 069**	**613 440**
Total liabilities		**1 880 349**	**104 077**	**1 984 289**
Total equity and liabilities		**2 526 512**	**21 687**	**2 547 708**

Notes to the accounts

5 Transition to IFRS (cont.)

5.2.2 Consolidated Income Statement 2004	Note	Income statement according to N GAAP	Effect of the transition to IFRS	Income statement according to IFRS
Sales revenues	d	1 309 535	-59 148	1 250 387
Other income	j	712	-1 092	-380
Total income		1 310 247	-60 240	1 250 007
Change in inventory		-53 368	-	-53 368
Raw materials and consumables used	d	-699 974	41 265	-658 709
Salaries and personnel expenses	f, i	-156 097	6 122	-149 975
Other operating expenses	d	-213 824	10 948	-202 876
Operating profit before depreciation and fair value adjustments biological assets		186 984	-1 905	185 079
Depreciation	a, b, c	-118 294	19 873	-98 421
Operating profit before fair value adjustment of biological assets		68 690	17 968	86 658
Fair value adjustment of biological assets	e	-	4 820	4 820
Operating profit		**68 690**	**22 788**	**91 478**
				-
Income from associated companies	e, f, m	2 275	-112	2 163
Financial income		38 416	-	38 416
Financial expenses	d	-68 873	667	-68 206
Profit before tax		**40 508**	**23 343**	**63 851**
				-
Income tax expense	j	20 733	-1 673	19 060
Profit for the year		**61 241**	**21 670**	**82 911**
Profit to minority interests		4 882		4 882
Profit attributable to equityholders of Austevoll Seafood ASA		56 359	21 670	78 029
Earnings per share (NOK)		2,01	0,77	2,78
Earnings per share - diluted (NOK)		2,01	0,77	2,78

Notes to the accounts

5 Transition to IFRS (cont.)

5.2.3 Consolidated Balance Sheet 31 December 2004	Note	Balances according to N GAAP	Effect of the transition to IFRS	Balances according to IFRS
ASSETS				
Goodwill	a, k	53 334	19 986	73 320
Licenses	b	626 496	62 501	688 997
Vessels	b, c	688 802	-41 526	647 276
Other property, plant and equipment	c	414 250	1 300	415 550
Associated companies	f, m	104 333	-112	104 221
Available for sale financial assets		7 125	-	7 125
Other long-term receivables		104 303	-	104 303
Total non-current assets		**1 998 643**	**42 149**	**2 040 792**
Inventories		72 739	-	72 739
Biological assets	e	170 129	1 108	171 237
Accounts receivable		166 124	-	166 124
Other receivables		67 735	5	67 740
Available for sale financial assets		5	-5	-
Cash and cash equivalents		22 640	-	22 640
Total current assets		**499 372**	**1 108**	**500 480**
Total assets		**2 498 015**	**43 257**	**2 541 272**
Equity and liabilities				
Share capital		56 097	-	56 097
Share premium fund		512 088	-	512 088
Retained earnings and other reserves		108 547	-69 786	38 761
Minority interests	k	108 215	6 802	115 017
Total equity		**784 947**	**-62 984**	**721 963**
Deferred tax liabilities	j	186 895	104 720	291 615
Pension obligations	f	385	3 765	4 150
Borrowings	g	1 033 069	-280 988	752 081
Total non-current liabilities		**1 220 349**	**-172 503**	**1 047 846**
Borrowings	g	190 346	294 903	485 249
Accounts payable		121 952	-	121 952
Tax payable		7 554	-	7 554
Accrued salary expense and public tax payable		21 695	-	21 695
Other current liabilities	h, i, k, l	53 979	-16 159	37 820
Total current liabilities		**395 526**	**278 744**	**674 270**
Total liabilities		**1 615 875**	**106 241**	**1 722 116**
Total equity and liabilities		**2 400 822**	**43 257**	**2 444 079**

Notes to the accounts

5 Transition to IFRS (cont.)

5.2.4 Explanations of the transition effects

a) Goodwill
Under the previous GAAP, goodwill is determined in a similar manner as under IFRS, however it is then amortised to income over a maximum period of 20 years. For IFRS purposes, and considering that the business combinations exception described in IFRS 1 is being used, amortization under the previous GAAP has been eliminated for the years 2004 and 2005.

Negative goodwill was also determined in a similar way as under IFRS. However, instead of recognizing negative goodwill in the income statement in the period it arises, the previous GAAP requires it to be amortised over a maximum period of 20 years. For IFRS purposes, negative goodwill has been eliminated against retained earnings if it arose before the transition date or against the income statement if it arose after that date.

b) Licenses
Under the previous GAAP, fishing licenses in Chile that were acquired in conjunction with a vessel were recognized together with the vessel within fixed assets. After initial recognition, those vessels, together with their licenses, were depreciated. For IFRS purposes, the fishing licenses were retrospectively separated from the related vessels on the date they were acquired and were reclassified as intangible assets. Depreciation calculated for the portion of the asset related to the license was reversed. Separation of the vessel and the license was done based on the sales price of the related vessel (all vessels acquired, not including their related licenses, were subsequently sold).

Under previous GAAP, fishing licenses that were recognised separately as intangible assets were amortised. For IFRS purposes, amortization for the years 2004 and 2005 has been eliminated.

c) Property, plant and equiment
Under previous GAAP, the component approach used by IFRS was seldom used in Chile. Therefore, useful lives were determined for the asset as a whole without regard to the specific components of it. Under the previous GAAP, no residual values were used in calculating the depreciable amount of the asset.

For IFRS purposes, property, plant and equipment in the Chilean part of the Group was divided into two groups: assets acquired through a business combinations in 2002, and other assets.

For the first group, useful lives, residual values and the component approach were changed prospectively from the date of the business combination, affecting retained earnings at the transition date and the income statement for the years 2004 and 2005. This was done prospectively from the date of the business combination in order not to change the historical cost of the assets because if this was done, goodwill at the parent company level would have to be restated.

For the second group, useful lives, residual values and the component approach were changed retrospectively affecting retained earnings at the transition date and the income statement for the years 2004 and 2005.

The determination of the useful lives, residual values and the separation of the assets into their component parts was in Chile performed by an external consultant.

d) Revenue recognition
Under the previous GAAP, revenue in Chile was recognised when the bill of lading was issued. Under IFRS, revenue is recognised when substantially all the risks and rewards of ownership have been transferred to the buyer. Therefore, for IFRS purposes, an adjustment has been made to properly reflect revenue.

e) Biological assets
Under the previous GAAP, biological assets were accounted for using the lowest of production cost and net realisable value. Net realisable value was based upon future sales prices. Under IFRS biological assets (salmon) with a weight > 4 kg are accounted for at fair value less estimated point-of-sale costs based upon quoted prices as of balance sheet day. See note 21 for further explanation.

f) Pensions
Austevoll Seafood ASA has in line with IFRS 1 elected to recognise all cumulative actuarial gains and losses as of 1 January 2004 in equity. This creates a difference towards previous GAAP.

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

h) Provision for severance indemnities
Under the previous GAAP, severance indemnities provisions were established. Under IFRS those provisions do not meet the recognition requirement as they have not arisen due to an obligating event or to constructive obligations, therefore they have been reversed.

i) Provisions for maintenance
Under the previous GAAP, major maintenance expenses are accrued as a liability until the moment in which the maintenance takes place at which time all expenses are recognized against the accrual. Under IFRS, maintenance accrued in advance is not allowed because there is no obligation arising from a prior event. For IFRS purposes, all major maintenance accruals have been reversed and maintenance expenses have been recognized in the income statement when incurred.

j) Deferred tax
Under the previous GAAP, deferred tax was accounted for using net present value of assets with indefinite lives (mainly licenses). IFRS requires a deferred tax provision based on nominal values for temporary differences on such assets. The impact on equity and deferred tax liability is NOK 91,7 mill. as of January 1, 2004, NOK 90,8 mill. as of January 31, 2004 and NOK 100,2 mill as of December 31, 2005. In addition deferred taxes are influenced by deferred taxes on other changes due to IFRS-implementation.

k) Consolidation of Andrés Daroch C. in Pemesa S.A.
During 2001, the Group acquired 49% of the subsidiary Pemesa S.A. Due to legal requirements, the other 51% was acquired through the related party Andrés Daroch C. with a loan granted by the subsidiary Inversiones Pacfish S.A. Under the previous GAAP, following the legal form of the transaction, the Group consolidated the entity because it had control through a shareholders agreement and recognised its 49% shareholding and a 51% minority interest. This minority interest was maintained at the same value every year due to the same shareholders agreement in which Andrés Daroch C. agreed that he has no rights over results generated after the acquisition.

Notes to the accounts

5 Transition to IFRS (cont.)

5.2.5 Explanations of the transition effects

Under IFRS, the acquisition of 51% in Pemesa S.A. through Andrés Daroch C. is considered a formal vehicle for the acquisition. Therefore, following the economic substance of the transaction, it should be consolidated in full. As a result, at the acquisition date the minority interest recognised is eliminated against the corresponding share in Pemesa S.A. and goodwill. Goodwill amortization for the years 2001, 2002 and 2003 has been recognised according to the same principle described in a) above.

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

m) Investments in associated companies
The investments have been restated in order to consider the IFRS transitional adjustments made in the associates' financial statements.

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

Austevoll Seafood ASA

Notes to the accounts

6 Group companies

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

Company	Comment	Country	Parent company	Ownership %
Austevoll Fisk AS		Norway	Austevoll Seafood ASA	65,00 %
AS Austevoll Fiskeindustri		Norway	Austevoll Fisk AS	100,00 %
Sea Star International AS		Norway	Austevoll Fisk AS	90,00 %
Seastar Salmon Farms Holding AS		Norway	Austevoll Seafood ASA	83,90 %
Veststar AS		Norway	Seastar Salmon Farms Holding AS	100,00 %
Austevoll Eiendom AS		Norway	Austevoll Seafood ASA	65,00 %
Aumur AS		Norway	Austevoll Seafood ASA	100,00 %
Murman Fishing Company Ltd.		Cyprus	Aumur AS	100,00 %
Lafjord Fiskebåtrederi AS	a	Norway	Austevoll Seafood ASA	0,00 %
Møgsterhav AS	b	Norway	Austevoll Seafood ASA	100,00 %
Møgsterfjord I AS	b	Norway	Austevoll Seafood ASA	56,14 %
PR Lafisk II ANS	c	Norway	Austevoll Seafood ASA	100,00 %
AS Lady	c	Norway	Austevoll Seafood ASA	100,00 %
Møgsterbas AS	c	Norway	Austevoll Seafood ASA	100,00 %
Austevoll Invest AS	c	Norway	Austevoll Seafood ASA	58,00 %
Oppdrett Holding AS	c	Norway	Austevoll Seafood ASA	100,00 %
Cindy AS	c	Norway	Austevoll Seafood ASA	100,00 %
Inversiones Pacfish Ltda.		Chile	Austevoll Seafood ASA	100,00 %
Pacific Seafoods		Chile	Inversiones Pacfish Ltda.	99,90 %
A-Fish AS		Norway	Austevoll Seafood ASA	100,00 %
FishMarket International AS	c	Norway	A-Fish AS	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 Caldera Ltd.		Chile	Consortium Enterprises (Jersey) Ltd.	99,00 %
Pesquera Del Norte S.A.		Chile	Consortium Enterprises (Jersey) Ltd.	99,99 %
Pesquera Cazador Limitada		Chile	Pesquera del Norte S.A.	99,73 %
Pemesa S.A		Chile	Pesquera del Norte S.A.	100,00 %
Pesquera del Cabo S.A.		Chile	Pesquera del Norte S.A.	99,99 %
Foodcorp Chile S.A.		Chile	Pesquera del Norte S.A.	100,00 %
Chilefood S.A.		Chile	Foodcorp Chile S.A.	100,00 %

Comments:

a The investment in Lafjord Fiskebåtrederi AS was sold in December 2005. See note 8.
b The investments in these subsidiaries have been disposed of by demerging in 2006.
c These companies have no activity and have been merged/dissolved in 2006.

Austevoll Seafood ASA

Notes to the accounts

7 Significant acquisitions

As of January 6, 2005 Austevoll Seafood ASA acquired 58% of Austevoll Invest AS, the parent company of Seastar Salmon Farms Holding AS. After a merger between this company and Veststar Holding AS, a subsidiary of Austevoll Seafood ASA, Austevoll Seafood ASA became the parent company of Seastar Salmon Farms Holding AS in 2005. Since this was a transaction under common control, the merger was based on book values and accounted for as of January 6, 2005.

In connection with the acquisition, book value was considered the best estimate of fair value for tangible assets and liabilities. Allocation of excess value of intangible assets is outlined in the tables below. Furthermore, it is emphasised that deferred tax is entered at nominal value for excess value related to licences.

All the major activites of the acquired company have been continued after acquisition. Excess value analysis are shown below. Payment for the acquisitions were made in cash.

The group's acquisition of operations	Acquisition date	Owner share/voting rights	Excess value goodwill	Excess values intangibles	Excess values tangible assets	Deferred tax on excess values	Book value of equity at acquisition date	Acquisition cost
2005								
Austevoll Invest AS	January 6, 2005	58 %	23 830	25 314	-	-7 088	-41 998	58
Acquisition cost 31.12.			**23 830**	**25 314**	**-**	**-7 088**	**-41 998**	**58**
Recognition of negative goodwill in 2004			-					
Recognition of negative goodwill in 2005			-					
Depreciation of excess values in 2004			-	-				
Depreciation of excess values in 2005			-	-				
Accumulated 31.12.05			**-**	**-**	**-**	**-**	**-**	**-**
Carrying value at 31.12.2005			**23 830**	**25 314**	**-**	**-7 088**	**-41 998**	**58**
Recognition of badwill for the year			**-**	**-**	**-**	**-**	**-**	**-**
Depreciation period			N/A	N/A	N/A	N/A		
Depreciation plan			N/A	N/A	N/A	N/A		

Company name			Austevoll Invest AS					Total
Share of result for companies acquired in 2005			17 374					**17 374**

Notes to the accounts

7 Significant acquisitions (cont.)

Company name	Austevoll Invest AS	
ASSETS	**Book Value**	**Fair Value**
Goodwill*	-	23 830
Licenses	128 917	154 231
Deferred tax asset	239	239
Property, plant and equipment	21 368	21 368
Available for sale financial assets	274	274
Other long-term receivables	12	12
Total non-current assets	**150 810**	**199 954**
Inventories	-	-
Biological assets	57 414	57 414
Accounts receivable	9 690	9 690
Other receivables	1 169	1 169
Cash and cash equivalents	2 136	2 136
Total current assets	**70 409**	**70 409**
Total assets	**221 219**	**270 363**
Equity and liabilities	**Book Value**	**Fair Value**
Share capital	15 381	15 381
Retained earnings	-57 379	-15 323
Minority interests	39 865	39 865
Total equity**	**-2 133**	**39 923**
Deferred tax liabilities	23 830	30 918
Pension obligations	1 007	1 007
Borrowings	87 832	87 832
Other long-term liabilities	46 350	46 350
Total non-current liabilities	**159 019**	**166 107**
Borrowings	39 269	39 269
Other current liabilities	10 387	10 387
Total current liabilities	**49 656**	**49 656**
Total liabilities	**208 675**	**215 763**
Total equity and liabilities	**206 542**	**255 686**

* Goodwill is a residual in the purchase price allocation and represent expected future synergies from combining operation of fishing licences.

** Equity stated in the fair value column represent the acquisition cost at the date of purchase

Austevoll Seafood ASA

Notes to the accounts

8 Significant disposals

In a common agreement, the subsidiary Lafjord Fiskebåtrederi AS was sold to eight different buyers as of December 2005. The sales price were NOK 145,5 mill., giving a gross gain o NOK 96,3 mill. Two of the buyers were subsidiaries and two were associated companies of Austevoll Seafood ASA. A gain of NOK 27,8 mill related to the sale to these companies are eliminated in the financial statements. Remaining profit of NOK 68,5 mill. is recognised as other operating revenue. The group has still continuing investments in companies performing similar activity as performed by Lafjord Fiskebåtrederi AS.

Main figures of Lafjord Fiskebåtrederi AS as of December 31, 2005:	
Total non-current assets	169 335
Total current assets*	38 070
Total equity	38 306
Total non-current liabilities	150 542
Total current liabilities	18 557
* Of which total cash and cash equivalents	35 681

9 Events after balance sheet date

The annual General Meeting of Austevoll Havfiske AS decided on May 11, 2006 to convert the company to an ASA and to change the name of the company to Austevoll Seafood ASA.

Share issue authorisation:
The General Meeting allocated on May 11, 2006 authorisation to the Board of Directors for capital expansion of up to NOK 25.000.000,-. This authorisation expires on May 11, 2008.

Transactions with major shareholder – contributions in kind:
• Through a contribution in kind as of May 11, 2006 from the company's major shareholder, Laco AS, the Group acquired 100% of Laco IV AS, a holding company that owned 33,33% o Welcon Invest AS, a Norwegian fish meal and oil producing company, and 33,33% of Dordogne Ltd, a holding company that controls 88,14% of the shares in Austral Group S.A.A., a public listed pelagic fishery company in Peru.
• Laco AS also made a contribution in kind as of May 11, 2006 with their shares in Veststar Holding AS and Austevoll Invest AS, together with its shares in the real estate companies Storebø Kai AS and Alfabygget AS, which owns a quay and a building. After these transactions, Austevoll Seafood ASA became the sole shareholder in Veststar Holding AS, Storebø Kai AS and Alfabygget AS.
• The share allocation compensating the contributions in kind above gave Laco AS an additional 14,75% share of the company. Book value of the contributions in kind and the corresponding increase in shareholder's equity were NOK 70,3 mill. Since Laco AS already were the controlling shareholder (83,93%) in Austevoll Seafood ASA, Laco AS' book value of these investments are retained in Austevoll Seafood ASA.

Business combinations:
• In June 2006 Austevoll Seafood ASA has acquired the remaining 66,67% outstanding shares in Welcon Invest AS and Dordogne Ltd, and now controls 100% of the shares and voting rights in the two mentioned companies. Details related to the provisional purchase price allocation are outlined in the tables below. Further analysis of the goodwill will be done together with the final purchase price allocation.

Demergers:
On May 11, 2006 the General Meeting of Austevoll Seafood ASA decided to demerge 100% of the shares in Møgsterfjord I AS and Møgsterhav AS. The two mentioned companies both own a fishing vessel with licenses for pelagic fishery in the North Sea. The demerger were finalized through registration in the Register of Business Enterprises in the mid-July, 2006. Because of common ownership of Austevoll Seafood ASA and the demerged companies, the transaction is recognized based on continuing values (book values). The demerger reduced the company's equity with NOK 117,8 mill.

Private placing - cash contributions
• ***Key personnel***
On May 11, 2006 the General Meeting of Austevoll Seafood ASA issued a private placement to key personell. This placement amounted to NOK 27,1 mill., giving these shareholders a 0,78% share of the company.

• ***Minority shareholders in subsidiaries***
On June 2, 2006 the Board used their authorization given by the General Meeting of Austevoll Seafood ASA on May 11, 2006 to issue a private placement to minority shareholders in subsidiaries. This placement amounted to NOK 74,6 mill., giving these shareholders a 1,78% share of the company. Together with the placement, Austevoll Seafood ASA purchased minority shares in Sea Star International AS, Austevoll Eiendom AS, Austevoll Fisk AS and Veststar Holding AS.

• ***Professional investors***
On June 2, 2006 the Board used their authorization given by the General Meeting of Austevoll Seafood ASA on May 11, 2006 to issue a private placement to professional investors. The placement amounted to NOK 1.501,2 mill. and gave these shareholders a 26,36% of the shares in the company. The private placing comprised 41.700.000 shares at a nominal value of NOK 0,50 per share, and represents 26,36% of the registered share capital. The purpose of the private placing was to strengthen the group's equity for future growth.

After the implementation and registration of the abovementioned changes, the company's share capital was NOK 79.111.812 divided into 158.223.624 shares each with a nominal value of NOK 0,50.

Notes to the accounts

Note 9 (cont.) **Events after balance sheet date**

Effect of significant acquisitions:

Dordogne Holdings Ltd.	100,00 %
Equity at acquisition date:	491 183
Excess values allocated to identifiable assets, liabilities and contingent liabilities:	280 497
Total	771 680
Total acquisition cost:	469 618
Goodwill/Negative goodwill (-)	11 724
Revaluation of existing interest:	212 031
Minority interest in Austral (11,86%)	91 521

Welcon Invest AS	100,00 %
Equity at acquisition date:	138 216
Excess values allocated to identifiable assets, liabilities and contingent liabilities:	180 293
Total	318 509
Total acquisition cost:	246 674
Goodwill/Negative goodwill (-)	4 820
Revaluation of existing interest:	76 655
Minority interest in Welcon ASA (7,62%)	27 553

Company name	Dordogne		Welcon Invest	
ASSETS	**Book Value**	**Fair Value**	**Book Value**	**Fair Value**
Goodwill*	9 576	21 300	-	4 820
Licenses	167 084	366 373	-	-
Deferred tax asset	-	-	33 348	33 348
Property, plant and equipment	1 003 890	1 038 011	199 658	366 458
Vessels				
Associated companies				
Investments in other shares	94	94	701	701
Other long-term receivables	-	-	14 457	14 457
Total non-current assets	**1 180 644**	**1 425 778**	**248 164**	**419 784**
Inventories	238 986	406 287	369 439	453 046
Biological assets	-	-	-	-
Receivables	142 670	142 670	216 884	216 884
Available-for-sale financial assets		-		
Derivative financial instruments		-		
Other financial assets at fair value through profit or loss		-		
Cash and cash equivalents	36 687	36 687	9 305	9 305
Total current assets	**418 343**	**585 644**	**595 628**	**679 235**
Total assets	**1 598 987**	**2 011 422**	**843 792**	**1 099 019**
Equity and liabilities	**Book Value**	**Fair Value**	**Book Value**	**Fair Value**
Total equity***	**491 183**	**783 404**	**165 762**	**350 883**
Deferred tax liabilities	233 497	353 711	-	70 106
Other provisions		-		
Bonds		-		
Borrowings	162 130	162 130	283 344	283 344
Total non-current liabilities	**395 627**	**515 841**	**283 344**	**353 450**
Borrowings	523 843	523 843	252 035	252 035
Tax payable		-		
Accrued salary expense and public tax payable		-		
Other current liabilities	188 334	188 334	142 651	142 651
Total current liabilities	**712 177**	**712 177**	**394 686**	**394 686**
Total liabilities	**1 107 804**	**1 228 018**	**678 030**	**748 136**
Total equity and liabilities	**1 598 987**	**2 011 422**	**843 792**	**1 099 019**

* Goodwill is a residual in the purchase price allocation
** Includes minority interests

Austevoll Seafood ASA

Notes to the accounts

10 **Segment information**

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

Fishmeal/oil
The fishmeal/oil business is mainly operated through the Group company FoodCorp S.A. in Chile. FoodCorp S.A. operates 2 fish meal plants. FoodCorp's own catch is mainly mackerel and horse mackerel.

Human Consumption
The human consumption segment consists of processing businesses and fish catching businesses. The processing businesses is mainly operated through the Group companies AS Austevoll Fiskeindustri in Norway and FoodCorp S.A. in Chile. The fish catching business is operated through the associated company Br. Birkeland AS in Norway and the group company FoodCorp S.A. in Chile.
Br. Birkeland AS owns the two large and modern purse seiners, each with the maximum Norwegian quota of 650 "basis tons" of herring, mackerel, and blue whiting.
FoodCorp S.A. owns 5 catching vessels and operates 1 canning plant and 1 freezing plant (as from 2006). The company has approx. 9.1 percent of the total Chilean pelagic quota for horse mackerel.
AS Austevoll Fiskeindustri operates a modern processing plant for salmon and pelagic, and possesses cold storage and freezing capacity. The facilities are located in Austevoll with their own deep-water pier and infrastructure for shipment. Austevoll Fiskeindustri processes all the farmed salmon from Veststar AS. The current production capacity of Austevoll Fiskeindustri AS is approx. 45,000 tonnes pelagic fish, and approx. 20,000 tonnes of salmon. Production of salmon is carried out 12 months a year, and some of the pelagic products are seasonal.

Salmon
The salmon farming business is mainly operated through the Group company Veststar AS in Norway. The associated company Br. Birkeland AS is also involved in salmon farming. Pacific Seafood Ltd in Chile, which is fully owned by Austevoll Seafood, holds 13 farming licenses, but operations are not planned to be initiated before 2006/07. Veststar AS holds 27 licenses. Br. Birkeland AS, of which Austevoll Seafood owns approx. 36%, has 6 licenses including one R&D license.

Geographical segment
The group divides its activities into two geographical regions based on location of fishing and production facilities; South America and Norway.
As of December 31, 2005 South America consists of Chile.

Segment information YTD 2005

Business segments	Fish meal/oil		Human Consumption		Salmon		Other/eliminations		Group	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
External operating income	206 029	182 487	1 404 174	1 017 310	#REF!	50 324	211 246	-113	#REF!	1 250 007
Total operating income	206 029	182 487	1 404 174	1 017 310	#REF!	50 324	211 246	-113	#REF!	1 250 007
Operating expenses	168 545	126 157	1 356 674	953 148	325 876	264 055	-222 397	-184 832	1 628 697	1 158 529
Operating profit	37 485	56 329	47 500	64 162	#REF!	-213 731	433 643	184 718	#REF!	91 478
Profit from associated companies	-	-	15 385	5 235	-	-	1 681	-3 072	17 066	2 163
Net financial items	-32 344	-2 671	-29 707	-23 215	-14 362	-11 380	3 816	7 476	-72 597	-29 790
Profit before tax	5 141	53 659	33 178	46 181	#REF!	-225 111	439 140	189 122	#REF!	63 850
Income tax expense	1 012	-6 362	5 490	30 305	10 164	4 270	-7 735	-9 153	8 931	19 060
Profit for the year	6 153	47 297	38 667	#REF!	#REF!	-220 841	431 405	179 969	#REF!	82 910
Assets (excluding associates)	486 658	476 391	1 884 507	1 575 824	558 621	351 130	20 618	33 706	2 950 404	2 437 051
Associates	-	-	143 106	104 221	-	-	-	-	143 106	104 221
Total assets	486 658	476 391	2 027 613	1 680 045	558 621	351 130	20 618	33 706	3 093 510	2 541 272
Total liabilities	564 639	471 672	1 042 383	996 967	491 627	328 134	16 993	22 536	2 115 641	1 819 309
Investments in property and equipment	359 550	278 762	539 306	655 042	149 051	95 970	34 071	33 052	1 081 978	1 062 826
Investments in intangible assets	182 118	147 398	292 761	389 150	370 684	225 769	-	-	845 562	762 317
Depreciation	-28 361	-24 551	-49 266	-42 914	-26 976	-21 428	-1 481	-1 474	-106 085	-90 366
Non-cash investments	-	-	-	-						
Cash flow operations	26 920	19 708	-33 306	130 736	70 800	-5 556	-11 974	-1 194	52 440	143 694
Cash flow investment	-87 253	-38 708	-58 851	-153 952	-27 829	-6 977	11 105	70 893	-162 829	-128 744
Cash flow financing	133 360	6 514	139 466	88 038	-56 733	13 165	-3 094	-174 811	212 999	-67 094

The extent of intra-segment transactions are immaterial.
Inter-segment sales consists of
- fish produced by the Salmon segment and slaughtered and sold by the Human Consumption segment.
- fish harvested by fishing vessels in the Human Consumption segment and delivered to the Fishmeal segment for production.

The basis for inter-segment pricing is based on normal commercial conditions available to third parties.

Geographical segments	South America		Norway				Other/eliminations		Group	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Operating income	473 626	260 506	#REF!	989 501					#REF!	1 250 007
Assets	1 001 841	723 449	2 091 669	1 817 823					3 093 510	2 541 272
Investments in property and equipment	673 029	459 295	408 949	603 531					1 081 978	1 062 826
Investments in intangible assets	411 778	361 610	433 785	400 707					845 562	762 317

The table abowe presets the Austevoll Seafood Group's revenue distributed between the Group's main geographical locations. Distribution of assets and investments are based on the assets' location.

Notes to the accounts

11 Income

	2005	2004
Sale of goods	1 734 035	1 250 387
Total sales revenue	**1 734 035**	**1 250 387**
Gain on sale of property, plant and equipment	64 847	712
Gain on sale of shares	86 925	-
Other operating income	26 562	-1 092
Total other income	**178 334**	**-380**
Total income	**1 912 369**	**1 250 007**

12 Payroll, fees, no. of employees etc.

	2005	2004
Salary and holiday pay	142 372	132 000
National insurance contribution	13 945	7 653
Pension costs (note 27)	1 667	1 597
Other personnel costs	12 876	8 233
Total	**170 860**	**149 483**
Average no. of employees	493	508

Pension costs are described in detail in note 27.
Accumulated expenses for wages, pension premiums and other remuneration to managing director, other group executives and members of the parent company's board accordingly for 2005 were:

Remunerations to the company's officers	Wages	Pension premiums	Other remuneration	Total
Group Managing Director	965			965
Board	-			-
Total	**965**	**-**	**-**	**965**

No loans or securities have been issued in 2004 and 2005 to the CEO, board members, members of the corporate management or other employees or closely related parties.

The CEO has a term of notice of 3 months. On resignation, the CEO has no right to extra compensation. Pension age is 67, and pension payments up to 70% of salary (12 time the base amount) on retirement.

	2005	2004
Audit fees		
Group auditor	**1 804**	**1 539**
Other auditors	**-**	**-**
Other assurance services		
Group auditor	**57**	**-**
Other auditors	**-**	**-**
Tax advice		
Group auditor	**17**	**-**
Other auditors	**-**	**-**
Other services		
Group auditor	**461**	**357**
Other auditors	**-**	**-**
Total group auditor	**2 339**	**1 896**
Total other auditors	**-**	**-**
Total	**2 339**	**1 896**

Notes to the accounts

13 Other financial income and expenses

	2005	2004
Interest income from companies within same group	796	768
Other interest income	18 960	17 001
Dividends	-	-
Currency gains	6 339	163
Other financial income	18 672	20 482
Total other financial income	**44 767**	**38 414**
Loss on shares	4 770	-
Interest expenses (note 29)	82 859	63 033
Other financial expenses, including currency losses	29 735	5 173
Total other financial expenses	**117 364**	**68 206**

14 Earnings per share and dividend per share

Basis for calculation of earnings per share	2005	2004
The year's earnings	227 201	78 029
No. of shares at the balance sheet date (thousands)	28 049	28 049
Average no. of shares (thousands)	28 049	28 049
Adjustment for effect of share options	-	-
Average no. of shares by dilution (thousands)	28 049	28 049
Earnings per share	**8,10**	**2,78**
Diluted earnings per share	8,10	2,78

Dividend per share

No dividends were paid in 2004 and 2005.

For changes in share capital after balance sheet date, please see note 9.

Notes to the accounts

15 Intangible assets

2004	Goodwill	Licenses fishfarming Norway	Licenses pelagic fisheries Norway	Licenses pelagic fisheries Chile	Total 2004
Per 01.01.					
Acquisition cost	67 578	323 390	200 564	331 441	922 973
Accumulated amortisation	-11 311	-5 231	-17 628	-	-34 170
Accumulated impairment	-	-91 205	-	-	-91 205
Balance sheet value at 01.01.	56 267	226 954	182 936	331 441	797 598
Balance sheet value at 01.01.	56 267	226 954	182 936	331 441	797 598
Currency translation differences	1 937	-	-	-9 965	-8 028
Acquisitions through business combinations	15 116	-	-	-	15 116
Intangible assets acquired	-	-	-	-	-
Intangible assets sold	-	-	-5 471	-28 843	-34 314
Amortisation	-	-1 185	-6 870	-	-8 055
Impairment	-	-	-	-	-
Reversal of impairment	-	-	-	-	-
Balance sheet value at 31.12.	73 320	225 769	170 595	292 633	762 317
Per 31.12.					
Acquisition cost	90 055	322 078	194 873	292 633	899 639
Accumulated amortisation	-16 735	-5 104	-24 278	-	-46 117
Accumulated impairment	-	-91 205	-	-	-91 205
Balance sheet value at 31.12.	73 320	225 769	170 595	292 633	762 317

2005	Goodwill	Licenses fishfarming Norway	Licenses pelagic fisheries Norway	Licenses pelagic fisheries Chile	Total 2005
Balance sheet value at 01.01.	73 320	225 769	170 595	292 633	762 317
Currency translation differences	6 434	-	-	29 154	35 588
Acquisitions through business combinations	23 830	154 231	-	-	178 061
Intangible assets acquired	24 597	24 495	2 700	39 942	91 734
Intangible assets sold	-52 009	-52 339	-106 456	-3 037	-213 841
Amortisation	-	-1 855	-6 442	-	-8 297
Impairment	-	-	-	-	-
Reversal of impairment	-	-	-	-	-
Balance sheet value at 31.12.	76 172	350 301	60 397	358 692	845 562
Per 31.12.					
Accumulated amortisation	-4 380	52 552	-14 819	-	33 353
Accumulated impairment	-	-77 932	-	-	-77 932
Balance sheet value at 31.12.	-4 380	-25 380	-14 819	-	-44 579
- of which assets with indefinite lives	-4 380	-30 580		-	-34 960
- of which assets with definite lives	-	5 200	60 397		-9 619
- useful life for assets with definite lives (years)		20	18		

Included in licenses fishfarming above is a privilege for utilisation of a waterfall. This privilege is time limited to twenty years.
The pelagic fishing licenses with definite useful lives are all part of a demerger in 2006. Please see further description in note 9.

Estimated value in use is used as basis when calculating the recoverable amount. Impairment occurs when the carrying value is lower than the recoverable amount. Goodwill is allocated to the same cash-generating units as the licences, i.e. per business area; Norway and Chile. The applicable cash-generating unit only consists of the fish farming or catching operations, i.e. the harvesting activity is perceived as a separate cash-generating unit that is evaluated separately.

When calculating value in use, a weighted rate of return of 10% is applied for all regions. The estimates of future net cash flows are based on the Group's prognosis for the next 3 years period. No growth in the terminal value beyond this period is assumed since the Group expects to operate with full production on existing licences in 2008. The calculations are sensitive with regards to the assumed fish prices. The impairment tests are therefore based on estimates of acceptable price ranges before impairment occurs. The calculations are based on the assumption that the company must expect a certain future margin, defined as the difference between sales price and total production costs before financial items, at least equalling the value of employed capital for the cash-generating unit including recognized licences and goodwill. Since the cash-generating unit consists of the fish farming and catching operations and not the harvesting operations, the sales price is adjusted for expected harvesting costs, including the weight loss that occurs at harvesting salmon (16%), and downgrading costs. With the current price level, there are no indications of impairment in any regions.

Cash generating unit	Location	Book value of related goodwill	Description
Pesquera del Norte S.A.	Chile	22 511	Identified partly through the acqusition of Chilefood S.A. in 2004.
Inversiones PacFish Limitada	Chile	29 831	Identified partly through a business combination in 2003
Seastar Salmon Farms Holding AS	Norway	23 830	Identified through a business combination in 2005, and related to synergy effects expected to occur through co-ordinated operation of 27 fish farming licenses.
Goodwill in total		**76 172**	

Austevoll Seafood ASA

Notes to the accounts

16 Tangible fixed assets

2004	Land	Buildings/ property	Plant, equipment and other fixtures	Vessels	Total
Per 01.01.					
Acquisition cost	2 835	262 093	458 951	825 061	1 548 940
Accumulated depreciation	-	-38 252	-253 959	-164 209	-456 420
Accumulated impairment	-	-	-	-6 000	-6 000
Balance sheet value at 01.01.	2 835	223 841	204 992	654 852	1 086 520
Balance sheet value at 01.01.	2 835	223 841	204 992	654 852	1 086 520
Currency translation differences	-	-2 152	-10 340	-14 284	-26 776
Reclassification	-	-4 196	4 196	-	-
Acquicitions through business combinations	-	-	-	-	-
Tangible fixed assets acquired	-	-	49 906	138 639	188 545
Tangible fixed assets sold	-	-	-433	-94 663	-95 096
Depreciation	-	-9 753	-43 346	-37 268	-90 367
Impairment	-	-	-	-	-
Reversal of impairment	-	-	-	-	-
Balance sheet value at 31.12.	2 835	207 740	204 975	647 276	1 062 826
Per 31.12.					
Acquisition cost	2 835	255 745	474 834	853 851	1 587 265
Accumulated depreciation	-	-48 005	-269 859	-206 575	-524 439
Accumulated impairment	-	-	-	-	-
Balance sheet value at 31.12.	2 835	207 740	204 975	647 276	1 062 826
Balance sheet value of finance lease included above	-	-	22 212	27 772	-
Depreciation on finance lease included above	-	-	-	-	-

2005	Land	Buildings/ property	Plant, equipment and other fixtures	Vessels	Total
Balance sheet value at 01.01.05	2 835	207 740	204 975	647 276	1 062 826
Currency translation differences	-	7 416	20 589	37 152	65 157
Acquicitions through business combinations	127	4 857	16 384	-	21 368
Tangible fixed assets acquired	3 000	12 978	187 061	221 028	424 067
Tangible fixed assets sold	-	-	-12 404	-372 951	-385 355
Depreciation	-	-12 075	-46 404	-47 606	-106 085
Impairment	-	-	-	-	-
Balance sheet value at 31.12.	5 962	220 916	370 201	484 899	1 081 978
Per 31.12.					
Acquisition cost	5 962	280 930	700 749	638 411	1 626 052
Accumulated depreciation	-	-60 014	-330 548	-153 512	-544 074
Accumulated impairment	-	-	-	-	-
Balance sheet value at 31.12.	5 962	220 916	370 201	484 899	1 081 978
Balance sheet value of finance lease included above	-	-	37 097	15 227	52 323
Depreciation on finance lease included above					-

The company sold a vessel early in 2004. The sales price were known before approval of the 2003-accounts, and the necessary impairment of NOK 6 mill was made in these accounts.

Austevoll Seafood ASA

Notes to the accounts

17 Associated companies

Associated companies	Share capital	Equity interest	Voting share
Br. Birkeland AS	21 477	92 478	35,77 %
Hardsjø AS	1 000	315	33,33 %
Beinur Holding Aps	165	55	33,33 %
Lafjord Fiskebåtrederi AS	6 020	40 930	20,85 %
Modolv Sjøseth AS	24 230	9 328	24,94 %

31.12.2005

Overview of balance sheet value	Lafjord Fiskebåtrederi AS	Brødrene Birkeland AS	Hardsjø AS	Beinur Holding Aps	Modolv Sjøseth AS	Others	Total
The Group\s share of fair value associate's							
identifiable net assets at acquisition	40 930	91 339	333	55	7 615	22 939	163 211
Excess value recorded as identifiable assets			-	-	-		-
Excess value recognised as negative goodwill					-1 115		-1 115
Excess value entered as goodwill	-	-	-	-	-		-
Acquisition cost 31.12.	**40 930**	**91 339**	**333**	**55**	**6 500**	**22 939**	**162 096**
							-
Share of annual net result	-	15 728	-	-	1 713		17 441
Depreciation excess value identifiable assets	-	-1 490		-			-1 490
Recognition of negative goodwill as income	-				1 115		1 115
Share of profit for the year	**-**	**14 238**	**-**	**-**	**2 828**		**17 066**
Book value 01.01.	-	86 830	315	55	-	17 021	104 221
Additions	40 930	-	-	-	6 500		47 430
Disposals	-	-	-	-	-	-17 021	-17 021
Gain on sale to associated companies (downstream)		-7 800					-7 800
Capital changes	-	-790					-790
Share of profit for the year	-	14 238	-	-	2 828		17 066
Book value 31.12.	**40 930**	**92 478**	**315**	**55**	**9 328**	**-**	**143 106**
Excess value goodwill							
Excess value identifiable assets		69 811					69 811
Excess value not depreciated 31.12.	**-**	**69 811**	**-**	**-**	**-**	**-**	**69 811**

Summarised financial information of the associated companies:	
Revenue	503 675
Net result	47 895
Total assets	774 574
Liabilities	617 916

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

Austevoll Seafood ASA

Notes to the accounts

18 Available for sale financial assets

Company	Business location	Number of shares	Ownership/ voting share	Acquisition cost	Fair value
Odra Industries AS	Bergen	3 855 075	16,66 %	18 054	12 710
Sir Fish AS	Egersund	834 000	13,80 %	3 179	3 179
Other shares				2 578	2 523
Total non-current				**23 811**	**18 412**

19 Other receivables

Other non-current receivables	2005	2004
Intragroup non-current receivables	30 392	41 224
Loan to third parties	79 234	39 052
Other non-current receivables	5 625	24 032
Other non-current receivables 31.12.	**115 251**	**104 308**
Impairment losses expensed	-	-

Other current receivables	2005	2004
Public fees and taxes receivable	35 312	12 533
Short-term loans to suppliers	60 843	32 000
Balance on sale of shares (incl. Lafjord Fiskebåtrederi AS, see note 8)	133 458	5 000
Accrual of income (from insurance)	13 000	-
Other current receivables	28 419	18 202
Other current receivables 31.12.	**271 032**	**67 735**
Impairment losses expensed	-	-

20 Inventories

	2005	2004
Raw materials	8 913	-
Work in progress	10 352	-
Finished goods	93 351	73 181
Obsoleteness	-1 215	-442
Total	**111 401**	**72 739**
Write-down of inventories as of 31.12.	1 215	442
Write-down of inventories expensed	773	422

Notes to the accounts

21 Biological assets

	2005	2004
Biological assets 01.01.	171 237	89 503
Increase due to company acquisitions	41 555	88 019
Reduction due to sale / harvesting	-326 266	-273 285
Increase due to added costs	289 669	265 892
Fair value adjustment of fish > 4 kg	-	1 108
Biological assets 31.12.	**176 195**	**171 237**

Biological assets are valued in part at estimated fair value (price at 31.12.) and in part at historical cost. Estimated fair value is based on fish in sea at the balance date with a round weight of more than 4.0 kg (defined as fish ready for slaughter).
The fair value of harvestable fish (> 4kg) is calculated from the market price of gutted salmon at the balance sheet date. The price used is an average of offer prices for the various weight classes to fish operators. The price is adjusted for quality differences (superior, ordinary and process), and for freight. The adjusted price is multiplied by the volume of harvestable fish at the balance sheet date after adjusting the volume for losses in gutting. An average gutting loss of 16% is used. Finally, estimated slaughtering costs are subtracted.

Kredittilsynet (The Financial Supervisory Authority) does not agree with how Austevoll Seafood Group (and other listed companies) apply IAS 41 for valuation of live fish under 4 kg. This disagreement is explained in further detail below.

2004	**01.01.04**	**31.12.04**	**Change**
Total fish in sea (LWT)	9 382	7 973	-1 409
Harvestable fish (>4 kg LWT)	3 281	514	-2 767
Cost price harvestable fish (> 4kg)	49 328	7 502	-41 826
Correction inventory harvestable fish (> 4kg)	-3 712	1 108	4 820
Balance sheet value of harvestable fish (> 4 kg)	45 616	8 610	-37 006
Balance sheet value of other biological assets	131 906	162 627	30 721
Balance sheet value of biological assets	**177 522**	**171 237**	**-6 285**

2005	**01.01.05**	**31.12.05**	**Change**
Total fish in sea (LWT)	7 973	8 029	56
Harvestable fish (>4 kg LWT)	514	-	-514
	-		
Cost price harvestable fish (> 4kg)	7 502	-	-7 502
Correction inventory harvestable fish (> 4kg)	1 108	-	-1 108
Balance sheet value of harvestable fish (> 4 kg)	8 610	-	-8 610
Balance sheet value of other biological assets	162 627	176 195	13 568
Balance sheet value of biological assets	**171 237**	**176 195**	**4 958**
Expected realisation within next year-end:			
- of the amount	81,8 %	88,6 %	
- of the weight	89,7 %	96,0 %	

Dispute case against Kredittilsynet regarding interpretation of IAS 41:
Kredittilsynet (The Norwegian Banking, Insurance and Securities Commission) does not agree with how the listed fish farming companies applies IAS 41 for valuation of live fish below 4 kg. Kredittilsynet has requested that listed companies change their accounting practice for measuring inventories of live fish in the accounts for 2005. Such a change also implies an adjustment of the comparative figures for 2004. The accounting of live fish according to IFRS is regulated by IAS 41 Agriculture. IAS 41 contains a methodological hierarchy for accounting related measurement of biological assets. The main rule is that such assets, including live fish, shall be assessed at fair value. At present, the companies account for fish weighing 4 kg or more at reported sales prices for gutted salmon of comparable size, while smaller fish are carried at cost. Kredittilsynet argues that also smaller live fish (i.e. fish weighing less than 4 kg) shall be booked on the basis of reported sales prices for gutted fish of the same size.

The purpose of entering biological assets at their fair value is to reflect the continuous generation of value throughout the growth process. If the companies were to apply IAS 41 in accordance with Kredittilsynet's requirement, the carrying amount of inventory of small fish will be recognized below cost, implying that the first growth phase would be reflected in the accounts with a loss. As the fish grows, this picture is turned around when the carrying amount based on sales prices for gutted fish of the same size exceeds cost. The listed fish farming companies claim that such a principle will distort the picture of value generation, consequently reducing the relevancy of the accounts and complicating any comparison of companies with different age compositions in their stock of live fish. Further, the companies claim that it is not possible to give a reliable estimate of what the inventory value would have been should they comply with Kredittilsynet's request. The reason, among others, is that Kredittilsynet has neglected to provide concrete guidelines for the accounting-related treatment of biological units below 4 kg, and in particular for how to incorporate costs for the various weight classes. Also, there are no guidelines for how to calculate a present value (alternative measuring method), and whether or not to include weight accrual until harvest for the various weight classes.

The Norwegian listed fish farming companies have appealed the decision to the Department of Finance. The appeal of Kredittilsynet's decision is submitted with suspended effect until the appeal process is finished, and the company will account for live fish in accordance with industry practice until the Ministry of Finance has issued an opinion in the case. This is expected to be done later in 2006.

Notes to the accounts

22 Accounts receivable

	2005	2004
Accounts receivable at nominal value	210 896	166 654
Provision for bad debts	-6 816	-530
Accounts receivable 31.12.	**204 080**	**166 124**
Change in provision for bad debts	6 286	-295
Realised bad debts	39 130	26 826
Reversed realised bad debts	-	-3
Recognised in the Income Statement	**45 416**	**26 528**

23 Guarantee obligations

	2005
Guarantee for European customs authority	9 100
Collateral surety for Innovasjon Norge	5 050

24 Restricted bank deposits

	2005	2004
Restricted deposits related to employee` tax deduction	3 672	3 886
Other restricted deposits	-	-
Total	**3 672**	**3 886**

Notes to the accounts

25 Share capital and shareholders

Share capital:
As of December 31, 2005 the company has 28.048.890 shares at nominal value of nok 2,- per share. None of the shares are owned by any group company.

2004	No. of ordinary shares
01.01.	28 048 890
Share issue	-
Reduction of shares	-
31.12.	**28 048 890**

2005	No. of ordinary shares
01.01.	28 048 890
Share issue	-
Reduction of shares	-
31.12.	**28 048 890**

The shareholders in Austevoll Seafood ASA, were as of 31.12.:	No. shares	Shareholding
Laco AS	19 776 339	70,51 %
AS Nave*	3 762 878	13,42 %
Austevoll Fiskeoppdrett AS	4 263 423	15,20 %
Per Arne Bjånes	234 325	0,84 %
Synnøva Skåtun Birkeland	8 825	0,03 %
Hans Birkeland	3 100	0,01 %
Total numbers of shares	**28 048 890**	**100 %**

* Laco AS owns 89,84% of the shares in Møgster II AS, wich owns 94% of AS Nave.

Shares controlled by Board members and management:	No. shares	Shareholding
Board of Directors:		
Ole Rasmus Møgster, owns 40% of Laco AS	9 181 630	32,73 %
Helge Møgster, owns 40% of Laco AS	9 181 630	32,73 %
Alf Oddvar Bjånes, owns 6% of AS Nave	225 773	0,80 %
Management group:		
Total shares controlled by board members and management	**18 589 032**	**66,27 %**

New equity from minorities
In 2004 new equity were contributed from minorities at two occasions;

1) Veststar Holding AS, one participant	20 000
2) Lafjord Fiskebåtrederi AS, together with participation from Austevoll Seafood ASA	10 004
- of which dilution gain, related to both contributions, attributable to equity holders of Austevoll Seafood ASA	20 000

Austevoll Seafood ASA

Notes to the accounts

26 Tax

	2005	2004
Specification of the tax expense		
Tax payable	7 266	10 724
Deviations in tax payable estimates earlier periods	-	4
Change in deferred tax	-30 820	-30 606
- of which classified as operating income (part of gain on sale of shares in subsidiaries and/or joint ventures)	14 623	956
Taxes	**-8 931**	**-18 922**
Tax reconciliation		
Profit before tax	228 141	64 343
Taxes calculated with the nominal tax rate	50 191	14 155
Income from associated companies	-4 323	-606
Tax-free gain on sale of shares	-29 400	-1 446
Other differences	4 728	-1 513
Withholding tax	-	-
Change in deferred tax liabilities	-16 197	-29 650
Utilisation of loss carried forward, previously not recognized	-13 930	-
Tax losses carried forward not recognized	-	-
Taxes	-8 931	-19 060
Weighted average tax rate	-3,91 %	-29,62 %
Change in book value of deferred tax		
Opening balance 01.01.	291 615	344 777
Booked to income in the period	-30 820	-30 606
Currency translation differences	1 763	-2 015
Effect of business combinations	#REF!	-20 541
Balance sheet value 31.12.	**#REF!**	**291 615**

Deferred tax	Licenses	Fixed assets	Biological assets	Receivables	Inventory	Profit and loss account	Current liabilities	Total
2004								
Opening balance 01.01.	106 754	199 856	40 985	-	-6	16 612	8 206	372 408
Booked to income in the period	1 073	-22 226	-1 737	111	-118	-3 417	2 225	-24 089
Currency translation differences	-2 030	-	-	-	-	-	-	-2 030
Effect of business combinations	-	-20 541	-	-	-	-	-	-20 541
31.12.	**105 797**	**157 090**	**39 248**	**111**	**-123**	**13 195**	**10 431**	**325 748**
2005								
Booked to income in the periode	-16 222	-26 575	8 519	445	-4 850	1 265	18 714	-18 705
Currency translation differences	1 763	-	-	-	-	-	-	1 763
31.12.	**91 338**	**130 514**	**47 766**	**556**	**-4 973**	**14 460**	**29 146**	**308 806**

Deferred tax asset	Loss carry forwards	Fixed assets	Pensions	Receivables	Current liabilities	Profit and loss account		Total
2004								
Opening balance 01.01.	-26 834	-2 745	-1 305	-139	-963	4 355		-27 631
Booked to income in the period	849	77	78	-7 355	706	-871		-6 517
Currency translation differences	-	-	-	15	-	-		15
Effect of business combinations	-	-	-	-	-	-		-
31.12.	**-25 985**	**-2 668**	**-1 228**	**-7 479**	**-258**	**3 484**		**-34 133**
2005								
Booked to income in the periode	-14 502	-476	322	2 026	1 211	-697		-12 116
Currency translation differences	-	-	-	-	-	-		-
Effect of business combinations	11 736	1 483	-282	-339	-1 024	-		11 575
31.12.	**-28 751**	**-1 661**	**-1 187**	**-5 792**	**-70**	**2 787**		**-34 674**

	2005	2004
Current	66 632	41 930
Non-current	207 500	249 685
Total	**274 132**	**291 615**

Notes to the accounts

27 Pensions and pension commitments

Some group entities have pension schemes which provide the employees the right to established future pension payments. The collective schemes comprises a total of 40 employees and 4 retired people as of 31 December 2005. All pensions are funded and the group's funded pension schemes is administered by a pension company.

AS Austevoll Fiskeindustri has a contractual early retirement scheme (AFP) for its employees. This scheme comprises a total of 22 employees and 2 retired people as of 31 December 2005. According to the scheme, employees are on certain conditions entitled to leave the company after reaching the age of 62, being entitled to a pension covered partly by the company and partly by the Government. The Group's financial commitments associated with this scheme are included in the pension calculations below.

	2005	2004
Capitalised commitments are determined as follows		
Present value of future pension commitments	-17 614	-15 519
Fair value of plan assets	11 531	11 221
Subtotal	-6 083	-4 298
Social security tax	-858	-606
Net pension commitment	**-6 941**	**-4 904**
Unrecognised actuarial losses	2 868	1 074
Net pension commitment on the balance sheet 31.12.	**-4 073**	**-3 830**
Classified as net pension asset	473	320
Classified as net pension liability	**-4 546**	**-4 150**
Net pension costs are determined as follows		
Current service cost	1 287	1 154
Interest cost	681	667
Expected return on plan assets	-633	-562
Net actuarial losses recognised during the year	-	-
Past service cost	-	-
Administration costs	126	141
Social security tax	206	197
Net pension cost	**1 667**	**1 597**
Change in booked commitments		
Balance sheet value at 01.01.	-3 830	-3 981
Pension cost (note 12)	-1 667	-1 597
Pension payments and payments of pension premiums	1 424	1 748
Balance sheet value at 31.12.	**-4 073**	**-3 830**

Financial premises for the group	**2005**	**2004**
Anticipated yield on pension assets	6,0 %	6,0 %
Discount rate	4,0 %	5,0 %
Anticipated regulation of wages, pensions and national insurance	2,0 %	2,0 %
Employee turnover	0,0 %	0,0 %
Utilisation percentage AFP	5,0 %	5,0 %

Austevoll Seafood ASA

Notes to the accounts

28 Contingencies

Contingent liabilities
The Chilean subsidiary Pemesa S.A. is the defendant in a tax related lawsuit for an approximated amount of THUS$ 891 (NOK 5,9 mill.). This case originates from the usage by Pemesa S.A. of the benefit of early recovery of export VAT, under Law 348, during the year 1996. However, the internal revenue service, alleging the existence of non-export sales as a result of the leaseback operation entered into by the Company, concluded that said recovery should not have been taken place, suing the Company in order to recover the amount paid to the Company. At this time the lawsuit is at the Concepción Appeals Court.

29 Interest bearing debt

Norway
The Norwegian part of the group is financed by two group account agreements which regulates both short term and long term financing. There is one group account agreement for fish farming activity, and one for the rest of the group, except from long term financing of the fishing vessels. Credit limit on short term financing depends on booked values of accounts receivables and stock ("borrowing base"), with a total ceiling of 320 MNOK, distributed with 200 MNOK to fish farming activity and 120 MNOK to remaining activities. Both arrangements contains a covenant which says that book equity in the group Austevoll Seafood ASA shall be at least 25%, and that EBITDA compared to net interest bearing debt shall be at least 15%. There are joint and several liabilities for the financing within the different loan agreements for Austevoll Seadfood ASA and the Norwegian subsidiaries, except from Møgsterfjord I AS.

Fishing vessels
The group's fishing vessels are financed by own mortgage loans. Loan agreements for these loans are within normal terms, and consist of requirement of book and real equity, and sufficient cash flow to service the debt in the individual company.

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

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

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

Net interest-bearing debt	**2005**	**2004**
	-	-
Liabilities to financial institutions - non-current	966 084	728 194
Leasing liabilities - non-current	41 003	23 887
Liabilities to financial institutions - current	431 383	480 386
Leasing liabilities - current	12 956	4 863
Other interest-bearing debt - non-current	113 692	68 708
Total interest-bearing debt	**1 565 118**	**1 306 038**
Cash and cash equivalents	126 493	22 640
Other interest-bearing assets - non-current	109 930	100 185
Net interest-bearing debt	**1 328 695**	**1 183 213**

non-current liabilities	**2006***	**2007**	**2008**	**2009**	**2010**	**Subsequent**	**Total***
Mortgage loan	166 638	139 884	191 840	104 884	105 355	424 121	1 132 722
Leasing liabilities	12 956	13 791	12 903	8 605	4 991	714	53 960
Bank overdraft	264 745					-	264 745
Other non-current liabilities						113 692	113 692
Total	**444 339**	**153 675**	**204 743**	**113 489**	**110 346**	**538 527**	**1 565 119**

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

Liabilities secured by mortgage	**2005**	**2004**
Current liabilities	431 383	471 334
Non-current liabilities	989 366	752 081
Liabilities to credit institutions incl. leasing liab.	**1 420 749**	**1 223 415**
Assets provided as security		
Fixed assets	1 665 221	1 576 148
Total assets provided as security -	**1 665 221**	**1 576 148**
Average rate of interest		

Notes to the accounts

29 Interest bearing debt (cont.)

Description of debt	Effective interest rate	Maturity	2005 Current portion	2005 Non-current portion	2004 Current portion	2004 Non-current portion
Skipsfinansiering						
SR-Bank (AUSS)	3,81 %	2 007	3 700	3 700	3 700	7 400
Nordea (AUSS)	3,46 %	2 006	7 700	42 566	-	-
DnBNOR (Pacfish)		2 019	663	8 486	3 019	40 767
Banco Santander Santigago (Pacfish)					6 304	11 039
DnBNOR (Møgsterhav)	3,30 %	2 017	6 580	67 680	6 580	74 260
DnBNOR (Møgsterfjord)	3,05 %	2 014	5 000	37 500	5 000	42 500
DnBNOR(Lafjord Fiskebårrederi)			-	-	100 200	103 500
DnBNOR(Aumur)					7 734	50 266
Pantelån driftsmidler						
Innovasjon Norge (Austevoll Eiendom)	3,60 %	2 010	3 140	13 632	3 140	16 771
DnBNOR (Austevoll Fisk)	4,65 %	2 006	1 857	-	1 937	1 777
Innovasjon Norge (Austevoll Fisk)	5,90 %	2 013	410	2 661	410	3 070
Innovasjon Norge (Austevoll Fisk)	3,60 %	2 018	667	7 666	667	8 333
DnBNOR (Veststar)		2 007	420	3 670	3 334	3 805
DnBNOR (Veststar)	3,55 %	2 013	19 000	181 000	-	-
DnBNOR (AUSS)	5,18 %	2 006	23 306			
DnBNOR (Fishmarket)		2 010	150	600	150	750
DnBNOR Markets (PDN)		2 019	1 848	21 152	-	-
DnBNOR Markets (PDN)		2 019	772	8 617	-	-
Banco Santander Santiago (PDN)		2 007	7 168	5 300	-	-
Banco de Chile (PDN)		2 016	10 681	92 305	20 978	80 513
Banco de Chile (PDN)		2 016	4 515	40 145	8 973	35 024
Banco de Chile (PDN)		2 011	32 554	104 493	-	-
Eksportfinans (PDN)			-	79 153	-	-
DnBNOR Markets (PDN)		2 019	413	4 718	-	-
Santander Satioago (PDN)		2 007	-	3 723	-	2 681
Banco Bbva Bhif (PDN)		2 007	1 726	1 645	1 341	2 585
Banco de Chile (PDN)		2 005	-	-	966	-
Oppkjøpsfinansiering						
DnBNOR (AUSS)	3,55 %	2 020	2 344	16 406	26 250	18 750
DnBNOR (AUSS)	3,50 %	2 013	18 065	121 543	24 113	142 881
DnBNOR (A-Fish)	5,16 %	2 008	13 960	97 724	51 328	81 521
Leasing liabilities						
Norway		2 011	5 741	19 304	2 852	12 069
Total			**172 379**	**985 388**	**278 977**	**740 260**

30 Lease contracts

Overview of future minimum operating leases	Within 1 year	1-5 years	Subsequent	Total
Minimum lease amount, operating leasing contracts maturing:	424	817		1 241
Present value of future minimum lease (discount rate 4%)	407	733		1 140

Overview of future minimum finacial leases	Within 1 year	1-5 years	Subsequent	Total
Minimum lease amount, financial leasing contracts maturing:	14 666	42 601	719	57 986
Interest component	1 710	2 311	5	4 026
Present value of future minimum lease	12 956	40 290	714	53 960

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

Austevoll Seafood ASA

Notes to the accounts

31 Financial market risk

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

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

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

2005	Currency	NOK	Share %
Turnover:			
NOK		648 906	34 %
USD	101 325	700 113	37 %
CLP	16 381 343	205 779	11 %
EUR	33 415	267 557	14 %
PLN	65	127	0 %
JPY	165 832	9 701	1 %
GBP	6 848	80 186	4 %
Other currency			0 %
Total		**1 912 369**	**100 %**
Accounts receivable			
USD	14 702	97 363	48 %
CLP	4 330 120	56 911	28 %
EUR	2 533	20 006	10 %
CHF	6	33	0 %
PLN	51	102	0 %
NOK	0	21 327	10 %
GBP	722	8 337	4 %
Other currency	0	0	0 %
Total		**204 080**	**100 %**
Accounts payable:			
USD	2 195	14 761	9 %
CLP	3 651 865	47 990	30 %
EUR	9	71	0 %
DKK	121	130	0 %
NOK	0	98 493	61 %
GBP			0 %
Total		**161 445**	**100 %**
Bond loans, liabilities to credit institutions and financial lease			
USD	92 293	624 703	43 %
EUR	530	4 229	0 %
NOK		816 109	56 %
GBP			0 %
Other currency			0 %
Total		**1 445 041**	**100 %**

Notes to the accounts

32 Other current liabilities

Specification of other current liabilities	2005	2004
Salary and other personnel expenses	12 211	1 286
Balance on purchase of shares (Lafjord Fiskebåtrederi AS, see note 8)	30 477	-
Dividends	-	5 583
Fair value loss on currency forward contracts	1 081	-
Other short-term liabilities	35 646	30 951
Other current liabilities	**79 415**	**37 820**

33 Related parties

2004	Operating income	expenses	Net finance exp.	Net balance
Møgster Management AS	-	4 425	-	
Alfabygget AS		392		
Hardsjø AS				333
Austevoll Invest AS				20 813
Bravo Tug AS				-18 885
Møgster II AS				-1 972
Laco AS				-8 391
Total	-	4 817	-	-8 102

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

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

Alfabygget AS is owned by the company's major shareholder, Laco AS, and Austevoll Seafood ASA rents office facilities from this company.

In December 2005 the company sold its subisidiary Lafjord Fiskebåtrederi AS partly to other subsidiaries and associated companies. See note 8 for further details

34 Intragroup transactions

The fish farming company Seastar Salmon Farms Holding AS sells a major part of its production of salmon to Sea Star International AS. These transactions are based upon commercial terms. This intragroup sale amounted to NOK 258 mill. in 2005 and NOK 198 mill. in 2004.

Slaughtering, packaging and storage of salmon is delivered by AS Austevoll Fiskeindustri to Sea Star International AS. The terms and rates for these services are negotiated yearly between the parties. These services amounted to NOK 92 mill. in 2005 and NOK 86 mill. in 2004.

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

PRICEWATERHOUSECOOPERS

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To the Board of Directors of Austevoll Seafood ASA

Auditor's report for 2005

We have audited the financial statements of Austevoll Seafood ASA group as of December 31, 2005, showing a profit of NOK 237 072 000 for the group. The financial statements of the group comprise statements of income, balance sheet, statement of cash flows, the statement of changes in equity and accompanying notes. IFRSs as adopted by the EU have been applied in the preparation of the financial statements of the group. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements according to the requirements of the Norwegian Act on Auditing and Auditors.

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

In our opinion

- the financial statements of the group have been prepared in accordance with the law and regulations and give a true and fair view of the financial position of the group as of December 31, 2005 and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with IFRSs as adopted by the EU.
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information in accordance with the law and good bookkeeping practice in Norway.

PRICEWATERHOUSECOOPERS

Without qualifying our opinion above we would like to emphasise that there is uncertainty related to the Company's application of IAS 41 regarding measurement of fish in sea with weight below 4 kilos. The Norwegian Banking, Insurance and Securities Commission (Kredittilsynet) has a different interpretation of IAS 41 than the Company. Kredittilsynet has instructed fish farming companies listed on Oslo Stock Exchange to change their measurement principle related to fish in sea with weight below 4 kilos. The matter has been appealed to the ministry of Finance (Finansdepartementet) by the fish farming industry. At the date of this report the outcome of this appeal is uncertain. The outcome of this appeal may cause the Company to change their measurement principle used on fish in sea with weight below 4 kilos. We refer to further discussion in the notes accompanying the financial statements.

Bergen, August 29, 2006
PricewaterhouseCoopers AS

Geir Inge Lunde
State Authorized Public Accountant, Norway

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Appendix 3: Annual Report Austevoll Havfiske AS for 2005

THE DIRECTORS' REPORT FOR AUSTEVOLL HAVFISKE AS 2005

Introduction

Austevoll Havfiske AS is a vertically integrated Group of fishery companies involved with pelagic fishery, fish-farming, fish processing and fish sales in Norway, Europe and South America

Austevoll Havfiske AS has in 2005 made further acquisitions within the Norwegian salmon sector. Furthermore, the company has brought all smolt and salmon production together in a single business, Veststar AS. The company sold is stake in the Scottish salmon industry in 2005.

In South-America a new cold-storage plant has been built in the course of the year, providing additional capacity for increasing the level of value added to the company's products.

The company disposed of it stake in the Danish pelagic fishery in 2005, and towards the end of the year also sold its shareholding in Lafjord Fiskebåtrederi AS.

As part of a restructuring process, the company will be merging a number of its subsidiaries in 2006, while planning to demerge the fisheries companies.

Activities over the year

Fish-farming

This activity is run by a subsidiary, Veststar AS, which is involved with the farming of salmon from egg to slaughter. The company's activities and plant are based in the areas of Hordaland and Rogaland. Veststar AS has merged with its subsidiaries in 2005, and all farming of salmon and hatchery production is now carried out by Veststar AS. The company is self-sufficient in smolt. The company holds a total of 27 licences in Norway. Overall, the Group produced approx. 12,575 tonnes of live fish for food.

The company has seen a year of sound operations and good growth in 2005. A number of measures have been introduced in order to optimise production, thereby reducing future production costs.

Pelagic fisheries
This activity involves fisheries in Norway and Chile. In Norway, catches were mainly mackerel, herring, blue whiting and capelin sold for food or to industry. Operations have worked satisfactorily in 2005 and no special technical problems have been encountered. The Norwegian fleet achieved better results in 2005 than in 2004, mainly thanks to a rise in raw material prices and the fact that the fleet in Norway has leased an extra quota through the ship-owners' quota scheme. Activities in Chile also achieved better results in 2005 than in 2004, generally thanks to sound profits within processing, good raw material prices and efficient fleet operation.

Sales and processing
Austevoll Fisk AS is a subsidiary which holds the majority interest in other companies involved with the sale and processing of fish.

The subsidiary Sea Star International AS is mainly involved with the sale of salmon and pelagic fish. 2005 has been an extremely good year for Norwegian salmon players, starting with prices of NOK 22 and ending with prices of NOK 25 for 4-5 kg. Superior fish. Market access is still a key concern for all players in the industry and in the course of 2005 a minimum price was introduced for export to the EU market. Russia introduced import restrictions towards the end of the year following finds of too high PCB values in the fish. Work to sort out this matter has been given high priority by all players in the market as well as the Norwegian authorities.

The pelagic activity has struggled to achieve the desired margins. One of the reasons has been strong competition for raw material, inevitably followed by high purchase prices. It was a particular difficult year for NVG herring which saw high purchase prices in the early part of the autumn season followed by a hefty price fall later on in the autumn. Volatile prices in the course of the season caused unrest in the market.

The company has upped its turnover compared to 2004 due to higher volumes and better prices. The business continues to focus on long-term customer relationships and its partnership with European chains. This involves strict requirements with respect to the traceability of our products. The company's strategy of using production units with the same quality platform for smolt and feed, as well as our own packery, is well suited to provide the level of quality and traceability that our customers demand.

Austevoll Fiskeindustri's business is to receive and process salmon, mackerel and herring. The company saw a minor rise in access to pelagic fish compared to 2004. There has been good access to salmon, and the production has been efficient in 2005, generating sound results.

Inspectors from the Norwegian Fisheries Directorate paid just over 15 visits to Austevoll Fiskeindustri over the year; 1 of these visits involved a full resource inspection of pelagic catches. Furthermore, the company has received regular visits from Norges Sildesalgslag's representatives in connection with resource inspections during the landing of pelagic fish. No nonconformities were discovered in connection with these inspections.

Br. Birkeland AS
Austevoll Havfiske AS holds a 36% stake in Br. Birkeland AS. This company owns and runs a salmon farm and is involved with pelagic fishery. The company has achieved a sound profit in 2005.

The pelagic activity was awarded a 1,280-tonne share of the overall quota for 2005. One of the company's licences has been used in connection with a ship-owner's quota; it has been leased to one of the company's own vessels and to vessels in the Austevoll Havfiske Group.

Health, Safety and Environment

As at 31 December, the Group had a staff of 493. Traditionally, there has only been a small proportion of women employed aboard ships and on fish farms. In other parts of the Group the workforce shows a more even distribution between the sexes. It is an aim for the Group to gradually increase the proportion of female employees in sectors in which women have traditionally been under-represented. The Board of Directors has 1 female member.

The Group is keen to protect and develop all contributing elements which carry a potential for raising the company's competency and awareness level with respect to health, safety and the environment. Financial and technical resources are employed to ensure that the Group's activities are run in compliance with the guidelines which best serve the interests of the company and its surroundings. Ships and onshore facilities are made increasingly efficient and simpler to operate through the planning and implementation of new technical concepts, and their environmental impact is being reduced. The health and safety situation for employees is being improved in the same way. The processing industry has implemented quality assurance systems in compliance with the regulations laid down by the Norwegian Fisheries Directorate.

The Group's sickness absence was approx. 7.6% for onshore workers in 2005, which is a 2% increase on the previous year. The Group is working actively to implement measures to reduce sickness absence in general. The Group is a member of the local occupational health service.

Operation of the Group's vessels is not considered to involve pollution of the outdoor environment other than that caused by emission of exhaust fumes. The Group's fleet is new and modern and no special actions have been taken which might impact on the outdoor environment.

The Group's onshore production facilities are equipped with purification plants and their activities are controlled by the regulations pertaining to this type of activity. No incidents have been reported which may have given rise to pollution at these facilities.

Financial statement

The Group's operating revenues amounted to NOK 1,921 million in 2005 compared to NOK 1,310 in 2004. The increase was caused by a number of factors, such as higher sales and better prices than budgeted within pelagic activities.

Total operating expenses were NOK 1,667 million compared to NOK 1,241 million in 2004. Depreciation and write-down amounted to NOK 129 million of the 2005 operating expenses, against NOK 118 million in 2004.

The Group is partly financed by a multi-currency group overdraft facility which is available to the parent company and its Norwegian subsidiaries. Specific ships, buildings and fixed assets have been pledged as security for long-term debt, which is generally in NOK and USD.

Net financial expenditure was NOK 55.9 million in 2005 against NOK 28.2 million in 2004. The increase was mainly caused by general developments in the currency market, particularly for USD.

The year-end profit for 2005 after tax was NOK 212.606 million, compared to NOK 61.2 million in 2004.

The Group is exposed to currency fluctuations, particularly in Euro and USD, and is seeking to reduce this risk by entering into futures contracts and by making use of a multi-currency overdraft facility. Furthermore, parts of the long-term debt will be adjusted to earnings in the same currency. The Group is also exposed to changes in the interest rate as most of the Group's debt has a floating rate of interest.

The Group has entered into a credit insurance agreement which provides cover for parts of the debt. Historically, the Group's bad debt ratio has been low.

The Group's economic and financial position is satisfactory and provides a basis for continued operations and further corporate development

The accounts have consequently been prepared on the premise of continued operation.

Looking ahead

The Group's fish farming prospects are heavily affected by the industry's general licensing conditions and by the market for salmon sales. In 2006, raw material prices have increased even further in the salmon market.

So far in 2006, the pelagic activity in Chile has provided somewhat lower profits in the first quarter. This is because of reduced reception capacity during the start-up period for the new cold-storage plant. However, the expectations are for the budget to be met, and the forecasts show a sound profit for the current year. Stable raw material prices have been predicted for the Norwegian pelagic fishery and a satisfactory contribution is expected for 2006.

The Group's sales and processing volumes are expected to continue to increase. Within processing, it is a priority task to continue looking for measures that will further increase the cost-effectiveness of our production of salmon and pelagic fish.

Year-end profit and allocations

The annual accounts for the parent company show a profit of NOK 202,739,950. The Board of Directors propose to allocate the year-end profit as follows:

Transferred to revaluation reserve	NOK	78,234,235
Net group contribution	NOK	(11,590,375)
Transferred from other equity	NOK	136,096,090
Total allocations	NOK	202,739,950

Storebø, 5 May 2006

Helge Møgster   Ole Rasmus Møgster   Alf Oddvar Bjånes

Britt Kathrine Drivenes   Tore Reed Mohn

Austevoll Havfiske AS

(changed name to Austevoll Seafood ASA in General meeting May 11th, 2006) (all figures in NOK 1000)

Income statement

Parent company 31.12.2005	Parent company 31.12.2004		Notes	Group 31.12.2005	Group 31.12.2004
		OPERATING INCOME			
47 251	57 885	Revenue		1 751 544	1 309 535
86 925	112	Other operating income	19	169 924	712
134 176	**57 997**	**Total operating income**	2,16	**1 921 468**	**1 310 247**
		OPERATING EXPENSES			
		Change in stocks		-10 211	53 368
8 337	36 178	Raw material and consumables used		1 040 178	699 974
11 442	12 053	Payroll expence	3	170 672	156 097
565	42	Depreciation	6	129 098	118 294
-	-	Write down	6	-	
24 175	34 794	Other operating expenses	19	331 101	213 824
44 519	**83 067**	**Total operating expenses**		**1 660 838**	**1 241 557**
89 657	**-25 070**	**RESULT OF OPERATIONS**		**260 630**	**68 690**
		FINANCIAL INCOME AND EXPENSES			
99 969	46 959	Income from subsidiaries	7	-	-
13 741	5 250	Income from group companies	8	15 439	2 275
4 920	3 873	Interest received from group companies		796	768
10 554	13 679	Other interest received		18 960	17 003
22 844	2 315	Other financial income	19	25 011	20 645
-2 510	-	Changes in market value of financial current assests		-2 510	-
-5 453	-4 857	Interest expense from group companies		-2 024	-406
-19 331	-21 416	Other interest expenses		-80 822	-63 294
-3 111	-2 035	Other financial expenses	19	-30 778	-5 171
121 623	**43 768**	**Total net financial expenses**		**-55 928**	**-28 180**
211 280	**18 698**	**OPERATING RESULT BEFORE TAX**		**204 704**	**40 508**
8 540	-39 191	Tax		-7 902	-20 733
202 740	**57 889**	**RESULT FOR THE YEAR**		**212 606**	**61 241**
		Minority share of profit/loss		9 871	4 882
-11 590	-3 316	Proposed group contribution			
78 234	57 372	Transferred to reserve for valuation variances		1 713	
-		Transferred to distributable funds		-	
136 096	3 833	Transferred to other equity		201 022	56 359
202 740	**57 889**	**TOTAL TRANSFERRED**		**212 606**	**61 241**

Austevoll Havfiske AS

(changed name to Austevoll Seafood ASA in General meeting May 11th, 2006) (all figures in NOK 1000)

Balance sheet

Parent Company 31.12.2005	Parent Company 31.12.2004	ASSETS	Notes	Group 31.12.2005	Group 31.12.2004
		FIXED ASSETS			
		INTANGIBLE ASSETS			
-	-	Licences/Goodwill	6	764 137	679 830
-	-	**Total intangible assets**		**764 137**	**679 830**
		TANGIBLE FIXED ASSETS			
-	-	Buildings/Land	6	226 879	210 576
1 220	1 785	Machinery and plant	6	352 903	203 674
82 753	-	Vessels	6	500 373	688 802
83 973	**1 785**	**Total tangible assets**		**1 080 155**	**1 103 052**
		FINANCIAL ASSETS			
808 532	722 787	Investment in subsidiaries	7	-	-
92 448	100 968	Investment in group companies	8	100 661	104 333
303	80	Other investments	9	55 211	7 125
410 235	402 744	Other long term receivables	19	115 250	104 303
1 311 518	**1 226 579**	**Total financial fixed assets**		**271 122**	**215 761**
1 395 491	**1 228 364**	**TOTAL FIXED ASSETS**		**2 115 414**	**1 998 643**
		CURRENT ASSETS			
-	-	**Stocks**	4	**285 229**	**242 868**
		DEBTORS			
4 283	10 119	Trade receivable		207 760	166 124
296 739	219 128	Other receivables	19	271 032	67 735
301 022	**229 247**	**Total receivables**		**478 792**	**233 859**
4 133	**2**	**Shares**	9	**4 139**	**5**
1 094	**726**	**Bank deposit**	5	**126 500**	**22 640**
306 249	**229 975**	**Total current assets**		**894 660**	**499 372**
1 701 740	**1 458 339**	**TOTAL ASSETS**		**3 010 074**	**2 498 015**

Austevoll Havfiske AS

(changed name to Austevoll Seafood ASA in General meeting May 11th, 2006) (all figures in NOK 1000)

Balance sheet

Parent Company 31.12.2005	Parent Company 31.12.2004	EQUITY	Notes	Group 31.12.2005	Group 31.12.2004
		EQUITY CAPITAL			
56 097	56 097	Share capital	11,12	56 097	56 097
512 088	512 088	Share premium reserve		512 088	512 088
568 185	568 185	Total equity capital	11	568 185	568 185
		ACCRUED CAPITAL			
281 275	155 264	Reserve for valuation variances		1 713	49
92 967	-48 417	Other equity		373 405	108 498
-	-	Minority interests		70 015	108 215
374 242	106 847	**Total accrued capital**		445 133	216 762
942 427	675 032	TOTAL EQUITY	11	1 013 318	784 947
		LONG TERM LIABILITIES			
		PROVISIONS			
220	85	Pension liabilities	13	593	385
21 944	15 629	Deferred tax	18	166 567	186 895
22 164	15 714	**Total provisions and liabilities**		167 160	187 280
		OTHER LONG TERM DEBT			
232 945	223 096	Mortgage debt	14,15	1 156 004	1 033 069
279 347	265 816	Other long term debt	19	128 414	97 193
512 292	488 912	**Total other long term liabilities**		1 284 418	1 130 262
534 456	504 626	TOTAL LONG TERM LIABILITIES		1 451 578	1 317 542
		CURRENT LIABILITIES			
115 607	147 898	Overdraft facility	14	264 745	190 346
2 269	5 985	Trade creditors		161 452	121 952
-	-	Tax payable	18	3 499	7 554
1 072	1 435	Public charge payable		20 390	21 695
105 909	123 363	Other current liabilities	19	95 092	53 979
-		Group contribution		-	
224 857	278 681	**Total current liabilities**		545 178	395 526
759 313	783 307	TOTAL LONG TERM DEBT		1 996 756	1 713 068
1 701 740	1 458 339	TOTAL EQUITY AND LIABILITIES		3 010 074	2 498 015

AUSTEVOLL HAVFISKE AS

Accounting principles

The annual accounts for Austevoll Havfiske AS have been prepared in accordance with the requirements of the Norwegian Accounting Act, Norwegian accounting standards and recommendations, and generally accepted accounting principles. The company's most important accounting principles are described below.

GENERAL

Assets intended for permanent ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables are classified as current assets if repayable within a year. Debt classification is based on analogue criteria, except for next year's mortgage repayments, which are included under long-term liabilities.

Fixed assets are included at cost, but are written down to their real value if a drop in value is expected to be permanent. Fixed assets with restricted useful lives are systematically depreciated. Long-term debt items are carried to the balance sheet at their nominal value as at the time of origination.

Current assets are valued at the lower of original cost and real value. Short-term debt items are carried to the balance sheet at their nominal value as at the time of origination.

In accordance with Norwegian accounting legislation certain items are accounted for under special valuation rules. Further explanation is provided below.

CONSOLIDATED FINANCIAL STATEMENTS
The consolidated financial statements show the parent company and its subsidiaries as a single financial unit. Year-end balances and major intercompany transactions are offset against each other (and eliminated) to achieve this consolidation.

TANGIBLE FIXED ASSETS
Tangible fixed assets are capitalised at cost and carried to expense in even annual instalments year on year. Maintenance is carried to operating expenses on an on-going basis, but work to raise the asset's original standard is taken to improvements and is capitalised together with the asset and depreciated over the asset's remaining life.

INVESTMENT IN SUBSIDIARIES AND AFFILIATED COMPANIES
Companies are considered subsidiaries if the group holds a controlling interest. Such control is normally achieved by owning 50% or more of the company's shares.

Companies are considered to be affiliated if the group holds a considerable but not controlling interest. A considerable interest is normally achieved by owning 20% or more of the shares.

The parent company's investments in subsidiary or affiliated companies are valued according to the equity method. The value of the investment is calculated as the parent company's share of the equity, and its share of the profit is carried to income/expense.

(all figures are quoted in NOK '000) Notes to the accounts for 2005

The purchase method is applied in order to eliminate investment in acquired subsidiaries. The purchase method means that the cost to the group is split between the acquired assets and liabilities based on real values at the time of purchase. If the price paid exceeds the total value of the individual assets at the time of purchase, the difference will be included on the balance sheet as value added or goodwill. The added value is carried to expense in even annual instalments over the rest of the asset's life. Investment in newly formed subsidiaries will be eliminated by entering the cost of acquisition against the group's book equity on the date of formation.

OTHER SHAREHOLDINGS
Shareholdings in other companies are accounted for by the cost method. Should their value fall, the shares will be written down to their real value.

STOCKS
Stocks are valued at the lower of average original cost and net realisable value.
Original costs are expenses incurred through purchase or production and include all direct costs and overheads which have been necessary for the stocks to be in their present condition and position on the date of the balance sheet. Real value is realisable value at the time of expected sale, less selling costs. Selling costs include storage costs until the time of sale. Stocks are carried net of redundant items to the balance sheet.

SHORT-TERM RECEIVABLES
Short-term and other receivables are included at face value less provisions for bad debts. Provisions for bad debts are based on individual assessments of each account receivable.

TAXES
Taxes included in the profit and loss accounts comprise taxes payable for the period as well as changes in deferred tax. Total taxes are split between net ordinary items and net extraordinary items in accordance with the tax base.

Deferred tax is tax on accumulated profit which falls due for payment in a later period. The change in deferred tax represents future tax payable on this year's activities. Under the debt method, which is employed here, deferred tax is calculated on net tax-increasing temporary differences after tax-reducing temporary difference and tax-related losses have been offset.

CASH FLOW STATEMENT
Cash in hand, bank deposits and yield funds have been classified as cash.

NOTE 2 **Sales revenue per activity**

	GROUP 2005	GROUP 2004	PARENT COMPANY 2005	PARENT COMPANY 2004
Fish sales and processing	1 079 169	1 026 873	-	-
Canning and fishmeal production	353 513	-	-	-
Fish farming	331 143	248 092	-	-
Fishing	312 745	301 358	11 252	43 352
Profit on sale of fixed assets	155 826	-	86 925	-
Other revenue	185 174	14 692	35 999	14 645
Eliminated intra-group sales	(496 102)	(280 768)	-	-
Total sales revenue	1 921 468	1 310 247	134 176	57 997

NOTE 3 **Employee costs**

Employee costs	GROUP 2005	GROUP 2004	PARENT COMPANY 2005	PARENT COMPANY 2004
Wages	142 372	138 461	9 178	10 127
National Insurance contribution	13 945	7 653	1 028	807
Other benefits	14 355	9 983	1 236	1 119
TOTAL COST	170 672	156 097	11 442	12 053
Average number of employees	493	508	12	11

Cost of management	General manager	Board of Directors
Salaries	965	-
Pension costs	-	-
Other remuneration	-	-
TOTAL	965	-

Fee to appointed auditor	GROUP		PARENT COMPANY	
Statutory audit	1 804	1 539	200	180
Other certification services	57	0	4	0
Tax advice	17	0	17	0
Other professional charges	461	357	178	313
Total	2 339	1 896	398	493

NOTE 4 **Stocks**

Stocks at original cost

	GROUP 2005	GROUP 2004
Raw material, packaging	8 913	-
Finished goods	90 984	60 981
Work in process	10 352	-
Stocks of fish, fry and spawn	176 195	182 329
Redundant stock	-1 396	-442
TOTAL	285 048	242 868

NOTE 5 **Bank deposits**

Bank deposits as at 31 Dec include restricted tax withholdings to the amount of NOK 419' for the parent company and

Austevoll Havfiske AS

Notes to the accounts for 2005

(all figures are quoted in NOK '000)

NOTE 6 Tangible fixed assets

GROUP

Fixed assets	Goodwill/badwill	Licences	Ships	Equipment	Land, buildings	Total
Original cost at 1 Jan	68 469	820 082	1 035 032	499 633	270 566	2 693 782
Conversion balance	-	29 154	37 152	20 589	7 416	94 311
Additions	28 049	148 846	202 993	187 446	16 342	583 676
Disposals	-8 650	-189 140	-613 275	-22 918	(7 432)	-841 415
Original cost at 31 Dec	87 868	808 942	661 902	684 750	286 892	2 530 354
Accumulated depreciation	60 742	71 931	161 529	331 849	60 014	686 065
Book value at 31 Dec	**27 126**	**737 011**	**500 372**	**352 901**	**226 878**	**1 844 288**
Depreciation for the year	-1 201	16 198	55 623	46 404	12 075	129 099
Write-down for the year	-	-	-	-	-	-
Economic life	5-10 years	3/18 years / perpetual	20-25 years	3-5 years	20-100 years	

The Group holds pelagic licences, fish farming licences and smolt licences.

Pelagic licences

The pelagic licences are for Norway, Europe and South-America. In Norway, we hold perpetual licences which commenced on 1 Jan 2006.
In total, the group's quota tonnage is 1300 distributed between 2 vessels in Norway. Quotas that were valid to 31 Dec 2005 have been depreciated over 13 and 18 years.
Pelagic licences in South-America are granted as a percentage of the total quota, and the group holds approx. 9% of the overall quota for horse mackrel in Chile.
For pelagic fish, goodwill and licences are distributed between Europe at NOK 170,593' and Chile at NOK 283,469' .

Fish farming and smolt licences

The group holds a total of 27 salmon licences in the Hordaland area. The group is also licensed to produce smolt in the Hordaland and Rogaland areas and holds the associated water rights. The group is licensed to produce 5.5 million smolts. The fish farming licence has a book value of NOK 225,769'.

PARENT COMPANY

Fixed assets	Equipment	Ships	Total
Original cost at 1 Jan	4 074	-	4 074
Additions		82 753	82 753
Disposals		-	-
Original cost at 31 Dec	4 074	82 753	86 827
Accumulated depreciation	2 854	-	2 854
Book value at 31 Dec	**1 220**	**82 753**	**83 973**
Depreciation for the year	565	-	565
Economic life	10 years		

NOTE 7 Investments in subsidiary companies

Company	Austevoll Fisk AS	Austevoll Eiendom	A-Fish AS	Aumur AS
Time of purchase	1997	1996	2003	1998
Registered office	Austevoll	Austevoll	Austevoll	Austevoll
Ownership interest/share of voting rights	65 %	65 %	100 %	100,00 %
Original cost	12 783	17 201	60 100	50
Opening balance at 1 Jan	**17 724**	**6 844**	**125 794**	**23 078**
Correction for the equity method 1 Jan	-965	-	-	-
Additions/disposals over the year	-	-	207	-
Accelerated/decelarated depreciation/intercompany return	92	-	-	-
Profit/loss for the year	3 014	-85	61 767	-29 929
Rate of conversion	-	-	49 020	
Group contribution received	-	-	11 506	-
Group contribution paid	-	-	-	-
Proposed dividend	-	-	-	-
Outgoing balance at 31 Dec	**19 866**	**6 759**	**248 293**	**-6 851**

Austevoll Havfiske AS

(all figures are quoted in NOK '000)

Notes to the accounts for 2005

NOTE 7 Investments in subsidiary companies

Company	Lafjord Fiskebåtrederi AS	Inv. Pacfish Ltda	Møgsterhav AS	PR Lafisk II ANS
Time of purchase	2001	1995	1999	1994
Registered office	Austevoll	Chile	Austevoll	Austevoll
Ownership interest / share of voting rights	49,98 %	100 %	100 %	90 %
Original cost	43 950	37 934	100	
Opening balance at 1 Jan	**54 212**	**72 778**	**225**	**46 439**
Corrections for equity method, 1 Jan	-	-	-	-
Additions/disposals over the year	-46 163	-	-	-
Accelerated/decelerated depreciation/intercompany return	-2 118	-	-10 000	590
Share of year-end profit	-589	25 611	12 905	107
Rate of conversion	-	10 066	-	-
Group contribution received	-	-	-	-
Group contribution paid	-	-	-11 351	-
Dividend/capital reduction	-5 342	-	-	-
Closing balance at 31 Dec	**-0**	**108 455**	**-8 220**	**47 136**

Company	AS Lady	Seastar Salmon Farms Holding AS	Møgsterbas AS	Austevoll Invest AS
Time of purchase	1994	2000	1995	1997
Registered office	Austevoll	Austevoll	Austevoll	Austevoll
Ownership interest / share of voting rights	100 %	83,90 %	100,00 %	33,00 %
Original cost	50	54 612	14 892	58
Opening balance 1 Jan	**649**	**88 750**	**34 519**	**-**
Corrections for equity method, 1 Jan	-	-	-	-
Additions/disposals over the year	-	11 670	-	15
Accelerated/decelerated depreciation/intercompany return	-	-1 631	-	-
Share of year-end profit	-102	19 005	1 011	-441
Rate of conversion	-	-	-	-
Group contribution received	-	-	-	-
Group contribution paid	-	-	-7 555	-
Dividend/capital reduction	-	-	-	-
Closing balance 31 Dec	**547**	**117 794**	**27 976**	**-426**

Company	Oppdrett Holding A	Møgsterfjord I AS	AS Nave	TOTAL
Time of purchase	2004	1995	1997	
Registered office	Austevoll	Austevoll	Austevoll	
Ownership interest / share of voting rights	100 %	56,14 %	100,00 %	
Original cost	313 707	6 101	40	**561 537**
Opening balance 01.01	**216 475**	**35 276**	**22**	**722 785**
Corrections for equity method, 1 Jan	-	-	-	**-965**
Additions/disposals over the year	-	-	-22	**34 272**
Accelerated/decelerated depreciation/intercompany return	-	-10 000	-	**-23 067**
Share of year-end profit	4 191	6 572	-	**103 036**
Rate of conversion	-	-	-	**59 086**
Group contribution received	-	-	-	**11 506**
Group contribution paid	-4 191	-	-	**-23 906**
Dividend/capital reduction	-	-1 123	-	**-6 465**
Closing balance at 31 Dec	**216 475**	**30 725**	**-**	**808 532**

The return on investments in subsidiary companies is made up of:

Accelerated/decelerated depreciation	(23 067)	
Intercompany return, parent company	20 000	(3 067)
Share of year-end profit		103 036
Total profit SC		**99 969**

Austevoll Havfiske AS

Notes to the accounts for 2005

(all figures are quoted in NOK '000)

NOTE 8 **Investments in affiliated companies**

PARENT COMPANY

Company	Br. Birkeland AS	PR Beinur	Austevoll Invest AS	Hardsjø AS	Murman Holding ZAO	PF Troika	Nesseby Havbruk AS	Beinur Holding	TOTAL
Time of purchase	2 000	2001	2004	2001	2001	2002	2001	2003	
Registered office	Austevoll	Denmark	Austevoll	Austevoll	Russia	Faeroe Islands	Kirkenes	Denmark	
Ownership interest / share of voting rights	35,77 %	23,33 %	42,85 %	33,33 %	25,00 %	50,00 %	34,00 %	33,33 %	
Original cost	91 339	5 378	43	333	2 000	2 510	136	-	
Opening balance at 1 Jan	**86 942**	8 961	-	315	2 049	2 510	136	55	100 968
Correction for equity method, 1 Jan	-	-	-	-	-	-	-	-	-
Additions/disposals over the year		(8 961)		-	(2 049)	-	(136)	-	(11 146)
Accelerated/decelerated depreciation	-9 276	-	-	-	-	(2 510)	-	-	(11 786)
Profit for the year	15 217	-	-	-	-	-	-	-	15 217
Dividend/reduction of capital	-806	-	-	-	-	-	-	-	(806)
Conversion balance	-	-	-	-	-	-	-	-	-
Closing balance 31 Dec	**92 077**	**-**	**-**	**315**	**-**	**-**	**-**	**55**	**92 447**

The return on investments in affiliated companies is made up of:

Accelerated/decelerated depreciation	(11 786)	
Intercompany return to parent company	7 800	(3 986)
Share of year-end profit		15 218
Total return from affiliated companies		**11 232**

GROUP

Company	Br. Birkeland AS	PR Beinur	Hardsjø AS	Murman Holding ZAO	PF Troika	Nesseby Havbruk AS	Beinur Holding	Modolv Sjøseth AS	Seagrain AS	TOTAL
Time of purchase	2 000	2001	2001	2001	2002	2001	2003	2005	1997	
Registered office	Austevoll	Denmark	Austevoll	Russland	Færøyene	Kirkenes	Danmark	Træna	Bergen	
Ownership interest / share of voting rights	35,77 %	23,33 %	33,33 %	25,00 %	50,00 %	34,00 %	33,33 %	24,94 %	21,00 %	
Original cost	91 339	5 378	333	2 000	2 510	136	-	6 500	12 872	
Opening balance 1 Jan	86 942	8 961	315	2 049	2 510	136	55	-	3 000	103 968
Correction for equity method 1 Jan	-	-	-	-	-	-	-	6 500	-	6 500
Additions/disposals over the year		(8 961)	-	(2 049)	-	(136)	-	-	(3 000)	(14 146)
Accelerated/decelarated depreciations	-9 276	-	-	-	(2 510)	-	-	131	-	(11 655)
Profit for the year	15 217	-	-	-	-	-	-	1 582	-	16 799
Dividend/reduction of capital	-806	-	-	-	-	-	-	-	-	(806)
Conversion balance	-	-	-	-	-	-	-	-	-	-
Closing balance at 31 Dec	**92 077**	**-**	**315**	**-**	**-**	**-**	**55**	**8 213**	**-**	**100 660**

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100 660

The return on investments in affiliated companies is made up of:

Accelerated/decelerated depreciation	(11 655)	
Intercompany return to parent company	7 800	(3 870)
Write-down entered as separate accounting item		2 510
Profit for the year		16 799
Eliminated indirect group ownership		
Total return from affiliated companies		**15 439**

NOTE 9 **Other shares**

	GROUP		PARENT COMPANY	
Long-term shareholdings	Original cost	Book value	Original cost	Book value
Lafjord Fiskebåtrederi AS	40 930	40 930	-	-
Odra Industries ASA	13 923	8 579	-	-
Sir Fish AS	3 179	3 179	-	-
Storebø Kai AS	12	12	-	-
Ospøy AS	110	83	-	-
Grøningen AS	110	83	-	-
Cindy AS	100	100	100	100
Anoma AS	123	123	123	123
Murman no.(2)	14	14	14	14
Other shares	2 109	2 109	66	66
TOTAL	**60 610**	**55 212**	**303**	**303**
Short-term shareholdings				
Odra Industries ASA	4 131	4 131	4 131	4 131
Other shares	8	8	2	2
TOTAL	**4 139**	**4 139**	**4 133**	**4 133**

Austevoll Havfiske AS

Notes to the accounts for 2005

(all figures are quoted in NOK '000)

NOTE 10 **Intercompany balances**

	GROUP 2005	GROUP 2004	PARENT COMPANY 2005	PARENT COMPANY 2004
Other long-term receivables	10 768	65 251	379 239	398 734
Customers	310	-	2 716	6 464
Suppliers	-	-	489	690
Other short-term receivables	-	-	27 340	208 287
Other long-term debt	61 403	38 731	197 233	265 816
Other short-term debt	-	-	159	114 864

NOTE 11 **Equity**

GROUP	Share capital	Premium reserve	Revaluation reserve	Other equity	Minority interests	TOTAL
Equity at 31 Dec last year	**56 097**	**512 088**	**49**	**108 498**	**108 215**	**784 947**
Changes at 1 Jan				1 499	(2 983)	(1 484)
First-time consolidation					36 847	36 847
Shares purchased/sold			(49)	14 296	(81 058)	(66 811)
Conversion balances, currency				48 091		48 091
Dividend/capital reductions					(877)	(877)
Profit for the year			1 713	201 021	9 871	212 605
Equity at 31 Dec this year	**56 097**	**512 088**	**1 713**	**373 405**	**70 015**	**1 013 318**

PARENT COMPANY	Share capital	Premium reserve	Revaluation reserve	Other equity	TOTAL
Equity at 31 Dec last year	56 097	512 088	155 264	(48 416)	**675 033**
Changes at 1 Jan				1 499	1 499
Changes in subsidiary and affiliated company ownership stakes			(67)	15 131	15 064
Conversion balances			48 091		48 091
Net group contribution			11 351	(11 351)	-
Dividend/capital reductions			(1 123)	1 123	-
Profit for the year			67 759	134 981	202 740
Equity at 31 Dec this year	**56 097**	**512 088**	**281 275**	**92 967**	**942 427**

NOTE 12 **Share capital and shareholders**

Ownership structure

	Number of shares	Ownership stake	Share of voting rights
Laco AS	19 776 339	70,51 %	70,51 %
Austevoll Fiskeoppdrett AS	4 263 423	15,20 %	15,20 %
AS Nave	3 762 878	13,42 %	13,42 %
Alf Oddvar Bjånes	234 325	0,84 %	0,84 %
Synnøva Skåtun Birkeland	8 825	0,03 %	0,03 %
Hans Storebø	3 100	0,01 %	0,01 %
Total	28 048 890	100 %	100 %

The company directors hold the following ownership positions:

Helge Møgster and Ole Rasmus Møgster own 80 % of the shares in Laco AS. Laco AS owns 89.84% of Møgster II AS, which in turn owns 94% of AS Nave.

Austevoll Havfiske AS is part of and should be consolidated with the Laco AS group, which has its registered office at Storebø in the area of Austevoll.

Austevoll Havfiske AS

Notes to the accounts for 2005

(all figures are quoted in NOK '000)

NOTE 13 Pension commitment

The group's pension scheme covers 59 people.
The scheme provides entitlement to defined future benefits. Generally, these depend on the length of the entitlement period, the rate of pay at retirement age and the National Insurance benefit receivable. The group pension scheme is funded through an asset build-up scheme organised by an insurance company. Managers have a supplementory pension in addition to the group pension scheme. This is funded through the company's operation.
Provisions have been made for a contractual pension assurance scheme for staff employed by the group's manufacturing company.
As per 31 Dec the company has a net underabsorption of pensions which has been carried to the balance sheet.
The classifications are as follows:

	GROUP		PARENT COMPANY	
	2005	**2004**	**2005**	**2004**
Present value of future pension commitments	(12 994)	(12 769)	(2 940)	(3 065)
Pension funds, 31 Dec	11 637	10 651	2 411	2 100
Difference between estimates	739	803		
Employer's estimated National Insurance contribution	20	(25)	(27)	(136)
Remaining difference CB 31 Dec to OB 1 Jan	482	1 531	337	1 016
Contractual pension commitment	-	(254)		
Net pension commitment	(116)	(63)	(219)	(85)

Net pension commitment has been charged against group income to the amount of NOK 476' under receivables and NOK 593' under del

Pension costs have been charged against income to the amount of NOK 1.515' for the group and NOK 466' for the parent company

The calculations have been based on the following financial and actuarial premise:

Discount rate	6 %
Expected return on pension funds	7 %
Expected annual pay increase, National Insurance adjustments	2 %

NOTE 14 Secured debt and guarantees

		GROUP	PARENT COMPANY
Secured debt			
	Short-term debt	264 745	115 607
	Long-term debt	1 156 004	232 945
	TOTAL	1 420 749	348 552
Book value of assets pledged as security		1 665 221	296 907

Sureties and guarantees

	GROUP	PARENT COMPANY
Surety, Innovasjon Norge	5 050	
Guarantee, European customs authorities	9 100	
Guarantee, Eksportfinans - finance for Chilean group of companies		77 193
Guarantee, DnBNOR		7 719
Surety, DnBNOR re. the group's fish farming activities		400 000
Total sureties and guarantees	14 150	484 912

Austevoll Havfiske AS

Notes to the accounts for 2005

(all figures are quoted in NOK '000)

NOTE 15 Interest-bearing debt - finance

Norway
The Norwegian part of the group is financed under two group account agreements which control both short and long term funding.
One of these agreements is for the group's fish farming activity, the other for the remaining activities in Norway, except long-term finance for fishing vessels. Withdrawals for short-term finance depend on the book value of accounts receivable and stocks ("borrowing base"), and has a ceiling of NOK 320 million of which NOK 200 million is for fish farming activities and NOK 120 million for other activities. Both agreements include a condition that the book equity of the Austevoll Havfiske AS group be higher than 25% and that EBITDA is at at least 15% of net interest-bearing debt.
The parent company and its Norwegian subsidiaries, except Møgsterfjord I AS, carry joint and several liability for all finance provided under the various loan agreements.

Fishing vessels
The group's vessels are financed by special mortgages. The terms of these loan agreements are normal for the type of loan, and are based on ratios such as book equity to real equity, and debt servicing capacity in the form of company-specific cash flow requirements.

Fish-farming
The fish-farming activity is financed by a NOK 200,000,000 overdraft facility and a debt instrument loan for the same amount.

Property and production
The property and production activities in Norway are partly financed by loans from Innovasjon Norge, some of which are ordinary mortgages, some of w ae high-risk loans. The terms of these loan agreements are normal for the type of loan. Additionally, the production activity is financed by mortgages through the group.

Chile
The Chilean part of the group is mainly financed by separate loan agreements for each asset, in addition to credit from the head company in Norway.

The instalment profile for interest-bearing, long-term debt is as follows:

	2006	2007	2008	2009	2010	Then	Total
Group	166 982	146 696	197 792	110 138	109 561	424 833	**1 156 003**
Parent company	48 730	31 808	28 108	28 108	28 108	68 083	**232 945**

	Group		Parent company	
	2005	**2004**	**2005**	**2004**
Secured debt	1 156 003	1 033 069	232 945	223 096
Other long-term liabilities	65 800	0	0	0
Overdraft **	254 745	190 346	99 927	54 475
Gross interest-bearing debt	1 476 548	1 223 415	332 872	277 571
Bank deposits*	126 500	22 640	1 094	727
Other long-term receivables	59 646			
Total interest-bearing assets	186 146	22 640	1 094	727
Net interest-bearing debt	**1 290 402**	**1 200 775**	**331 778**	**276 844**
** of which are restricted funds	3 672	3 886	419	677

* The amount stated for the parent company equals the company's own withdrawals from the group overdraft facility

In addition to the net interest-bearing debt to credit institutions stated above, the group and parent company have the following other interst-bearing debt receivables, generally involving other companies in the same group:

	Group		Parent company	
	2005	**2004**	**2005**	**2004**
Other long-term interest-bearing debt	62 614	68 708	227 750	214 319
Gross interest-bearing intercompany debt	62 614	68 708	227 750	214 319
Interest-bearing receivables	50 284	100 185	111 150	153 576
Total interest-bearing group assets	50 284	100 185	111 150	153 576
Net interest-bearing intercompany debt	**12 330**	**(31 477)**	**116 600**	**60 743**

Austevoll Havfiske AS

Notes to the accounts for 2005

(all figures are quoted in NOK '000)

Note 16 **Currencies**

Most of the the group's revenues are in the following currencies:

		2005		2004	
		Currency	**NOK**	**Currency**	**NOK**
Norwegain currency	NOK		**634 283**		**482 558**
US currency	USD	134 543	**929 614**	98 546	**664 069**
Euro	EUR	33 415	**267 557**	17 561	**146 989**
British currency	GBP	6 848	**80 186**	4 359	**4 024**
Japanese currency	JPY	165 832	**9 701**	-	**-**
Polish currency	PLN	65	**127**	6 815	**12 607**
TOTAL operating revenues			**1 921 468**		**1 310 247**

Note 17 **Related parties**

The group purchases corporate services and rents office premises from Møgster Management AS, a sister company. Total expenses are NOK 4,852 for the group and NOK 1,749 for the parent company. Møgster Management AS is a wholly owned subsidiary under Laco AS, the company's majorityshare holder. Additionally, the parent company charges an administration fee to its Norwegian subsidiaries.

Note 18 **Taxes and temporary differences**

Group

	01.01.	Changes to group structure (acquisition/sale/ merger)	Total at 01.01	31.12.05	Change
Calculation of deferred tax					
Fixed assets	771 790	15 484	787 274	661 907	-125 367
Current assets	131 611	56 997	188 608	124 365	-64 243
Debt	31 670	-4 654	27 016	154 496	127 479
Fees/adj.income to be carried forward	-	-48 282	-48 282	-33 367	14 915
Loss for tax purposes to be carried forward	-77 786	-35 128	-112 914	-72 414	40 500
Total temporary differences	**857 285**	**-15 582**	**841 703**	**834 987**	**-6 716**
Differences excluded from the calculation of deferred tax/tax assets:					
Intangible assets	174 888	47 892	222 780	222 780	-0
Current assets	-	46 840	46 840	-	-46 840
Loss for tax purposes to be carried forward	-	-63 799	-63 799	-	63 799
Fees/adj.income to be carried forward	14 915	-33 367	-18 452	-	18 452
Total temporary differences not included in the caculation	**189 803**	**-2 434**	**187 369**	**222 780**	**35 411**
Deferred tax base	**667 482**	**-13 148**	**654 334**	**612 207**	**-42 127**
Book value of deferred tax/tax assets	**186 894**	**-5 159**	**181 735**	**166 567**	**-15 168**

The book value of deferred tax/tax assets, and the change included in the profit and loss accounts, are based on the rate of taxation which applies for the relevent unit. The group is active within the Norwegian as well as the Chilean tax regime, where the rates of taxation are 2

The group's taxes comprise:	**2005**
Tax payable	7 266
Change in deferred tax	-15 168
TOTAL taxes	-7 902

The group's taxes for 2005 have been significantly affected by a number of matters. This includes large permanent differences in connection with the sale of shareholdings. Also, as a result of re-structuring in Norway as well as Chile, deferred tax assets which have never previously been accounted for have been taken to income, and there are greater conversion balances due to significant currency variations. Furthermore, the equity method has been applied when preparing the consolidated financial statements.

Austevoll Havfiske AS

Notes to the accounts for 2005

(all figures are quoted in NOK '000)

Note 18 **Taxes and temporary differences**

Parent company

	31.12.04	31.12.05	Change
Calculation of deferred tax			
Current assets	-26 528	-20 506	-6 022
Fixed assets	91 530	102 421	-10 891
Debt	209	221	-12
Total	**65 211**	**82 136**	**-16 926**
Loss for tax purposes to be carried forward	-9 394	-3 765	-5 629
Deferred tax base	**55 817**	**78 371**	**-22 555**
Deferred tax 28%	**15 629**	**21 944**	**-6 315**

Calculation of tax payable

Ordinary pre-tax profit	211 280
Permanent differences	-91 114
Profit under the equity method	-113 710
Group contribution received	16 098
Change in temporary differences	-16 926
Taxable profit	5 628
Transferred to loss to be carried forward	-5 628
Taxable profit	-
28% deferred tax assets	-

Taxes for the year are calculated as follows:

Tax payable (Danish)		6 732
Tax on group contribution received	-16 098	-4 507
Net change in deferred tax on temporary differences		6 315
Taxes for the year		8 540

Austevoll Havfiske AS

Notes to the accounts for 2005

(all figures are quoted in NOK '000)

Note 19 Other items specified

	Parent company 2005	Parent company 2004	Group 2005	Group 2004
Other revenues				
Profit from sale of assets	0	112	64 847	712
Profit from sale of shares	86 925	0	86 925	0
Compensation	0	0	15 124	0
Other revenue	0	112	3 028	0
Total other revenues	86 925	224	169 924	712
Other operating expenses				
Professional fees	1 598	1 568	4 672	2 417
Corporate costs	1 823	1 796	4 985	6 067
Sales commission/fishery charges	0	0	19 861	11 383
Electricity	0	0	10 776	10 217
Cleaning	0	0	1 700	1 457
Rent	532	0	14 044	18 967
Insurance	266	0	5 482	0
Bunkers	827	0	40 819	18 054
Operation and maintenance of fixed assets	1 775	0	68 405	41 046
Provisions for bad debts	6 237	26 528	45 416	26 528
Loss from sale of fixed assets	0	0	11 256	0
Loss from sale of shares	0	0	4 882	0
Other expenses (incl. forwarding costs)	11 117	4 902	98 803	77 688
Total other operating expenses	24 175	34 794	331 101	213 824
Other financial revenues				
Profit on sale of shares	18 672	163	18 672	163
Other fin. rev., incl. realised/unrealised foreign exchange gains	4 172	2 152	6 339	20 482
Total other financial revenues	22 844	2 315	25 011	20 645
Other financial expenses				
Loss on sale of shares	2 260	10	2 260	10
Other fin. exp., incl. realised/unrealised foreign exhange losses	851	2 025	28 518	5 161
Total other financial expenses	3 111	2 035	30 778	5 171
Other long-term receivables				
Intercompany receivables	410 235	398 734	30 392	65 251
Lending	0	4 010	79 234	39 052
Other long-term receivables	0	0	5 624	0
Total other long-term receivables	410 235	402 744	115 250	104 303
Other short-term receivables				
Outstanding settlement, sale of shares	163 910	0	133 458	0
Intercompany receivables	9 281	0	9 281	0
Intercompany receivables - group account agreement	113 723	208 287	0	0
Tax credits	57	0	9 557	12 533
Insurance settlement	0	0	13 000	0
Advance payment to suppliers	0	0	100 142	0
Other short-term receivables	403	10 841	11 837	55 202
Total other short-term receivables	287 374	219 128	277 275	67 735
Other long-term liabilities				
Inter-company debt	279 347	265 816	61 402	38 731
Financial lease agreements	0	0	24 300	0
Other long-term liabilities	0	0	42 712	58 462
Total other long-term liabilities	279 347	265 816	128 414	97 193
Other short-term liabilities				
Intercompany debt	159	0	0	0
Accrued interest	2 144	0	6 365	0
Unpaid charges, holiday pay, etc	531	0	12 211	0
Residual payment for shares	0	0	30 477	0
Intercompany debt - group account agreement	98 043	114 864	0	0
Other short-term liabilities/depreciation	5 033	8 499	46 038	53 979
Total other short-term liabilities	105 910	123 363	95 091	53 979

PRICEWATERHOUSECOOPERS

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To the Annual Shareholders' Meeting of Austevoll Havfiske AS

Auditor's report for 2005

We have audited the annual financial statements of Austevoll Havfiske AS as of 31 December 2005, showing a profit of NOK 202 740 000 for the parent company and a profit of NOK 212 606 000 for the group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The annual financial statements comprise the balance sheet, the statements of income and cash flows, the accompanying notes and the group accounts. The rules of the Norwegian accounting act and good accounting practice in Norway have been applied to produce the financial statements. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

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

In our opinion,

- the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Company and of the Group as of December 31, 2005, and the results of its operations and its cash flows for the year then ended, in accordance with good accounting practice in Norway
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information in accordance with the law and good bookkeeping practice in Norway
- the information given in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit are consistent with the financial statements and comply with the law and regulations.

Bergen, May 11, 2006
PricewaterhouseCoopers AS

Geir Inge Lunde
State Authorised Public Accountant (Norway)
Note: This translation from Norwegian has been prepared for information purposes only.

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Appendix 4: Annual Report Austevoll Havfiske AS for 2004

THE DIRECTORS' REPORT FOR AUSTEVOLL HAVFISKE AS 2004

Introduction

Austevoll Havfiske AS is a vertically integrated Group of fishery companies involved with pelagic fishery, fish-farming, fish processing and fish sales in Norway, Europe and South America.

Austevoll Havfiske AS has strengthened its involvement with salmon farming in 2004 by purchasing shares in a fish farming company, Rong Laks AS, via Austevoll Invest AS. Rong Laks AS holds 12 food fish licences for the areas of Øygarden, Askøy, Masfjorden and Os. The Group's fish farming activities were run by two subsidiaries, Kvernsmolt AS and VestStar AS, which in 2004 merged to become a single unit operating under a new name: Nye Veststar AS. This business showed a clear improvement in 2004 and the positive trend has continued into 2005.

In 2004 the company disposed of its ownership interest in the pelagic fisheries on the Faroe Islands.
In December 2004 the Group took delivery of a new-build, M/S Møgsterbas, which will be used for fishing in Norway.

Activities over the year

Fish farming
This activity is run by a subsidiary, Nye Veststar AS, which is involved with the farming of salmon from egg to slaughter. The company's activities and plant are based in the areas of Hordaland and Rogaland. Nye Veststar AS has its own hatcheries and is self-sufficient in smolt. The company holds a total of 15 licences in Norway with a total farming volume of 180,000 m3. Nye Veststar's Scottish subsidiary has a total farming volume which equals 3 Norwegian production licences. Overall, the Group produced approx. 12,400 tonnes of live fish for food.

The company has seen a year of sound operations and good growth in 2004. A number of measures have been introduced in order to optimise production, thereby reducing future production costs.

Pelagic fisheries
This activity involves fisheries in Norway, Russia, Denmark and Chile. In Scandinavia and Russia catches were mainly mackerel, herring, blue whiting and capelin sold for food or to industry. Operations have worked satisfactorily in 2004 and no special technical problems have been encountered. The Scandinavian fleet achieved better results in 2004 than in 2003, mainly thanks to a rise in raw material prices and the fact that the fleet in Norway has leased an extra quota through the ship-owners' quota scheme. Activities in Chile also achieved better results in 2004 than in 2003, generally thanks to sound profits within processing, good raw material prices and efficient fleet operation.

Sales and processing
Austevoll Fisk AS is a subsidiary which holds the majority interest in other companies involved with the sale and processing of fish.

The subsidiary Sea Star International AS is mainly involved with the sale of salmon and pelagic fish. There has been good access to salmon in 2004 and the company has increased its volume by approx. 1,800 tonnes. Pelagic fishery has also seen increased sales volumes of approx. 3,000 tonnes. The company has increased its turnover compared to 2003 due to higher sales volumes and higher prices. The business continues to focus on long-term customer relationships and its partnership with European chains. This involves strict requirements with respect to the traceability of our products. The company's strategy of employing production units with the same quality platform for smolt and feed, as well as our own packery, is well suited to provide the level of quality and traceability that our customers demand.

Austevoll Fiskeindustri's business is to receive and process salmon, mackerel and herring. The beginning of 2004 saw a decline in the access to pelagic fish, one of the reasons being the failing access to foreign mackerel. The company was also involved with the production of matje-cured herring and the landing of coastal mackerel. There has been good access to salmon, and the production has been efficient in 2004, generating sound results.

Inspectors from the Norwegian Fisheries Directorate paid just over 20 visits to Austevoll Fiskeindustri over the year; 2 of these visits involved a full resource inspection of pelagic catches. Furthermore, the company has received regular visits from Norges Sildesalgslag's representatives in connection with resource inspections during the landing of pelagic fish. No nonconformities were discovered in connection with these inspections.

Austevoll Fisk AS holds a minority interest in the company Sea Grain AS.

Br. Birkeland AS
Austevoll Havfiske AS holds a 36% stake in Br. Birkeland AS. This company owns and runs a salmon farm and is involved with pelagic fishery. The company has achieved somewhat better results than expected in 2004.

The pelagic activity was awarded a 1,280-tonne share of the overall quota for 2004. One of the company's licences has been used in connection with a ship-owner's quota; it has been leased to one of the company's own vessels and to vessels in the Austevoll Havfiske Group.

Health, Safety and Environment

As at 31 December, the Group had a staff of 508. Traditionally, there has only been a small proportion of women employed aboard ships and on fish farms. In other parts of the Group the workforce shows a more even distribution between the sexes. It is an aim for the Group to gradually increase the proportion of female employees in sectors in which women have traditionally been under-represented. There are no female representatives on the Board of Directors.

The Group is keen to protect and develop all elements with a potential to increase in-house competency and awareness with respect to health, safety and the environment. Financial and technical resources are employed to ensure that the Group's activities are run in compliance with the guidelines which best serve the interests of the company and its surroundings. Ships and onshore facilities are made increasingly efficient and simpler to operate through the planning and implementation of new technical concepts, and their environmental impact is being reduced. The health and safety situation for employees is being improved in the same way. The processing industry has implemented quality assurance systems in compliance with the regulations laid down by the Norwegian Fisheries Directorate.

The Group's sickness absence was approx. 5.6% for onshore workers in 2004, which leaves the figure unchanged from 2003. We have seen a positive development in sickness absence, particularly within the processing unit, which is covered by the Inclusive Workplace scheme. The Group is working actively to implement measures to reduce sickness absence in general. The Group is a member of the local occupational health service.

The operation of the Group's vessels is not considered to involve pollution of the outdoor environment other than that caused by emission of exhaust fumes. The Group's fleet is new and modern and no special actions have been taken which might impact on the outdoor environment.

The Group's onshore production facilities are equipped with purification plants and their activities are controlled by the regulations pertaining to this type of activity. No incidents have been reported which may have given rise to pollution at these facilities.

Financial statement

The Group's operating revenues amounted to NOK 1,310 million in 2004 compared to NOK 1,065 in 2003. The increase was caused by the inclusion of a full operating year for the business in Chile, which was purchased in the second half of 2003, combined with higher sales volumes and prices than budgeted within pelagic activities.

Total operating expenses were NOK 1,242 million compared to NOK 1,187 million in 2003. Depreciation and write-down amounted to NOK 118 million of the 2004 operating expenses, against NOK 255 million in 2003.

The Group is partly financed by a multi-currency group overdraft facility which is available to the parent company and its Norwegian subsidiaries. Specific ships, buildings and fixed assets have been pledged as security for long-term debt, which is generally in NOK and USD.

Net financial expenditure was NOK 28.2 million in 2004 against NOK 83.8 million in 2003. The reduction was caused by a fall in interest rates and general developments in the currency market, particularly for USD.

The year-end profit for 2004 after tax was NOK 61.2 million, compared to NOK 202.7 million in 2003.

The Group is exposed to currency fluctuations, particularly in Euro and USD, and is seeking to reduce this risk by entering into futures contracts and by making use of a multi-currency overdraft facility. Furthermore, parts of the long-term debt will be adjusted to earnings in the same currency. The Group is also exposed to changes in the interest rate as most of the Group's debt has a floating rate of interest.

The Group has entered into a credit insurance agreement which provides cover for parts of the debt. Historically, the Group's bad debt ratio has been low.

The Group's economic and financial position is satisfactory and provides a basis for continued operations and further corporate development.

The accounts have consequently been prepared on the premise of continued operation.

Looking ahead

The Group's fish farming prospects are heavily affected by the industry's general licensing conditions and by the market for salmon sales. In 2005, raw material prices have been increasing in the salmon market. First, a minimum price level was introduced, and then Norwegian fish farmers were made subject to customs duties of varying magnitude. However, this has led to insufficient access to salmon in the EU market and a steep rise in raw material prices for the second quarter of 2005. In the current situation, it looks as if a minimum price for farmed fish will be re-introduced in 2005.

So far in 2005, the pelagic activity in Chile has provided profits according to budget; this is a positive trend which is expected to continue this year. Stable raw material prices have been predicted for the Scandinavian pelagic fishery and a satisfactory contribution is expected for 2005. The Group has sold its shares in a Danish ship-owning company in 2005, and this transaction will strengthen the Group's financial position.

The Group's sales and processing volumes are expected to continue to increase. Within processing, it is a priority task to continue looking for measures that will further increase the cost-effectiveness of our production of salmon and pelagic fish.

Year-end profit and allocations

The annual accounts for the parent company show a profit of NOK 57,889,202. The Board of Directors propose to allocate the year-end profit as follows:

Transferred to revaluation reserve	NOK	57,371,595
Net group contribution	NOK	(3,315,779)
Transferred from other equity	NOK	3,833,386
Total allocations	NOK	57,889,202

Storebø, 14 June 2005

Helge Møgster	Ole Rasmus Møgster	Alf Oddvar Bjånes
Kjell Haugland	Inge Nicolaysen	Arnulf Haukeland

Austevoll Havfiske AS

(all figures in NOK 1000)

Income statement

Parent company 2004	Parent company 2003		Notes	Group 2004	Group 2003
		OPERATING INCOME			
57 885	43 718	Revenue		1 309 535	1 055 493
112	798	Other operating income	19	712	9 111
57 997	**44 516**	**Total operating income**	2,16	**1 310 247**	**1 064 604**
		OPERATING EXPENSES			
		Change in stocks		53 368	1 971
36 178	25 337	Raw material and consumables used		699 974	624 822
12 053	12 315	Payroll expence	3	156 097	145 840
42	1 294	Depreciation	6	118 294	114 054
	6 000	Write down	6	-	141 252
34 794	9 952	Other operating expenses	19	213 824	158 687
83 067	**54 898**	**Total operating expenses**		**1 241 557**	**1 186 626**
(25 070)	**(10 382)**	**RESULT OF OPERATIONS**		**68 690**	**(122 022)**
		FINANCIAL INCOME AND EXPENSES			
46 959	(140 194)	Income from subsidiaries	7	(0)	-
5 250	(20 043)	Income from group companies	8	2 275	(44 633)
3 873	5 840	Interest received from group companies		768	748
13 679	8 288	Other interest received		17 003	11 032
2 315	6 655	Other financial income	19	20 645	53 402
	-	Changes in market value of financial current assests		-	-
(4 857)	(7 855)	Interest expense from group companies		(406)	(1 316)
(21 416)	(22 606)	Other interest expenses		(63 294)	(81 591)
(2 035)	(9 672)	Other financial expenses	19	(5 171)	(21 323)
43 768	**(179 587)**	**Total net financial expenses**		**(28 182)**	**(83 681)**
18 698	**(189 969)**	**OPERATING RESULT BEFORE TAX**		**40 508**	**(205 703)**
(39 191)	8 487	Tax		(20 733)	(2 927)
57 889	**(198 456)**	**RESULT FOR THE YEAR**		**61 241**	**(202 776)**
		Minority share of profit/loss			
		Proposed group contribution		4 882	(6 726)
(3 316)	(43 002)	Transferred to reserve for valuation variances			
57 372	15 539	Transferred to distributable funds			(23 970)
3 833	(170 993)	Transferred to other equity		56 359	(172 081)
57 889	**(198 456)**	**TOTAL TRANSFERRED**		**61 241**	**(202 777)**

Austevoll Havfiske AS

(all figures in NOK 1000)

Balance sheet

Parent Company 31.12.2004	Parent Company 31.12.2003	ASSETS	Notes	Group 31.12.2004	Group 31.12.2003
		FIXED ASSETS			
		INTANGIBLE ASSETS			
-	-	Licences/Goodwill	6	679 830	700 365
-	-	**Total intangible assets**		**679 830**	**700 365**
		TANGIBLE FIXED ASSETS			
-		Buildings/Land	6	210 576	226 674
1 785	202	Machinery and plant	6	203 674	203 670
-	2 592	Vessels	6	688 802	726 792
1 785	**2 794**	**Total tangible assets**		**1 103 052**	**1 157 136**
		FINANCIAL ASSETS			
722 787	724 028	Investment in subsidiaries	7	-	-
100 968	95 747	Investment in group companies	8	104 333	95 466
80	39	Other investments	9	7 125	5 846
402 744	397 489	Other long term receivables	19	104 303	54 481
1 226 579	**1 217 303**	**Total financial fixed assets**		**215 761**	**155 793**
1 228 364	**1 220 097**	**TOTAL FIXED ASSETS**		**1 998 643**	**2 013 294**
		CURRENT ASSETS			
-	-	**Stocks**	4	**242 868**	**228 009**
		DEBTORS			
10 119	12 130	Trade receivable		166 124	156 571
219 128	199 259	Other receivables	19	67 735	108 902
229 247	**211 389**	**Total receivables**		**233 859**	**265 473**
2	12	**Shares**	9	5	336
726	788	**Bank deposit**	5	22 640	75 497
229 975	**212 189**	**Total current assets**		**499 372**	**569 315**
1 458 339	**1 432 286**	**TOTAL ASSETS**		**2 498 015**	**2 582 609**

Austevoll Havfiske AS

(all figures in NOK 1000)

Balance sheet

Parent Company 31.12.2004	Parent Company 31.12.2003	EQUITY	Notes	Group 31.12.2004	Group 31.12.2003
		EQUITY CAPITAL			
56 097	56 097	Share capital	11,12	56 097	56 097
512 088	512 088	Share premium reserve		512 088	512 088
568 185	568 185	Total equity capital	11	568 185	568 185
		ACCRUED CAPITAL			
155 264	183 155	Reserve for valuation variances		49	99
-48 417	-139 848	Other equity		108 498	39 242
	-	Minority interests		108 215	94 734
106 847	43 307	**Total accrued capital**		216 762	134 075
675 032	611 492	**TOTAL EQUITY**	11	784 947	702 260
		LONG TERM LIABILITIES			
		PROVISIONS			
85	-138	Pension liabilities	13	385	63
15 629	55 275	Deferred tax	18	186 895	238 881
15 714	55 137	**Total provisions and liabilities**		187 280	238 944
		OTHER LONG TERM DEBT			
223 096	273 813	Mortgage debt	14,15	1 033 069	1 176 820
265 816	190 284	Other long term debt	19	97 193	99 214
488 912	464 097	**Total other long term liabilities**		1 130 262	1 276 034
504 626	519 234	**TOTAL LONG TERM LIABILITIES**		1 317 542	1 514 978
		CURRENT LIABILITIES			
147 898	152 939	Overdraft facility	14	190 346	166 602
5 985	2 458	Trade creditors		121 952	126 830
	-	Tax payable	18	7 554	7 733
1 435	1 648	Public charge payable		21 695	19 731
123 363	84 791	Other current liabilities	19	53 979	44 475
-	59 724	Group contribution		-	-
278 681	301 560	**Total current liabilities**		395 526	365 371
783 307	820 794	**TOTAL LONG TERM DEBT**		1 713 068	1 880 349
1 458 339	1 432 286	**TOTAL EQUITY AND LIABILITIES**		2 498 015	2 582 609

Ole Rasmus Møgster
Styremedlem/Daglig leder

Helge Møgster
Styreformann

Alf Oddvar Bjånes
Styremedlem

Kjell Haugland
Styremedlem

Arnulf Haukeland
Styremedlem

Inge Nicolaysen
Styremedlem

AUSTEVOLL HAVFISKE AS

Accounting principles

The annual accounts for Austevoll Havfiske AS have been prepared in accordance with the requirements of the Norwegian Accounting Act, Norwegian accounting standards and recommendations, and generally accepted accounting principles. The company's most important accounting principles are described below.

GENERAL

Assets intended for permanent ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables are classified as current assets if repayable within a year. Debt classification is based on analogue criteria, except for next year's mortgage repayments, which are included under long-term liabilities.

Fixed assets are included at cost, but are written down to their real value if a drop in value is expected to be permanent. Fixed assets with restricted useful lives are systematically depreciated. Long-term debt items are carried to the balance sheet at their nominal value as at the time of origination.

Current assets are valued at the lower of original cost and real value. Short-term debt items are carried to the balance sheet at their nominal value as at the time of origination.

In accordance with Norwegian accounting legislation certain items are accounted for under special valuation rules. Further explanation is provided below.

CONSOLIDATED FINANCIAL STATEMENTS
The consolidated financial statements show the parent company and its subsidiaries as a single financial unit. Year-end balances and major intercompany transactions are offset against each other (and eliminated) to achieve this consolidation.

TANGIBLE FIXED ASSETS
Tangible fixed assets are capitalised at cost and carried to expense in even annual instalments year on year. Maintenance is carried to operating expenses on an on-going basis, but work to raise the asset's original standard is taken to improvements and is capitalised together with the asset and depreciated over the asset's remaining life.

INVESTMENT IN SUBSIDIARIES AND AFFILIATED COMPANIES
Companies are considered subsidiaries if the group holds a controlling interest. Such control is normally achieved by owning 50% or more of the company's shares.

Companies are considered to be affiliated if the group holds a considerable but not controlling interest. A considerable interest is normally achieved by owning 20% or more of the shares.

The parent company's investments in subsidiary or affiliated companies are valued according to the equity method. The value of the investment is calculated as the parent company's share of the equity, and its share of the profit is carried to income/expense.

The purchase method is applied in order to eliminate investment in acquired subsidiaries. The purchase method means that the cost to the group is split between the acquired assets and liabilities based on real values at the time of purchase. If the price paid exceeds the total value of the individual assets at the time of purchase, the difference will be included on the balance sheet as value added or goodwill. The added value is carried to expense in even annual instalments over the rest of the asset's life. Investment in newly formed subsidiaries will be eliminated by entering the cost of acquisition against the group's book equity on the date of formation.

OTHER SHAREHOLDINGS
Shareholdings in other companies are accounted for by the cost method. Should their value fall, the shares will be written down to their real value.

STOCKS
Stocks are valued at the lower of average original cost and net realisable value.
Original costs are expenses incurred through purchase or production and include all direct costs and overheads which have been necessary for the stocks to be in their present condition and position on the date of the balance sheet. Real value is realisable value at the time of expected sale, less selling costs. Selling costs include storage costs until the time of sale. Stocks are carried net of redundant items to the balance sheet.

SHORT-TERM RECEIVABLES
Short-term and other receivables are included at face value less provisions for bad debts. Provisions for bad debts are based on individual assessments of each account receivable.

TAXES
Taxes included in the profit and loss accounts comprise taxes payable for the period as well as changes in deferred tax. Total taxes are split between net ordinary items and net extraordinary items in accordance with the tax base.

Deferred tax is tax on accumulated profit which falls due for payment in a later period. The change in deferred tax represents future tax payable on this year's activities. Under the debt method, which is employed here, deferred tax is calculated on net tax-increasing temporary differences after tax-reducing temporary difference and tax-related losses have been offset.

CASH FLOW STATEMENT
Cash in hand, bank deposits and yield funds have been classified as cash.

Austevoll Havfiske AS

(all figures are quoted in NOK '000) Notes to the accounts for 2004

NOTE 2 **Sales revenue per activity**

	GROUP		PARENT COMPANY	
	2004	**2003**	**2004**	**2003**
Fishing revenue	301 358	298 920	43 352	33 901
Fish farming	248 092	172 865		-
Fish sales and processing	1 026 873	802 658		-
Other revenue	14 692	9 111	14 645	10 615
Eliminated in-house sales	(280 768)	(218 951)		-
Total sales revenue	1 310 247	1 064 603	57 997	44 516

NOTE 3 **Employee costs**

	GROUP		PARENT COMPANY	
Epmloyee costs	**2004**	**2003**	**2004**	**2003**
Wages	138 461	133 355	10 127	10 583
National insurance contribution	7 653	8 448	807	838
Other benefits	9 983	4 037	1 119	894
TOTAL COST	156 097	145 840	12 053	12 315
Average per employee	508	303	11	11

Cost of managment	General manager	Board of Directors
Salary	1 005	-
Pension costs		
Other benefits	19	
TOTAL	1 024	-

Booked compensation to auditors for 2004 is NOK 180' for auditing and NOK 313' for other assistance for the parent company. For the group theses costs amount to NOK 1.539' and NOK 357'.

NOTE 4 **Stocks**

Stocks at original cost

	GROUP	
	2004	**2003**
Finished goods	60 981	46 793
Stocks of fish, fry and spawn	182 329	181 234
Redundant stock	-442	-20
TOTAL	242 868	228 009

NOTE 5 **Bank deposits**

Bank deposits as at 31. Dec. include restricted tax withholdings to the amount of NOK 677' for the parent company and NOK 3.886' for the group.

Austevoll Havfiske AS

(all figures are quoted in NOK '000) Notes to the accounts for 2004

NOTE 6 **Fixed assets**

GROUP

Fixed assets	**Goodwill/badwill**	**Licences**	**Ships**	**Equipment**	**Land, buildings**	**Total**
Original cost at 1 Jan	69 197	681 037	771 853	458 951	251 753	2 232 791
Conversion balance	-	406	-14 284	-10 340	(2 152)	-26 370
Additions	-	-	120 289	26 656	-	146 945
Disposals	-	-	-	-433	-	-433
Original cost at 31 Dec	69 197	681 443	877 858	474 834	249 601	2 352 933
Accumulated depreciation	15 861	54 949	189 055	271 160	39 025	570 050
Book value at 31 Dec	**53 336**	**626 494**	**688 802**	**203 674**	**210 576**	**1 782 882**
Depreciation for the year	1 837	14 044	49 335	43 325	9 753	118 294
Write-down for the year	-	-	-	-	-	-
Economic life	5-10 years	3/18 years / perpetual	20-25 years	3-5 years	20-100 years	

The Group holds pelagic licences, fish farming licences and smolt licences.
The pelagic licences are for Norway, Europe and South-America. In Norway, we hold perpetual licences and unit quotas with a duration of 13 and 18 years. In total, the group's quota tonnage is 1860 distributed between 3 vessels in Norway. Quotas that were valid to 31 Des. 2004 have been depreciated over 13 and 18 years. Pelagic licences in South-America are granted as a percentage of the total quota, and the group holds approx. 10% of the overall quota for horse mackrel in Chile. The group holds a total of 15 salmon licences in the Hordaland area, and in Scotland the group has rights equal to 3 norwegian licences. The group is also licensed to produce smolt in the Hordaland and Rogaland areas and holds the associated rights.
The group is licensed to produce 5,5 million smolts. For the pelagic fish, goodwill and licences are distributed between Europe at NOK 170.593' and Chile at 283.469'. The fish farming licence has a book value of NOK 225.769.

PARENT COMPANY

Fixed assets	**Equipment**	**Total**
Original cost at 1 Jan	232	232
Additions	1 625	1 625
Disposals		-
Original cost at 31 Dec	1 857	1 857
Accumulated depreciation	72	72
Book value at 31 Dec	**1 785**	**1 785**
Depreciation for the year	42	42
Economic life	10 years	

NOTE 7 **Investments in subsidiary companies and jointly controlled activities**

Company	**Austevoll Fisk AS**	**Austevoll Eiendom**	**A-Fish AS**	**Aumur AS**
Time of purchase	1997	1996	2003	1998
Registered office	Austevoll	Austevoll	Austevoll	Austevoll
Ownership interest/share of voting righ	65 %	65 %	100 %	100,00 %
Original cost	12 783	17 201	60 100	50
Opening balance at 01.01	**14 067**	**6 858**	**86 577**	**27 334**
Correction for the equity method 1 Jan	-	-	-13 490	-
Additions/disposals over the year	-	-		-
Accelerated/decelarated depreciations/i	92	-	-	
Profit/loss for the year	3 565	-14	44 277	553
Rate of conversion	-		-11 474	
Group contribution received	-		19 905	-
Group contribution paid	-			-4 809
Proposed dividend	-			
Outgoing balance at 31 Dec	**17 724**	**6 844**	**125 794**	**23 078**

Austevoll Havfiske AS

(all figures are quoted in NOK '000) Notes to the accounts for 2004

NOTE 7 **Investments in subsidiary companies**

Company	**Lafjord Fiskebåtrederi AS**	**Inv. Pacfish Ltda**	**Møgsterhav**	**PR Lafisk II**
Time of purchase	2001	1995	1999	1994
Registered office	Austevoll	Chile	Austevoll	Austevoll
Ownership interest / share of voting rights	49,98 %	100 %	100 %	90 %
Original cost	43 950	37 934	100	
Opening balance at 1 Jan	**41 958**	**69 260**	**-2 732**	**45 752**
Corrections for equity method, 1 Jan		**8 122**	**-**	**-**
Additions/disposals over the year	9 996	-	-	
Accelerated/decelerated depreciations/interco	-1 058	-		590
Share of year-end profit	3 316	2 230	8 705	97
Rate of conversion		-6 834		
Group contribution received			-	
Group contribution paid			-5 748	
Dividend/capital reduction				
Closing balance at 31 Dec	**54 212**	**72 778**	**225**	**46 439**

Company	**Lady AS**	**Veststar Holding**	**Møgsterbas**	**Christian i Grotinum**
Time of purchase	1994	2004	1995	1997
Registered office	Austevoll	Austevoll	Austevoll	Austevoll
Ownership interest / share of voting rights	100 %	56,00 %	100,00 %	33,00 %
Original cost	50	220 541	14 892	16 020
Opening balance at 1 Jan	**742**	**83 957**	**42 699**	**58 372**
Corrections for equity method, 1 Jan	**-**	**-**	**-**	**-**
Additions/disposals over the year		27 114	-	-58 372
Accelerated/decelerated depreciations/interco	-	-1 672	-	
Share of year-end profit	-93	-21 666	1 169	
Rate of conversion		1 017		
Group contribution received	-		-	-
Group contribution paid	-	-	-9 349	-
Dividend/capital reduction		-		-
Closing balance at 31 Dec	**649**	**88 750**	**34 519**	**-**

Company	**Oppdrett Holding AS**	**Møgsterfjord I AS**	**Nave AS**	**TOTAL**
Time of purchase	2004	1995	1997	
Registered office	Austevoll	Austevoll	Austevoll	
Ownership interest / share of voting rights	100 %	56,14 %	100,00 %	
Original cost	216 365	6 101	40	**646 087**
Opening balance at 1 Jan	**216 365**	**32 816**	**33**	**724 025**
Corrections for equity method, 1 Jan	**-**	**-**	**-**	**-5 368**
Additions/disposals over the year	130	-		**-21 132**
Accelerated/decelerated depreciations/intercompany return		-	-	**-2 048**
Share of year-end profit	3 296	3 583	-11	**49 007**
Rate of conversion	-			**-17 291**
Group contribution received	-			**19 905**
Group contribution paid	-3 316			**-23 221**
Dividend/capital reduction		-1 123	-	**-1 123**
Closing balance at 31 Dec	**216 475**	**35 276**	**22**	**722 787**

The return on investments in subsidiary companies is made up of:

Accelerated/decelerated depreciations	(2 048)
Share of year-end profit	49 007
Total profit SC	**46 959**

Austevoll Havfiske AS

(all figures are quoted in NOK '000)

Notes to the accounts for 2004

NOTE 8 **Investments in affiliated companies**

PARENT COMPANY

Company	Br. Birkeland AS	PR Beinur	Austevoll Invest AS	Hardsjø AS	Murman Holding ZAO	PF Troika	Nesseby Havbruk AS	Beinur Holding	TOTAL
Time of purchase	2 000	2001	2004	2001	2001	2002	2001	2003	
Registered office	Austevoll	Danmark	Austevoll	Austevoll	Russland	Færøyene	Kirkenes	Danmark	
Ownership interest / share of voting rights	35,77 %	23,33 %	42,85 %	33,33 %	25,00 %	50,00 %	34,00 %	33,33 %	
Original cost	91 339	5 378	43	333	2 000	2 510	136	-	
Opening balance at 1 Jan	**82 358**	8 222	-	383	2 049	2 510	136	55	95 713
Correction for equity method, 1 Jan			-	-					-
Additions/disposals over the year	-	-	43	-	-	-	-	-	43
Accelerated/decelarated depreciations	-1 476	-	-	-	-	-	-	-	(1 476)
Profit for the year	6 060	776	(43)	(68)	-	-	-	-	6 725
Dividend/reduction of capital	-								-
Conversion balance		(37)	-	-	-	-	-	-	(37)
Closing balance 31 Dec	**86 942**	**8 961**	**(0)**	**315**	**2 049**	**2 510**	**136**	**55**	**100 968**

The return on investments in affiliated companies is made up	Accelerated/decelarated depreciations	(1 476)
	Share of year end profit	6 726
	Total return fro affiliated companies	**5 250**

GROUP

Company	Br. Birkeland AS	PR Beinur	Austevoll Invest AS	Hardsjø AS	Murman Holding ZAO	PF Troika	Nesseby Havbruk AS	Seagrain AS	Beinur Holding	TOTAL
Time of purchase	2 000	2001	2004	2001	2001	2002	2001	1997	2003	
Registered office	Austevoll	Danmark	Austevoll	Austevoll	Russland	Færøyene	Kirkenes	Bergen	Danmark	
Ownership interest / share of voting rights	35,77 %	23,33 %	42,85 %	33,33 %	25,00 %	50,00 %	34,00 %	21,00 %	33,33 %	
Original cost	91 339	5 378	43	333	2 000	2 510	136	12 872	-	
Opening balance at 1 Jan	82 358	8 222		383	2 049	2 510	136	3 000	55	98 713
Correction for equity method, 1 Jan			-	-				-		-
Additions/disposals over the year	-	-	43	-	-	-	-	-	-	43
Accelerated/decelarated depreciations	-1 476	-	-	-	-	-	-	-	-	(1 476)
Profit for the year	6 060	776	(43)	(68)	-	-	-	-	-	6 725
Dividend/reduction of capital	-									-
Conversion balance		(37)	-	-	-	-	-	-	-	(37)
Closing balance 31 Dec	**86 942**	**8 961**	**-**	**315**	**2 049**	**2 510**	**136**	**3 000**	**55**	**103 968**
								Correction for indirect owned		365
										104 333

The return on investments in affiliated companies is made up	Accelerated/decelarated depreciations	(1 476)
	Profit for the year	6 725
	Share Pemesa	(2 284)
	Eliminated indirect group ownership	(690)
	Total return from affiliated companies	**2 275**

NOTE 9 **Other shares**

	GROUP		PARENT COMPANY	
Long-term shareholdings	Original cost	Book value	Original cost	Book value
Murman no.(2)	14	14	14	14
Storebø Kai AS	12	12	-	-
Odra Industries	12 256	7 006	-	-
Other shares	-	93	66	66
SUM	**12 282**	**7 125**	**80**	**80**
Short-term shareholdings	**5**	**5**	**2**	**2**

Austevoll Havfiske AS

Notes to the accounts for 2004

(all figures are quoted in NOK '000)

NOTE 10 **Intercompany balances**

	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
Other long-term receivables	65 251	1 383	398 734	387 263
Customers		-	6 464	1 805
Suppliers		1 523	690	1 538
Other short-term receivables		19 725	208 287	178 532
Other long-term debt	38 731	37 008	265 816	181 865
Other short-term debt		-	114 864	135 002

NOTE 11 **Equity**

GROUP	Aksjekapital	Overkurs fond	Fond for vurderingsforskj.	Annen egenkapital	Minoritets-interesse	SUM
Equity at 01 Jan this year	**56 097**	**512 088**	**99**	**39 242**	**94 734**	**702 260**
Changes at 1 Jan				(1 481)	-	(1 481)
Increase capital SC				20 000	10 004	30 004
Shares purchased/sold						-
Conversion balances, currency				(7 390)		(7 390)
Profit for the year			(50)	58 127	4 017	62 094
Dividend					(540)	(540)
Equity at 31 Dec this year	**56 097**	**512 088**	**49**	**108 498**	**108 215**	**784 947**

PARENT COMPANY	Share capital	Premium fund	Revaluation reserve	Other equity	Minority interests	TOTAL
Equity at 31. Dec last year	56 097	512 088	183 155	(139 847)	**611 493**	
Changes at 1 Jan				1 745	1 745	
Changes by eqity method			(5 368)	13 274	7 906	
Changes in subsidiary and affiliated company ownership stakes			(61 587)	78 064	16 477	
Conversion balances			(18 308)	1 146	(17 162)	
Profit for the year			57 372	518	57 889	
Net group contribution				(3 316)	(3 316)	
Dividend from partly owned subsidiary co.					-	
Equity at 31. Dec this year	**56 097**	**512 088**	**155 264**	**(48 416)**	**675 032**	

NOTE 12 **Share capital and shareholders**

Ownership structure

	Number of shares	Ownership stake	are of voting rights
Laco AS	16 431 197	58,58 %	58,58 %
Møgster 2 AS	3 528 553	12,58 %	12,58 %
Pan Fish ASA	3 345 142	11,93 %	11,93 %
Inge Nicolaysen	2 291 319	8,17 %	8,17 %
Kjell Haugland	1 540 044	5,49 %	5,49 %
Kirsti Haugland	432 060	1,54 %	1,54 %
Alf Oddvar Bjånes	234 325	0,84 %	0,84 %
Per Arne Bjånes	234 325	0,84 %	0,84 %
Others	11 925	0,04 %	0,04 %
	28 048 890	100 %	100 %

The company directors hold the following ownership positions:

Helge Møgster and Ole Rasmus Møgster owns 80 % of the shares in Laco AS. Laco AS owns 89,84% of Møgster II AS.

Austevoll Havfiske AS is a part of Laco group which has its registered office at Storebø in the municipality of Austevoll.

Austevoll Havfiske AS

Notes to the accounts for 2004

(all figures are quoted in NOK '000)

NOTE 13 Pension commitment

The group's pension scheme covers 44 people.
The scheme provides entitlement to specific future payments. Generally, these depend on the length of the entitlement period, the rate of pay at retirement age and the National Insurance benefit receivable. The group pension scheme is funded through an asset build-up scheme organised by an insurance company. Managers have a supplementory pension in addition to the group pension scheme. This is funded through the company's operation.
Provisions have been made for a contractual pension assurance scheme for staff employed by the group's manufacturing company.
As per 31 Dec the company has a net underabsorption of pensions which has been carried to the balance sheet.
The classifications are as follows:

	GROUP		PARENT COMPANY	
	2004	**2003**	**2004**	**2003**
Present value of future pension commitments	(12 769)	(10 261)	(3 065)	(2 072)
Pension funds, 31 Dec	10 651	9 592	2 100	2 044
Difference between estimates	803	179		
Employer's estimated National Insurance contribution	(25)	11	(136)	(4)
Remaining difference CB 31 Dec to OB 1 Jan	1 531	649	1 016	170
Contractual pension commitment	(254)	(233)		-
Net pension commitment	(63)	(63)	(85)	138

Net pension commitment has been charged against group income to the amount of NOK 319' under receivables and NOK 385' under del

Pension costs have been charged against income to the amount of NOK 846' for the group and NOK 224' for the parent company

The calculations have been based on the following financial and actuarial premise:

Discount rate	6 %
Expected return on pension funds	7 %
Expected annual pay increase, National Insurance adjustments	2 %

NOTE 14 Secured debt and guarantees

		GROUP	PARENT COMPANY
Secured debt			
	Short-term debt	190 346	54 475
	Long-term debt	1 033 069	223 096
	TOTAL	1 223 415	277 571

Book value of assets pledged as security 1 576 148

The parent company has a "Put option agreement" concerning long-term debt belonging to Murman Fishing Company Ltd.
The group has a surety of NOK 5.050' against Innovasjon Norge.

Austevoll Havfiske AS

Notes to accounts for 2004

NOTE 15 Interest-bearing debt - finance

The group is financed as follows:

The group's vessels are financed by special mortgages. The terms of these loan agreements are normal for the type of loan, and are based on ratios such as book equity to real equity, and debt servicing capacity in the form of company-specific cash flow requirements.
The fish-farming activity is financed by mortgages through the parent company Austevoll Havfiske AS. This agreement include a condition that the book-equity of the Austevoll Havfiske AS group is 25% and EBITDA according to net interest-bearing debt.
The property and production activities are partly financed by loans from Innovasjon Norge, some of which are ordinary mortgages, some of which are high-risk loans. Additionally, the production actitity is financed by mortgages through the parent company Austevoll Fisk AS.
The terms of these loan agreements are normal for the type of loan.

The instalment profile for interest-bearing, long-term debt is as follows:

	2005	**2006**	**2007**	**2008**	**2009**	**Restgjeld**
Group	280 988	172 877	166 254	107 294	96 024	209 631
Parent company	54 063	54 063	54 063	30 363	30 363	179

	Group		**Parent company**	
	2004	**2003**	**2004**	**2003**
Secured debt	1 033 069	1 176 820	223 096	273 813
Overdraft *	190 346	166 602	54 475	15 546
Gross interest-bearing debt	1 223 415	1 343 422	277 571	289 359
Bank deposits	22 640	75 497	727	788
Total interest-bearing assets	22 640	75 497	727	788
Net interest-bearing debt	**1 200 775**	**1 267 925**	**276 844**	**288 571**

As at 31. Dec. the group has a total overdraft facility of NOK 250 mill. available according to borrowing base.
Long term financing and overdraft facility are linked in a joint agreement and with the same financial conditions. The agreement imposes joint and several responsibilty on the parent company and the Norwegian subsidiaries with exception of Møgsterfjord I AS and Lafjord Fiskebåtrederi AS.
* The amount for the parent company reflects the company's movements on the intercompany facility.

In addition to the net interest-bearing debt to credit institutions stated above, the group and parent company have the following other interst-bea receivables.

	Group		**Parent company**	
	2004	**2003**	**2004**	**2003**
Other long-term interest-bearing (	68 708	61 278	214 319	181 865
Gross interest-bearing intercompa	68 708	61 278	214 319	181 865
Interest-bearing receivables	100 185	86 100	153 576	387 264
Total interest-bearing group asset	100 185	86 100	153 576	387 264
Net interest-bearing intercompa	**-31 477**	**-24 822**	**60 743**	**-205 399**

Austevoll Havfiske AS

Notes to accounts for 2004

(all figures are quoted in NOK '000)

Note 16 Currency

Most of the the group's revenues are in the following currencies:

		2004		2003	
		Currency	**NOK**	**Currency**	**NOK**
Norwegian currency	NOK		**482 558**		**402 749**
US currency	USD	98 546	**664 069**	51 122	**362 579**
England	GBP	4 359	**4 024**	3 325	**38 449**
Poland	PLN	6 815	**12 607**		
Faroe Island	DKK			66 655	**71 794**
Euro	EUR	17 561	**146 989**	23 053	**189 032**
Other currency					
Total operating revenues			**1 310 247**		**1 064 603**

Note 17 Related parties

The group purchases corporate services and rents office premises from Møgster Management AS, total expenses are NOK 4 Møgster Management AS is 100% owned by Laco AS. In December 2004 a fishing vessel was delivered from Fitjar Mek. Verksted AS, part of the Bergen Yards group.

Note 18 Taxes and temporary differences group

	01.01.	Change 01.01	Total 01.01	31.12.this year	Change
Calculation of deferred tax					
Fixed assets	718 380		718 380	771 790	53 410
Current assets	390 512		390 512	131 611	-258 901
Debt	14 931		14 931	31 670	16 739
Temporary differences on adj. income	-		-	-14 915	-14 915
Loss for tax purposes to be carried forw	-95 789		-95 789	-77 786	18 003
Total temporary differences	**1 028 034**	**-**	**1 028 034**	**842 370**	**-185 664**
					-
Deferred tax 28%	287 850	-	287 850	235 864	-51 986
Differences excluded from the calculation of deferred tax/tax assets:					
Intangible assets	**-174 888**		**-174 888**	**-174 888**	**-**
Deferred tax base	**853 146**	**-**	**853 146**	**667 482**	**-185 664**
Book value of deferred tax/tax assets	**238 881**	**-**	**238 881**	**186 895**	**-51 986**

Group's taxes	-20 733
Total tax	-20 733

Austevoll Havfiske AS

Notes to account for 2004

Note 18 Taxes and temporary differences parent company

	31.12.last year	Change 01.01	Total 01.01	31.12.this year	Change
Calculation of deferred tax					
Current assets	-	-	-	-26 528	-26 528
Fixed assets	199 504	-109 195	90 308	91 530	1 222
Debt	-2 095		-2 095	209	2 303
Total temporary differences	**197 409**	**-109 195**	**88 214**	**65 211**	**-23 003**
Of this 28% deferred tax	55 275	-30 575	24 700	18 259	-6 441
Loss for tax purposes to be carried forw	-	-	-	-9 394	-9 394
Deferred tax base	**197 409**	**-109 195**	**88 214**	**55 817**	**-32 397**
					-
Deferred tax 28%	55 275	-30 575	24 700	15 629	-9 071
Unused compensation for deferral	-		-	-	-
Total deferred tax	**55 275**	**-30 575**	**24 700**	**15 629**	**-9 071**

Calculation of deferred tax

Ordinary pre-tax profit	18 698
Permanent differences	-4 770
Profit under the equity method	-50 931
Group contribution received	4 605
Change in temporary differences incl. change of loss for tax purpose	23 003
Taxable profit	-9 394
Transferred to loss to be carried forward	9 394
Taxable profit	-
28% deferred tax assets	-

Taxes for the year are calculated as follows:

Tax payable		-
Tax on group contribution received	-4 605	-1 289
Deferred tax on reset differences on shares according to the Exemption model	-102 964	-28 830
Change tax 01.01		-1 745
Change taxt 01.01 according the Equity method		1 745
Net change in deferred tax on temporary differences		-9 071
Taxes for the year		-39 191

note 19

Austevoll Havfiske AS

Notes to accounts for 2004

(All figures are quoted in '000)

Note 19 Other items specified

	Parent company		Group	
	2004	2003		2003
Other revenues				
Other revenues/liabilities		0		5 248
Profit from sale of fixed assets	112	798	712	3 863
Total other revenues	112	798	712	9 111
Other operating expenses				
Professional fees	1 568	2 094	2 417	3 225
Corporate costs	1 796	1 600	6 067	4 265
Sales commission/fishery charges		-	11 383	12 423
Electricity		-	10 217	10 147
Cleaning		-	1 457	1 459
Rent		-	18 967	8 821
Insurance		1 028		8 409
Bunkers		-	18 054	28 956
Operation and maintenance of fixed assets		-	41 046	50 147
Other expenses (incl. forwarding costs)	4 902	5 230	77 688	30 835
Accrued loss	26 528		26 528	
Total other operating expenses	34 794	9 952	213 824	158 687
Other financial revenues				
Profit on sale of shares	163	287	163	287
Other fin. rev., incl. realised/unrealised foreign exchang	2 152	6 368	20 482	53 115
Total other financial revenues	2 315	6 655	20 645	53 402
Other financial expenses				
Loss on sale of shares	10	4 043	10	4 043
Other fin. exp., incl. realised/unrealised foreign exhang	2 025	5 628	5 161	17 280
Total other financial expenses	2 035	9 671	5 171	21 323
Other long-term receivables				
Intercompany receivables	398 734	387 263	65 251	1 383
Receivables from other companies	4 010	10 226	39 052	29 301
Other long-term receivables				23 797
Bonds payable				0
Total other long-term receivables	402 744	397 489	104 303	54 481
Other short-term receivables				
Outstanding insurance settlement				4 445
Intercompany receivables	208 287	178 532		34 530
Advanced payment on NB		19 725		19 725
Tax credits			12 533	6 995
Other short-term receivables	10 841	1 002	55 202	43 208
Total other short-term receivables	219 128	199 259	67 735	108 903
Other long-term liabilities				
Inter-company debt	265 816	181 865	38 731	45 427
Other long-term liabilities		8 420	58 462	53 787
Total other long-term liabilities	265 816	190 285	97 193	99 214
Other short-term liabilities				
Intercompany debt	114 864	75 279		-
Other short-term liabilities/depreciation	8 499	9 512	53 979	44 475
Total other short-term liabilities	123 363	84 791	53 979	44 475

PRICEWATERHOUSECOOPERS

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To the Annual Shareholders' Meeting of Austevoll Havfiske AS

Auditor's report for 2004

We have audited the annual financial statements of Austevoll Havfiske AS as of December 31, 2004, showing a profit of NOK 57 889 202 for the parent company and a profit of NOK 61 241 000 for the group. We have also audited the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The financial statements comprise the balance sheet, the statements of income and cash flows, the accompanying notes and the group accounts. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

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

In our opinion,

- the financial statements have been prepared in accordance with the law and regulations and present the financial position of the Company and of the Group as of December 31, 2004, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information as required by law and accounting standards, principles and practices generally accepted in Norway
- the information given in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit are consistent with the financial statements and comply with the law and regulations.

Bergen, June 14, 2005
PricewaterhouseCoopers AS

Geir Inge Lunde
State Authorised Public Accountant (Norway)
Note: This translation from Norwegian has been prepared for information purposes only.

Appendix 5: Annual Report Austevoll Havfiske AS for 2003

THE DIRECTORS' REPORT FOR AUSTEVOLL HAVFISKE AS 2003

Introduction

Austevoll Havfiske AS is a vertically integrated Group of fishery companies involved with pelagic fishery, fish-farming, fish processing and fish sales in Norway, Europe and South America.

Austevoll Havfiske AS has strengthened its involvement with pelagic fisheries and processing in South-America in 2003 by purchasing additional fishing rights within pelagic fisheries as well as plant for processing and production.

At an extraordinary general meeting held in August 2003 it was decided that the company should merge with two subsidiaries, A-Fish AS and Laco III AS, which owned a pelagic fishery business in Chile. Following this transaction, Austevoll Havfiske controls 10.4% of the overall quota for horse mackerel in Chile as well as substantial production capacity for fishmeal and canning. The companies in Chile have seen good profits, particularly in the first six months of the year. However, in terms of accounting, the merger took effect at 1 July 2003, so the consolidated accounts reflect only the results for the last six months of the year.

Other pelagic activities in Scandinavia have achieved the expected profits.

The fish farming activities have been running at a considerable loss in 2003, mainly due to a difficult market, high mortality and extraordinary write-down of assets.

The consolidated accounts include a high level of write-down within the areas of fish farming and investments in subsidiary and affiliated companies. The loss for the year totals approx. NOK 200 million, of which NOK 186 million refer to extraordinary write-down of assets. The group cash-flow (result before tax and depreciation/write-down) amounts to approx. NOK 95 million for 2003.

Activities over the year

<u>Fish-farming</u>

This activity is run by two subsidiaries, Kvernsmolt AS and VestStar AS, which are involved with the farming of salmon from egg to slaughter. The companies' activities and plant are based in the areas of Hordaland and Rogaland. Kvernsmolt and VestStar have their own hatcheries and are self-sufficient in smolt. The companies hold a total of 15 licences in Norway with a total farming volume of 180,000 m3. Veststar's Scottish subsidiary has a total farming volume which equals 3 Norwegian production licences. Overall, the Group produced approx 11,000 tonnes of live fish for food.

Operations and growth at the company's facilities has been hampered by various outbreaks of pancreas disease (PD) this year. In some locations this has led to poor growth and increased fish mortality. It has also caused the feed factor to be significantly higher than normal.

Work is going on to restructure the Group's salmon activities by merging the above-mentioned companies.

The Group's fish farming activities are subject to the industry's general licensing conditions and the level of growth will thus largely depend on feed quotas.

<u>Pelagic fisheries</u>
This activity involves fisheries in Norway, Russia, the Faeroe Isles and Chile. In Scandinavia and Russia catches were mainly mackerel, herring, blue whiting and capelin sold for food or to industry. Operations have worked satisfactorily in 2003 and no special technical problems have been encountered. The Scandinavian fleet achieved somewhat poorer results in 2003 than in 2002, mainly thanks to a fall in raw material prices. Activities in Chile achieved better results in 2003 than in 2002, generally thanks to sound profits within processing, access to a larger quota, good raw material prices and efficient fleet operation.

<u>Sales and processing</u>
Austevoll Fisk AS is a subsidiary which holds the majority interest in other companies involved with the sale and processing of fish.

The sales company Sea Star International AS is mainly involved with the sale of salmon and pelagic fish. There has been good access to salmon in 2003 and the company has achieved satisfactory results for this part of its business. Sales of pelagic fish have also been satisfactory.

The currency situation has stabilised somewhat in 2003 compared to 2002, which has provided greater stability in the market.

Austevoll Fiskeindustri's business is to receive and process salmon, mackerel and herring. The beginning of 2003 saw failing access to pelagic fish, and this gave rise to a loss of income which was impossible to recover during the course of the year. There has been good access to salmon, and the production has been efficient in 2003, generating improved results.

Austevoll Fisk AS holds a minority interest in the company Sea Grain AS. Due to ownership restructuring, production based on the company's own technology has not yet commenced. The group has written down this shareholding by NOK 23 million in 2003.

<u>Br. Birkeland AS</u>
Austevoll Havfiske AS holds a 36% stake in Br. Birkeland AS. This company owns and runs a salmon farming business and is involved with pelagic fishery. The company's income in 2003 was considerably lower than expected. This was mainly due to a weak result from the company's fish farming activities.

The pelagic activity holds a 1,280-tonne share of the overall quota distributed between 2 vessels, one of which has also been involved with on-board production.

An application has been submitted for permission to use a shipowner's quota under one of the licences in 2004, and if granted, the quota will be leased to the company's own vessel and to vessels owned by Austevoll Havfiske.

Health, safety and environment

As at 31 December, the Group had a staff of approx. 550. Traditionally, there has only been a small proportion of women employed aboard ships and on fish farms. In other parts of the

Group the workforce shows a more even distribution between the sexes. It is an aim for the Group to gradually increase the proportion of female employees in sectors in which women have traditionally been under-represented. There are no female representatives on the Board of Directors.

The Group is keen to protect and develop all elements with a potential to increase in-house competency and awareness with respect to health, safety and the environment. Financial and technical resources are employed to ensure that the Group's activities are run in compliance with the guidelines which best serve the interests of the company and its surroundings. Ships and onshore facilities are made increasingly efficient and simpler to operate through the planning and implementation of new technical concepts, and their environmental impact is being reduced. The health and safety situation for employees is being improved in the same way. The processing industry has implemented quality assurance systems in compliance with the regulations laid down by the Norwegian Fisheries Directorate.

The Group's sickness absence was approx. 5.6% for onshore workers in 2003, compared to 8.6% in 2002. We have seen a positive development in sickness absence, particularly within the processing unit, which is covered by the Inclusive Workplace scheme. The Group is working actively to implement measures to reduce sickness absence in general. One serious industrial accident has been reported in the course of the year. As a consequence, health and safety initiatives have been further intensified within the group. The Group is a member of the local occupational health service.

The operation of the Group's vessels is not considered to involve pollution of the outdoor environment other than that caused by minor emissions of exhaust fumes. The Group's fleet is new and modern and no special actions have been taken which might impact on the outdoor environment.

The Group's onshore production facilities are equipped with purification plants and their activities are controlled by the regulations pertaining to this type of activity. No incidents have been reported which may have given rise to pollution at these facilities.

Financial statement

The group merged with a significant Chilean business in 2003. In terms of accounting, this transaction took effect at 1 July 2003, which means that only the figures for the last six months of the year reflect the results of this acquisition. 2004 will be the first year to see the full effect of this purchase.

The Group's operating revenues amounted to NOK 1,064 million in 2003, compared to NOK 1,156 in 2002. The fall in operating revenues was caused by reduced income from pelagic activities and the sale of businesses.

Total operating expenses were NOK 1,186 million compared to NOK 1,111 million in 2002. Depreciation and write-down amounted to NOK 255 million of the 2003 operating expenses, against NOK 89.5 million in 2002.

The Group is partly funded by a multi-currency group overdraft facility which is available to the parent company and its Norwegian subsidiaries. Specific ships, buildings and fixed assets have been pledged as security for long-term debt, which is generally in NOK, EUR, CHF, DKK and USD.

Net financial expenditure was NOK 83.7 million in 2003 against NOK 87 million in 2002. The reduction was caused by a fall in interest rates and general developments in the currency market.

The year-end profit for 2003 after tax was NOK 202,7 million, compared to NOK 31.6 million in 2002.

The Group's economic and financial position is satisfactory and provides a basis for continued operations and further corporate development.
In 2003 and 2004 , the Group has focused on consolidating its activities in order to strengthen its financial position.

Looking ahead

The salmon market has continued to see low prices in 2003. However, the price situation has changed in a positive direction in 2004 and stabilisation at the current level is expected. This gives hopes of better profits for next year. The group has in 2004 been working actively to consolidate its fish farming activities in order to strengthen its financial position and ensure more cost-efficient operations. A minority interest in a Hordaland-based fish farm has been purchased.

So far in 2004, the pelagic activity in Chile has provided profits according to budget; this is a positive trend which has been predicted to continue this year. Stable raw material prices have been predicted for the Scandinavian pelagic fishery and satisfactory contributions are expected for 2004. The Group has sold its shares in a ship-owning company on the Faeroe Isles in 2004, and this transaction has strengthened the Group's financial position.

Year-end profit and allocations

The annual accounts for the parent company show a loss of NOK 198,456,000 which the Board of Directors propose to allocate as follows:

Transferred to revaluation reserve	NOK	15.539.000,-
Net group contribution	NOK	(43.002.000,-)
Transfer from other equity	NOK	(170.993.000-)
Total allocations	NOK	(198.456.000,-)

Storebø, 30 April 2004

Helge Møgster   Ole Rasmus Møgster   Alf Oddvar Bjånes

Kjell Haugland   Inge Nicolaysen

Austevoll Havfiske AS

(all figures in NOK 1000)

Income statement

Parent company 31.12.2003	Parent company 31.12.2002		Notes	Group 31.12.2003	Group 31.12.2002
		OPERATING INCOME			
43 718	83 061	Revenue		1 055 493	1 155 205
798	396	Other operating income		9 111	1 665
44 516	**83 457**	**Total operating income**		**1 064 604**	**1 156 870**
		OPERATING EXPENSES			
		Change in stocks		1 971	-15 296
25 337	55 198	Raw material and consumables used		624 822	756 820
12 315	16 317	Payroll expence		145 840	141 651
1 294	1 803	Depreciation		114 054	87 090
6 000	-	Write down		141 252	2 400
9 952	14 132	Other operating expenses		158 687	139 065
54 898	**87 450**	**Total operating expenses**		**1 186 626**	**1 111 730**
-10 382	**-3 993**	**RESULT OF OPERATIONS**		**-122 022**	**45 140**
		FINANCIAL INCOME AND EXPENSES			
-140 194	-2 815	Income from subsidiaries		-	-
-20 043	-113	Income from group companies		-44 633	-2 018
5 840	6 187	Interest received from group companies		748	-
8 288	2 596	Other interest received		11 032	8 927
6 655	28 040	Other financial income		53 402	28 784
-	-	Changes in market value of financial current assests		-	-
-7 855	-12 915	Interest expense from group companies		-1 316	-1 504
-22 606	-15 862	Other interest expenses		-81 591	-80 705
-9 672	-32 328	Other financial expenses		-21 323	-40 498
-179 587	**-27 210**	**Total net financial expenses**		**-83 681**	**-87 014**
-189 969	**-31 203**	**OPERATING RESULT BEFORE TAX**		**-205 703**	**-41 874**
8 487	-6 372	Tax		-2 927	-10 276
-198 456	**-24 831**	**RESULT FOR THE YEAR**		**-202 776**	**-31 598**
		Minority share of profit/loss		-6 726	-9 060
-43 002	2 270	Proposed dividend			
15 539	4 483	Transferred to reserve for valuation variances		-23 970	
		Transferred to distributable funds			
-170 993	-31 584	Transferred to other equity		-172 081	-22 538
-198 456	**-24 831**	**TOTAL TRANSFERRED**		**-202 777**	**-31 598**

Austevoll Havfiske AS

(all figures in NOK 1000)

Balance sheet

Parent Company 31.12.2003	Parent Company 31.12.2002	ASSETS	Notes	Group 31.12.2003	Group 31.12.2002
		FIXED ASSETS			
		INTANGIBLE ASSETS			
-	-	Licences/Goodwill		700 365	639 447
-	-	**Total intangible assets**		**700 365**	**639 447**
		TANGIBLE FIXED ASSETS			
-	-	Buildings/Land		226 674	87 694
202	1 309	Machinery and plant		203 670	127 969
2 592	9 666	Vessels		726 792	516 585
2 794	**10 975**	**Total tangible assets**		**1 157 136**	**732 248**
		FINANCIAL ASSETS			
724 028	772 210	Investment in subsidiaries			
95 747	115 106	Investment in group companies		95 466	142 350
39	39	Other investments		5 846	7 024
397 489	140 028	Other long term receivables		54 481	40 590
1 217 303	**1 027 383**	**Total financial fixed assets**		**155 793**	**189 964**
1 220 097	**1 038 358**	**TOTAL FIXED ASSETS**		**2 013 294**	**1 561 659**
		CURRENT ASSETS			
-	-				
-	-	**Stocks**		**228 009**	**203 062**
		DEBTORS			
12 130	11 978	Trade receivable		156 571	124 076
199 259	46 851	Other receivables		108 902	48 772
211 389	**58 829**	**Total receivables**		**265 473**	**172 848**
12	**12**	**Shares**		**336**	**15**
788	**10 762**	**Bank deposit**		**75 497**	**113 122**
212 189	**69 603**	**Total current assets**		**569 315**	**489 047**
1 432 286	**1 107 961**	**TOTAL ASSETS**		**2 582 609**	**2 050 706**

Austevoll Havfiske AS

Balance sheet

(all figures in NOK 1000)

Parent Company 31.12.2003	Parent Company 31.12.2002	EQUITY	Notes	Group 31.12.2003	Group 31.12.2002
		EQUITY CAPITAL			
56 097	39 646	Share capital		56 097	39 646
512 088	249 840	Share premium reserve		512 088	249 840
568 185	289 486	Total equity capital		568 185	289 486
		ACCRUED CAPITAL			
183 155	169 212	Reserve for valuation variances		99	24 069
-139 848	86 916	Other equity		39 242	230 834
-	-	Minority interests		94 734	101 434
43 307	256 128	**Total accrued capital**		134 075	356 337
611 492	545 614	**TOTAL EQUITY**		702 260	645 823
		LONG TERM LIABILITIES			
		PROVISIONS			
-138	134	Pension liabilities		63	330
55 275	63 510	Defferred tax		238 881	184 592
55 137	63 644	**Total provisions and liabilities**		238 944	184 922
		OTHER LONG TERM DEBT			
273 813	168 500	Mortgage debt		1 176 820	751 819
190 284	201 146	Other long term debt		99 214	29 930
464 097	369 646	**Total other long term liabilities**		1 276 034	781 749
519 234	433 290	**TOTAL LONG TERM LIABILITIES**		1 514 978	966 671
		CURRENT LIABILITIES			
152 939	43 167	Overdraft facility		166 602	233 889
2 458	12 150	Trade creditors		126 830	120 946
-	-	Tax payable		7 733	6 450
1 648	2 314	Public charge payable		19 731	19 427
84 791	71 426	Other current liabilities		44 475	57 500
59 724	-	Group contribution		-	-
301 560	129 057	**Total current liabilities**		365 371	438 212
820 794	562 347	**TOTAL LONG TERM DEBT**		1 880 349	1 404 883
1 432 286	1 107 961	**TOTAL EQUITY AND LIABILITIES**		2 582 609	2 050 706

AUSTEVOLL HAVFISKE AS

Accounting principles

The annual accounts for Austevoll Havfiske AS have been prepared in accordance with the requirements of the Norwegian Accounting Act, Norwegian accounting standards and recommendations, and generally accepted accounting principles. The company's most important accounting principles are described below.

GENERAL

Assets intended for permanent ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables are classified as current assets if repayable within a year. Debt classification is based on analogue criteria, except for next year's mortgage repayments, which are included under long-term liabilities.

Fixed assets are included at cost, but are written down to their real value if a drop in value is expected to be permanent. Fixed assets with restricted useful lives are systematically depreciated. Long-term debt items are carried to the balance sheet at their nominal value as at the time of origination.

Current assets are valued at the lower of original cost and real value. Short-term debt items are carried to the balance sheet at their nominal value as at the time of origination.

In accordance with Norwegian accounting legislation certain items are accounted for under special valuation rules. Further explanation is provided below.

CONSOLIDATED FINANCIAL STATEMENTS
The consolidated financial statements show the parent company and its subsidiaries as a single financial unit. Year-end balances and major intercompany transactions are offset against each other (and eliminated) to achieve this consolidation.

TANGIBLE FIXED ASSETS
Tangible fixed assets are capitalised at cost and carried to expense in even annual instalments year on year. Maintenance is carried to operating expenses on an on-going basis, but work to raise the asset's original standard is taken to improvements and is capitalised together with the asset and depreciated over the asset's remaining life.

INVESTMENT IN SUBSIDIARIES AND AFFILIATED COMPANIES
Companies are considered subsidiaries if the group holds a controlling interest. Such control is normally achieved by owning 50% or more of the company's shares.

Companies are considered to be affiliated if the group holds a considerable but not controlling interest. A considerable interest is normally achieved by owning 20% or more of the shares.

The parent company's investments in subsidiary or affiliated companies are valued according to the equity method. The value of the investment is calculated as the parent company's share of the equity, and its share of the profit is carried to income/expense.

The purchase method is applied in order to eliminate investment in acquired subsidiaries. The purchase method means that the cost to the group is split between the acquired assets and liabilities based on real values at the time of purchase. If the price paid exceeds the total value of the individual assets at the time of purchase, the difference will be included on the balance sheet as value added or goodwill. The added value is carried to expense in even annual instalments over the rest of the asset's life. Investment in newly formed subsidiaries will be eliminated by entering the cost of acquisition against the group's book equity on the date of formation.

OTHER SHAREHOLDINGS
Shareholdings in other companies are accounted for by the cost method. Should their value fall, the shares will be written down to their real value.

STOCKS
Stocks are valued at the lower of average original cost and net realisable value.
Original costs are expenses incurred through purchase or production and include all direct costs and overheads which have been necessary for the stocks to be in their present condition and position on the date of the balance sheet. Real value is realisable value at the time of expected sale, less selling costs. Selling costs include storage costs until the time of sale. Stocks are carried net of redundant items to the balance sheet.

SHORT-TERM RECEIVABLES
Short-term and other receivables are included at face value less provisions for bad debts. Provisions for bad debts are based on individual assessments of each account receivable.

TAXES
Taxes included in the profit and loss accounts comprise taxes payable for the period as well as changes in deferred tax. Total taxes are split between net ordinary items and net extraordinary items in accordance with the tax base.

Deferred tax is tax on accumulated profit which falls due for payment in a later period. The change in deferred tax represents future tax payable on this year's activities. Under the debt method, which is employed here, deferred tax is calculated on net tax-increasing temporary differences after tax-reducing temporary difference and tax-related losses have been offset.

CASH FLOW STATEMENT
Cash in hand, bank deposits and yield funds have been classified as cash.

Note 1 Merger 1 July 2003 - changes to comparison figures

An extraordinary general meeting held in August 2003 decided that two of the company's subsidiaries, A-Fish AS and Laco III AS, should merge, with A-Fish AS being the acquiring company. Shareholders in Laco III AS were paid by way of shares in the parent company, Austevoll Havfiske AS.

Laco III AS owned a pelagic fishery business in Chile, and the merger means that Austevoll Havfiske AS on finalising the transaction controls 10.4% of the total quota for horse mackerel in Chile, as well as considerable canning and fishmeal production capacity. The companies in Chile have seen good profits, particularly in the first six months of the year. Accounting-wise however, the merger took effect on 1 July 2003, and consequently the consolidated accounts include only the takings for the last six months of the year.

The proforma profit and loss account below shows the effect on Austevoll Havfiske of including the merged activities for the whole of 2003.

The proforma profit and loss figures have been calculated as if the merger had taken effect at the start of the accounting year, and similarly, proforma profit and loss figures have been calculated for the previous accounting year as if the merger had taken effect at the beginning of that period.

Historical totals have been adjusted for financial expenses, deferred tax, and depreciation of values added through the merger.

Both Laco III AS and Austevoll Havfiske AS were parts of the Laco Group in 2002. In the first six months of 2003 they formed part of the Laco Group through Laco III AS, and for the last six months through Austevoll Havfiske AS. The reliability of the proforma figures is considered to be good, since the businesses were parts of the group in both 2002 and 2003.

Proforma profit and loss account Austevoll Havfiske	**2003**	**2002**
Total operating revenues	**1 246 028**	**1 404 633**
Change in stocks	1 971	(15 296)
Cost of stocks	738 937	875 084
Staff costs	152 423	171 877
Depreciation	128 481	109 981
Write-down	141 723	2 400
Other operating expenses	162 140	186 845
Total operating expenses	**1 325 675**	**1 330 891**
OPERATING LOSS	**(79 647)**	**73 742**
Total net financial items	**(117 247)**	**(85 356)**
PRE-TAX LOSS	**(196 894)**	**(11 614)**
Taxes	(3 272)	(559)
LOSS FOR THE YEAR	**(193 622)**	**(11 055)**

Austevoll Havfiske AS

(all figures are quoted in NOK '000) Notes to the accounts for 2003

NOTE 2 Sales revenue per activity

	GROUP 2003	GROUP 2002	PARENT COMPANY 2002	PARENT COMPANY 2002
Fishing revenue	298 920	326 062	33 901	69 075
Fish farming	172 865	129 306	-	-
Fish sales and processing	802 658	789 752	-	-
Other revenue	9 111	12 475	10 615	14 382
Eliminated in-house sales	(218 951)	(100 725)	-	-
Total sales revenue	1 064 603	1 156 870	44 516	83 457

NOTE 3 Employee costs

Epmloyee costs	GROUP 2003	GROUP 2002	PARENT COMPANY 2003	PARENT COMPANY 2002
Wages	133 355	124 226	10 583	14 059
National insurance contribution	8 448	9 534	838	941
Other benefits	4 037	7 891	894	1 317
TOTAL COST	145 840	141 651	12 315	16 317
Average per employee	451	303	11	11

Cost of managment	General manager	Board of directors
Salary	989	-
Pension costs	-	
Other benefits	41	
TOTAL	1 029	-

Loan to the management has a interest calculation of 5%.
Booked compensation too auditors for 2003 is NOK 163' for auditing and NOK 47' for other assistance for the parent company. For the group theses costs amount to NOK 1.345' and NOK 190'.

NOTE 4 Stocks

Stocks at original cost

	GROUP 2003	GROUP 2002
Finished goods	46 793	36 441
Stocks of fish, fry and spawn	181 234	168 562
Redundant stock	-20	-1 943
TOTAL	228 009	203 062

NOTE 5 Bank deposits

Bank deposits as at 31 Dec include restricted tax withholdings to the amount of NOK 631' for the parent company and NOK 4.146' for the group.

Austevoll Havfiske AS

(all figures are quoted in NOK '000) Notes to the accounts for 2003

NOTE 6 Fixed assets

GROUP

Fixed assets	Goodwill/badwill	Licences	Ships	Equipment	Land, buildings	Total
Original cost at 1 Jan	119 496	564 291	635 853	439 916	118 576	1 878 132
Original cost at purchase	-	226 361	198 917	-	147 250	572 528
Additions	527	35 251	132 942	28 974	5 297	202 991
Disposals	-	-42 600	-62 398	-2 499	(5 076)	-112 573
Original cost at 31 Dec	120 023	783 303	905 314	466 391	266 047	2 541 078
Accumulated depreciation	73 974	128 979	178 521	262 721	39 373	683 568
Book value at 31 Dec	**46 049**	**654 324**	**726 792**	**203 670**	**226 674**	**1 857 509**
Depreciation for the year	7 875	19 400	42 277	38 697	5 805	114 054
Write-down for the year	44 047	91 205	6 000	-	-	141 252
Economic life	5-10 years	3/18 years / perpetual	20-25 years	3-5 years	20-100 years	

The Group holds pelagic licences, fish farming licences and smolt licences.
The pelagic licences are for Norway, Europe and South-America. In Norway, we hold perpetual licences and unit quotas with a duration of 13 and 18 years. In total, the group's quota tonnage is 1860 distributed between 3 vessels in Norway. Quotas that were valid to 31 Des. 2003 have been depreciated over 13 and 18 years. Pelagic licences in South-America are granted as a percentage of the total quota, and the group holds approx. 10,44% of the overall quota for horse mackrel in Chile. The group holds a total of 15 salmon licences in the Hordaland area, and in Scotland the group has rights equal to 3 norwegian licences. The group is also licensed to produce smolt in the Hordaland and Rogaland areas and holds the associated rights.
The group is licensed to produce 5,5 million smolts. For the pelagic fish, goodwill and licences are distributed between Europe at NOK 182.936' and Chile at 290.438'. The fish farming licence has a book value of NOK 227.000'.

PARENT COMPANY

Fixed assets	Ships	Equipment	Total
Original cost at 1 Jan	10 740	6 785	17 525
Additions	-	-	-
Disposals	-	-888	-888
Original cost at 31 Dec	10 740	5 897	16 637
Accumulated depreciation	8 148	5 695	13 843
Book value at 31 Dec	**2 592**	**202**	**2 794**
Depreciation for the year	1 074	220	1 294
Write-down for the year	6 000		6 000
Economic life	10 years	4-10 years	

NOTE 7 Investments in subsidiary companies and jointly controlled activities

Company	Austevoll Fisk AS	Austevoll Eiendom	A-Fish AS	Aumur AS
Time of purchase	1997	1996	2003	1998
Registered office	Austevoll	Austevoll	Austevoll	Austevoll
Ownership interest/share of voting rig	65 %	65 %	100 %	100,00 %
Original cost	12 783	17 201	60 100	50
Opening balance at 01.01	**25 499**	**6 105**	**-**	**31 879**
Correction for the equity method 1 Jar	-	-	1 539	-
Additions/disposals over the year	769	868	60 100	50
Accelerated/decelarated depreciations/	92	-	-	
Profit/loss for the year	-12 293	-115	43 808	864
Rate of conversion	-		-18 870	
Group contribution received	-			-
Group contribution paid	-			-5 458
Proposed dividend	-			
Outgoing balance at 31 Dec	**14 067**	**6 858**	**86 577**	**27 335**

Austevoll Havfiske AS

(all figures are quoted in NOK '000) Notes to the accounts for 2003

NOTE 7 Investments in subsidiary companies and jointly controlled activities

Company	Lafjord Fiskebåtrederi AS	Inv. Pacfish Ltda	Møgsterhav	PR Lafisk II
Time of purchase	2001	1995	1999	1994
Registered office	Austevoll	Chile	Austevoll	Austevoll
Ownership interest/share of voting rights	49,98 %	100 %	100 %	90 %
Original cost	43 950	37 934	100	
Opening balance at 01.01	**42 878**	**67 392**	**-5 016**	**44 972**
Correction for the equity method 1 Jan			-	-
Additions/disposals over the year	-	-	-	
Accelerated/decelarated depreciations/interco	-1 058	-		590
Profit/loss for the year	137	1 707	2 284	190
Rate of conversion		161		
Group contribution received			-	
Group contribution paid				
Proposed dividend				
Outgoing balance at 31 Dec	**41 957**	**69 260**	**-2 732**	**45 752**

Company	Lady AS	Kvernsmolt	Møgsterbas	Christian i Grotinum
Time of purchase	1994	2000	1995	1997
Registered office	Austevoll	Austevoll	Austevoll	Austevoll
Ownership interest/share of voting rights	100 %	90,00 %	100,00 %	33,00 %
Original cost	50	123 199	14 892	16 020
Opening balance at 01.01	**910**	**106 362**	**52 924**	**49 215**
Correction for the equity method 1 Jan	-	-	-	-
Additions/disposals over the year		-	-	-
Accelerated/decelarated depreciations/interco	-	-1 750	-	-297
Profit/loss for the year	-168	-15 271	3 049	2 640
Rate of conversion				6 814
Group contribution received	-	53 093	-	-
Group contribution paid	-	-	-13 274	-
Proposed dividend		-		-
Outgoing balance at 31 Dec	**742**	**142 434**	**42 699**	**58 372**

Company	VestStar AS	Møgsterfjord I AS	Nave AS	TOTAL
Time of purchase	2000	1995	1997	
Registered office	Austevoll	Austevoll	Austevoll	
Ownership interest/share of voting rights	100 %	56,14 %	100,00 %	
Original cost	313 707	6 101	40	**646 087**
Opening balance at 01.01	**317 539**	**31 551**	**1**	**772 210**
Correction for the equity method 1 Jan	-	-	-	**1 539**
Additions/disposals over the year	-	-	40	**61 787**
Accelerated/decelarated depreciations/interco	-67 897	-	-	**-70 320**
Profit/loss for the year	-99 089	2 388	-7	**-69 869**
Rate of conversion	-1 304			**-13 199**
Group contribution received	8 640			**61 733**
Group contribution paid	-			**-18 732**
Proposed dividend		-1 123	-	**-1 123**
Outgoing balance at 31 Dec	**157 889**	**32 816**	**34**	**724 026**

The return on investments in subsidiary companies is made up of:		
	Accelerated/decelerated depreciations	(70 320)
	Share of year-end profit	(69 869)
	Total profit SC	(140 189)

Austevoll Havfiske AS

(all figures are quoted in NOK '000) Notes to the accounts for 2003

NOTE 8 Investments in affiliated companies

PARENT COMPANY

Company	Br. Birkeland AS	PR Beinur	Rabben Holding AS	Hardsjø AS	Murman Holding ZAO	PF Troika	Nesseby Havbruk AS	Beinur Holding	Nave AS	TOTAL
Time of purchase	2 000	2001	2001	2001	2001	2002	2001	2003	1997	
Registered office	Austevoll	Danmark	Austevoll	Austevoll	Russland	Færøyene	Kirkenes	Danmark	Austevoll	
Ownership interest / share of voting rights	35,77 %	23,33 %	25,00 %	33,33 %	25,00 %	50,00 %	34,00 %	33,33 %	100,00 %	
Original cost	91 339	5 378	4 000	333	2 000	2 510	136	-	-	
Opening balance at 1 Jan	**100 695**	5 560	3 713	361	2 131	2 510	136	-	-	115 106
Correction for equity method, 1 Jan			-	-						-
Additions/disposals over the year	-	3 766	(3 713)	-	-	-	-	55	40	148
Accelerated/decelarated depreciations	-1 476	-	-	-	-	-	-	-	-	(1 476)
Profit for the year	-16 700	(1 824)	-	22	(65)	-	-	-	(6)	(18 573)
Dividend/reduction of capital	-161									(161)
Conversion balance		720	-	-	(17)	-	-	-	-	703
Closing balance 31 Dec	**82 358**	**8 222**	**-**	**383**	**2 049**	**2 510**	**136**	**55**	**34**	**95 747**

The return on investments in affiliated companies is made up		
	Accelerated/decelarated depreciations	(1 476)
	Share of year-end profit	(18 573)
	Total return of affiliated companies	(20 049)

GROUP

Company	Br. Birkeland AS	PR Beinur	Rabben Holding AS	Hardsjø AS	Murman Holding ZAO	PF Troika	Nesseby Havbruk AS	Seagrain AS	Beinur Holding	Nave AS	TOTAL
Time of purchase	2 000	2001	2001	2001	2001	2002	2001	1997	2003	1997	
Registered office	Austevoll	Danmark	Austevoll	Austevoll	Russland	Færøyene	Kirkenes	Bergen	Danmark	Austevoll	
Ownership interest / share of voting rights	35,77 %	23,33 %	25,00 %	33,33 %	25,00 %	50,00 %	34,00 %	21,00 %	33,33 %	100,00 %	
Original cost	91 339	5 378	4 000	333	2 000	2 510	136	12 872	-	-	
Opening balance 1 Jan	100 695	5 560	3 713	361	2 131	2 510	136	27 244	-	-	142 350
Correction for equity method 1 Jan			-	-				-			-
Additions/disposals over the year	-	3 766	(3 713)	-	-	-	-	-	55	40	148
Accelerated/decelarated depreciations	-1 476	-	-	-	-	-	-	(23 935)	-	-	(25 411)
Profit for the year	-16 700	(1 824)	-	22	(65)	-	-	(309)	-	(6)	(18 882)
Dividend/reduction of capital	-161										(161)
Conversion balance		720	-	-	(17)	-	-	-	-	-	703
Closing balance at 31 Dec	**82 358**	**8 222**	**-**	**383**	**2 049**	**2 510**	**136**	**3 000**	**55**	**34**	**98 747**
									Correction for indirect owne		(3 281)
											95 466

The return on investments in affiliated companies is made up		
	Accelerated/decelarated depreciations	(25 411)
	Profit for the year	(18 882)
	Share Pemesa	(2 699)
	Eliminated indirect group ownership	2 359
	Total return from affiliated companies	**(44 633)**

NOTE 9 Other shares

	GROUP		PARENT COMPANY	
Long-term shareholdings	Original cost	Book value	Original cost	Book value
Murman no.(2)	14	14	14	14
Storebø Kai AS	12	12	-	-
Odra Industries	11 564	5 727	-	-
Other shares	-	93	25	25
TOTAL	**11 590**	**5 846**	**39**	**39**
Short-term shareholdings	**336**	**336**	**12**	**12**

Austevoll Havfiske AS

Notes to the accounts for 2003

(all figures are quoted in 000')

NOTE 10 **Intercompany balances**

	GROUP 2003	GROUP 2002	PARENT COMPANY 2003	PARENT COMPANY 2002
Other long-term receivables	1 383	-	387 263	136 059
Customers	-	555	1 805	4 789
Suppliers	1 523	3 575	1 538	3 620
Other short-term receivables	19 725	7 533	178 532	31 857
Other long-term debt	37 008	11 848	181 865	201 146
Other short-term debt	-	20 136	135 002	60 677

NOTE 11 **Equity**

GROUP	Share capital	Premium fund	Revaluation reserve	Other equity	Minority interests	TOTAL
Equity at 01.01.	**39 646**	**249 840**	**24 069**	**230 834**	**101 434**	**645 823**
Increase of capital	16 452	262 248		-	-	278 700
Fusion SC				-	-	-
Shares purchase/sold				(3 121)	(2 684)	(5 805)
Conversion balaces, currency				(12 803)		(12 803)
Profit of the year			(23 970)	(175 669)	(3 138)	(202 777)
Dividend				-	(878)	(878)
Equity at 31. Dec this year	**56 098**	**512 088**	**99**	**39 241**	**94 734**	**702 260**

PARENT COMPANY	Share capital	Premium fund	Revaluation reserve	Other equity	TOTAL
Equity at 31 Dec last year	39 646	249 840	169 213	86 916	**545 615**
					-
Merger	16 452	262 248			**278 700**
Equity at 01 Jan this year	**56 098**	**512 088**	**169 213**	**86 916**	**824 315**
Changes by eqity method			(31 382)	33 264	1 882
affiliated company ownership stakes			(182)	(3 571)	(3 753)
Conversion balances			(11 912)	(584)	(12 496)
Profit for the year			15 539	(213 994)	(198 455)
Net group contribution			43 002	(43 002)	-
Dividend from partly owned subsidiary co.			(1 123)	1 123	-
Equity at 31. Dec this year	**56 098**	**512 088**	**183 155**	**(139 848)**	**611 493**

NOTE 12 **Share capital and shareholders**

Ownership structure

	Number of shares	Ownership stake	are of voting rights
Laco AS	16 431 197	58,58 %	58,58 %
Møgster 2 AS	3 528 553	12,58 %	12,58 %
Pan Fish ASA	3 345 142	11,93 %	11,93 %
Inge Nicolaysen	2 291 319	8,17 %	8,17 %
Kjell Haugland	1 540 044	5,49 %	5,49 %
Kirsti Haugland	432 060	1,54 %	1,54 %
Alf Oddvar Bjånes	234 325	0,84 %	0,84 %
Per Arne Bjånes	234 325	0,84 %	0,84 %
Andre	11 925	0,04 %	0,04 %
	28 048 890	100 %	100 %

The company directors hold the following ownership positions:

Helge Møgster and Ole Rasmus Møgster owns 80 % of the shares in Laco AS. Laco AS owns 89,84% of Møgster II AS.

Austevoll Havfiske AS is a part of Laco group which has its registered office at Storebø in the municipality of Austevoll.

Austevoll Havfiske AS

Notes to the accounts for 2003

(all figures are quoted in NOK 000')

NOTE 13 **Pension commitment**

The group's pension scheme covers 44 people.
The scheme provides entitlement to specific future payments. Generally, these depend on the length of the entitlement period, the rate of pay at retirement age and the National Insurance benefit receivable. The group pension scheme is funded through an asset build-up scheme organised by an insurance company. Managers have a supplementory pension in addition to the group pension scheme. This is funded through the company's operation.
Provisions have been made for a contractual pension assurance scheme for staff employed by the group's manufacturing company.
As per 31 Dec the company has a net underabsorption of pensions which has been carried to the balance sheet.
The classifications are as follows:

	GROUP 2003	GROUP 2002	PARENT COMPANY 2003	PARENT COMPANY 2002
Present value of future pension commitments	(10 261)	(10 277)	(2 072)	(1 622)
Pension funds, 31 Dec	9 592	9 923	2 044	1 519
Difference between estimates	179	(20)		-
Employer's estimated National Insurance contribution	11	(25)	(4)	(15)
Remaining difference CB 31 Dec to OB 1 Jan	649	359	170	(16)
Contractual pension commitment	(233)	(290)	-	-
Net pension commitment	(63)	(330)	138	(134)

Pension costs have been charged against income to the amount of NOK 850' for the group and NOK 223' for the parent company

The calculations have been based on the following financial and actuarial premise:

Discount rate	6 %
Expected return on pension funds	7 %
Expected annual pay increase, National Insurance adjustments	2 %

NOTE 14 **Secured debt and guarantees**

		GROUP	PARENT COMPANY
Secured debt			
	Short-term debt	166 602	15 546
	Long-term debt	1 176 820	273 813
	TOTAL	1 343 422	289 359
Book value of assets pledged as security		1 753 648	252 377

The parent company has a "Put option agreement" concerning long-term debt belonging to Murman Fishing Company Ltd.
In addition the parent company has a surety of NOK 5.480' against the credit insurance company per 31. Dec.
The group has a surety of NOK 5.050' against Innovasjon Norge.

NOTE 15 Interest-bearing debt - finance

The group is financed as follows:

The group's vessels are financed by special mortgages. The terms of these loan agreements are normal for the type of loan, and are based on ratios such as book equity to real equity, and debt servicing capacity in the form of company-specific cash flow requirements.
The fish-farming activity is financed by mortgages through the parent company Austevoll Havfiske AS. This agreement include a condition that the book-equity of the Austevoll Havfiske AS group is 25% and EBITDA according to net interest-bearing debt.
The property and production activities are partly financed by loans from Innovasjon Norge, some of which are ordinary mortgages, some of which are high-risk loans. Additionally, the production actitity is financed by mortgages through the parent company Austevoll Fisk AS.
The terms of these loan agreements are normal for the type of loan.

The instalment profile for interest-bearing, long-term debt is as follows:

	2004	2005	2006	2007	2008	Balance due
Group	257 247	159 509	148 738	129 897	119 986	361 442
Parent company	49 283	54 283	54 283	39 283	30 583	46 097

	Group		Parent company	
	2003	2002	2003	2002
Secured debt	1 176 820	751 819	273 813	168 500
Overdraft	166 602	233 889	15 546	43 167
Gross interest-bearing debt	1 343 422	985 708	289 359	211 667
Bank deposits	75 497	113 122	788	10 762
Total interest-bearing assets	75 497	113 122	788	10 762
Net interest-bearing debt	**1 267 925**	**872 586**	**288 571**	**200 905**

As at 31. Dec. the group has a total overdraft facility of NOK 250 mill. In 2003 the group's overdraft facilities are covered by a multi-currency intercompany system through the parent company Austevoll Havfiske AS.
The total facility amount is NOK 250 mill, available in accordance with a defind borrowing base. Long term financing and overdraft facility are linked in a joint agreement and with the same financial conditions. The agreement imposes joint and several responsibility on the parent company and the Norwegian subsidiaries with the exception of Møgsterfjord I AS and Lafjord Fiskebåtrederi AS.

In addition to the net interest-bearing debt to credit institutions stated above, the group and parent company have the following other interst-bearing debt and receivables, generally involving other companies in the same group:

	Group		Parent company	
	2003	2002	2003	2002
Other long-term interest-bearing	61 278	29 930	181 865	201 146
Gross interest-bearing intercomp	61 278	29 930	181 865	201 146
Interest-bearing receivables	86 100	9 664	387 264	140 028
Total interest-bearing group asset	86 100	9 664	387 264	140 028
Net interest-bearing intercomp	**-24 822**	**20 266**	**-205 399**	**61 118**

(all figures are quoted in NOK '000)

Note 16 Currencies

Most of the the group's revenues are in the following currencies:

		2003		2002	
		Currency	NOK	Currency	NOK
Norwegain currency	NOK		**402 749**		**541 581**
US currency	USD	51 122	**362 579**	34 340	**263 467**
England	GBP	3 325	**38 449**	4 735	**55 841**
Japanese yen	JPY			30 368	**1 781**
Faroe Island	DKK	66 655	**71 794**	75 774	**74 402**
Euro	EUR	23 053	**189 032**	29 110	**218 048**
Other currencies					**1 750**
TOTAL operating revenues			**1 064 603**		**1 156 870**

Note 17 Related parties

The group purchases corporate services and rents office premises from Møgster Management AS, a sister company. Total expenses are NOK 4.613'. The group have paid 19,7 mill on newbuilding no. 27 to Fitjar Mekaniske Verksted, next payment is due September 200 at an amount of NOK 3,5 mill.

Note 18 Taxes and temporary differences

	01.01.	Changes 01.01	Total 01.01	31.12.this year	Change
Calculation of deferred tax					
Fixed assets	611 584	3 769	615 353	543 492	-71 861
Current assets	137 034	-6 702	130 332	390 512	260 180
Debt	-1 790	19 627	17 837	14 931	-2 906
Loss for tax purposes to be carried forw	-87 576	-18 099	-105 675	-95 789	9 886
Total temporary differences	659 252	-1 405	657 847	853 146	195 299
					-
Deferred tax 28%	184 591	-393	184 197	238 881	54 684
Unused compensation for deferral	-	-		-	-
Total deferred taxes	184 591	-393	184 197	238 881	54 684
Taxes for the group		-2 927			
Total taxes		-2 927			

Austevoll Havfiske AS

Notes to the accounts for 2003

Note 18 Taxes and temporary differences parent company

	31.12.i fjor	Endring 01.01	Sum 01.01	31.12.i år	Endring
Calculation of deferred tax					
Current assets	-4 400 000	-	-4 400 000	-	4 400 000
Fixed assets	231 943 381		231 943 381	199 503 632	-32 439 749
Debt	-720 623		-720 623	-2 094 607	-1 373 984
Total temporary differences	226 822 758	-	226 822 758	197 409 025	-29 413 733
Of this 28% deferred tax	63 510 372	-	63 510 372	55 274 527	-8 235 845
Loss for tax purposes to be carried forw	-	-	-	-	-
Deferred tax base	226 822 758	-	226 822 758	197 409 025	-29 413 733
					-
Deferred tax 28%	63 510 372	-	63 510 372	55 274 527	-8 235 845
Unused compensation for deferral	-		-	-	-
Total deferred tax	63 510 372	-	63 510 372	55 274 527	-8 235 845
Calculation of deferred tax					
Ordinary pre-tax profit				-189 968 592	
Permanent differences				60 041 897	
Profit under the equity method				160 236 762	
Group contribution paid				-59 723 800	
Change in temporary differences incl. change of loss for tax purpose				29 413 733	
Taxable profit				-	
Transferred to loss to be carried forward				-	
Taxable profit				-	
28% deferred tax assets				-	

Taxes for the year are calculated as follows:

	31.12.i fjor	Endring 01.01	Sum 01.01	31.12.i år	Endring
Tax payable				-	
Tax on group contribution given			59 723 800	16 722 664	
Tax on unused compensation for deferral					
Net change in deferred tax on temporary differences				-8 235 845	
Taxes for the year				8 486 819	

60 mill. of the permanent differences are related to debt conversion in subsidiary companies.

Austevoll Havfiske AS

Notes to account for 2003

(all figures are in NOK '000)

Note 19 Other items specified

	Parent company		Group	
Other revenues	**2003**	**2002**	**2003**	**2002**
Other revenues/liabilities	0	396	5 248	1 015
Profit from sale of fixed assets	798	0	3 863	650
Total other revenues	798	396	9 111	1 665
Other operating expenses				
Professional fees	2 094	2 699	3 225	3 879
Corporate costs	1 600	1 921	4 265	3 574
Sales commission/fishery charges	-	-	12 423	4 754
Electricity	-	-	10 147	6 955
Cleaning	-	-	1 459	1 374
Rent	-	-	8 821	2 826
Insurance	1 028	1 030	8 409	5 545
Bunkers	-	-	28 956	16 679
Operation and maintenance of fixed assets	-	-	50 147	65 731
Other expenses (incl. forwarding costs)	5 230	8 482	30 835	27 748
Total other operating expenses	9 952	14 132	158 687	139 065
Other financial revenues				
Profit on sale of shares	287	21 768	287	21 768
Other fin. rev., incl. realised/unrealised foreign exchang	6 368	6 272	53 115	7 016
Total other financial revenues	6 655	28 040	53 402	28 784
Other financial expenses				
Loss on sale of shares	4 043	25 136	4 043	25 136
Other fin. exp., incl. realised/unrealised foreign exhange	5 628	7 193	17 280	15 362
Total other financial expenses	9 671	32 328	21 323	40 498
Other long-term receivables				
Intercompany receivables	387 263	131 659	1 383	28 922
Receivables from other companies	10 226	8 369	29 301	8 664
Other long-term receivables			23 797	2 004
Bonds payable			0	1 000
Total other long-term receivables	397 489	140 028	54 481	40 590
Other short-term receivables				
Outstanding insurance settlement			4 445	1 550
Intercompany receivables	178 532	31 856	34 530	6 661
Receivables sharholders		2 918	-	2 918
Advanced payment on NB	19 725	7 725	19 725	7 725
Tax credits			6 995	11 879
Other short-term receivables	1 002	4 352	43 208	18 040
Total other short-term receivables	199 259	46 851	108 903	48 773
Other long-term liabilities				
Inter-company debt	181 865	201 146	45 427	11 847
Other long-term liabilities	8 420	-	53 787	18 083
Total other long-term liabilities	190 285	201 146	99 214	29 930
Other short-term liabilities				
Intercompany debt	75 279	60 678	-	20 136
Other short-term liabilities/depreciation	9 512	10 748	44 475	37 364
Total other short-term liabilities	84 791	71 426	44 475	57 500

PRICEWATERHOUSECOOPERS

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To the Annual Shareholders' Meeting of Austevoll Havfiske AS

Auditor's report for 2003

We have audited the annual financial statements of Austevoll Havfiske AS as of 31 December 2003, showing a loss of NOK 198 455 411 for the parent company and a loss of NOK 202 777 000 for the group. We have also audited the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The financial statements comprise the balance sheet, the statements of income and cash flows, the accompanying notes and the group accounts. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

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

In our opinion,

- the financial statements have been prepared in accordance with the law and regulations and present the financial position of the Company and of the Group as of December 31, 2003, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information as required by law and accounting standards, principles and practices generally accepted in Norway
- the information given in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit are consistent with the financial statements and comply with the law and regulations.

Bergen, April 30, 2004
PricewaterhouseCoopers DA

Geir Inge Lunde
State Authorised Public Accountant (Norway)
Note: This translation from Norwegian has been prepared for information purposes only.

Austevoll Seafood ASA

2nd quarter 2006

Brief Summary

Austevoll Seafood is a fully integrated company in pelagic fishery, fishmeal/oil production, processing of fish for human consumption, sale of fish products, and salmon farming. The activities of the group are mainly located in Norway and South America. The businesses are located in the most important fishing and aquaculture regions in the world: Peru, Chile and Norway.

Austevoll Seafood has financial strength and will seek growth in areas where profitable long term seafood business can be developed. Austevoll Seafood is constantly working on optimizing the operational income. The group employs experienced and highly motivated personnel and possesses good quality assets in fishing vessels, processing plants and aquaculture equipment, which provides for a cost efficient operation producing high quality products.

The Board of Directors is satisfied with the financial result for second quarter and first half of 2006, which is in line with the expectations for the period.

Main financial points from 2nd quarter 2006

Acquisitions in 2006 and a demerger compels the Group to prepare pro forma financial information. Consequently, the reported income statement and balance sheet for the second quarter 2006 includes both actual and pro forma figures.

As for the pro forma figures, Austevoll Seafood will assume that the acquisitions and demerger of were finalized January 1st 2005. Further, it is assumed that 100 % of the total investment is financed with equity.

- Operating income amounted to MNOK 441,9 in the 2nd quarter 2006 compared to MNOK 435,0 for the same period in 2005. ***Pro forma operating income for 2nd quarter 2006 amounted to MNOK 774,5.***

- Operating profit before depreciation (EBITDA) for 2nd quarter 2006 was MNOK 108,6 compared with MNOK 162,1 for 2005. ***Pro forma EBITDA for 2nd quarter 2006 amounted to MNOK 245,4.*** The figures above correspond respectively to EBITDA margins of 25%, 36% and 32%.

- 2nd quarter 2006 profit before taxes amounted to MNOK 168,6 compared with MNOK 108,2 for the same period 2005. ***Pro forma profit before taxes for 2nd quarter 2006 amounted to MNOK 264,4.***

- Net interest-bearing debt was MNOK 1.837,4 at the end of 2nd quarter 2006, and equity-to-assets ratio was 42 percent. At the same date in 2005 net interest-bearing debt was MNOK 1.266,7 and the equity-to-assets ratio was 31 percent. ***Pro forma net interest-bearing debt was MNOK 1.727,6 at the end of 2nd quarter 2006, and the pro forma equity-to-assets ratio was 42 percent.***

Key figures Austevoll Seafood ASA

	2Q 2006	2Q 2005	YTD 2006	YTD 2005	Actual 2005	Pro forma 2Q 2006	Pro forma YTD 2006	Pro forma 2005
Operating income (TNOK)	441 933	434 947	800 933	784 707	1 912 369	774 521	1 506 059	3 170 373
EBITDA (TNOK)	108 570	162 153	159 848	202 204	399 162	245 423	360 976	571 375
(before fair value adj.biomass)								
EBITDA margin	25 %	36 %	20 %	26 %	21 %	32 %	24 %	18 %
Total assets (TNOK)	6 954 720	2 916 650	6 954 720	2 916 650	3 093 510	6 650 750	6 650 750	N/A
Net interest bearing debt (TNOK)	1 837 348	1 266 655	1 837 348	1 266 655	1 432 240	1 727 582	1 727 582	N/A
Equity (TNOK)	2 943 582	890 703	2 943 582	890 703	977 869	2 825 713	2 825 713	N/A
Equity ratio	42 %	31 %	42 %	31 %	32 %	42 %	42 %	N/A
Earnings per share	0,95	0,84	1,25	0,89	2,03	1,08	1,41	2,05
Diluted earnings per share	0,95	0,84	1,25	0,89	2,03	1,08	1,41	2,05
Dividend per share	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00

An eventful 2nd quarter

The annual General Meeting of Austevoll Havfiske AS decided on May 11, 2006, to convert the company to an ASA and to change the name of the company to Austevoll Seafood ASA. Further, an Extraordinary General Meeting held on May 11, 2006 gave authorisation to the Board of Directors for share capital increase of up to NOK 25.000.000,-. This authorisation expires on May 11, 2008.

Transactions with major shareholder – contributions in kind:

- Through a contribution in kind as of May 11, 2006 from the company's major shareholder, Laco AS, the Group acquired 100% of Laco IV AS, a holding company that owned 33,33% of Welcon Invest AS, a Norwegian fish meal and oil producing company, and 33,33% of Dordogne Ltd, a holding company that controls 88,14% of the shares in Austral Group S.A.A., a public listed pelagic fishery company in Peru.
- Laco AS also made a contribution in kind as of May 11, 2006 with their shares in Veststar Holding AS and Austevoll Invest AS, together with its shares in the real estate companies Storebo Kai AS and Alfabygget AS, which owns a quay and a building. After these transactions, Austevoll Seafood ASA became the sole shareholder in Veststar Holding AS, Storebo Kai AS and Alfabygget AS.
- The share allocation compensating the contributions in kind above gave Laco AS an additional 14,75% share of the company.

Business combinations:

- In June 2006 Austevoll Seafood ASA has acquired the remaining outstanding shares in Welcon Invest AS and Dordogne Ltd, and now controls 100% of the shares in the two mentioned companies.

Demerger:

- On May 11, 2006 the General Meeting of Austevoll Seafood ASA decided to demerge 100% of the shares in Mogsterfjord I AS and Mogsterhav AS. The two mentioned companies both own a fishing vessel with licenses for pelagic fishery in the North Sea. The demerger was finalized mid-July 2006. The demerger reduced the equity with NOK 117,8 mill.

Private placing - cash contributions:

- On June 2, 2006 the Board used its authorization given by the General Meeting of Austevoll Seafood ASA on May 11, 2006 to issue a private placement to professional investors. The placement amounted to NOK 1.501,2 mill. and gave these shareholders 26,36% of the shares in the company. The private placement comprised 41.700.000 shares at a nominal value of NOK 0,50 per share, and represents 26,36% of the current registered share capital. The purpose of the private placement was to strengthen the group's equity for future growth and financing the purchase of Dordogne and Welcon.
- Prior to this, the company concluded two lesser private placements.

After the implementation and registration of the above mentioned changes, the company's share capital is NOK 79.111.812 divided into 158.223.624 shares each with a nominal par value of NOK 0,50.

Pro forma financial information

The acquisition of Dordogne and Welcon Invest together with the demerger of the shares in the two subsidiaries Mogsterfjord I and Mogsterhav, are transactions that require preparation of pro forma financial information. Pro forma financial information (income statement) has therefore been presented to illustrate the main effects that these transactions would have had if implemented with effect from 1 January 2005. Hence, pro forma income statements have been prepared for the three and six month periods ending 30 June 2006 and the full year 2005. As the two companies involved in the demerger are still consolidated in the balance sheet as of 30 June 2006, pro forma balance sheet as of 30 June 2006 is prepared.

The pro forma financial information is prepared for illustrative purposes. The combined income statements addresses a hypothetical situation and does not represent the actual consolidated financial statements for the Austevoll Seafood Group (excluding Mogsterfjord I AS and Mogsterhav AS), Welcon Invest AS and Dordogne Ltd. for the full year 2005 and the three and six months periods ending 30 June 2006. There is a greater degree of uncertainty associated with pro

forma figures than with actual reported results. The pro forma financial information is based on judgments and assumptions made by the management of the Company that not necessarily would have occurred had the acquisitions and the demerger described been made at an earlier point in time.

The historical income statement information for the Group, including Welcon Invest AS, Dordogne Ltd. Mogsterfjord I AS and Mogsterhav AS, for the year 2005 on which the pro forma adjustments were applied, has been derived from audited financial information. The historical financial income statement information for the three and six month periods ending 30 June 2006 has been derived from financial information subject to a limited review.

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

The pro forma figures have been prepared using the same accounting principles as for the 2005 audited financial statements for Austevoll Seafood. Accordingly, the pro forma figures as of 30 June, 2006, reflect the future group structure.

Brief overview of business segments

The Group reports segment information on the following business segments; Fishmeal and –oil, Human Consumption and Salmon.

Income statement – 2nd quarter 2006

Operating income amounted to MNOK 441,9 in the 2nd quarter 2006 compared to MNOK 434,1 in the same period in 2005. ***Pro forma operating income for the 2nd quarter 2006 amounted to MNOK 774,5.***

Operating profit before depreciation (EBITDA) for the 2nd quarter 2006 was MNOK 108,6 compared to MNOK 162,1 for 2005. ***Pro forma EBITDA for second quarter 2006 amounted to MNOK 245,4***. The figures above correspond respectively to EBITDA-margins of 25%, 36% and 32%.

Net financial expenses were MNOK 3,9 for 2nd quarter 2006 compared to MNOK -16,0 for 2nd quarter 2005. ***Pro forma financial expenses for the 2nd quarter 2006 were MNOK -7,8.***

2nd quarter profit before taxes in 2006 was MNOK 168,6 compared to of MNOK 108,2 in the same period last year. ***Pro forma profit before taxes for 2nd quarter 2006 amounted to MNOK 264,4***.

In 2nd quarter 2006 the group reversed earlier years impairment of salmon licenses by MNOK 77,93.

Earnings per share for 2nd quarter was NOK 0,95 compared to NOK 0,84 the 2nd quarter 2005. ***Pro forma earnings per share for 2nd quarter 2006 was NOK 1,08***.

Income statement – 1st half year (YTD) 2006

Operating income for the first half year of 2006 was MNOK 800,9 compared to MNOK 784,7 for the first six months of 2005. ***Pro forma operating income YTD 2006 amounted to MNOK 1.506,1.***

EBITDA YTD 2006 was MNOK 159,8 while EBITDA in the same period last year was MNOK 202,2. ***Pro forma EBITDA 2006 amounted to MNOK 361,0.***

YTD 2006 financial expenses amounted to MNOK – 1,3 against MNOK -23,7 YTD 2005. ***Pro forma financial expenses for the first six months of 2006 were MNOK -14,6.***

1 st half year profit before taxes in 2006 was MNOK 194,4 compared to of MNOK 115,8 in the same period last year. ***Pro forma profit before taxes for 1 st half year in 2006 amounted to MNOK 324,4.***

YTD earnings per share were NOK 1,25 in 2006, NOK 0,89 in 2005 and ***pro forma NOK 1,41 in 2006***.

Balance Sheet at the end of 2nd quarter 2006

The group had total assets of MNOK 6.954,7 at 30.06.2006 compared to MNOK 2.916,6 at 31.12.2005. The increase in total capital is mainly due to above mentioned acquisitions and demerger. ***Pro forma total assets as of 30.06.2006 amounted to MNOK 6.650,7***.

Net interest-bearing debt for the group was MNOK 1.837,3 at the end of 2nd quarter 2006 compared to MNOK 1.266,7 at the end of 2005. The increase in net interest-bearing debt is mainly due to the acquisition of Dordogne and Welcon. ***Pro forma net interest-bearing debt was MNOK 1.727,6 at 30.06.2006***.

The short term borrowings includes a bridge loan of MNOK 262,2 to Austral group. This loan will be converted to a long term loan facility by end September this year.

At the end of 2nd quarter 2006 the Group's equity was MNOK 2.943,6 compared with MNOK 977,9 at year end 2005 and MNOK 890,70 at the same time last year. The equity-to-assets ratio was 42 percent as of 30 June 2006. ***Pro forma equity as of 30 June.2006 was MNOK 2.825,7 (42%).***

Deferred taxes calculated on book value of licenses have been included in the balance sheet when implementing IFRS, even though these will not materialise in the foreseeable future, and as such has fair value of nil. IFRS requires deferred taxes to be calculated without considering fair value of it.

Cash-flow 2nd quarter 2006 and YTD

Austevoll Seafood had a total net cash-flow of MNOK 752,9 in the 2nd quarter 2006 compared to MNOK 86,0 the same period last year. For the first six months of 2006 and 2005 these figures were MNOK 762,7 and MNOK 69,5 respectively.

Cash-flow from operating activities amounted to MNOK 0,7 in the 2nd quarter of 2006. Cash-flow from operating activities is negatively influenced by the fact that the Group is growing rapidly. Consequently, the Group's working capital is increasing in this growth period.

Cash and cash equivalents amounted to MNOK 889,2 at 30.06.2006.

Events after the Balance Sheet Date

No major events have taken place after the balance sheet date.

The company's shares

The company was listed on the OTC list as of June 7th 2006. By June 30th the market price was NOK 42,- per share.

The company will apply for listing on the Oslo Stock Exchange ultimo August, and anticipates approval by the OSE Board by the end of September.

Market summary and future outlook

During 2nd quarter we have experienced strong markets and increased prices for all of our segments.

Prices are expected to stabilize at a relatively high level. The fundamentals of the market remain sound with limited supply and growing demand.

Historically the fishing industry is associated with seasonal variations due to fishing conditions, production and growth rate of the biomass. Due to this variation, the quarterly result will vary from one year to another and from quarter to quarter.

The Board of Directors, Austevoll Seafood ASA, 29 August 2006

FINANCIAL REPORT 2 Quarter 2006

Condensed Consolidated Income Statement

All figures in NOK 1.000	2Q 2006	2Q 2005	YTD 2006	YTD 2005	Actual 2005	Pro forma 2Q 2006	Pro forma YTD 2006	Pro forma 2005
Operating income	441 933	434 947	800 933	784 707	1 912 369	774 521	1 506 059	3 170 373
Operating expenses	-333 363	-272 794	-641 085	-582 503	-1 513 207	-529 098	-1 145 083	-2 597 890
Op.profit bef. Deprec. and adj. biom.	**108 570**	**162 153**	**159 848**	**202 204**	**399 162**	**245 423**	**360 976**	**572 483**
Depreciation and amortisation	-21 809	-33 549	-41 977	-60 702	-114 382	-51 102	-99 935	-229 707
Impairment/Reversal of impairments	77 932	0	77 932	0	0	77 932	77 932	-1 909
Operatin profit bef.adj.biomass	**164 693**	**128 604**	**195 803**	**141 502**	**284 780**	**272 253**	**338 973**	**340 867**
Fair value adjustment of biomass	0	-4 385	0	-1 994	-1 108	0	0	-1 108
Operating profit	**164 693**	**124 219**	**195 803**	**139 508**	**283 672**	**272 253**	**338 973**	**339 759**
Income from associated companies	7 757	1 759	13 237	3 064	17 066	7 757	13 237	17 098
Net financial items	-3 891	-17 748	-14 589	-26 732	-72 597	-15 587	-27 826	-6 208
Profit before tax	**168 559**	**108 230**	**194 451**	**115 840**	**228 141**	**264 423**	**324 384**	**350 649**
Income tax expense	-39 783	-19 827	-37 606	-21 355	8 931	-91 849	-91 677	-16 713
Net profit	**128 776**	**88 403**	**156 845**	**94 485**	**237 072**	**172 574**	**232 707**	**333 936**
Profit to minority interests	1 259	-5 964	2 762	-5 065	9 871	2 032	9 336	10 264
Profit attribut. to equity holders of parent	127 517	94 367	154 083	99 550	227 201	170 542	223 371	323 672
Earnings per share	0,95	0,84	1,25	0,89	2,03	1,08	1,41	2,05
Diluted earnings per share	0,95	0,84	1,25	0,89	2,03	1,08	1,41	2,05

Condensed Consolidated Balance Sheet

All figures in NOK 1 000	30.06.2006	30.06.2005	31.12.2005	Pro forma 30.06.2006
Assets				
Intangible assets	1 367 223	913 110	845 562	1 244 357
Vessels	816 072	436 202	484 899	679 417
Other property, plant and equipment	1 613 836	593 907	597 079	1 611 385
Investments in associtated companies	113 502	92 299	102 176	113 502
Investments in other shares	8 921	8 685	59 342	8 538
Other long-term receivables	116 665	133 202	115 243	117 509
Total non-current assets	**4 036 219**	**2 177 405**	**2 204 301**	**3 774 708**
Inventories	1 015 089	127 900	111 401	1 015 089
Biological assets	187 094	179 364	176 195	187 094
Accounts receivable	651 761	233 087	204 080	649 057
Other current receivables	164 877	95 758	271 032	164 004
Available-for-sale financial assets	10 473	5	8	10 473
Cash and cash equivalents	889 207	103 131	126 493	850 325
Total current assets	**2 918 501**	**739 245**	**889 209**	**2 876 042**
Total assets	**6 954 720**	**2 916 650**	**3 093 510**	**6 650 750**

All figures in NOK 1 000	30.06.2006	30.06.2005	31.12.2005	Pro forma 30.06.2006
Equity and liabilities				
Share capital	88 135	56 097	56 097	79 112
Share premium fund	2 115 418	512 088	512 088	2 056 462
Retained earnings and other reserves	597 222	170 967	332 650	570 190
Minority interests	142 807	151 551	77 034	119 949
Total equity	**2 943 582**	**890 703**	**977 869**	**2 825 713**
Deferred tax liabilities	669 207	322 089	281 228	640 529
Pension obligations	3 061	4 872	4 546	3 061
Borrowings	1 265 270	720 665	1 007 087	1 118 800
Other long-term liabilities	96 392	109 603	113 692	96 392
Total non-current liabilities	**2 033 930**	**1 157 229**	**1 406 553**	**1 858 782**
Borrowings	1 419 193	587 518	437 954	1 417 015
Accounts payable	495 723	166 065	161 445	494 656
Other current liabilities	62 292	115 135	109 689	54 584
Total current liabilities	**1 977 208**	**868 718**	**709 088**	**1 966 255**
Total liabilities	**4 011 138**	**2 025 947**	**2 115 641**	**3 825 037**
Total equity and liabilities	**6 954 720**	**2 916 650**	**3 093 510**	**6 650 750**

Condensed Consolidated Statement of changes in Equity

All figures in NOK 1 000	2Q 2006	2Q 2005	YTD 2006	YTD 2005	Actual 2005
Equity period start	**985 834**	**790 211**	**977 869**	**721 963**	**721 963**
Profit for the period	128 776	88 403	156 845	94 485	237 072
Currency translation differences	-34 549	13 506	-54 653	34 860	53 026
Other gains and losses charged directly to equity	0	0	0	0	-2 811
Total gains and losses charged directly to equity	-34 549	13 506	-54 653	34 860	50 215
Total recognised income for the period	94 227	101 909	102 192	129 345	287 287
Dividends	0	-1 417	0	-1 417	-1 417
Acquisition of minorities	-179 606	0	-179 606	0	-70 776
Minority interests arising from business combinations	119 074	0	119 074	40 812	40 812
Revaluation of existing interests related to business comb.	288 686	0	288 686	0	0
New equity from cash contributions and contrib. in kind	1 673 192	0	1 673 192	0	0
Expenses related to share issues (net of tax)	-37 825	0	-37 825	0	0
Total equity from shareholders in the period	1 863 521	-1 417	1 863 521	39 395	-31 381
Total change of equity in the period	1 957 748	100 492	1 965 713	168 740	255 906
Equity at period end	**2 943 582**	**890 703**	**2 943 582**	**890 703**	**977 869**

Condensed Consolidated Cash Flow Statement

All figures in NOK 1 000	2Q 2006	2Q 2005	YTD 2006	YTD 2005	Actual 2005
Net cash flow from operating activities	**681**	**145 393**	**25 974**	**67 449**	**53 690**
Net cash flow from investing activities	**-875 090**	**-11 919**	**-839 100**	**-33 763**	**-162 829**
Net cash flow from financing activities	**1 627 263**	**-47 525**	**1 575 840**	**35 805**	**212 992**
Net change in cash and cash equivalents	**752 854**	**85 949**	**762 714**	**69 491**	**103 853**
Cash and cash equivalents at beginning of period	**136 353**	**17 182**	**126 493**	**33 640**	**22 640**
Cash and cash equivalents at period end	**889 207**	**103 131**	**889 207**	**103 131**	**126 493**

Note 1 Applied accounting principles

This quarterly report is according to the International Financial Reporting Standards (IFRS) and the appurtenant standard for quarterly reporting (IAS 34). The quarterly accounts are based on the current IFRS standards and interpretations. The quarterly report is prepared according to the same principles as the most recent annual financial statements, but do not include all the information and disclosures required in the annual financial statements. Changes in standards and interpretations may result in other figures.

Valuation of the biomass - IAS 41
Kredittilsynet (the Financial Supervisory Authority of Norway) has ordered publicly listed fish farming companies in Norway to change their accounting practice with regard to how stocks of live fish are valued. The listed companies have appealed Kredittilsynet's order, the execution of which has been stayed until the Ministry of Finance has made a final decision in the matter. The way listed companies report the value of their stocks of live fish is regulated by IAS 41 Agriculture. IAS 41 contains a methodical hierarchy for the valuation of biological assets for accounting purposes. In general, such assets, including live fish, shall be reported at fair value. Aquaculture companies, including Austevoll Seafood, now recognise fish weighing 4 kg or more at the reported sales price for harvested salmon of the same size, while smaller fish are recognised at cost (lower value principle). This practice is based on a common understanding of IAS 41 developed by the major listed fish farming companies in Norway after a thorough study of IAS 41, which was carried out with the assistance of external advisers. Kredittilsynet asserts that also smaller live fish (ie fish weighing less than 4 kg) should be recognised in the accounts on the basis of sales prices for harvested fish of the same size.
Harvested small fish are generally fish from stocks that have reached harvestable maturity but which have not grown as expected. The sales price for these fish does not reflect the value of live fish of the same size which are allowed to continue growing until they become harvestable. The purpose of reporting biological assets at fair value is to reflect the continuous creation of value throughout the entire growth process. If companies are to apply IAS 41 in accordance with Kredittilsynet's instructions, stocks of small fish would be recorded at less than cost, and the initial growth phase would result in an accounting loss. As the fish grow this picture would change when their book value, based on the sales price of harvested fish of the same size, would exceed cost. Such a distortion of the revenue generation process in the financial statements would, in Austevoll Seafood's opinion, reduce the relevance of the financial statements and make it impossible to compare companies with stocks of live fish of different age profiles. Preliminary analyses indicate that the value of the biomass as at 30 June 2006 would have been higher had it been reported in accordance with Kredittilsynet's interpretation.

Note 2 Condensed Segment information

Business segments	Fishmeal/-oil		Human Consumption		Salmon		Other/ eliminations		Group	
	2Q		2Q		2Q		2Q		2Q	
All figures in NOK 1.000	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Total operating revenues	122 115	128 452	334 943	373 936	99 616	128 047	-114 741	-195 487	441 933	434 947
Op. profit bef. deprec. and adj. biom.	42 118	105 961	41 309	155 879	48 253	22 610	-23 110	-122 296	108 570	162 153
Operating profit bef. adj. biomass	36 845	103 813	31 943	134 334	119 383	13 491	-23 478	-123 034	164 693	128 604
Operating profit	36 845	103 813	31 943	134 334	119 383	9 106	-23 478	-123 034	164 693	124 219
Profit before tax	33 084	68 210	31 448	116 760	117 968	-3 225	-13 941	-73 515	168 559	108 230

Business segments	Fishmeal/-oil		Human Consumption		Salmon		Other/ eliminations		Group	
	YTD		YTD		YTD		YTD		YTD	
All figures in NOK 1.000	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Total operating revenues	165 683	211 456	648 276	609 852	143 623	191 655	-156 649	-228 257	800 933	784 707
Op. profit bef. deprec. and adj. biom.	55 353	124 717	62 419	112 410	60 255	32 470	-18 180	-67 393	159 848	202 204
Operating profit bef. adj. biomass	45 571	114 536	44 447	78 582	124 701	16 515	-18 916	-68 131	195 803	141 502
Operating profit	45 571	114 536	44 447	78 582	124 701	14 521	-18 916	-68 131	195 803	139 508
Profit before tax	39 948	98 587	48 618	83 943	119 698	1 912	-13 813	-68 603	194 451	115 840

Business segments	Fishmeal/-oil		Human Consumption		Salmon		Other/ eliminations		Group	
	Full year		Full year		Full year		Full year		Full year	
All figures in NOK 1.000	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Total operating revenues	368 497	236 917	1 693 285	1 177 847	348 917	248 092	-498 330	-412 849	1 912 369	1 250 007
Op. profit bef. deprec. and adj. biom.	214 026	100 894	390 266	239 848	55 680	4 530	-260 811	-160 193	399 162	185 079
Operating profit bef. adj. biomass	185 665	76 343	334 558	190 064	26 849	-18 083	-262 292	-161 667	284 780	86 658
Operating profit	185 665	76 343	334 558	190 064	25 741	-13 263	-262 292	-161 667	283 672	91 478
Profit before tax	168 908	71 714	317 727	173 317	11 379	-24 643	-269 873	-156 538	228 141	63 851

Note 2 Condensed Segment information (cont.)

Business segments *All figures in NOK 1.000*	Fishmeal/-oil Pro forma 2Q 2006	Fishmeal/-oil Pro forma YTD 2006	Human Consumption Pro forma 2Q 2006	Human Consumption Pro forma YTD 2006	Salmon Pro forma 2Q 2006	Salmon Pro forma YTD 2006	Other/ eliminations Pro forma 2Q 2006	Other/ eliminations Pro forma YTD 2006	Group Pro forma 2Q 2006	Group Pro forma YTD 2006
Total operating revenues	417 584	818 572	372 059	700 509	99 616	143 623	-114 738	-156 645	774 521	1 506 059
Op. profit bef. deprec. and adj. biom.	180 438	254 894	39 838	64 004	48 253	60 255	-23 106	-18 176	245 423	360 976
Operating profit bef. adj. biomass	146 937	190 599	29 409	42 586	119 383	124 701	-23 476	-18 913	272 253	338 973
Operating profit	146 937	190 599	29 409	42 586	119 383	124 701	-23 476	-18 913	272 253	338 973
Profit before tax	128 979	164 145	28 570	47 240	117 968	119 698	-11 094	-6 699	264 423	324 384

Business segments *All figures in NOK 1.000*	Fishmeal/-oil Pro forma Full year 2005	Human Consumption Pro forma Full year 2005	Salmon Pro forma Full year 2005	Other/ eliminations Pro forma Full year 2005	Group Pro forma Full year 2005
Total operating revenues	1 611 436	1 708 353	348 917	-498 333	3 170 373
Op. profit bef. deprec. and adj. biom.	452 270	325 342	55 680	-260 809	572 483
Operating profit bef. adj. biomass	312 305	264 005	26 849	-262 292	340 867
Operating profit	312 305	264 005	25 741	-262 292	339 759
Profit before tax	317 286	274 790	11 379	-252 807	350 649

Note 3 Significant acquisitions

Through a contribution in kind from the major shareholder in Austevoll Seafood ASA, Laco AS, the Group acquired 100% of Laco IV, a holding company that owned 33,33% of Welcon Invest AS, a Norwegian fish meal and -oil producing company, and 33,33% of Dordogne Holdings Ltd, a holding company that controls 88,14% of the shares in Austral Group S.A.A., a public listed pelagic fishery company in Peru. The consideration was 2.463.495 shares in Austevoll Seafood ASA (9.853.973 shares after the split – 1:4). Further, Austevoll Seafood has in June 2006 acquired the remaining outstanding shares in Welcon Invest AS and Dordogne Holdings Ltd, and now controls 100% of the shares in the two mentioned companies.

Laco AS has in May 2006 made another contribution in kind in Austevoll Seafood ASA with 100% of the shares in Storebo Kai AS and Austevoll Eiendom AS, two small property companies. The consideration in total was 128.962 shares in Austevoll Seafood ASA (515.849 shares after the split – 1:4).

The acquisition of the remaining 66,67% of Dordogne Holdings Ltd. and Welcon Invest AS in June, 2006, means that the acquisitions are achieved in stages. The identifiable assets, liabilities and contingent liabilities of Dordogne/Austral and Welcon Invest are measured at their fair values at the acquisition date, June 15, 2006. All the major activities of the acquired companies have been continued after acquisition. Analysis and other details are in more detail outlined in the tables below.

Austral	100,00 %
Equity at acquisition date:	491 183
Excess values allocated to identifiable assets, liabilities and contingent liabilities:	280 497
Total	771 680
Total acquisition cost:	469 618
Goodwill/Badwill (-)	11 724
Revaluation of existing interest:	212 031
Minority interest in Austral (11,86%)	91 521

Welcon Invest AS	100,00 %
Equity at acquisition date:	138 216
Excess values allocated to identifiable assets, liabilities and contingent liabilities:	180 293
Total	318 509
Total acquisition cost:	246 674
Goodwill/Badwill (-)	4 820
Revaluation of existing interest:	76 655
Minority interest in Welcon ASA (7,62%)	27 553

Note 3 Significant acquisitions (cont.)

Company name	Austral		Welcon Invest	
ASSETS	Book Value	Fair Value	Book Value	Fair Value
Goodwill*	9 576	21 300	-	4 820
Licenses	167 084	366 373	-	-
Deferred tax asset	-	-	33 348	33 348
Property, plant and equipment	1 003 890	1 038 011	199 658	366 458
Investments in other shares	94	94	701	701
Other long-term receivables	-	-	14 457	14 457
Total non-current assets	**1 180 644**	**1 425 778**	**248 164**	**419 784**
Inventories	238 986	406 287	369 439	453 046
Biological assets	-	-	-	-
Receivables	142 670	142 670	216 884	216 884
Cash and cash equivalents	36 687	36 687	9 305	9 305
Total current assets	**418 343**	**585 644**	**595 628**	**679 235**
Total assets	**1 598 987**	**2 011 422**	**843 792**	**1 099 019**
Equity and liabilities	**Book Value**	**Fair Value**	**Book Value**	**Fair Value**
Total equity***	**491 183**	**783 404**	**165 762**	**350 883**
Deferred tax liabilities	233 497	353 711	-	70 106
Borrowings	162 130	162 130	283 344	283 344
Total non-current liabilities	**395 627**	**515 841**	**283 344**	**353 450**
Borrowings	523 843	523 843	252 035	252 035
Other current liabilities	188 334	188 334	142 651	142 651
Total current liabilities	**712 177**	**712 177**	**394 686**	**394 686**
Total liabilities	**1 107 804**	**1 228 018**	**678 030**	**748 136**
Total equity and liabilities	**1 598 987**	**2 011 422**	**843 792**	**1 099 019**

* Goodwill is a residual in the purchase price allocation
** Includes minority interests

Company name	Austral	Welcon Invest AS	Other	Total
Share of result for comp. acquir. in 2Q	**5 055**	**2 410**	**75**	**7 540**

Note 4 Reversal of impairment

The 2006 quarterly report includes a reversal of previous impairment losses on licenses of MNOK 77,9. The principles for reversals of impairment losses follows from IAS 36 Impairment of Assets, section 109-123. The cash generating unit under consideration is the fish farming activities located in Norway.

Before reversal of the impairment, the Group's 27 licenses in Norway had an average carrying value of MNOK 11,9 per license. After reversal of the impairment, average book value per licence is MNOK 14,7 per license. Factors considered in the reversal of the impairment are improved operating margins in the fish farming activities, both due to improvements in production and high prices of salmon.

Note 5 Related party transactions

Related party transactions are partly described in Note 3 and at page 3 in 2nd quarter report. In addition, it should be mentioned that onn May 11, 2006 the General Meeting of Austevoll Seafood ASA issued a private placement to key personnel. This placement amounted to NOK 27,1 mill., giving these shareholders a 0,78% share of the company.

Appendix 7: Auditors statement on the interim report for 2Q 2006

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers AS
Postboks 3984 - Dreggen
5835 Bergen
Telephone 02316
Telefax 23 16 10 00

To the Board of Directors of Austevoll Seafood ASA

Review report of the auditors

We have reviewed the accompanying consolidated interim balance sheet of Austevoll Seafood ASA and its subsidiaries ("the Group") as of June 30, 2006, and the related condensed interim statements of income, condensed statement of cash flows and the statement of changes in equity for the six months then ended. These condensed interim financial statements are the responsibility of the Group's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Norwegian Auditing Standard SBR 2400 "Engagements to Review Financial Statements". This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Without qualifying our opinion above, we draw attention to the fact that the comparative interim financial information as of June 30, 2005 has not been subject to any review or audit. Further, without qualifying our opinion, we would like to emphasise that there is uncertainty related to the Group's application of IAS 41 regarding measurement of fish in sea with weight below 4 kilos. The Norwegian Banking, Insurance and Securities Commission (Kredittilsynet) has a different interpretation of IAS 41 than the Company. Kredittilsynet has instructed fish farming companies listed on Oslo Stock Exchange to change their measurement principle related to fish in sea with weight below 4 kilos. The matter has been appealed to the ministry of Finance (Finansdepartementet) by the fish farming industry. At the date of this report the outcome of this appeal is uncertain. The outcome of this appeal may cause the Company to change their measurement principle used on fish in sea with weight below 4 kilos. We refer to further discussion in the notes accompanying the financial statements.

Bergen, August 29, 2006
PricewaterhouseCoopers AS

Hallvard Aarø
State Authorized Public Accountant, Norway

Appendix 8: Auditors statement on the proforma accounts for 2Q 2006 and 2005

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers AS
Postboks 3984 - Dreggen
5835 Bergen
Telephone 02316
Telefax 23 16 10 00

To the Board of Directors of Austevoll Seafood ASA

Independent Auditor's Statement on Review of Pro Forma Adjustments

We have examined the pro forma adjustments reflecting the transactions described in chapter 19 in the prospectus and the application of these adjustments to the historical financial information in preparation of unaudited pro forma consolidated income statements for the year ended December 31, 2005 and the six month periods ended June 30, 2006 and the unaudited pro forma consolidated balance sheet as of June 30, 2006.

The unaudited pro forma information for the year ended December 31, 2005 is prepared on the basis of audited consolidated financial statements for Austevoll Havfiske AS, Møgsterhav AS and Møgsterfjord I AS and the unaudited financial information of Welcon Invest AS and Dordogne Holdings Inc. The unaudited pro forma information as of and the six month period ended June 30, 2006 is prepared on the basis of unaudited consolidated interim financial information for Austevoll Seafood ASA, Møgsterhav AS, Møgsterfjord I AS, Welcon Invest AS and Dordogne Holdings Inc. The unaudited interim consolidated financial information for these companies has been subject to a review in accordance with the Norwegian review standard SBR 2400 "Engagements to review Financial Statements". Austevoll Seafood ASA's management is responsible for the unaudited pro forma financial information. It is our responsibility to provide the opinion required by the Norwegian Securities Trading Act and accompanying regulation. We are not responsible for expressing any other opinion on the pro forma financial information or on any of its constituent elements.

We conducted our examination in accordance with the Norwegian Auditing standard RS 800 "The Auditor's report on special purpose audit engagements". Our work consisted primarily of comparing the unadjusted financial information with the source documents, obtaining evidence supporting the adjustments and discussing the pro forma financial information with the management of the Company. We believe that our examination provides a reasonable basis for our opinion.

The objective of the pro forma financial information is to present what the most significant effects on the historical financial information might have been, had the transactions occurred at an earlier date. However, the pro forma financial information is not necessarily indicative of the financial position and the result of the operations that would have been attained, had the above mentioned transactions actually occurred earlier. The pro forma financial information is not intended to provide, nor does it provide, all information and additional information required to express Austevoll Seafood ASA's financial position and result in compliance with International Financial Reporting Standards (IFRS) as adopted by EU.

PRICEWATERHOUSECOOPERS

Based on our examination, in our opinion the unaudited pro forma financial information has been properly compiled on the basis stated and that basis is consistent with the accounting policies of the issuer.

Bergen, October 8, 2006
PricewaterhouseCoopers AS

Hallvard Aarø
State Authorised Public Accountant (Norway)

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Appendix 9: Annual Report Welcon for 2005

The nature and operation of the business

Welcon Invest AS is a holding company run from premises in Oslo. The company owns 92.4 % of the shares in Welcon ASA following an acquisition of a 7.0 % stake in 2005. Additoinally, the company has contracted to buy a 16.7 % stake in Vadsø Maritime Næringspark AS in 2006.

Welcon ASA is a subsidiary with the following sub-subsidiaries: Måløy Sildoljefabrikk AS, Deknepollen Eiendom AS, Vadsø Sildoljefabrikk AS, Welcon Ryttervik AS, Welcon Egersund AS, Welcon Moldtustranda AS, Sea Grain AS and Mat Miljølaboratoriet AS.
Måløy Sildoljefabrikk AS produces fishmeal and fish oil from an onshore facility at Måløy harbour. Additionally, Måløy Sildoljefabrikk AS owns a closed factory whose storage facilities are still being used. Deknepollen Eiendom AS owns land and buildings from which Måløy Sildoljefabrikk run their activities. It has been decided that Deknepollen Eiendom AS will merge with Måløy Sildoljefabrikk AS in 2006. Vadsø Sildoljefabrikk AS has a leasehold on their manufacturing premises at Vadsøya in Vadsø, awaiting further capelin catches. Welcon Egersund AS produces fishmeal and fish oil from their modern factory at Egersund harbour. Welcon Ryttervik AS operates a storage facility for fishmeal and fish oil at Egersund harbour. Welcon Moldtustranda AS produces fishmeal and fish oil at Moldtustranda in the Herøy area. Sea Grain AS sees little activity at the moment, but the company owns land and mooring facilities near the production plant at Ulvesund owned by Måløy Sildoljefabrikk AS. Mat Miljølaboratoriet AS is an accredited laboratory set to take on analyses work for external and intragroup companies.

The shareholding in Global Fish AS was sold in 2005.

Analysis of the annual accounts, key uncertainties and risk factors

The parent company had no turnover in 2005. The annual general meeting of Welcon ASA did however decide to allocate NOK 8.3 million to dividend. The group's turnover for 2005 was 11.7 % higher than in 2004. This was mainly due to a major build-down of stocks in the course of the year. Because of a fall in total raw material volumes delivered in Norway, the group's total production was lower than in 2004. The group's products have however seen a price increase in the course of 2005, particularly for fishmeal. In combination with a slightly lower raw material price than in 2004, this has ensured satisfactory profits for the group in 2005. Thanks to an acquisition of a 16.7 % stake in Vadsø Maritime Næringspark AS, the parent company now holds a 41.7 % controlling interest. Previously credited profits from the sale of assets from the subsidiary Vadsø Sildoljefabrikk AS to Vadsø Maritime Næringspark AS have thus been reversed. The company's board of directors and general manager are therefore pleased with a year end profit of NOK 8.2 million for the parent company and NOK 25.5 million for the group.

The parent company has seen no investment in tangible fixed assets in 2005, while total investment in tangible fixed assets for the group was NOK 21 million in 2005. The parent company's total assets were NOK 147 million at 31 December, compared to NOK 127 million the previous year. The equity ratio as at 31 December 2005 was 7.3 % for the parent company and 25.9 % for the group. The parent company had a positive cash flow in 2005, whereas the group's cash flow was negative. This was caused by a change in the way operations are funded, switching from a revolving to an ordinary drawing facility. In 2006 the group has been re-financed; long-term loans have increased and the overdraft facility has been extended.

The company and the group are now exclusively involved with production/import of fishmeal and fish oil. This year saw a significant decline in access to raw material. Now that quota restrictions have been introduced for blue whiting, this reduction is set to continue. In order to take appropriate action in the face of this situation, the group has already closed down its plant at Måløy and rationalised its remaining factories to achieve improved and extended capacity. This is intended to make us even better equipped to compete for raw material in the years ahead. Furthermore, there are plans to move the factory in Egersund closer to the fishing banks for blue whiting in partnership with foreign players.

The price of fishmeal and fish oil generally depends on the supply and demand situation in the world market, and the largest producers are based in South-America. Even though the European and world markets have experienced various fluctuations, the price of fishmeal and fish oil will largely depend on production levels in South-America and consequently be susceptible to fluctuation in the USD exchange rate. Raw material for our factories is purchased in Norwegian currency, but imports of fishmeal and oil are in USD. The group is therefore keeping a keen eye on developments in the currency market.

The company's distributable equity totals NOK 7,536,086.

Report on the company's prospects

The industry has seen a fall in access to raw material in 2005. The group has nevertheless been able to maintain its share of raw material in Norway.

The industry is expected to see significant changes in the years ahead due to the lower level of raw material available for the factories round the North Sea Basin. Based on the structural measures already implemented and those planned for the group in the years ahead, the company holds the opinion that it will remain competitive in the future. The storage facilities at Ryttervik will help make the group a stable and major supplier of fishmeal and fish oil in Europe.

Following a re-financing initiative in 2006, the group is now able to make investments as appropriate for a flexible and efficient producer and supplier of fish oil and fishmeal. Our factories at Måløy and Moldtustranda put us in a good position to optimise production with respect to energy, environmental impact, flexibility and capacity. The decline in raw material access is expected to continue in the years ahead, and the company aims to increase its share of the overall quota available for factories round the North Sea Basin in order to maintain its present production volume.

In the next few years, competition for raw material will be squeezing our margins. The group is nevertheless expected to remain profitable in the years ahead.

Financial risk

In terms of financial risk, the group is primarily exposed to currency fluctuations. Fish oil is invoiced in USD. Some of our fishmeal exports are invoiced in Euro, GBP or USD. Costs are almost exclusively in Norwegian currency. The company's currency strategy is to make use of currency hedging for virtually all sales in foreign currencies.

The group's loans are in Norwegian currency. At present, it is the companies' and the group's policy to refrain from fixing the interest rate of long-term loans. It is the Directors' opinion that neither the company nor the group will be seriously affected by a significant rise in the borrowing rate. The company's credit risk is considered to be limited even though the group does have a number of large customers. This is because customers are continually followed up and assessed. If the credit risk is considered to be too high, sales are only made against cash payment or similar security. The liquidity risk is also considered to be limited.

Continued operation

The Board of Directors and the General Manager feel it is appropriate to produce annual accounts on a premise of continued operation. The company and the group have seen good profits and their equity is sound. Every condition is in place for the positive development to continue.

Working environment and staff

Parent company

The company employed no staff in 2005.

Group

The working environment in the group's subsidiaries involves a certain level of noise and smell. High-quality protective equipment has been purchased for all employees, and time and resources have been spent on making the workplace safe and pleasant. This has been achieved through healh and safety rounds and cooperation with the occupational health service. The subsidiaries are members of an occupational health service scheme. A special Health, Safety and Environment system has been developed (HSE).

The level of sickness absence was between 4.0 and 16.8% in the group's various subsidiaries in 2005. The company is giving attention to the absence level, but the percentage is inflated by long-term absences. No special measures have been implemented. A few injuries have been recorded in 2005.

The subsidiaries' working environment committees have held meetings on a regular basis and a number of issues have been discussed and improvements proposed and implemented.

The employees' organisations have offered positive co-operation.

Equal opportunities

Parent company

There are no women in the parent company's management team or on the Board of Directors.

Group

The group employs a staff of 103, 10 of whom are women, 93 of whom are men. The management team includes 3 women and 8 men. Two of the subsidiaries have one female and two male directors on the Board. The remaining subsidiaries have no female board members.

The group makes no distinction between the sexes when assessing candidates for employment; vacancies are filled on merit only.

Environmental report

Parent company

The company has no impact on the outdoor environment.

Group

Those of the group's subsidiaries which are production companies are subject to licensing and compliance with the regulations issues by the Norwegian Pollution Control Authority (SFT).

It is considered important to continually improve our environmental standards through implementing process related measures and through working to ensure the freshness of all raw material.

Annual profit and allocations

Parent company

The profit for the year amounted to NOK 8,236,504, compared to the previous year's loss of NOK 32,223.

The parent company has received a pre-tax dividend of NOK 8,313,750 from its subsidiaries.

The company's short-term liabilities as at 31 December 2005 are insignificant, like last year.

The Board of Directors propose the following allocation of the year-end profit in Welcon Invest AS:

Provisions for settlement of previously uncovered loss:	NOK 478,473
Transferred to other equity:	NOK 7,770,436

Group

The profit for the year amounted to NOK 23,329,819 compared to a profit of NOK 20,863,367 in 2004.

The group's short-term liabilities as at 31 December 2005 amounted to 18% of its total debt. This is down on last year's 46.6%.

The Board of Directors propose the following allocation of the year-end profit in the Welcon Invest AS group:

Provisions for dividend:	NOK 686,250
Transferred to other equity	NOK 23,675,965

Oslo, 20 April 2006

Ole Rasmus Møgster -Chairman-   Helge Møgster -Director-   Bjarte Tunold -Director-

Arne Stang
Director/General Manager

Balance sheet as at 31.12.2005

Parent company					Group
2004	**2005**		**Note**	**2005**	**2004**
		ASSETS			
		Fixed Assets			
		Intangible assets			
0	0	Negative goodwill	3, 9	-25,389,675	-26,427,208
191,905	221,945	Deferred tax assets	11	44,331,369	51,622,321
191,905	**221,945**	**Total intangible assets**		**18,941,694**	**25,195,113**
		Tangible assets			
0	0	Land, buildings, other real property	4, 7	89,009,459	88,463,545
0	0	Machinery and plant	4, 7	114,357,638	115,958,015
0	0	Equipment, fixtures and fittings, tools etc.	4, 7	4,096,352	3,767,220
0	**0**	**Total tangible assets**		**207,463,449**	**208,188,780**
		Financial assets			
126,615,000	137,815,000	Investments in subsidiary companies		0	0
0	0	Investments in affiliated companies	2	0	27,290,135
0	0	Subordinated loans		0	0
0	0	Loans to affiliated companies		0	3,000,000
0	0	Bonds and other receivables	7	17,070,455	2,071,705
0	0	Pension funds	3, 10	4,519,757	5,505,282
126,615,000	**137,815,000**	**Total financial assets**		**21,590,212**	**37,867,122**
126,806,905	**138,036,945**	**Total fixed assets**		**247,995,355**	**271,251,015**
		Current Assets			
0	**0**	**Stocks**	5, 7	**52,234,484**	**189,599,731**
		Receivables			
0	0	Accounts receivable from customers	7	118,122,527	111,633,707
105,680	8,322,430	Other accounts receivable	7, 8	1,975,888	5,773,912
105,680	**8,322,430**	**Total receivables**		**120,098,416**	**117,407,619**
		Securities			
0	0	Market based shares		701,430	290,908
0	**0**	**Total securities**		**701,430**	**290,908**
18,603	**806,631**	**Bank deposits, cash in hand, etc**	6	**9,804,436**	**7,823,173**
124,283	**9,129,061**	**Total current assets**		**182,838,766**	**315,121,431**
126,931,188	**147,166,006**	**TOTAL ASSETS**		**430,834,121**	**586,372,446**

Balance sheet as at 31.12.2005

Parent company					Group
2004	2005		Note	2005	2004
		EQUITY AND LIABILITIES			
		EQUITY			
		Subscribed capital			
300,000	3,000,000	Share capital	13	3,000,000	300,000
300,000	**3,000,000**	**Total subscribed capital**		**3,000,000**	**300,000**
		Equity accrued			
0	7,758,031	Other equity		85,530,651	61,854,687
-478,473	0	Uncovered loss		0	0
-478,473	**7,758,031**	**Total equity accrued**		**85,530,651**	**61,854,687**
0	**0**	**Minority interests**	12	**23,870,572**	**35,721,965**
-178,473	**10,758,031**	***TOTAL EQUITY***	12	**112,401,222**	**97,876,652**

Balance sheet as at 31.12.2005

2004	2005		Note	2005	2004
		EQUITY AND LIABILITIES			
		LIABILITIES			
		Provisions for commitments			
0	0	Pension commitments	3, 10	2,439,483	2,886,082
0	**0**	**Total provisions for commitments**		**2,439,483**	**2,886,082**
		Other long-term liabilities			
0	12,000,000	Debt to credit institutions	7	134,350,000	130,850,005
127,075,809	124,375,809	Other long-term debt	8	124,375,809	127,075,809
127,075,809	**136,375,809**	**Other long-term liabilities**		**258,725,809**	**257,925,814**
		Current liabilities			
0	0	Debt to credit institutions	6, 7	19,092,099	162,250,000
0	12,500	Accounts payable to suppliers		18,827,737	29,355,606
0	0	Tax payable	11	410,449	198,856
0	0	Unpaid taxes		11,688,632	13,729,557
0	0	Dividend		686,250	
33,852	19,667	Other current liabilities		6,562,442	22,149,882
33,852	**32,167**	**Total current liabilities**		**57,267,608**	**227,683,901**
127,109,661	**136,407,976**	**Total liabilities**		**318,432,900**	**488,495,796**
126,931,188	**147,166,006**	**TOTAL EQUITY AND LIABILITIES**		**430,834,121**	**586,372,446**

Oslo 20 April 2006

Ole Rasmus Møgster
Chairman of the Board

Helge Møgster
Director

Bjarte Tunold
Director

Arne Stang
Managing Director

Accounting principles

The annual accounts comprise the profit and loss account, balance sheet, cash flow statement and notes to the accounts. They have been prepared in accordance with the Norwegian Companies Act, Accounting Act and generally accepted accounting principles as at 31 December 2005. In order to facilitate the reading of the annual accounts, they have been edited and presented in summary format. The necessary specifications have been set out in the notes. The notes are thus an integral part of the annual accounts.

Subsidiary and affiliated companies, consolidated accounts

Subsidiary companies
Subsidiaries have been assessed according to the cost method in the company accounts. The investment has been valued at original cost unless depreciation has been necessary.

The consolidated accounts comprise the parent company and companies in which Welcon Invest AS owns/controls more than 50% of the shares /votes. These are the companies listed under Note 2 to the accounts. On consolidation, the price paid by the parent company for shares in its subsidiaries are set against the subsidiaries' book equity value at the time of acquisition (purchase method). Values added/lost are split between the company's assets on the balance sheet. If values have been added/lost in excess of this level, these are entered as goodwill/negative goodwill.

Intercompany sales and profits are eliminated. The same applies for liabilities and debt as at 31 December 2005.

Dividend/group contributions are taken to income in the year in which the corresponding allocations were made in the subsidiaries. Should the dividend /group contribution significantly exceed the share of retained profits after the purchase, the excess is treated as return of invested capital, and will be deducted from the investment's book value.

Minority interests
The minority shareholders' share of profits and equity is calculated and entered in the consolidated accounts. Minority interests are restricted to positive equity in the subsidiary.

Affiliated companies
Affiliated companies are valued according to the equity method in the consolidated accounts. The share of an affiliated company's profit is calculated on the basis of profit after tax. Intercompany returns and depreciation of values added are deducted if the shares were purchased at a price which exceeds the balance sheet value of the equity acquired. In the profit and loss account, the share of the profit is entered under financial items.

Sales revenue
Sales revenue is taken to income at the time of delivery. Services are taken to income at the time of provision.
Other operating income has been reversed because Vadsø Maritime Næringspark AS is now part of the consolidated accounts. The write-back relates to profits from the sale of fixed assets in 2004 from Vadsø Sildoljefabrikk AS to Vadsø Maritime Næringspark AS.

Classification and assessment of items on the balance sheet
Assets intended for permanent ownership or use are classified as fixed assets. Assets relating to the stock cycle are classified as current assets. Receivables are classified as current assets if they are repayable within a year. Debt classification is based on analogue criteria.

Current assets are valued at the lower of original cost and real value. Short-term debts are carried to the balance sheet at their nominal value on origination.

Fixed assets are valued at original cost. Tangible fixed assets which will loose their value are made subject to straight line depreciation over their expected economic life. In the event of a drop in value which is not expected to be of a temporary character, fixed assets are depreciated to their real value. Long-term debt in Norwegian currency, except other allocations, are carried to the balance sheet at their nominal value on origination.

Pensions
Two of the companies in the group have a defined contribution pension scheme. Contributions to these schemes are entered as revenue expenses on an on-going basis, and the schemes involve no entries on the balance sheet.

Accounting principles (cont.)

Pension costs and pension commitments are calculated according to a straight-line entitlement regime based on expected discount rates, future pay adjustments, pensions and National Insurance benefits, future return on pension funds, and an actuarial premise of mortality, voluntary redundancies, etc. Pension funds are stated at real value and deducted under net pension commitments on the balance sheet.

Changes in commitments caused by pension scheme variations are systematically entered in the profit and loss accounts for the expected remaining entitlement period. Changes in commitment caused by premise adjustments and variance, are systematically entered in the profit and loss accounts for the expected remaining entitlement period.

Should pension funds exceed the pension commitment, the scheme would be over-funded. Over-funding is entered in the accounts provided it is probable the over-funding can be used to pay for the relevant pension scheme's pension commitments. The employer's National Insurance contribution is taken to cost on the basis of pension premiums paid into the secured (group) pension schemes, while for unsecured pensions, it is accrued in accordance with changes in pension commitments.

Short-term shareholdings
Short-term shareholdings (shares and units classified as current assets) are valued at the lower of average original cost and real value on the date of the balance sheet. Dividend received and other payments are taken to income under other financial items.

Stocks
Stocks are valued at the lower of cost (according to the FIFO principle) and net sales value.
For consumables, real value is set to original cost less redundant stock.
For finished goods, their manufacturing cost is used as real value. The manufacturing cost includes a relative share of production overheads, variable and fixed production costs.

Receivables
Accounts receivable from customers and others have been entered on the balance sheet at face value after deductions have been made for bad debts. Provisions for bad debts are based on an individual assessment of each debtor. In addition, an unspecified allocation is made for other accounts receivable from customers in order to cover expected losses.

Taxes
Taxes entered in the profit and loss account include taxes payable for the period and changes in deferred tax. Deferred tax is calculated at 28% of the temporary differences between accounting values and tax values, plus any tax-related losses to be carried forward at the end of the accounting year. Tax-increasing and tax-reducing temporary differences that will or may reverse over the same period have been off-set against each other. The entry of deferred tax assets under net tax-reducing differences which have not been off-set, and losses to be carried forward, is explained on the basis of expected future earnings. Deferred tax and tax assets to be carried to the balance sheet are entered at net value. In accordance with a new proposal for the elimination of tax-related losses at the sale of shares, depreciation on shareholdings is not included when calculating deferred taxes.

Taxes on paid group contributions which have been entered in the accounts as a share value increase in other companies, and taxes on received group contributions which have been off-set against equity, have been entered against tax on the balance sheet (the entry is set against tax payable if the group contribution has affected tax payable and against deferred tax if the group contribution has affected deferred tax.)

Cash flow statement
The cash flow statement has been prepared according to the indirect method. Cash and cash-equivalent items include cash in hand, bank deposits and other short-term liquid investments which immediately can be converted to a known cash amount involving insignificant currency risk and provided the expiry date is less than three months from the acquisition date.

Note 1 Activities and geographic distribution

Group

Welcon Invest AS generally consists of 3 production companies: Måløy Sildoljefabrikk AS, Welcon Egersund AS and Welcon Moldtustranda through its subsidiary, Welcon ASA. In addition, the group owns a modern storage plant run by Welcon Ryttervik AS (now Welcon Protein AS). Currently, the group is focusing its activities on the production/import of fishmeal and fish oils.

Denmark		53,517,798		63,388,243
Germany		8,901,235		13,146,295
Faeroe islands		22,397,296		17,855,995
Total		**615,269,917**		**533,061,304**
Other operating revenues		-7,348,973		18,234,298
Total operating revenues		**607,920,944**		**551,295,602**

Other operating revenues have been stated as a negative amount in order to reflect the reversal of profits from sale of fixed assets from Vadsø Sildoljefabrikk AS to Vadsø Maritime Næringspark AS which had previously been taken to income. The reversal was required because Vadsø Maritime Næringspark AS has now been incorporated in the group.

Note 2 Subsidiary companies, affiliated companies, shares and units in other companies

Subsidiary companies

Parent company

As at 31 December 2005, the company had the following ownership interests in subsidiary companies:

Fixed assets	Ownership interest	Time of purchase	Original cost	Profit for the year (100%)	Book value of equity (100%)	Book value
Welcon ASA	92.38%	11.09.03, 18.02.04 and 30.09.05	137,815,000	38,534,545	221,259,197	137,815,000

Group

The consolidated accounts incorporate the following companies:

	Country	Controlling company	Ownership interest
Welcon Invest AS	Norway	Arne Stang AS, Laco IV and Bjarte Tunold	100 %
Welcon ASA	Norway	Welcon Invest AS	92.38 %
Welcon Egersund AS	Norway	Welcon ASA	100 %
Welcon Ryttervik AS	Norway	Welcon ASA	100 %
Welcon Moldtustranda AS	Norway	Welcon ASA	100 %
Måløy Sildoljefabrikk AS	Norway	Welcon ASA	100 %
Deknepollen Eiendom AS	Norway	Welcon ASA	100 %
Vadsø Sildoljefabrikk AS	Norway	Welcon ASA	96.28 %
Mat Miljølaboratoriet AS	Norway	Welcon ASA	100 %
Sea Grain AS	Norway	Welcon ASA	100 %
Vadsø Maritime Næringspark AS	Norway	Vadsø Sildoljefabrikk AS	58.33 %

Note 2 Subsidiary companies, affiliated companies, shares and units in other companies (cont.)

Originally, Vadsø Maritime Næringspark was an affiliated company, but following the acquisition of a further 16.6 % stake to be taken over by Welcon Invest AS, the company has become a subsidiary.

The cost of shareholdings acquired in subsidiaries has been eliminated against the companies' equity at the time of acquisition. Procedures for recording value added/lost at the take-over of companies are described under Accounting principles.
All intercompany transactions and balances have been eliminated in the consolidated accounts.

Affiliated companies:

Group

Affiliated companies have been accounted for by the equity method. However, an exception was made for Global Fish AS, as the intention was for these shares to be sold.

Company	Global Fish AS		Total
Ownership interest	49.00%		
Time of purchase	n		
Original cost at 31 Dec 2004	22,300,000		**22,300,000**
Book value at 31 Dec 2004	22,300,000		**22,300,000**
Adj. opening value after final settlement	-7,530,884		**-7,530,884**
Share of year-end profit 1)	0		**0**
Write-down 1)			
Sales price 2005	25,000,000		**25,000,000**
Profit from sale	10,230,884		**10,230,884**
Book value at 31 Dec 2005	**0**		**0**

Shares and units in other companies.

Group

Opplæringsfartøy AS		1	20,000	0
Norvest Forum AS		1	10,000	0
Storebrand ASA		186	5	10,880
DNO AS		6,859	1	409,825
DnB Holding ASA		3,500	10	252,000
Vadsø Byutvikling		1	10,000	0
Egersund Sea Service AS		240	100	24,000
Independent Oil AS		1,575	0.025	4,725
Total				**701,430**

Note 3 Employees, remuneration

Parent company

The parent company has no employees. The services of the parent company's general manager have been contracted out. The payment for this work is charged to the group. No directors' fees have been accrued or paid out over the year.

Auditor

Auditing fees of NOK 18,750 have been included in the company's accounts for 2005, and a further fee for professional advice of NOK 47,652.

Note 3 Employees, remuneration (cont.)

Group

The services of the group's general manager have been contracted out. Payment for this work is charged to expense at NOK 1,500,000.

The average number of employees in Welcon Invest AS was 112.

Employee costs, group	2005	2004
Wages	35,421,887	41,133,128
Employer's National Insurance contribution	4,205,493	5,017,011
Pension costs	1,819,403	-1,596,507
Other benefits	1,533,789	1,757,761
Total	**42,980,572**	**46,311,393**

Employee costs incorporate a write-back of the NOK 1,500,000 allocation for negative goodwill in the consolidated accounts at 31 December 2005.

Neither loans nor sureties have been awarded to managers, directors or related parties.

Aditor

Auditing fees of NOK 430,369 have been carried to expense. A further amount of NOK 167,365 has been carried to expense to cover professional advice provided by the auditor.

Note 4 Fixed assets

Group

	Buildings and land	Machinery. plant	Equipment, fixtures etc.	Total fixed assets
Original cost at 1 Jan 2005	96,752,481	138,133,972	4,866,841	239,753,294
Addition, fixed assets	5,114,433	14,749,442	1,258,302	21,122,177
Disposal, fixed assets				0
Original cost at 31 Dec 2005	101,866,914	152,883,414	6,125,143	260,875,471
Accumulated depreciation at 31 Dec 2005	12,857,455	38,525,776	2,028,791	53,412,022
Book value at 31 Dec 2005	89,009,459	114,357,638	4,096,352	207,463,449
Depreciation for the year	5,982,450	18,893,778	970,820	25,847,048
Write-back, residual				-2,106,751
Depreciation, goodwill				31,754
Depreciation in profit and loss account				23,772,051
Write-down for the year		1,908,724		1,908,724
Rate of depreciation	5 - 15 %	10 - 25 %	10 - 33 %	

Note 4 Fixed assets (cont.)

Itemisation of negative goodwill:

	Residual	Allocation for Vadsø	Share of profit Vadsø	Goodwill	Total
Allocated at 31 Dec 2004	-14,259,152	-7,130,000	-5,038,056		-26,427,208
Reversed, 2005		-5,177,959	5,038,056		-139,903
Goodwill allocated on acquisition of the rest of Sea Grain				317,537	317,537
Residual acquisition, Welcon ASA	-4,292,088				-4,292,088
Written back 2005	-2,106,751	-3,076,990	0	31,754	-5,151,987
Residual allocation at 31 Dec 2004	**-16,444,489**	**-9,230,969**	**0**	**285,783**	**-25,389,675**

The residual values came about in connection with the acquisition of Pan Pelagic ASA, originally at a price of NOK 16,775,467 to be written back over 10 years. This equals the group's average write-down period for fixed assets. A further residual value was generated at the acquisition of Welcon ASA in 2005. NOK 4,292,088 will be written back over 10 years.

When Vadsø Sildoljefabrikk AS was required to provide security for 16.66 % of the shares in Vadsø Maritime Næringspark AS in 2005, the profit from sales of fixed assets had to be reversed, because Vadsø Maritime Næringspark AS would now be included in the consolidated accounts. It has been agreed that the 16.66 % stake will be acquired by Welcon Invest AS in 2006. The reversal means that the consolidated accounts are based on group values prior to the sale. The original provision for badwill in connection with the expected loss to be made by Vadsø Sildoljefabrikk AS, has been reduced by NOK 3,076,990 in 2005. NOK 1,500,000 of this amount has been written back under employee costs and NOK 1,576,990 has been written back under other operating expenses.

Goodwill arose through the purchase of the remaining 22% stake in Sea Grain AS and is linked to the added value of fixed assets. To be depreciated over a period of 10 years.

Note 5 Stocks

Group

Stocks at 31 December 2005:

Raw material, consumables	4,540,921	4,879,000
Work in process and finished goods	47,693,563	185,161,223
Write-down	0	-440,492
Total	**52,234,484**	**189,599,731**

The remaining loss on stocks was NOK 440,492 at 31 December 2004. The loss was associated with fishmeal stocks from 2003. The stocks were sold in 2005, and the loss has been set against the stock balance of NOK 440,492 for 2005.

Note 6 Bank deposits

Parent company

As at 31 Dec 2005, none of the parent company's funds are subject to restrictions.

Group

	31/12/2005	31/12/2004
Restricted funds, tax withholdings	1,668,823	2,180,544
Bank deposit pledged as security	0	0
Other deposits	8,135,613	5,642,629
Total	**9,804,436**	**7,823,173**

The group has an overdraft facility under which Welcon ASA is entitled to draw a maximum of NOK 250 million inclusive of guarantees. This facility is secured through a pledge on group stocks and receivables. As at 31 Dec 2005, the overdraft amounted to NOK 19,092,099.
The company has set up a corporate account system for the group in which most subsidiaries are included. The corporate account is managed by the parent company, with the subsidiaries providing general security. Amounts withdrawn by a subsidiary are presented as parent company receivables, and deposits made by a subsidiary are presented as parent company debt.

Note 7 Liabilities, secured and unsecured debt

Parent company
Long-term debt due for repayment over more than 5 years.

	2005	2004
Subordinated loan	124,375,809	127,075,809
Total	**124,375,809**	**127,075,809**

The subordinated loan is interest free and requires no capital repayment until the company's cash flow situation allows for it. The loan has been provided by Arne Stang AS, Laco IV AS and Bjarte Tunold, each by a third.

Group
Long-term receivables due for payment over more than 1 year.

	2005	2004
Sales credit	8,000,000	0
Total	**8,000,000**	**0**

Long-term debt due for repayment over more than 5 years.

	2005	2004
Debt to credit institutions	54,157,692	62,407,692
Subordinated loan	124,375,809	127,075,809
Total	**178,533,501**	**189,483,501**

		2005	2004
Secured debt	Short-term	19,092,099	162,250,000
	Long-term	134,350,000	130,850,005
	Total	**153,442,099**	**293,100,005**
Book value of assets pledged as security			
	Fixed assets	207,463,449	208,188,780
	Stocks	52,234,484	189,599,731
	Receivables	118,122,527	111,633,707
	Total	**377,820,460**	**509,422,218**

The group has a working capital drawing facility of NOK 250,000,000. This facility expires after one year and renewal is required.
As at 31 Dec 2005, NOK 19,092,099 had been drawn under this facility, in addition to a guarantee of NOK 50,000,000 given to Norges Sildesalgslag.
The security includes land, tangible fixed assets, stocks and receivables in the parent company and the parent company's subsidiaries.
A further amount of NOK 15,000,000 has been granted as sales credit in connection with the sale of shares in Global Fish AS. The shares provide security for the sales credit, which must be settled within a period of 3 years.

Sales credit has also been afforded in connection with the sale by Sea Grain AS of their plant on Horsøy for a price of NOK 2,000,000. This amount falls due for payment on 31 May 2006.

Note 8 Intercompany balances

Parent company

Receivables	2005	2004
Long-term loan		
Subordinated loan	0	0
Other receivables	8,313,750	97,000
Sum	**8,313,750**	**97,000**

Debt	2005	2004
Intercompany suppliers	19,667	34,152
Total	**19,667**	**34,152**

Note 9 Other operating expenses

Group
In connection with the take-over of Pan Pelagic ASA, negative goodwill was allocated for Vadsø Sildoljefabrikk's expected losses over the period 2004 - 2008. NOK 1,576,990 have been written back under other operating expenses.

Note 10 Pension commitments

Group
The group has a defined contribution pension plan as well as a defined benefit pension plans. For companies with a defined contribution pension plan, a premium of NOK 74,351 has been carried to expense for 2005.

The defined benefit pension plan covers 85 employees. The scheme provides entitlement to specific future benefits. The amount of benefit payable will generally depend on the length of the entitlement period, withdrawal trends, final pay on retirement, and National Insurance payout. The commitment is covered through an insurance company.
The group is member of a contractual early retirement scheme (AFP). This scheme provides cover for a total of 108 employees and 5 old age pensioners.
The group also has a defined contribution pension scheme which provides cover for 7 people. The premium carried to expense for 2005 was NOK 74,351.

The calculation has been based on the following premise:

Discount rate:	4.8 %	Pension adjustment:	2.5 %
Expected rate of return:	5.5 %	Voluntary redundancies:	2 %
Pay adjustment:	3.0 %		
Inflation/Base Rate adjustment:	3.3 %	For unsecured benefits (AFP), the withdrawal trend was 30 % in 2005	

		2005		2004
	Secured	Unsecured	Secured	Unsecured
Present value of annual pension entitlement	1,306,465	388,151	786,536	292,168
+ Interest payable on pension commitments	1,187,598	70,954	971,514	80,542
Pension cost (gross)	2,494,063	459,105	1,758,050	372,710
- expected return on pension funds	1,178,484	0	615,241	0
+ plan adjustments taken to income/expense	0	13,244	0	13,244
+ estimate adjustments and variance taken to income/expens	455,246	-33,666	91,887	-81,770
+ Employer's National Insurance contribution 10.6%	83,242	46,776	51,973	13,049
Pension cost for the year [1]	**1,854,067**	**485,459**	**1,286,669**	**317,233**
Pension commitments accrued	26,829,024	1,831,374	17,605,542	1,615,591
- pension funds	22,591,453	0	21,248,202	0
+/- plan adjustments not included in profit/loss	0	-170,919	0	-172,309
+/- estimate adjustments and variance not included in profit/lo	-8,757,328	544,871	-1,862,622	1,166,091
= Net pension commitments	-4,519,757	2,205,326	-5,505,282	2,609,373
Employer's National Insurance contribution, 10.6%	0	234,157	0	276,709
Total pension commitments after employer's NIC	**-4,519,757**	**2,439,483**	**-5,505,282**	**2,886,082**

Note 11 Taxes

Parent company 2004	2005		Group 2005	2004
2004	2005	**Itemisation of temporary differences (basis for deferred tax)**	2005	2004
		Stocks	2,765,134	18,547,446
		Liabilities	-313,749	-138,012
		Fixed assets	-26,991,066	-2,089,375
		Profit and loss account	-27,775,392	-1,003,422
		Pension funds	4,519,757	5,505,282
		Pension costs	-2,439,483	-2,886,082
		R&D	-27,489,835	-
		Shares/units	-64,334	-64,334
-685,378	-792,664	Loss to be carried forward	-205,770,040	-202,236,792
		Differences not included in calculation of deferred tax assets	125,232,827	-
-685,378	**-792,664**	**Basis for deferred tax on balance sheet (A)**	**-158,326,181**	**-184,365,289**
-	-	Value added to fixed assets, acquisition of shares in Sea Grain	-1,100,500	-
-685,378	-792,664	**Basis for changes to deferred tax in the profit and loss account (B)**	**-159,426,681**	**-184,365,289**
		Deferred tax/tax assets and change in deferred tax		
-191,906	**-221,946**	**28 % deferred tax(+)/tax assets(-) on the balance sheet**	**-44,331,369**	**-51,622,321**
2004	**2005**	**Tax payable**	**2005**	**2004**
		Basis for calculating taxes and tax payable		
-44,754	8,206,464	Pre-tax profit	-	-
		Loss on sale of shares after 26 March	-	-
		Sale of shares, adjusted for tax purposes	-	-
	-8,313,750	Permanent differences	-	-
-44,754	-107,286	Basis for annual taxes (*)	-	-
	-	Change in temporary differences (A)	-	-
	-	Application of loss previously carried forward	-	-
-44,754	**-107,286**	**Basis for tax payable**	**-**	**-**
		Distribution of taxes on ordinary profit		
		Tax payable	410,449	198,856
-12,531	-30,040	Change in deferred tax	6,982,812	609,265
-12,531	**-30,040**	**Total taxes on ordinary profit**	**7,393,261**	**808,121**

Book value of tax payable

Note 12 Equity

Parent company

Movements in equity have been calculated as follows:

	Share capital	Premium reserve	Other equity	Uncovered loss	Total
Equity at 31 Dec 2004	300,000		-	-478,473	-178,473
Debt conversion 01.06.2005	2,700,000				2,700,000
Profit for the year			7,758,031	478,473	8,236,504
Equity at 31 Dec 2005	**3,000,000**		**7,758,031**	**-**	**10,758,031**

Group

Movements in equity have been calculated in the following way:

	Share capital	Premium reserve	Other equity	Minority interests	Total
Equity at 31 Dec 2004	300,000	0	61,854,687	35,721,965	97,876,652
Debt conversion, 01 June 2005	2,700,000				2,700,000
Acquisition of minority interest				-2,515,829	-2,515,829
Minority interest when establishing Vadsø Maritime Næringspark 2004				5,000,000	5,000,000
Minority interest on acquisition				-15,492,088	-15,492,088
Profit for the year			24,362,213	1,156,524	25,518,737
Allocated to dividend			-686,250		-686,250
Equity at 31 Dec 2005	**3,000,000**	**-**	**85,530,650**	**23,870,572**	**112,401,222**

Note 13 Share capital and shareholders

As at 31 December 2005, the share capital in Welcon Invest AS consists of a single class of shares. All shares have equal rights.

The company's shareholders as at 31 December 2005 were:

Name	Number of shares	Ownership interest	Share of voting rights
Arne Stang AS	10,000	33.33%	33.33%
Laco IV AS	10,000	33.33%	33.33%
Bjarte Tunold	10,000	33.33%	33.33%
Total	30,000	100%	100%

Cash flow statement

2004	2005		2005	2004
		Cash flows from operations		
-44,754	8,206,464	Pre-tax profit	32,912,000	27,443,060
		Taxes paid over the period	-198,856	-228,116
	-8,313,750	Accrued dividend/group contribution		
		Pension costs	538,926	-3,111,990
		Loss/profit on sale of fixed assets	-10,749,084	-16,969,168
		Write-down of financial assets		3,600,708
		Profit/ loss, affiliated companies	-16,115	16,115
		Ordinary depreciation	23,772,051	20,681,057
		Write-down of fixed assets	1,908,724	-5,183,282
		Write-back of value lost	699,380	-18,795,080
		Change in stocks	137,365,247	-111,722,266
		Change in accounts receivable	-6,488,820	-97,414,531
	12,500	Change in accounts payable	-10,527,869	24,565,595
33,852	82,815	Change in other accruals	-3,246,283	3,357,954
-10,902	**-11,971**	**Net cash provided by operating activities**	**165,969,301**	**-173,759,944**
		Cash flows from investing activities		
		Proceeds from sale of fixed assets	518,200	27,953,900
		Purchase of fixed assets	-19,944,987	-156,683,933
		Proceeds from sale of shares / units	25,000,000	4,000,000
-66,600,000	-11,200,000		-19,903,350	-15,600,655
-66,600,000	**-11,200,000**	**Net cash provided by investing activities**	**-14,330,137**	**-140,330,688**
		Cash flows from financing activities		
56,335,533	12,000,000	New long-term debt	20,000,000	191,623,389
		Repayment of existing long-term debt	-16,500,000	-34,699,776
		Repayment of long-term accounts payable	-15,000,000	-3,000,000
10,000,000		Proceeds from long-term accounts receivable		
		New short-term debt		162,250,000
		Repayment of existing short-term debt	-162,250,000	-70,000,000
		Proceeds from minority interest in share issue		23,400,000
		Proceeds from minority interest in new company	5,000,000	
		Proceeds from equity		
66,335,533	**12,000,000**	**Net cash provided by financing activities**	**-168,750,000**	**269,573,613**
-275,369	**788,029**	**Net change in cash and cash-equivalent items**	**-17,110,836**	**-44,517,019**
293,972	**18,603**	**Cash balances at beginning of period**	**7,823,173**	**52,340,192**
18,603	**806,631**	**Cash balances at end of period**	**-9,287,663**	**7,823,173**

As at 31 December 2005 the Group has a total drawing facility of NOK 250,000,000. Under this facility, Sildelaget has received a guarantee to the amount of NOK 50,000,000. In addition, an overdraft of NOK 19,092,099 has been drawn as at 31 December 2005.

Profit and Loss Account

2004	2005		Note	2005	2004
0	0	Sales revenue	1	607,920,944	551,295,602
0	**0**	**Total operating revenues**		**607,920,944**	**551,295,602**
0	0	Change in stocks of finished goods	5	136,899,090	-109,710,459
0	0	Cost of goods		298,513,910	460,860,947
0	0	Staff costs	3, 10	42,980,572	46,311,393
0	0	Depreciation	4	23,772,051	20,681,057
0	0	Write-down of fixed assets	4	1,908,724	-5,183,282
43,104	66,375	Other operating expenses	9	72,245,058	97,781,729
43,104	**66,375**	**Total operating expenses**		**576,319,405**	**510,741,385**
-43,104	**-66,375**	**Operating profit**		**31,601,539**	**40,554,217**
0	8,313,750	Return on investment, subsidiaries	2	0	1,500,000
		Return on investment, affiliated companies		16,115	-16,115
0	0	Interest received from group companies		0	0
6,040	29	Other interest received		317,521	735,044
0	0	Other financial income		15,917,653	6,899,777
0	0	Adjusted market-based financial assets	2	0	0
0	0	Write-down of financial assets	2, 11	0	-3,640,273
-50	0	Other interest paid		-14,180,680	-13,383,401
-7,640	-40,940	Other financial expenditure		-760,148	-5,206,189
-44,754	**8,206,464**	**Ordinary pre-tax profit**		**32,912,000**	**27,443,060**
-12,531	-30,040	Taxes on ordinary profit	11	7,393,261	808,121
-32,223	**8,236,504**	**Profit for the year**		**25,518,739**	**26,634,939**
0	0	Share to minority interests	12	1,156,524	5,771,572
-32,223	**8,236,504**	**Share to minority interests**		**24,362,215**	**20,863,367**
		Allocation of annual profit			
0	7,770,436	Allocated to distributable equity		23,675,965	20,863,367
		Allocated to dividend		686,250	
	478,473	Allocated to settlement of uncovered loss			
32,223		Transferred to uncovered loss		0	0
-32,223	**7,770,436**	**Total transferred**		**24,362,215**	**20,863,367**

Appendix 10: Annual Report Austral for 2005

AUSTRAL GROUP S. A. A.

FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

CONTENTS

S/. = New Peruvian sol
US$ = United States dollar

AUSTRAL GROUP S. A. A.

FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

REPORT OF THE INDEPENDENT AUDITORS

February 24, 2006

To the Stockholders of
Austral Group S.A.A.

1 We have audited the accompanying balance sheets of **Austral Group S.A.A.** as of December 31, 2005 and 2004 and the related statements of income, of changes in net stockholders' equity and cash flows for the years then ended, expressed in new Peruvian soles. These financial statements are the responsibility of the Management of the Company. Our responsibility is to express an opinion on these financial statements based on our audits.

2 We conducted our audits in accordance with auditing standards generally accepted in Peru. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

3 In 2004 the Company made provisions for accounts receivable for approximately S/.2 million (US$0.6 million), because its aging raises doubts regarding its recoverability. In this regard, our opinion on the 2003 financial statements was qualified because the Company did not make a provision for doubtful accounts on those accounts receivable. Consequently, the 2004 net income is overestimated by such an amount.

4 In our opinion, except for the effect of the charge to results for 2004 that should have been recognized in the results of 2003, as described in paragraph 3, the financial statements referred to above, present fairly, in all material respects, the financial position of **Austral Group S.A.A.** as of December 31, 2005 and 2004, the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in Peru.

5 As of December 31, 2005 and 2004 the company presents a negative working capital. As explained in Note 1-c), Management plans consider the refinancing of short-term obligations and the reduction of the current portion of the long-term debt to improve its current position.

Countersigned by

-----------------------------------(partner)
Félix U. Horna
Peruvian Public Accountant
Registration No. 13774

AUSTRAL GROUP S.A.A.
PROFIT AND LOSS STATEMENT
For the periods between
January 1 and December 31, 2005 and 2004
(Expressed in thousands)

	Note	US Dollars 2005	2004
Sales		116,525	72,642
Cost of sales	17	(86,856)	(60,218)
Gross profit		29,669	12,424
Operating expenses			
General and Administrative	18	(12,585)	(8,026)
Sales	19	(7,662)	(5,607)
Provision for asset devaluation	10	0	(6,411)
Total Operating Expenses		(20,247)	(20,044)
Operating Profit (loss)		9,422	(7,620)
Other expenses Financial, net	22	(14,149)	(17,618)
Revenue from Condonation		12,555	56,371
Profit (loss) for exposure to inflation/devaluation - revaluation	4	(3,419)	19,304
Others, net	23	(2,715)	4,498
		(7,728)	62,555
Net profit before workers profit sharing and income tax		1,694	54,934
Workers' profit sharing	16	(719)	1,007
Income Tax	16	(1,941)	2,719
Net profit (loss)		(966)	58,660

Net profit (loss) for basic and diluted share (in new soles/US dollars)

AUSTRAL GROUP S.A.A.

Ronald Aranda O.
General Accountant
Mat. Nº 16599

AUSTRAL GROUP S.A.A.

Adriana Giudice
Gerente General

AUSTRAL GROUP S.A.A.
BALANCE SHEET
At December 31, 2005 and December 31, 2004
(Expressed in thousands)

	Note	US Dollars 2005	2004
Assets			
Current assets			
Cash and banks	5	4,522	649
Security deposits	6	488	695
Accounts receivable, net	7	10,271	10,964
Inventories	8	17,794	14,314
Other current assets		1,140	1,167
Total current assets		34,215	27,789
Non-current assets			
Investments, net	9	14	10,887
Property, machinery and equipment, net	10	182,727	201,993
Total non-current assets		182,741	212,880
Total assets		216,956	240,669

	Note	US Dollars 2005	2004
Liabilities and equity			
Liabilities			
Current liabilities			
Bank loans and overdrafts	11	18,926	18,295
Accounts payable	12	20,770	22,886
Current portion of long term debts	13	24,415	13,764
Total current liabilities		64,111	54,945
Non current liabilities			
Long term debts	13	55,501	89,907
Net deferred liabilities from workers' profit sharing and income tax	14	32,113	31,149
Total liabilities		151,725	176,001
Equity			
Share Capital	15(a)	11,932	7,359
Investment shares	15(b)	1	1
Other Reserves		2,375	0
Cumulative Results		57,617	58,583
Total shareholders' equity		71,925	65,943
Difference of convertion (NIC 21)		(6,694)	(1,275)
Total Liabilities and Shareholders' Equity		216,956	240,669

The attached notes to the financial statements are an integral part of this balance sheet

AUSTRAL GROUP S.A.A.

Ronald Aranda O.
General Accountant
Mat. Nº 16599

AUSTRAL GROUP S.A.A.

Adriana Giudice A.
General Manager

AUSTRAL GROUP S. A. A.

NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2005 AND 2004

1 INCORPORATION AND OPERATIONS

a) Incorporation and operations -

Autral Group S.A.A. (hereinafter the "Company" or "Austral"), a subsidiary of Dordogne Holdings Inc. – Panamá, which owns 86.46% of its capital stock, was established in Peru in 1996, under the name Pesquera Industrial Pacífico S.A. Subsequently, its legal name was changed to Austral Chancay S.A. and following the General Stockholders' Meeting dated September 15, 1998, it changed its legal name to Austral Group S.A., as part of the process of merger with Pesquera Austral S.A. and Pesquera Arco Iris S.A., as approved on October 1, 1998 by the related Special Stockholders' Meeting.

The Company is principally engaged in catching several hydro-biological species and their transformation into canned fish, fish-meal and fish oil which are mainly sold to foreign markets. The Company has six processing plants along the Peruvian Coast line, in Paita, Pisco, Coishco, Huarmey, Chancay and Ilo.

The Company is listed on the Lima Stock Exchange.

The Company's legal address is Victor Andres Belaunde 147, Torre Real 7, San Isidro, Lima, Perú. As of December 31, 2005, the Company has 3,008 workers (2,923 as of December 31, 2004).

b) Regulatory framework -

The Company's activities are governed by Decree-Law No.25977 - General Fishing Law and its regulation, Supreme-Decree Nº012-2001-PE, which govern fishing activity in order to promote its sustainable growth as a source of food, employment and income and assure responsible exploitation of hydro-biological resources, by optimizing economic benefits, consistent with the preservation of the environment and bio-diversity conservation.

The administration and control of fishing activity nation-wide is presently the responsibility of the Ministry of Production, which establishes during the year fishing seasons to preserve some sea species, such as anchovy and sardine. These fishing seasons are fixed during the reproductive stage of such species or when the annual fishing quota has been reached.

Fishing season restrictions referred to above affect the Company's operations since they limit the catch of sea species intended for the production of fish meal and oil. Fish caught for the production of canned fish are not affected by these restrictions.

In 2005 and 2004 a provisional fishing regime operated with periodic permits to fish in zones technically suitable for extraction and processing activities. In 2005, such provisional fishing permit considered within the general restricted fishing season resulted in a fishing permit of 103 days (162 days in 2004), except for the plant in Ilo, Moquegua, which was not subject to fishing restrictions in 2005. (25 days in 2004).

Additionally, unfavorable climatic factors such as El Niño, or the cooling down of waters, gave rise to negative effects on the amounts of the catch of some hydro-biological species. Both situations affect the Company's levels of production, and, accordingly, the volume of sales.

c) Continuity of operations -

Up to 2003, the Company has incurred significant losses, giving rise to a significant decline in its net stockholders' equity and working capital, principally because of decreases in the volume of sales, increases in operating costs of canned fish lines and other financial costs resulting from the high level of borrowing.

In August 1999 the Company started a process of negotiation with creditors to restructure its financial obligations. In February 25, 2000 the Company applied to the "Instituto Nacional de Defensa de la Competencia y de la Propiedad Intelectual - INDECOPI (Spanish acronym) to benefit from the process of "Concurso Preventivo", to be part of a Global Agreement of Refinancing pursuant to Supreme Decree N°014-99-ITINCI- "Capital Restructuring Law" (hereinafter, "Restructuring Law"). On March 6, 2000, the approval of the "Concurso Preventivo" was made public and all outstanding obligations were suspended at that date. On July 5, 2000, a "Creditors Meeting" approved the Global Agreement of Refinancing (hereinafter Global Agreement) presented by the Company under the so-called "Concurso Preventivo", the starting date of which was December 22, 2000. Subsequently, an addendum dated April 24, 2002, approved by a Creditors' Meeting, modified the Global Agreement, principally with respect to terms and conditions of payment.

As part of the process of financial restructuring the following was established:

a) The appointment of a "Controller" by the Vigilance Committee to be designated by the Creditors' Meeting, will have the powers sufficient to oversee the decisions made by management in its complying with the terms and conditions of the Global Agreement. In September 2000, the Creditors' Meeting designated external consultants to fulfill the functions of a controller, on behalf of the Vigilance Committee. In December 2001, such external consultants were replaced by other independent professionals, under decision agreed by the Vigilance Committee and countersigned by the Company's Management. In January 2005 a Consulting Company was designated s to replace the former one.

b) A trust agreement, signed between the Company's majority shareholders to that date and those capitalizing their debts to assure the latter of the oversight and monitoring of the management and control of the Company's major decisions. On November 29, 2002 the Vigilance Committee reported to the Company that the financial creditors that capitalized part of their debts and who voluntarily wish to provide their shares to the Trust, altogether did not reach the agreed percentage (21%) of the Company's shares, a reason for which the agreement was not perfected.

In view of this situation, the Company's Management took steps with the Vigilance Committee and major financial creditors to adjust the implementation of the Global Agreement to the current situation in order to prevent any supposition of non-compliance. Despite the fact that the Company paid the installment of April 2003, it was not able to honor the whole amount of the installment as of December 31, 2003. Consequently, the Vigilance Committee granted a time extension of 60 days which the Company could not comply with. As a result of this, a new Creditor' meeting was held on March 19, 2004, in which it was agreed:

- To grant the Company the postponement or extension of all and each of the past due obligations and those about to become past due until April 1, 2004, a date when it will be determined whether there are parties interested in the acquisition of the Company as a going concern.

- In the event of compliance with the event described in the previous paragraph, to extend again the payment date of such obligations until April 13, 2004, a date when there must exist (i) a firm agreement for the acquisition of 100% of the Company' capital stock, accepted by a percentage of shareholders representing over 50% of such capital stock and/or (ii) the concluded purchase of or agreement with the Company's creditors to buy at least 2/3 of the refinanced debt included in the Global Agreement.

On March 19, 2004, the Company's majority shareholders have communicated to the Board that agreements have been signed with Banco de Crédito del Perú (BCP) for this institution to manage the Company's restructuring or sale process.

On March 31, 2004, Octagon Financial Services International LLC (Octagon) submitted a proposal for the acquisition of 100% of the shares with voting rights and that of the obligations under the Global Agreement of Refinancing (Acquisition proposal), which was amended and clarified on April 12, 2004. This proposal established that it must be accepted in writing by 100% of the controlling shareholders and at least 66.67% of the creditors under the Global Agreement of Refinancing. The proposal considers a payment of US$37.8 million for all obligations (secured, non-secured and subordinate debt) and US$3 million for 100% of the shares.

On April 13, 2004, the Vigilance Committee ("Comité de Vigilancia"), subject to verification of the acceptance of Octagon's acquisition offer, agreed the following: (i)To confirm compliance with the conditions established in the agreement of the Creditors' Meeting dated March 19, 2004 and, accordingly, that the process has not been modified. Since a process (ii) has been started by Octagon for the acquisition of Austral Group S.A.A. and the debt under the Global Agreement, not to declare the non-compliance with said agreement for up to sixty (60) days, calling a Creditors´ Meeting to make a pronouncement in that regard.

On April 20, 2004, the Board of Directors approved the creation of the Administration Committee comprising individuals appointed by Octagon for the management of the Company's operations, subject to the formal communication of Octagon regarding compliance with the conditions established for acceptance of the Acquisition Proposal, as well as its irrevocable intention of carrying out the acquisition of Company. On May 4, 2004 the representatives of Octagon confirmed compliance with the conditions established for accepting the acquisition proposal and its irrevocable intention to execute it.

Upon executing the proposed acquisition, Tomma S.A.C. (a company domiciled in Peru) purchased the obligations under the Global Agreement in a percentage exceeding 66.67% by means of cession of rights contracts signed with the other creditors (see Note 14), who informed the company of the completion of these transactions between May 20, and June 16, 2004. Subsequently, on September 30, 2004, that part of these obligations receivable associated with the entire non-secured debt (Class G and I), were transferred by Tomma S.A.C. to Dordogne Holdings Inc.

On June 11, 2004 the Vigilance Committee agreed to extend the Global Agreement until June 16, 2004 and/or until the Creditors' Meeting makes a pronouncement on its approval or disapproval of the Global Agreement.

On June 15, 2004 the Creditors Board agreed the following:

- To confirm the agreements adopted by the Vigilance Committee.

- Having ratified the agreements of the Vigilance Committee, to proceed to declare as complied with the conditions established by the Creditors' Agreement dated March 15 and 19, 2004.

- Not to declare non-compliance with the obligations established in the Global agreement of Refinancing of Austral Group S.A.A. and declare the Agreement as current, providing the Company a time extension until January 30, 2005 to correct any non-compliance that may arise.

- To approve the re-scheduling of the obligations under the Global Agreement, following the terms of the Addendum presented by the Company's Management and comprising, among others, a time extension to correct eventual noncompliance with the payment schedule.

- Designate the following entities as members of the Vigilance Committee:

  - Sindicato de Obligacionistas de los Bonos Pesquera Austral - First Issue, which will assume the position of Chairman
  - Fibras Industriales S.A.
  - Banco de Crédito del Perú
  - Tomma S.A.C.

- Based on the agreements reached, the Creditors' Meeting stated that it did not make sense to include Austral Group S.A.A. in a regular Debt Refinancing process.

On June 30, and July 2, 2004 the Comisión Delegada de Procedimientos Concursales de la Oficina Descentralizada de Indecopi en Esan (the Commission) notified us of the nullity and challenge proceedings filed by Banco Internacional del Perú (Interbank) and Poseidon Investments A Ltd. against the agreements adopted in the Creditors´ Meeting held on June 15, 2004. Given this situation, the Company submitted to the Commission the respective communications to resolve this nullity and challenge proceedings. On August 5, 2004 the Commission reported to the Company its acceptance of the withdrawal of the nullity and challenge action filed by Poseidón Investments A Ltd. On August 6, 2004 the Company received the resolution issued by the Commission declaring the challenge action filed by Interbank as overruled.

On December 13, 2004 a Creditors' Meeting was held at the request of creditor Tomma S.A.C. and the following was agreed:

- To authorize Austral Group S.A.A. to pay the debt under the Global Agreement by using alternative mechanisms to those in the payment timetable as approved in the creditors' Meeting dated June 15, 2004, using, for such purpose, any of the following mechanisms and/or a combination of them:

  - Capitalization of loans (commercial obligations receivable);
  - Prepayment of the debt under the Global Agreement and /or
  - Purchase of institutional securities in order to redeem or maintain them in portfolio.

- To authorize Austral Group S.A.A. to taking steps to obtain loans so as to obligations under the Global Agreement and/or purchase Institutional securities to redeem or maintain them in portfolio, at the discount proposed by Austral Group S.A.A., by establishing, releasing and substituting guarantees.

- To extend the term to enable Austral Group S.A.A. to regularize any non-compliance event up to June 30, 2005.

On December 23, 2004, creditors were offered payment of the debt under the Global Agreement and/or the acquisition of institutional securities to be redeemed or maintained in portfolio, at the discount consistent with the categories of the payment timetable approved by the Creditors' Meeting dated June 15, 2004, following the terms and conditions as described in the following chart (the Prepayment Proposal):

Description of debt	% discount
Trade Debt	90.00
Debt derived from the issue of bonds	
Pesquera Austral Bonds, First Issue	46.22
Guaranteed Bank Debt	56.33
Debt derived from the issue of Eurobonds	77.96
Non Guaranteed debt	87.39
Subordinated Guaranteed debt	62.66
Subordinated Non Guaranteed debt	89.03

The basis for applying the discount referred to above is taking the current debt under the Global Agreement as of June 15, 2004, plus the interest to be earned until December 31, 2004, even when the acceptance of the proposal by creditors is made before or after such date.

The creditors under the Global Agreement of Austral Group S.A.A. may choose the following alternatives: (i) To accept the proposal submitted by Austral Group S.A.A., in which case they will sign the related payment agreement with the Company. (ii) Not to accept the proposal relating to the Global Agreement, in which case the obligation under the global Agreement must be complied with following the timetable approved in the creditors' Meeting dated June 15, 2004. Rejecting the proposal will not imply, in any case, the total or partial condonation of the debt.

As of December 31, 2005 and 2004 the Company has signed agreements with its creditors relating to the debt under the Global Agreement based on the Prepayment Proposal for a total of US$4,596,000 and US$93,786,000 (see Note 13-c).

Additionally, on December 2, 2005 the Company released a Proposal to Refinanced Debt (Propuesta a los Acreedores Concursales), in which an offer is made to pay the refinanced debt obligations and/or acquisition of securities, issued by the same creditors to redeem or maintain them in portfolio, at the appropriate discount, under the categories of the payment schedule as approved by the Creditors' Meeting dated June 15, 2004, following the terms established in the following chart (the Payment Proposal)

Description of debt	Discount %
Commercial debt	79.78
Debt derived from the issue of bonds	
Pesquera Austral Bonds, First Issue	9.55
Debt derived from the issue of Eurobonds	
Not subordinated	62.60
Non guaranteed bank debt	30.21
Subordinated Non-Guaranteed bank debt	86.72
Debt derived from the issue of Eurobonds	
Not subordinated	78.07

The basis for applying the discount referred to above is taking the current debt under the Global Agreement as of December 31, 2005, plus the interest earned up to that date. The Re-payment Proposal due date is December 31, 2005.

The amount of the debt acquired under the Payment Proposal amounted to US$19,764,000 (see Note 13-c).

d) Negative working capital -

As of December 31, 2005 and 2004, the Company's current liabilities exceed its current assets by US$29,896 millon and US$27,156 millon respectively. In this regard, management's plan to gradually reduce this negative working capital in the following years, based on the debt refinancing of the years 2005 and 2004, involving the S/.20 million capital contribution received the refinancing of the bank debt with local and foreign banks, as well as the current maturity of the long-term debt in 2006, to obtain long-term maturities at preferred interest rates.

e) Selling process of the capital stock of Metalpack S.A. and Parnaso Construcciones S.A. -

On May 20, 2005, the Company transferred 100% of the shares it had in Metalpack S.A. to Nogat Corp., a company domiciled in the Republic of Panama. The agree selling price was US$8.825,000, of which US$2,560,000 and US$1,265,000 were collected in May and June 2005, respectively and the balance of US$5,000,000 would be collected through a promissory note at an annual interest rate of 5% with maturity on December 31, 2009.

In December 2005 the Company signed with Nogat Corp. an agreement to obtain the advanced payment of the debt remaining balance, which was made effective on December 30, 2005, at a discount of US$1,158,000 and which was charged to results of then period (Note 23).

Additionally, in February 2005, the Company transferred the entire share package it maintained with Parnaso Construcciones S.A. amounting to US$429,000.

f) Approval of financial statements -

The accompanying 2005 financial statements will be presented to the General Stockholders' Meeting for approval within the term required by law. The Company's Management considers that these statements will be approved without modifications. The financial statements as of December 31, 2004 were approved by the General Stockholders' Meeting in April 18, 2005.

g) Financial restructuring

On June 22, 2005 the Board of Directors agreed to submit to the consideration of the General Stockholders' Meeting the simple re-organization of the legal form of the Company by segregating a stock package comprising the assets of the Company's Human consumption business, in adherence to article 391 of the General Law of Companies.

This segregation of part of the capital stock of the Company's Human consumption business is a response to the need to obtain resources to carry out production and trading activities of fish in all its presentation: fresh, frozen and canned fish as an independent business that may be recipient of future eventual investments to improve downloading, freezing, processing and trading of fish products intended for human consumption, following an independent business plan.

The General Shareholders' Meeting held on August 15, 2005 agreed to delegate to the Board of Directors the implementation of the simple reorganization process, which would result in the segregation of the part of the capital stock constituted by the asset of the Company corresponding to Human consumption business. This power could be exercised by the board of directors until February 28, 2006.

2 ACCOUNTING PRINCIPLES AND PRACTICES

The most significant accounting policies used for the recording of operations and in the preparation of the financial statements are detailed below. These accounting principles and policies have been consistently applied for all years presented, unless otherwise noted.

a) Basis of preparation

The financial statements are prepared in accordance with pertinent legislation and accounting principles generally accepted in Peru. The accounting principles generally accepted in Peru comprise mainly the International Financial Reporting Standards (IFRS), made official through resolutions of Consejo Normativo de Contabilidad. IFRS comprise the International Accounting Standards (IAS) and the pronouncements of the Standing Interpretation Committee (SIC). To the date of the financial statements Consejo Normativo de Contabilidad has approved IAS 1 to 41 and SIC interpretations 1 to 33.

The 2005 financial statements have been prepared on the basis of the historical cost principle. Up to December 31, 2004, the financial statements were restated to reflect the effect of the variation in the purchasing power of the Peruvian currency under the methodology approved by the Consejo Normativo de Contabilidad. This methodology requires updating non-monetary items of financial statements from the origin date, by applying the wholesale price index. The balances restated for inflation as of December 31, 2004 have been considered as the opening historic balances as of January 1, 2005. The effect of this accounting change has caused that as of December 31, 2005, the total assets and net stockholders' equity are lower by approximately US$7,213,000 and US$2,357,000 and the 2005 net income then ended will be higher by approximately US$4,856,000.

The variation in the purchasing power of the Peruvian currency in relation to the US dollar, based on the Wholesale Price Index, according to official statistics, has been 3.6% and 4.9%, respectively.

The Consejo Normativo de Contabilidad, by means of Resolution No.034-2005-EF/93.01 dated March 2, 2005 made official the mandatory application of the following IAS and IFRS as from January 1, 2006:

IAS 1 (revised in 2003) Presentation of Financial Statements
IAS 2 (revised in 2003) Inventories
IAS 8 (revised in 2003) Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10 (revised in 2003) Events subsequent to the Balance Sheet Date
IAS 16 (revised in 2003) Property, plant and Equipment
IAS 17 (revised in 2003) Leases
IAS 21 (revised in 2003) Effects of the variations in exchange rates
IAS 24 (revised in 2003) Related party disclosure
IAS 27 (revised in 2003) Consolidated and separate financial statements
IAS 32 (revised in 2003) Financial instruments: Disclosure and Presentation
IAS 33 (revised in 2003) Earnings per share
IAS 36 (issued in 2004) Impairment of assets
IAS 38 (issued in 2004) Intangible assets
IAS 39 (revised en 2003) Financial instruments: Recognition and Measurement
IFRS 1 (issued in 2004) First-time adoption of International Financial Reporting Standards
IFRS 2 (issued in 2004) Share-based payment
IFRS 3 (issued in 2004) Business combinations
IFRS 4 (issued in 2004) Insurance contracts
IFRS 5 (issued in 2004) Non-current assets Held for Sale and Discontinued Operations

With respect to IAS 21 and 27, revised in 2003, considering that more extensive research is required of the technical criteria to be used by the companies to support and establish their functional currency and considering the importance placed by legal regulations currently in force in Peru on the separate financial statements, Consejo Normativo de Contabilidad, through resolutions No.038-2005-EF/93.01 dated December 28, 2005 and published on January 3, 2006, resolved to suspend the effective date of IAS 21, revised in 2003 until December 31, 2006, and re-establish for the same period the version of IAS 21, formerly in force, as well as SIC 19 and 30, except for the alternative treatment stated in paragraphs 20 through 22 of such a standard. This resolution does not prohibit the voluntary operating application of IAS 21 revised in 2003, under the terms stated in article 3 of resolution No.034-2005-EF/93.01. In addition, the application of the equity method is maintained in Peru for the preparation of separate financial statements and for the valuation of investments in subsidiaries and associates.

Up to date, Management is assessing the impact that the adoption of these standards could have in its accounting policies.

b) Use of accounting estimates -

The preparation of the financial statements requires the Company's Management to make certain estimates and assumptions to determine the reported amounts of assets and liabilities, the exposure to contingencies and the recognition of income and expenses. If in the future such estimates and assumptions, that are based on Management's best judgment at the date of the financial statements, are modified as a result of changes in the underlying premises, the original estimates and assumptions will be appropriately modified on the date on which such changes occur. The main estimates in the financial statements are the provision for accounts of doubtful collection, provision for obsolescence of inventories, depreciation of fixed assets, and the determination of income tax and workers' profit sharing (current and deferred).

c) Translation into foreign currency –

Measurement and Presentation Currency:

The items included in the Company's financial statements are expressed in the currency of the primary economic environment in which the entity operates (measurement currency). Financial statements are presented in new Peruvian soles, which is the Company's measurement and presentation currency. The Company carries its accounting records in local currency in accordance with generally accounting principles in Peru.

Transactions and balances:

Foreign currency transactions are translated into the measurement 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 recognized in the income statement.

d) Financial instruments -

Financial instruments are defined as any contract that gives rise simultaneously to a financial asset in an enterprise and a financial liability or equity instrument of another enterprise. Financial instruments include both primary instruments, such as accounts receivable, accounts payable and equity securities.

The substance of a financial instrument, rather than its legal form, governs its classification on the Company's balance sheet. Interest, profit and loss from a financial instrument classified as a liability are recorded as expenses or income in the statement of profit and loss. Offsetting of a financial asset and a financial liability is required when there is a legal right to off-set and Management has the intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Fair value is defined as the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Management considers that the carrying amount of the Company's financial instruments, as of December 31, 2005 and 2004 do not significantly differ from their fair value. Accounting policies related to the recognition and valuation of these items are disclosed in this Note.

e) Trade accounts receivable and provision for accounts of doubtful collection -

The balances of trade accounts receivable are fair value, net of its provision for impairment. The provision for impairment of accounts receivable is established when there is objective evidence that the Company may not be able to recover all balances due under the original terms and conditions of the related accounts receivable. This provision is reviewed periodically to adjust it to the levels necessary to cover potential losses balance of this provision is determined following the policies established by Management and comprises those balances of more than twelve months old. This provision is periodically reviewed to adjust it to cover potential losses in the customers' portfolio. Uncollectible debts are written off when identified as such.

f) Inventories -

Inventories are recorded at the lower of acquisition cost, as applicable, or their net realizable value. Inventory is valued under the weighted-average method. The cost of finished products comprises raw material, direct labor, other direct costs, overheads and excludes financing expenses. The net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost to bring assets to selling condition and selling expenses. A provision, for the reductions in the assets' carrying amount to their net realizable value, is made with charge to results of the period when such reductions occurred. Te provision for obsolete materials and spare parts in warehouse is determined on the basis of the movements of the items exceeding one year. In-transit inventories are recorded at cost under the specific identification method.

g) Investments -

In 2004 this item includes Investments in Metalpack S.A. and Parnaso Construcciones S.A., which were valued by using the equity method. Under this method, the Company's share in the in the profits or losses of its subsidiaries is recognized in the results of the period in which such profits or losses occurred.

Investments representing less than twenty percent of the capital of the issuer, are stated at cost. Dividends in cash and dividends in stock arising from the capitalization of profits are credited to results when declared.

h) Property, machinery and equipment -

The item property, machinery and equipment is shown at cost plus revaluations of certain items, less accumulated depreciation. The cost plus revaluations and the related accumulated depreciation of assets sold or retired are eliminated from their respective accounts and any profit or loss resulting from disposal will affect results of the period.

Any increase in the value of the assets resulting from appraisal is credited to a revaluation surplus equity account; any decrease is first offset against the revaluation surplus, if any, of the same asset and the balance, if any, is subsequently charged to profit of the period. The initial cost of property, machinery and equipment comprises purchase cost, including non-reimbursable import duties and purchase taxes and any other cost directly attributable to locate and put the asset in operating condition. Subsequent costs attributable to goods increasing the original capacity of such assets are capitalized; all other costs are recognized in results

Land is not depreciated. Depreciation of other assets is calculated by using the straight-line method to assign their cost pr revalued amount less their residual value over the estimated useful life as follows: Depreciation is calculated by using the straight-line method using the following estimated useful lives:

	Years
Buildings, constructions and installations	Between 12 and 60
Vessels and vessel equipment	Between 8 and 25
Machinery and equipment of fish-meal plant	Between 10 and 20
Machinery and equipment of canned food plant	Between 10 and 20
Vehicles	Between 5 and 15
Furniture, fixtures and other equipment	Between 5 and 20
Replacement units	Between 10 and 25

Residual values and useful lives of assets are reviewed and adjusted, if appropriate, at each balance sheet date.

The carrying amount of an asset is written off immediately to its recoverable amount if the carrying amount exceeds the estimated recoverable amount (Note 2-i).

i) Impairment of assets -

Long-lived assets are reviewed for impairment whenever events of changes in circumstances indicate that the carrying amount may not be recoverable. The Company estimates the recoverable value and if necessary recognizes an impairment loss with charge to the results of the year. An impairment loss is the amount by which the carrying amount of the assets is reduced to its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and their value in use. The net selling price is the amount obtained from the sale of an asset in a closed transaction between non-related parties, the reference price in an active market or the price in recent similar transactions. The value in use is the present value of the estimated future cash flows from the use of an asset and its final disposal at the end of their useful lives.

Estimates made by Management to evaluate whether or not there is impairment in the value of fixed assets consider the evaluation of financial projections made from the year 2006 up to 2020, assuming macroeconomic and market variables effective at the date of this report. Assumptions on which estimates of future cash flows are based are subject to risks and uncertainties. Any difference between the assumptions and market conditions and/or the Company's performance may have a material effect on the financial position and results of operations. Therefore, such estimates should be revised periodically by the Company's Management in 2005.

i) Provisions

Provisions are recognized when the Company has a present legal or assumed obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

k) Income tax -

Current -

Income tax and workers' profit sharing are calculated and recorded on the basis of the taxable income under tax laws in force

Deferred -

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the 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 realized or the deferred income tax liability is settled. Major temporary differences are summarized in Note 14.

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

l) Loans -

Loans are recognized when funds are actually received, net of transactions costs. In subsequent periods, loans are stated at the amortized cost. Any difference between the funds received (net of transaction costs) and the amount to disburse is recognized in results over the term of the loan.

m) Finance leases -

Lease contracts of property, machinery and equipment by which the Company assumes substantially all risks and rewards relating to the ownership of the leased asset are classified as financial leases and are capitalized at the beginning of the contract at the lower of fair value of the leased asset and the present value of minimum payments of the lease installments. The financial cost is charged to results in the period of the lease. The cost of assets acquired under lease contracts is depreciated over the estimated useful life of assets.

n) Capital stock -

Common shares are classified as equity. Incremental costs directly attributable to the issue of shares are shown in equity as a deduction from issue, net of taxes,

o) Contingent liabilities and contingent assets -

Contingent liabilities are recognized in the financial statements and are disclosed in notes to the financial statements unless their occurrence is remote. Contingent assets are not recognized in the financial statements and are disclosed only if their realization is probable.

p) Recognition of revenues, costs and expenses -

Revenues comprise the fair value obtained form the sale of goods and services Income from sales and related costs and expenses are recognized when the risks and benefits inherent to ownership of products are transferred to the purchaser. Other revenues and expenses are recognized as accrued.

q) Cash and cash equivalents -

For purposes of the statement of cash flows, cash on hand and bank deposits are considered cash and cash equivalents.

r) Business segments -

For management purposes, the Company is organized principally on the basis of two business units, fish-meal and oil and canned fish. Divisions are the basis on which the Company reports its primary information on segments. Financial information on the business segments is presented in Note 27.

s) Bonds

Bonds issued by the Company are stated at nominal value. Interests are recognized when accrued. The discounts given when placing these bonds deferred and are amortized onver the effective period of the bonds.

t) Statement of cash flows -

For purposes of the preparation of cash flows, cash at the beginning and end of the year is the respective balances of cash and banks. Significant transactions not representing cash flows are excluded from the statement of cash flows of the period in which they occur.

u) Profit (loss) per share -

Loss per basic share has been calculated by dividing the net loss for the year, related to common and investment shares, by the weighted-average number of the shares outstanding during the year at the date of the balance sheet.

3 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk, price risk, credit risk, liquidity risk and cash flow interest rate risk. The overall risk management program of the Company is focused on the unpredictability of the financial markets and seeks to minimize the potential adverse effects on its financial performance.

The potential adverse effects of which are evaluated by the Company's Management so as to minimize them.

a) Exchange rate risk -

The Company operates overseas and is exposed to the risk of changes in exchange rates of foreign currencies, mainly the United States dollar. The exchange rate risk arises from future trade transactions and recognition of assets and liabilities. As of December 31, 2005 and 2004, the Company maintains a net liability position in foreign currency.

The Company's Management has decided to accept the exchange rate risk and has not entered into any hedging activity.

b) Price risk -

The Company is exposed to the risk of fluctuations in the prices of the products traded.

c) Credit risk -

The Company does not have significant credit concentration risks. The Company has established policies for selling its products to clients with an adequate credit history. The counterparties in cash transactions are limited to financial institutions with a first class credit rating. The Company has policies in place to limit the amount of the credit exposure to any financial institution.

d) Liquidity risk -

The prudent administration of liquidity risk implies maintaining sufficient cash and negotiable instruments, the availability of finance through an adequate number of sources of committed credit and the ability to close positions in the market. Due to the dynamic nature of its business, the Company seeks to maintain flexibility in its financing by means of the availability of committed credit lines.

e) Cash flow and fair value interest rate risk:

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

The Company's interest rate risk arises from current and long-term borrowings. Borrowings issued at variable and floating rates expose the Company to cash flow interest rate risk.

4 TRANSACTIONS IN FOREIGN CURRENCY AND EXPOSURE TO THE EXCHANGE RISK

As of December 31 the Company's assets and liabilities in foreign currency are as follows:

	2005 US$000	2004 US$000
Assets		
Cash and banks	3,484	459
Gurantee deposits	487	695
Accounts receivable	7,615	8,507
	11,586	9,661
Liabilities		
Overdrafts and bank loans	(18,926)	(18,295)
Accounts payable	(16,103)	(19,101)
Long-term debt, including current portion	(78,583)	(102,148)
	(113,612)	(139,544)
Net liability position	(102,026)	(129,883)

Operations in foreign currency are made at the exchange rates established by the Peruvian Banking Regulator – SBS (Spanish acronym). As of December 31 2005, the weighted-average exchange rates in the open market for U.S transactions were S S/.3.429 per US$1 purchase price and S/.3.431 per US$1 selling price (S/.3.280 and S/.3.283 per US$1 as of December 31, 2003, respectively).

During the course of 2005, the Company has recorded a net exchange loss of approximately US$3,419,000 (a gain of US$9,533,000 as of December 31, 2004), which is included in the item Exchange gains and losses in the statement of income.

5 CASH AND BANKS

As of December 31 this item comprises:

	2005 US$000	2004 US$000
Cash	33	45
Bank checking accounts	1,489	604
Time deposits	3,000	-
	4,522	649

As of December 31, 2005, the Company maintains its checking accounts in local banks, denominated in local and foreign currency for approximately S/.3,478,859 and US$474,830, respectively ((S/.511,000 and US$448,000, as of December 31, 2004). Such funds are of free availability and bear interest at market rates.

6 GUARANTEE DEPOSITS

As of December 31 this item comprises:

	2005 US$000	2004 US$000
Banco Wiese Sudameris	39	37
Compañía de Seguros de Crédito y Garantía - Secrex	364	502
Banco Sudamericano	-	2
Banco Financiero	83	82
Banco de Crédito del Perú	2	72
	488	695

Guarantee deposits as of December 31, 2005 and 2004 are principally intended to pay import duties, performance bonds, notes and interest, as well as the services rendered within the context of the public offering of acquisition (IPO).

7 ACCOUNTS RECEIVABLE

As of December 31 this item comprises:

	2005 US$000	2004 US$000
Commercial (a)		
Invoiices	6,795	4,818
Provision for doubtful accounts (b)	(774)	(600)
	6,021	4,218
Affilates and shareholders Note 24	16	2,049
Other		
VAT recoverable (Note 16-g)	2,288	2,214
Temporary tax on net assets	112	-
Claims receivable	178	138
Personnel	67	68
Other (c)	2,754	4,221
	5,399	6,641
Provision for doubtful accounts (b)	(1,165)	(1,944)
	4,234	4,697

a) Trade accounts receivable are denominated in U.S. dollars for exports and in local currency for local sales; they have current maturities and are non-interest-bearing.

As of December 31, 2005, approximately 84.39% of trade accounts receivable are derived from exports (73.08% as of December 31, 2004). Of this percentage, approximately 41.32% (46.07% percent as of December 31, 2004) are guaranteed with export letters of credit and 43.08% are subject to bank collections (53.93% as of December 31, 2004).

b) The provision for doubtful accounts is recorded as a charge to results of the period when it is determined that there is a risk that an account receivable might not be recovered. Management considers that the provision for doubtful accounts is sufficient to cover the recovery risk at December 31, 2005

c) As of December 31, 2005, includes the account receivable of US$784,000 from Cranbour Business Corp. for the sale of a property used by the Company as its Head Office and for the sale of shares that the Company owned in Parnaso S.A. (US$975,000 as of December 31, 2004).

The movement on the provision for doubtful accounts for the years ended December 31 is as follows:

	2005 US$000	2004 US$000
Opening balances	2,544	1,456
Additions	311	1,463
Recoveries	(880)	(375)
Result for exposure to inflation	-	(511)
Difference on exchange	36	-
	1,939	2,544

Aging details of Trade Accounts receivable are as follows:

	2005 US$000	2004 US$000
Current	5,280	2,848
Past due up to 60 days	172	1,119
Past due from 61 to 180 days	569	251
Past due from 181 to 360 días	774	600
	6,795	4,818

8 INVENTORIES

As of December 31 the balance of this item comprises:

	2005 US$000	2004 US$000
Finished goods:		
Fish meal	10,357	7,761
Fish oil	1,039	1,815
Canned fish	2,577	3,029
	13,973	12,605
Spare parts and supplies:		
Spare parts	3,110	2,614
Supplies	891	711
Cans, packaging and other	2,743	2,355
	6,744	5,680
Provision for obsolete items		
Spare parts and supplies	(1,764)	(1,939)
Cans, packaging and other	(1,086)	(1,119)
Canned fish	(73)	(913)
	(2,923)	(3,971)
	17,794	14,314

Spare parts are used in the repair of vessels, equipment of vessels and machinery and plant equipment.

As explained in Note 2-f), inventories are valued at the lesser of cost or net realizable value. Management evaluates periodically the provision for obsolescence and slow moving items.

The movement of the provision for obsolescence for the years ended December 31 is as follows:

	2005 US$000	2004 US$000
Initial balances	3,971	2,664
Additions	424	1,943
Recoveries	(1,452)	(636)
Difference on exchange		
Result for exposure to inflation	(20)	
Final balances	2,923	3,971

Management considers that no additional provision is required to cover additional risks of impairment of inventories as of December 31, 2005.

As of December 31, 2005 and 2004 the warrants constituted over canned fish, fish-meal and fish oil in guarantee of bank loans received, amount to approximately US$15,252,000 and US$16,961,000, respectively (Note 11).

9 INVESTMENTS

As of December 31 the balance of this item comprises:

Company /Major activity	Porcentaje of Interests in capital stock (*)	Net equity of the company as of Dec.31.05 US$000	Net carrying amount 2005 US$000	Net carrying amount 2004 US$000
Metalpack S.A. Manufacturiong of meta cans for Cannes food	99.98	-	-	10,430
Parnaso Construcciones S.A. Investment in real estate inmobiliarias	99.53	-	-	443
Apropisco S.A.C. Advisory services to fishing sector	18.50	10	2	2
Other			12	12
			14	10,887

(*) Percentage applicable to years 2005 and 2004.

As stated in Note 1-e) to the financial statements, in 2005 the Company sold its shares in Metalpack S.A. and Parnaso Constructions S.A. In relation to the sale of share of Metalpack S.A. a loss of US$1,603,000 was obtained, which is shown in Other, net of the statement of income.

The Company's share in the such company's 2004 results was determined as established in Note 2 - g). A net profit of US$4,697,000 is stated under Others, net in the statement of income, (Note 23). derived from Metalpack S.A., a profit of US$5,016,000 and Parnaso Constructions S.A., a loss of US$319,000.

10 PROPERTY, MACHINERY AND EQUIPMENT

The movement of property, machinery and equipment and its related accumulated depreciation for the year ended December 31, 2005 is as follows:

	Beginning balance US$000	Additions US$000	Retirement and/or sales US$000	Result by transfering US$000	Transfers US$000	Final Balance US$000
Cost						
Land	11,370	0	0	(494)	0	10,876
Buildings, constructions and installations	25,789	57	(1,854)	(1,120)	250	23,122
Vessels and equipment	176,135	725	(2,698)	(7,653)	1,023	167,532
Machinery and equipment of fish-meal plant	103,552	1,031	(552)	(4,500)	792	100,323
Machinery and equipment of canned food plant	47,220	964	(3,140)	(2,051)	36	43,029
Vehicles	1,500	32	(184)	(65)	0	1,283
Furniture, mixtures and other equipment	6,427	93	(258)	(278)	1,089	7,073
In-transit and replacement units	1,482	212	(15)	(65)	(1,409)	205
Work in progress	700	4,094	(40)	(30)	(1,781)	2,943
	374,175	7,208	(8,741)	(16,256)	0	356,386
Accumulated depreciation						
Land	6,833	449	(1,723)	(298)	0	5,261
Buildings, constructions and installations	66,623	8,738	(1,134)	(3,534)	206	70,899
Vessels and equipment	50,702	5,206	(283)	(2,203)	0	53,422
Machinery and equipment of fish-meal plant	17,539	1,317	(1,311)	(761)	0	16,784
Machinery and equipment of canned food plant	1,105	78	(115)	(47)	0	1,021
Vehicles	5,191	425	(208)	(225)	382	5,565
Furniture, mixtures and other equipment	623	0	(8)	(27)	(588)	0
	148,616	16,213	(4,782)	(7,095)	0	152,952
Provision for impairment of assets	23,566	0	(1,835)	(1,024)	0	20,707
Net cost	201,993					182,727

a) Processing plants -

As of December 31, 2005 and 2004, the Company has 6 fish-meal processing plants along the Peruvian coast and 2 fish canning plants in Paita and Coishco. Likewise, the Company owns 37 vessels, which are currently operational, with a storage capacity of 15,369 M^3 as of December 31, 2005 (38 vessels with a storage capacity of 15,647 M^3 as of December 31, 2004).

b) Assets under financial lease -

As of December 31, Property, machinery and equipment includes the following fixed assets, net of accumulated depreciation and provision for impairment of value of fixed assets (IAS 36), acquired under financial lease contracts:

	2005 US$000	2004 US$000
Land	705	737
Building, constructions and installations	1,766	1,891
Vessel and equipment	29,775	38,206
Machinery and equipment of fish-meal plants	12,598	16,357
Machinery and equipment of canned fish plants	2,731	5,492
Vehícles	42	15
Furniture and fixtures and other equipment	0	4
	47,617	62,702

c) Guarantees granted -

As of December 31, 2005 and 2004 the Company has pledged maritime mortgages on certain vessels and equipment of vessels, industrial pledges on plant, machinery and equipment and mortgages on property, as a guarantee of bonds issued by the Company and bank loans received, (Note 26).

d) Revaluation of assets -

During 1998 and 1996 the Company revalued its fixed assets on the basis of a valuation performed by independent appraisers. The resulting surplus was credited to net stockholders' equity. As of December 31, 2005 and 2004, the higher revaluation value, net of accumulated depreciation and provision for impairment in value of fixed assets (IAS 36) as of the above dates, amounts to approximately US$ 36,328,000 and US$42,179,000, respectively and is itemized as follows:

	2005 US$000	2004 US$000
Land	4,610	4,820
Buildings, constructions and installations	2,001	2,189
Vessel and equipment	25,709	30,000
Machinery and equipment of fish-meal plants	2,528	2,992
Machinery and equipment of canned fish plants	1,469	2,157
Vehicles	3	14
Furniture, fixtures and other equipment	8	7
	36,328	42,179

e) Impairment of assets -

Pursuant to the application of IAS 36 "Impairment of assets", the Company's Management uses value in use as a parameter of the recoverable amount, which represents the present value of

the estimated future cash flows from the use of an asset and its disposal at the end of its useful life by using a discount rate of 10 and 10.25 per cent as of December 31, 2005 and 2004, respectively, which Management considers reflects the profitability expected from assets. The recoverable amounts are estimated for all the Company's assets used in the production of fish-meal and fish oil and canned fish as two separate cash-generating units. As a result of the estimate of the recoverable value of the fixed assets as of December 31, 2005, Management has recognized an impairment loss of approximately US$20,707,000, which was recorded with charge to results in prior years. The respective provisions determined relate to the canned fish production unit.

f) Insurance on fixed assets -

As of December 31, 2005, the Company insured property, machinery and equipment for a value of up to US$195,787,385 (equivalent to S/.671,354,943). Management considers that its insurance policies are consistent with international practices in this industry and the risk of eventual loss from claims considered in the insurance policy is reasonable considering the Company's type of assets.

11 BANK OVERDRAFTS AND LOANS

As of December 31 this item comprises:

Financial institution	2005 US$000	2004 US$000
Banco de Crédito del Perú	7,519	-
Banco Continental	3,764	-
Banco Wiese Sudameris	3,379	8,041
Banco Financiero del Perú	777	8,212
Banco Sudamericano	692	-
Banco Interamericano de Finanzas	2,795	1,896
Cofide	-	146
	18,926	18,295

a) This item comprises short-term loans granted by local and foreign financial institutions for working capital and are guaranteed with export letters of credit and warrants on canned fish, fish-meal and fish oil (Note 8).

b) Current average annual interest rates for bank loans have fluctuated between 5.76 and 12 percent in foreign currency as of December 31, 2005 (as of December 31, 2004, the interest rates fluctuated between 4.75 and 15 percent in foreign currency, and 20 and 25 percent in local currency).

c) As of December 31, 2005 maturities of bank overdrafts and loans are as follows:

	2005 US$000
Past due	114
Three months	640
From three to six months	18,172
	18,926

13 LONG-TERM DEBT

As of December 31 this item comprises obligations in U.S. dollars, except for worker-related and tax obligations, denominated in local currency, which are as follows:

Debt	Guarantees granted (Note 26)	Annual Interest rate al Dec.12.05 (1)	Balances as of December 31, 2005 Current portion US$000	Balances as of December 31, 2005 Non-current portion US$000	Balances as of December 31, 2004 Current portion US$000	Balances as of December 31, 2004 Non-current portion US$000
Restructured debt:						
Deuda Tributaria (Clase B)						
Superintendencia Nacional de Administración Tributario /Aduanera (SUNAD)	Bank finance	8.00%	83	580	74	929
Superintendencia Nacional de Administración Tributaria / Aduanera (SUNAT/ SUNAD)	Without specific property	8.00%	46	316	59	384
			129	896	133	1,313
comercial debt (Class C)						
Comerciales	Without specific property	0.00%	-	1,475	-	2,399
Debt derived fro issue of Pesquera Austral Bonds First Issue (Class D)						
Union of Corporate Bondholders –Pesquera Austral PFirst issue	Mairitime property, Mortgage on property industrial pledge	1.6920%	-	17	-	1,219
Secured debt (Class E)						
Banco Internacional del Perú -Interbank	Industrial pledge, Mortgage	1.2776%	-	-	-	2,331
Debt derived from issue ofEurobonos (Class F)						
Long Term Credit Bank	Fixed assets	0.7020%	-	4,142	-	1,753
Unsecured debt (Class G)						
Banco Internacional del Perú – Interbank	Fixed assets	7.4401%	-	-	-	344
Dordogne Holdings Inc. (Ex - Tomma S.A.C., Ex - Poseidon, Ex – Corporación Andina de Fomento)	Fixed assets	7.4401%	-	-	-	2,602
Dordogne Holdings Inc. (Ex - Tomma S.A.C., Ex – Banco Financiero del Perú)	Fixed assets	7.4401%	-	-	-	271
Dordogne Holdings Inc. (Ex - Tomma S.A.C., Ex – Export -Import Bank of the United States)	Fixed assets	7.4401%	-	-	-	2,468
Dordogne Holdings Inc. (Ex - Tomma S.A.C., Ex - Kreditanstalt Für Wiederaufbau)	Fixed assets	7.4401%	-	-	-	3,214
Dordogne Holdings Inc. (Ex - Tomma S.A.C., Ex – NBK Bank)	Fixed assets	7.4401%	-	-	-	848
Dordogne Holdings Inc. (Ex - Tomma S.A.C., Ex – Standard Chartered)	Fixed assets	7.4401%	-	-	-	475
			-	-	-	10,222
Carried forward:			129	6,530	133	19,237

12 ACCOUNTS PAYABLE

As of December 31 this item comprises:

	2005 US$000	2004 US$000
Trade		
Third parties	7,392	14,883
Subsidiaries (Note 24)	729	74
	8,121	14,957
Other		
Short term debt to shareholders (Note 24)	3,153	-
Interest payable	5,099	4,580
Provision for maintenance	-	670
Other accounts payable	3,878	2,180
Taxes payable	519	499
	12,649	7,929
	20,770	22,886

Trade accounts payable are related principally to the acquisition of materials, supplies and services provided for the implementation of the Company's production activities. These accounts payable are denominated in local and foreign currency, they have current maturities and no guarantees have been given for these obligations.

Debt	Guarantees granted (Note 26)	Annual Interest rate al Dec.12.05 (1)	Balances as of December 31, 2005 Current portion US$000	Balances as of December 31, 2005 Non-current portion US$000	Balances as of December 31, 2004 Current portion US$000	Balances as of December 31, 2004 Non-current portion US$000
Brought forward:			129	6,530	133	19,237
Mom-secured subordinated debt (Class I)						
Dordogne Holdings Inc. (Ex - Tomma S.A.C., Ex – Poseidon, Ex – Corporación Andina de Fomento)	Fixed assets	0.5030%	-	-	-	1,959
Dordogne Holdings Inc. (Ex - Tomma S.A.C., Ex – NBK Bank)	Fixed assets	0.5030%	-	-	-	520
Dordogne Holdings Inc. (Ex - Tomma S.A.C., Ex – Standard Chartered)	Fixed assets	0.5030%	-	-	-	265
Long Term Credit Bana	Fixed assets	0.5030%	-	779	-	8,522
			-	779	-	11,266
Contingent debt (Class K)						
Superintendencia Nacional de Administración Tributaria/Aduanera (SUNAT)	Fixed assets	-	-	219	-	-
Total restructured debt			129	7,528	133	30,503
Debt derived from finance lease						
Banco de Crédito del Perú	Fixed assets	10.50%	1,096	906	518	2,031
Banco Financiero del Perú	Fixed assets	12.00%	1,184	2,173	2,027	3,357
Banco Interamericano de Finanzas	Fixed assets	6.00% al 9.00%	1,406	-	1,147	1,406
Banco Internacional del Perú – Interbank	Fixed assets	9.77%	1,353	4,894	2,043	4,241
Banco Sudamericano	Fixed assets	8.50%	478	2,993	2,033	3,471
Corporación Financiera de Desarrollo – Cofide	Fixed assets	8.00%	75	7,891	4,871	2,824
NBK Bank	Fixed assets	10.00% al 14.50%	1,649	2,749	751	3,645
			7,241	21,606	13,390	20,975
Debt from acqiuisition of Refinanced debt (Note 13-c)						
Tomma S.A.C.	Fixed assets	Libor + 4	-	-	-	31,065
Octave – 1 Fund LTD	Fixed assets	Libor + 4	-	-	-	6,607
Fibras Industriales S.A.	Fixed assets	Libor + 4	-	-	-	54
			-	-	-	37,726
Commercial debt						
Fibras Industriales S.A.	Fixed assets	7%	241	516	241	703
Debts with financial institutions	Fixed assets					
Peruvian Future Flows LTD	Fixed assets	Libor + 4	16,800	25,200	-	-
Banco Internacional del Perú – Interbank	Fixed assets	-	4	651	-	-
			16,804	25,851	-	-
Total long-term debt			24,415	55,501	13,764	89,907

(1) In an addendum to the Global Agreement dated June 15, 2004 the interest rates were changed. See Notes 13 - a and b.

a) Corporate bonds -

The General Stockholders' Meeting of November 8, 1996 approved the issue and placement by public offering in the local market of Corporate Bonds for US$55,000,000 (Corporate Bonds - First issue); also, a Special Stockholders' Meeting dated April 25, 1997 approved the issue and placement in the international market of non-convertible bonds for US$50,000,000 (International Bonds). Resources derived from these issues were used for the substitution of liabilities, financing of investments and working capital. The Company should comply with certain restrictive clauses such as maintaining a ratio of total debt over equity no higher than 1.750 and 1.875 for Corporate and International Bonds, respectively. Furthermore, in the case of International Bonds, the Company cannot declare nor distribute dividends or assets in excess of 50 percent of the prior year's consolidated profit. Given the high levels of indebtedness and decrease in stockholders' equity due to losses and the recognition of deferred income tax liabilities and workers' profit sharing in 1999, the Company maintains debt ratios which exceed agreed-upon levels for both bond issues. The Corporate Bonds matured in year 2000 and the International Bonds matured in 2002. Corporate and International Bonds referred to above are part of the Refinancing Global Agreement mentioned in section (b) below.

With respect to Corporate Bonds, a Special Stockholders' Meeting dated December 20, 2000 approved amendments to the terms and conditions of the issue in accordance with the Refinancing Global Agreement (Note 2), reducing the amount of the issue to US$41,250,000 as a result of the capitalization of obligations for US$13,750,000. Maturity, term, amount, face value (par value), interest rate and payment of interest have been fixed following the Refinancing Global Agreement. The Addendum to the Global Refinancing dated June 15, 2004 established that the maximum maturity of the related Bonds will be fifteen years, with a grace period of 2 years bearing an annual nominal interest rate of 1.692 percent. Interest will be paid quarterly, on March 31, June 30, September 30 and December 31 each year. The bond-issue agreement is subject to each of the non-compliance events established in the Global Agreement. Bond holders are subject to the actions and procedures established under the Refinancing Global Agreement in the event of non-compliance. In the event of any discrepancy between the bond-issue agreement and the Global Agreement on Refinancing, the latter will prevail.

As mentioned in section c) of this note, on December 31, 2004, the Company signed agreements with creditors, among them corporate bond holders. On January 10, 2005 the General Meeting of Obligors of Corporate Bonds approved:

a) The reduction in the amount of Corporate bonds to US$1,219,000 (1,719 Bonds), as a result of the pre-payment to Tomma S.A.C. and condonation of 53,821 Corporate Bonds in favor of the Company for a total of US$ 37,766,000 (Note 13c).

b) The release of the guarantees securing the issue of Pesquera Austral Corporate bonds - First Issue proportional to the amount of bonds redeemed, so that the remaining guarantees maintain the same proportionality as that which existed before redemption.

c) On December 2, 2004 the General Meeting of Bondholders ratified the designation of Banco Financiero as representative of Sindicato de Obligacionistas of Corporate Bonds Pesquera Austral – First Issue.

With respect to International Bonds, the Company instructed Chase Manhattan Bank to reduce the value of the Bonds and change the form of payment in accordance with the Global Agreement. For this purpose, the Company launched a bid to exchange the bonds through Euroclear and Clearstream. The debt in respect of the International Bonds totals US$4,921,000 as of December 2005 ((US$10,274,000 as of December 31, 2004), which bore an annual interest rate of 10.25 per cent until June 15, 2004, and 0.702 and 0.503 per cent for the non-subordinate and subordinate debt, respectively, as from that date.

As established in the Addendum to the Global Agreement dated June 15, 2004, of the debt referred to above, US$4,142,000 (debt class F) which includes the interest accrued as of December 31, 2005, will be paid in 10 years and 3 quarters, including a period of grace of 8 years and US$779,000 (debt class I) including the interest accrued as of December 31, 2004 which corresponds to subordinated debt will be paid over a term of 20 years, including a period of grace of 17 years and 3 quarters.

With respect to these International Bonds, the Company's Management considers that, under said Bonds' terms and conditions, the related obligations are subject to the application of Peruvian laws and are accordingly subject to the provisions of the Global Agreement of Refinancing.

b) Global Agreement of Refinancing -

The Addendum to the Global Agreement of Refinancing dated June 15, 2004 establishes the classification and form of payment of the remaining debt; such classification is made on the basis of the nature of the loans, the existence or absence of guarantees and the value of the assets being used as guarantees as follows:

Class A: Labor-related debts - credits which under the General Law of the Debt Refinancing System (sistema concursal) have the first order of preference. This class of debt has been paid in full as of June 15, 2004.

Class B: Tax debt – Loans derived from default in payment of taxes, contributions and levies, on the basis of the definition established in the Tax Code, managed by SUNAT, ESSALUD, local governments, or any tax-collection institution. These credits took advantage of the regime of the payment of back taxes (RESIT, from the Spanish acronym), Law No 27681. The admission of Austral to this refinancing system was approved by the Creditor's Meeting dated June 14, 2001. The debt will be paid in accordance with the payment schedule established under the law referred to above which also provides for monthly amortization up to 2011 and bears an effective annual interest rate of 8 per cent.

Class C: Trade debt – Comprises debts to trade suppliers, which will be paid in 72 quarterly installments, after a period of grace of 2 years. Nevertheless, suppliers in this class who decide to do so, may individually accept, in substitution of said payment schedule, a once only payment of 10% and 20%, in 2004 and 2005, of the total remaining debt owed to them. The debt that was reduced by applying this mechanism amounts to approximately US$812,000, with condonations totaling US$713,000 that was credited to 2004 and 2005 (See subsection c) under this Note).

Class D: Debt derived from the issue of Corporate Bonds Pesquera Austral, First Issue – the credits derived from the issue of the referred obligations, including the guarantees established in support of said issue, which will be paid as described in Note 13-a.

Class E: Secured debt – Loans with some kind of real guarantees or encumbrances duly formalized backed by the equity of Austral and that have been established or agreed before the beginning of the Refinancing System. (Concurso Preventivo). This debt will be paid in 52 quarters, after a period of grace of two years and bears an annual interest rate of 1.2776 per cent. As of December 31, 2005, this debt has been fully paid.

Class F: Debt derived from the issue of Eurobonds – Non-subordinated debts derived from the issue of international bonds described in Note 13-a.

Class G: Unsecured debt – Loans supported with guarantees or encumbrances backed by the assets of Austral. This debt will be paid in 11 quarterly quotas, after a period of grace of 8 years and bears an annual interest rate of 7.4401 per cent. As of December 31, 2005, this debt has been fully paid.

Class H: Unsecured Subordinated Debt – Unsecured debt which, in spite of the fact of being included in the capitalization scheme of the Global agreement did not participate in said scheme. This debt will be paid in 9 quarterly installments, after a period of grace of 17 years and 3 quarters and bears an annual interest rate 0.503 per cent.

Class I: Contingent debt from claims of loans that are undergoing court or administrative. This class includes debts, obligations and contingencies of any type or nature, not subject to capitalization or a to any fixed or flexible scheme of amortization, as established in the Global Agreement, in relation with acts or events prior to March 2000.

c) Payment and condonation of debts under the Global Agreement -

Austral has made effective payment of US$24,616,000 and US$94,202,000 and the condonation of US$12,569,000 and US$56,415,000 of its refinanced debts in 2005 and 2004, respectively. Condonations have been recorded in results of those years and are shown in the item Revenues from condontion of long-term debt in the statement of income.

Detail of prepayment and condonation in 2005 ad 2004 (Note 1-c) is presented as follows:

Condonations of debts in 2005 -

In 2005 the Company has signed agreements with its refinanced debt creditors as per proposal dated December 2, 2005; also, in 2005, additional agreements were signed in line with the offers made by the Company in 2004 and 2005, which means acquiring debts subject to the so-called "Consurso Preventivo" amounting to US$24,360,000, obtaining the partial condonation of US$12,316,000 and engaging to paid for the difference of US$12,044,000.

The detail of creditors with which debt-condonation agreements were signed are as follows:

Class	Description of debt	Creditor	Global Agreement acquired debt US$000	Condona-tion as of Dec31..05 US$000	Amount to be paid US$000
	Offer of prepayme de prepago 2004				
C	Commercial debt	Other	49	45	4
E	Secured debt	Banco Internacional del Perú – Interbank	2,331	1,313	1,018
F	Debt derived fro the issue of Eurobonos	Other	1,053	825	228
G	DNon-secured debt	Banco Internacional del Perú – Interbank	344	301	43
I	Non-secured subordinated debt	Other	819	642	177
			4,596	3,126	1,470
	Proposal of payment 2005				
C	Commercial debt	Other	221	180	41
D	Debt derived from issue of Bonds	Other	354	34	320
D	Remaining secured debt	Dordogne	870	83	787
F	Debt derived from issue of Eurobonos	Other	3,684	2,417	1,267
G	No secured debt	Dordogne	10,614	3,206	7,408
I	Subordinated non-secured debt	Other	1,266	878	388
I	Subordinated non-secured debt	Dordogne	2,758	2,392	366
			19,767	9,190	10,577
	Other non-refinanced debts		253	253	-
			20,020	9,443	10,577
		US$000	24,616	12,569	12,047
		S/.000	83,845	42,512	41,333

Condonations of debts in 2004 -

Based on the proposal made by the Company on December 23, as of December 31, 2004, Austral Group S.A.A. has signed agreements with its creditors to acquire, partially or totally, the debt subject to the Refinancing System (Concurso Preventivo) amounting to US$93,786,000, obtaining the partial condonation of the amounts involved up to an amount of US$56,060,000 , upon acceptance of creditors and undertaking to pay the difference of US$37,726,000. The details of creditors with which the above-mentioned agreements were signed are contained in the following table:

Class	Description of debt	Creditor	Global Agreement Debt Acquired US$000	Condona-tion as of Dec.31.04 US$000	Amount to be settled US$000
D	Bonds Pesquera Austral, First issue	Tomma S.A.C.	37,766	17,454	20,312
E	Secured Debt	Tomma S.A.C.	19,417	10,937	8,480
H	Secured subordinated debt	Tomma S.A.C.	6,087	3,814	2,273
			63,270	32,205	31,065
F	Non-subordinated Eurobonds	Octave – 1 Fund LTD	29,974	23,367	6,607
C	Trade debt	Fibras Industriales S.A.	542	488	54
		US$000	93,786	56,060	37,726
	Other non-refinanced debts		416	355	81
		US$000	94,202	56,415	37,787
		S/.000	308,890	185,037	123,853

Austral Group S.A.A. has obtained the resources necessary to pay the amounts referred to in the previous paragraph pursuant to the financing agreement signed on December 30, 2004 with Peruvian Future Flows LTD, for an amount of up to US$45,000,000 for a term of three years and an interest rate of LIBOR +4, as approved in the Board meeting held on December 29, 2004.

c) Timetable of amortization -

The timetable for the amortization of long-term debts as of December 31, 2005 is as follows:

	US$000
2006	24,415
2007	30,657
2008	5,091
2009	3,294
2010 and following	16,459
	79,916

Debts as of December 31, 2005 and 2004 are denominated in U.S. dollars, except for labor-related and tax obligations which are denominated in local currency. The timetable shows amounts in local currency and the related equivalent in U.S. dollars, as applicable.

Debt NBK Bank -

In 2005 Banco Financiero, in its fiduciary capacity of the Trust Fund No.2 (Patrimonio Fideicometido No. 2) NBK Bank Consolidation program has approved the payment schedule that will be included in the agreement of amendment of the related Finance Lease Agreements of the obligation of such Bank. Management considers that these agreements will be signed satisfactorily in 2006.

Other matters -

With regard to the Global Agreement of Refinancing, the Company's Management has estimated, on the basis of its financial projections, that the financial expense in interest for 2005 will total approximately US$9,098,000 (US$13.844,000 in 2005).

14 NET DEFERRED INCOME TAX LIABILITY AND WORKERS' PROFIT SHARING

(a) The composition of the deferred liability at the balance sheet date (effect of tax loss carry-forward and temporary differences) is shown as follows:

	Balance as of Jan 01.04	Charge (credit) to results	Monetary correction	Balance as of Dec. 2004	Charge (credit) to results	Monetary correction	Balance as of Dec. 31.05
	US$000	US$000	US$000	US$000	US$000	US$000	US$000
Deferred income tax asset:							
Tax loss carry-forward (*)	(4,099)	(1,061)	(226)	(5,386)	212	234	(4,940)
Provision for maintenance and other	(2,407)	(699)	(133)	(3,239)	636	145	(2,458)
Difference in the value of assets (**)	(464)	0	(26)	(490)	25	21	(444)
	(6,970)	(1,760)	(385)	(9,115)	873	400	(7,842)
Deferred income tax liabilities:							
Difference between depreciation rates for tax and financial purposes	20,308	(2,957)	1,120	18,471	1,724	(782)	19,413
Revaluations of fixed assets	15,072	(311)	831	15,592	(1,475)	(684)	13,433
Finance lease transactions	4,604	1,302	295	6,201	1,167	(259)	7,109
	39,984	(1,966)	2,246	40,264	1,416	(1,725)	39,955
Deferred income tax liabilities, net	33,014	(3,726)	1,861	31,149	2,289	(1,325)	32,113

(*) As of December 31, 2005, the taxable item arising from the tax losses carry-forward (Note 16-a) amounts to US$13,349,000. As stated in Note 2-k) the Company's Management has recorded a deferred income tax asset of US$4,940,000, because it considers its future realization is probable.

(**) This is the difference arising from the revaluation of fixed assets, amounting to US$1,201,000 as of December 31, 2005 (US$1,325,000 as of December 31, 2004) determined on the basis of the appraisals referred to in Note 10-d).

(a) (Expenses) revenues from deferred income tax and workers profit sharing for the years ended December 31 are detailed as follows:

	2005	2004
	US$000	US$000
Workers' profit sharing (Note 16-b)	(619)	1,007
Income tax (Note 16-b)	(1,670)	2,719
	(2,289)	3,726

15 NET STOCKHOLDERS' EQUITY

a) Capital stock -

As of December 31, 2005, capital stock is represented by 1,643,364,865 subscribed common shares paid-in, the nominal value of which is S/.0.02 per share. As of December 31, 2004 capital stock was represented by 1,643,364,865 subscribed with a nominal value of S/.0.02 per share, of which, 643,364,865 are fully subscribed and paid-in and 25% of the remaining 1,000,000,000 shares are fully subscribed and paid-in. As of December 31, 2004, 88.17 percent of capital belongs to foreign investors (89.95 percent as of December 31, 2004).

As a result of the General Shareholders' Meeting held on March 19, 2004, it was agreed to reduce the Company's capital from US$81,027,000. to US$5,853,000. This decrease of US$75,174,000 was applied to over part of the balance of accumulated losses as of December 31, 2004. it also modified the nominal value of shares from S/.0.33 to S/.0.02.

As a result of the General stockholders' Meeting held on October 27, 2004 the following was agreed:

- To reduce the Company's capital by the application of part the balance of accumulated losses as of December 31, 2003 by US$1,165,000; as a result of this reduction, the Company's capital was reduced from US$7,018,000 to US$5,853,000. The Company's capital will be represented by S/.643,364,865 common shares at a nominal value of S/.0.02 each.
- To approve the capital increase of S/.20,000,000 (equivalent to US$6,079,000 and 1,000,000,000 common shares) by the contribution of cash from Dordogne Holdings Inc. (Dordogne), pursuant to article 259 General Companies' Law, that is, without preferred subscription right of the Company's current stockholders. To date, Dordogne has paid up 100% of the contribution. As a result of the acceptance of the contribution, the Company's capital increased from US$5,853,000 to US$11,932,000 and is represented by 1,643,364,865 common shares of a nominal value of S/.0.02 each.

Under regulations currently in force there are no restrictions on the remittance of dividends overseas and the repatriation of capital. Additionally, the distribution of dividends in cash and shares was exempted from income tax until December 31, 2002.

In accordance with regulations currently in force, the issue of shares for the re-statement of the capital account is not considered as a dividend and is not subject to income tax.

As of December 31, 2005 the Company's capital stock is as follows:

Percentage of individual interest in capital	**Number of shareholders**	**Total percentage of interest**
Up to 1.00	1,010	12.49
From 1.01 to 5.00	1	1.05
From 5.01 to 90.00	1	86.46
	1,012	100.00

b) Investment shares -

Correspond to 101,887 shares as of December 31, 2005 and 2004, with a nominal value of S/.0.02 per share. As from January 1, 1992 there is no obligation to issue new investment shares. In the case of capital additions or capitalization of obligations, the holders of investment shares can make capital contributions in proportion to their interest in investment shares in order to maintain the current proportion between investment shares and the capital stock.

As established by law, investment shares give their holders the right to participate in the distribution of dividends, increase the investment share account by capitalization of equity accounts, redeemed its shares in any of the cases described in the related Law and participate in the distribution of the equity balance in the event the Company is liquidated. Investment shares are not outstanding.

The General Stockholders Meeting dated March 19, 2004 decided to reduce the investment funds account from US$13,000 to US$1,000, modifying the nominal value of shares from S/.0.33 to S/0.02

Likewise, the General Stockholders' Meeting held on October 27, 2004 agreed to reduce the investment shares account from US$1,000 to US$1,000 which will be represented by 101,887 shares at S/.0.02 nominal value. This reduction is made effective by applying part of the balance of the accumulated losses as of December 31, 2003.

c) Legal reserve -

In accordance with the General Companies' Law, a legal reserve should be established by the transfer of not less of 10% of the annual net income until it reaches 20% of paid-in capital. In the event there are no available undistributed profits or freely disposable reserves, the legal reserve may be used to offset losses, but it has to be subsequently restored.

On April 18, 2005 the General Stockholders' Meeting agreed to apply to the Account of Legal Reserve the amount of US$2,375,000 equivalent to 20% of capital stock as of December 31, 2004.

d) Accumulated results -

In September 2005 the Creditors' Meeting agreed that the Company distributes dividends to the extent of the profits obtained as long as the following conditions are met: (i) its financial situation enables it to do that; (ii) non-existence of any restrictive contractual condition in that regard; (iii) the Company's financial needs and (iv) the investments required for operations. In any case, the distribution of dividends, if feasible, will be agreed in the General Stockholders' Meeting, when the Company's financial statements are also approved.

Dividends distributed to stockholders, other than legal domiciled persons, are subject to 4.1% income tax. Such income tax is assumed by the the stockholders by it is withheld and paid by the Company.

16 TAX SITUATION

a) Management considers that it has determined taxable income under the general income tax regime as established by regulations currently in force, which requires adding to and deducting from net income restated for inflation, those items which such regulations consider as taxable and non-taxable, respectively.

The taxable income and/or tax loss have been determined as follows:

	2005 US$000	2004 US$000
Profit (loss) before Workers' profit sharing and Income tax	1,694	54,934
Tax additions (deductions):		
Non-deductible expenses	7,900	1,911
Non-taxable revenues	(2,369)	(4,906)
Other	10,024	(2,001)
Temporary differences:		
Difference between the tax and financial depreciation rates	5,917	7,990
Depreciation of revalued assets	2,268	841
Financial lease transactions	(4,104)	(3,629)
Other provisions	(2,333)	(266)
Taxable income of the year before application of tax losses	18,997	54,874
Application of accumulated tax loss carry-forward	(17,986)	(54,874)
Taxable income (tax loss carry-forward)	1,011	-
Workers' profit sharing (10%) (*)	(101)	-
Basis of tax income	910	-
Income tax (30%)	(273)	-
Movement of the taxable loss -		
Taxable loss at beginning of year	(31,335)	(93,545)
Tax loss carry-forward not offset	-	3,483
Application of accumulated tax loss carry-forward	17,986	54,874
Tax loss carry-forward at end of year	(13,349)	(35,188)

(*) Under the legislation currently in force the workers' profit sharing is 10% of the net income. This share is a deductible expense for income tax purposes.

b) The income (expenses) in income tax and workers' profit sharing comprises:

	2005 US$000	2004 US$000
Income tax.-		
Current income tax	(271)	-
Deferred income tax (14-b)	(1,670)	2,719
	(1,941)	2,719
Workers' profit sharing -		
Current workers' profit sharing	(100)	-
Deferred workers' profit sharing (14-b)	(619)	1,007
	(719)	1,007

The reconciliation of the effective income tax rate for years 2005 and 2004 as well as the workers' profit sharing is shown as follows:

	2005 US$000	%	2004 US$000	%
Taxable profit before workers' profit Sharing and income tax	1,694	100.0	54,934	100.0
Combined rate (37.0%)	627	37.0	20,326	37.0
Effect of non-deductible expenses	7,515	443.5	(632)	(1.2)
Effect from deferred income tax asset relating to tax loss carry-forward	(10,802)	(637.4)	(15,968)	(29.2)
(Income) expense in income tax and workers' profit sharing	(2,660)	(156.9)	3,726	6.7

c) As of December 31 the tax loss carry-forward comprises:

	2005 US$000	2004 US$000
Tax year 2001	-	17,741
Tax year 2003	13,349	15,007
	13,349	32,748

(*) the tax loss carry-forward of 2003 has been offset, following the method established by the Company, applying the 50% of the 2005 net income.

Under tax laws currently in force, the accumulated tax loss until December 31, 2005 amounting to US$13,349,000, relating to period 2003 may be offset by choosing one of the options when filing the 2004 income tax return, year by year, until its amount is exhausted, at 50% of the Peruvian third-category net income, to be obtained in the immediate subsequent fiscal periods.

d) Peruvian tax authorities (SUNAT, from the Spanish acronym) have the right to review and, if necessary, amend the income tax determined by the Company in the last four years from January 1 of the year following filing of the corresponding tax returns (years subject to examination). Years 2001 to 2005 are subject to examination by tax authorities. Since certain discrepancies may arise over the interpretation of the tax laws applicable to the Company by tax

authorities, it is not at present possible to anticipate if any additional liabilities will arise as a result of eventual examinations. Any additional tax, penalties and interests, if arising, will be recognized in the results of the period when such differences are resolved. The Company's Management consider that no significant liabilities will arise as a result of these tax examinations.

e) Under legislation currently in force until 2003, for purposes of determining income tax and general sales tax, transfer pricing among related and non-related parties should have adequate supporting documentation as well as information supporting the methods and valuation criteria used. Peruvian tax authorities are entitled to request such information from the taxpayer.

Recent amendments to the Income Tax Law in force as from fiscal year 2004 establish that transfer pricing supporting documentation of those transactions among related parties, is required, without exception, from related companies involved in local and international transactions as a result of which one of the parties becomes exempt from paying income tax, from companies that have signed a legal stability contract and from companies that have reported losses in the last six years. Additionally, such supporting documentation will be required when transactions between related parties result in a lower tax payment in Peru.

f) The Company can recover the general sales tax related to its exports. The tax already paid may be applied against the tax resulting from local sales, income tax and other taxes considered as revenues of the Treasury or request its return through negotiable credit notes or non-negotiable checks. The amount to be recovered as of December 31, 2005 amounts to approximately US$2,280,000 (approximately US$2,214,000 as of December 31, 2004) and it is included in Accounts receivable in the balance sheet, see Note 7.

By means of Resolution of the Tax Supervising Office No.037-2002/SUNAT dated April 19, 2002, the tax administration established the Regime of Withholdings of the general sales tax - IGV, establishing the withholding of 6% of payments made by the Company's customers who are Withholding Agents, Withholdings made should be applied against the monthly payment of IGV determined by the Company or by applying for a refund.

Under Resolution of the Tax Supervising Office No.181-2002/SUNAT dated December 22, 2002, the tax administration designated the Company as a Withholding Agent as from February 1, 2003, establishing that the new Withholding Agents will not be subject to withholding for payments made to them as from January 1, 2003.

g) As from 2003, companies are obliged to make additional estimated pre-payments of income tax based on a progressive rate of up to 1.5% of total net assets adjusted for inflation at the close of the prior period.

As established by SUNAT the total amount of the additional estimated tax payment may be paid in 9 installments as from May. The Company filed the respective tax returns on May 22, 2003 and on May 11, 2004 for the years 2003 and 2004 respectively, however, no payment was made by the Company since it considered it a violation of the fundamental rights to free enterprise, to ownership and to constitutional rights against illegal seizure of capital. The total for 2003 and 2004 amounts to US$1,125,000 and US$1,018,000 respectively. Peruvian tax authorities has ordered payment of the amounts of US$1,125,000 and US$944,000 related to past due installments from May to December 2003 and May to October 2004 respectively, but claims have been filed against such orders with the Tax Authorities as well as a legal action initiated to revoke the law underlying this regulation.

On September 28, 2004 under Case File No. 033-2004-AI/TC published on November 12, 2004, the Constitutional Court declared as founded the claim of an unconstitutional collection of a tax against the Fifth Temporary and Final Provision of Law 27804 and Art. 53 of Legislative Decree No. 945 containing Article 125 of the Text of the Income Tax law; this article relates to the collection of the additional estimated income tax pre-payments; accordingly, the sentence issued by such Court makes a pronouncement on the illegality of the collection of such an advance additional tax estimated pre-payment. SUNAT is consequently instructed to stop collecting such tax, including interest. The case will have to be resolved in favor of the Company.

h) Temporary Tax on Net Assets -

The temporary tax on net assets will come into effect from January 1, 2005. The taxable income will be the value of the assets adjusted for inflation at the end of the prior period. The tax rate is 0.6%, applicable to the amount of the net assets exceeding US$1,458,000.

The taxable income consists of the value of net assets stated in the adjusted balance sheet as per Legislative Decree No.797 as of December of the year prior to when payment is expected to be made, net of depreciations and amortizations established under the Income Tax Law.

The net value of the asset obtained in said balance will be updated on the basis of the variation in the Wholesale Price Index (IPM, from the Spanish acronym) of the period between December 31 of the year prior to payment and March 31 of the year in which payment is due.

The tax rate is 0.6% applicable to net assets exceeding US$1,458,000.

The amount effectively paid may be used as a fiscal credit as follows:

- Against on-account payments of the Income Tax under the General Regime for the tax periods from March to December of the taxable period for which the tax was paid, until the due date for payment of each of the on-account payments.

- Against the regularization payment of the Income tax of the related year.

A tax refund may be requested only in the case tax losses incurred are supported or a lower payment of Income Tax is determined under the General Regime.

i) Provision for contingencies -

On February 5, 2004 the Peruvian Tax Authorities issued the Resolution of Determination No.012-003-0002996 on the refund of the excess credit balance of the exporter tax benefit for the period from April 2000 amounting to US$316,000, the excess refund was derived from assessments made by the Peruvian tax authorities under the related Resolutions of years 1997, 1998 and 1999. As of December 31, 2005 the updated balance of this debt, including interests amount to US$883,000, an amount on which, the Tax Court has to resolve. The Company's legal cousel considers that the Tax Court's resolution would favorable to the Company, since the excess amount refunded was offset in the months following April 2000.

On February 5, 2004 the Peruvian authorities served notice of fine No..012-002-002998 amounting to US$316,000 for having obtained the unduly refund of the exporter tax benefit for the period of April 2000. Such a fine, updated as of December 31, 2005 amounts to US$883,000, for which a contingent provision has been made; this has given rise to results for the period and is shown in Note 23 of Other revenues and expenses, net amounting to US$747,000 and in Note 22, Income expenses, net amounting to US$136,000 in the statement of income.

17 COST OF SALES

Cost of sales for years ended December 31, comprises the following:

	2005 US$000	2004 US$000
Initial inventory of finished products	11,692	11,658
Raw materials used (a)	45,426	28,232
Depreciation (Note 21)	15,869	15,031
Cans (b)	4,278	2,118
Cost of sales of fish	3,643	917
Cost of personnel (Note 20)	5,248	3,013
Oil	5,734	3,392
Maintenance costs	6,906	4,445
Materials and supplies used	3,248	891
Provision for obsolescence	(1,041)	1,333
Purchase / third party production	22	211
Difference change	(269)	669
Final inventory of finished products	(13,900)	(11,692)
	86,856	60,218

a) As of December 31, 2005 the Company ahs incurred in major maintenance and repair costs of fishing boats and fishing nets.

b) Containers used are principally those acquired from the subsidiary, Metalpack S.A., referred to in Note 24.

18 ADMINISTRATIVE EXPENSES

Administrative expenses for the years ended December 31 comprise:

	2005 US$000	2004 US$000
Cost of personnel (Note 20)	7,091	3,541
Services rendered by third parties	2,868	1,913
Fees	675	567
Rent, postage and telephone	597	565
Taxes	551	575
Depreciation (Note 21)	344	365
Provision for uncollected debts	-	255
Other	459	245
	12,585	8,026

19 SELLING EXPENSES

Selling expenses for the years ended December 31, comprise the following:

	2005 US$000	2004 US$000
Transport and shipment costs	4,154	2,679
Labeling	979	626
Personnel expenses (Note 20)	708	755
Chemical analysis	789	586
Sales commissions	298	251
Marketing and advertising expenses	13	70
Provisión de cobranza dudosa	315	125
Otros	406	515
	7,662	5,607

20 PERSONNEL EXPENSES AND AVERAGE NUMBER OF WORKERS

Personnel expenses comprise:

	2005 US$000	2004 US$000
Salaries	9,090	5,052
Bonuses	1,211	664
Social benefits paid by the employer	912	583
Employees severance indemnities	1,180	513
Other	654	497
	13,047	7,309

Personnel expenses are distributed as follows:

	2005 US$000	2004 US$000
Cost of sales (Note 17)	5,248	3,013
Administrative expenses (Note 18)	7,091	3,541
Selling expenses (Note 19)	708	755
	13,047	7,309

The average number of employees was 2578 in 2005 and 2,801 in 2004.

21 DEPRECIATION

Depreciation of property, machinery and equipment for the years ended December 31 was distributed as follows:

	2005 US$000	2004 US$000
Cost of sales (Note 17)	15,869	15,031
Administrative expenses (Note 18)	344	365
	16,213	15,936

22 FINANCIAL EXPENSES, NET

Financial revenues and expenses for years ended December 31 comprise the following:

	2005 US$000	2004 US$000
Financial revenues		
Interest on bank deposits	(284)	(4)
Financial expenses :		
Interest on loans	4,740	7,120
Interest on financial leases	5,358	7,238
Other financial expenses	4,335	3,264
	14,433	17,622
	14,149	17,618

23 OTHER REVENUES AND EXPENSES, NET

Other net revenues and expenses comprise:

	2005 US$000	2004 US$000
(Profit) loss on sale of shares of Metalpack	(1,603)	-
Sale of goods, net	63	106
Seizure of fixed assets to Metalpack	1,556	-
Seizure of fixed assets	(556)	-
Recovery of higher value of cans	155	324
Prior-period revenues (expenses)	(515)	-
Share in losses of subsidiaries and affiliate (Note 9)	-	4,769
Discount for prepaid shares from Nogat Corp.	(1,208)	-
Compensation from sale of building to Cranbour Business Corp.	(647)	-
Provision for doubtful account	-	(856)
Recovery of doubtful account	871	364
Provision VAT (Note 16-j)	(780)	-
Others	(51)	(209)
	(2,,715)	4,498

24 TRANSACTIONS WITH SUBSIDIARIES, AFFILIATES AND STOCKHOLDERS

The movement of accounts receivable from and payable to affiliates, subsidiaries and stockholders in 2005 is as follows:

	Beginning balance US$000	Additions US$000	Deductions US$000	Final balances US$000
Accounts receivable from affiliates and shareholders -				
Parnaso Construcciones S.A.	13	7	(20)	-
Metalpack S.A.	2,036	5,076	(7,112)	-
Apropisco S.A.C.	-	405	(405)	-
Shareholders	-	87	(71)	16
	2,049	5,575	(7,608)	16
Accounts payable to subsidiaries -				
Apropisco S.A.C.	(74)	(1,233)	1,274	(33)
Tri-Marine International	-	(3,247)	2,551	(696)
Tri-Marine Fishing Management	-	(275)	275	-
	(74)	(4,755)	4,100	(729)
Short-term accounts payable to shareholder -				
Dordogne Holdings Inc.	-	(5,853)	2,700	(3,153)
Long-term accounts payable to Shareholders Dordogne Holdings Inc.	(12,622)	(557)	(13,179)	

The main transactions between the Company and its related entities were as follows:

	2005 US$000	2004 US$000
Tri-Marine Internacional -		
Purchase of raw material	2,459	-
Purchase of fixed assets	576	-
	3,035	-
Tri-Marine Fishing Management -		
Purchase of spare parts	261	-

In 2005 the shares in affiliates Metalpack S.A. and Parnaso Construcciones S.A. owned by the Company were sold (Notes 1-e and 9).

Compensation of the Board of directors -

As of December 31, 2005 the Board of Directors received US$25,800 in compensations (in 2004, the Board of Directors received no compensation).

Loans to employees and stockholders -

As of December 31, 2005, the balances of loans to employees and stockholders amount to approximately S/.230,000 (at December 31, 2004 S/.223,000).

25 PROFIT (LOSS) PER SHARE

The calculation of the weighted-average number of shares outstanding and the basic loss per share is as follows:

	Shares outstanding (in thousands) Common	Investment	Total	Days remaining until the close of year	Weighted-average number of shares outstanding
Year 2004					
Balance as of January 1, 2004	857,820	136	857,956	365	857,956
Decrease of capital October, 2004	(214,455)	(34)	(214,489)	65	(38,197)
Issue of shares October, 2004	250,000	-	250,000	65	44,521
Balance as of December 31, 2004	893,365	102	893,467		864,280
Year 2005					
Balance as of January 1, 2005	893,365	102	893,467	365	893,467
Shareholder contribution June 2005	438,885	-	438,885	194	233,271
Shareholder contribution September 2005	62,765	-	62,765	32	5,503
Shareholder contribution September 2005	248,350	-	248,350	1	680
Balance as of December 31, 2005	1,643,365	102	1,643,467		1,132,921

The calculation of the profit (loss) per share as of December 31, 2005 and 2004 is shown as follows:

	Loss (income) (numerator) US$000	Shares (denominator) (000)	Profit (loss) per share US$000
As of December 31, 2005			
Basic loss per share of common and investment shares	(966)	1,643,467	(0.00058)
As of December 31, 2004			
Basic earnings per share of common and investment shares	58,660	864,280	0.06787

26 GUARANTEES GRANTED

The guarantees granted by the Company, which were agreed in U.S. dollars, are as follows:

torSecured credi	Nature of the operation	Balances of operations 2005 S/.000	2005 US$000	Asset pledged	Type of guarantee	Net accounting value of the guarantee 2005 S/.000	US$000
Alfa Laval S.A.	Crédito comercial	477	139	Machinery and equipment	Industrial pledge	881	257
Banco Continental	Aval por préstamo a Metalpack S.A.	12,774	3,723	-	-	-	-
	Fianzas	35	10				
Banco de Crédito del Perú (Ex – Santander)	Performance bonds	7	2	Machinery and equipment	Industrial pledge	1,468	428
Banco Financiero del Perú	Performance bonds	3,521	1,026	Fish flour	Industrial pledge	2,897	845
Banco Interamericano de Finanzas	Loans	-	-	Machinery and equipment	Industrial pledge	2,517	734
Banco Internacional del Perú – Interbank	Loans	2,247	655	Machinery and equipment	Industrial pledge	2,100	612
				Machinery and equipment	Industrial pledge	803	234
				Fishing boats	Navy mortgage	4,989	1,455
				Fish flour	Mercantile pledge	3,561	1,038
Banco Sudamericano	Guarantee loan of Metalpack S.A.	1,391	406				
Banco Wiese Sudameris	Directs / Indirects loans	-	-	Machinery and equipment	Industrial pledge	5,676	1,655
				Property	Hipoteca	6,948	2,026
	Guarantee loan of Metalpack S.A.	12,180	3,550	Fishing boats	Navy mortgage	5,457	1,591
	Performance bonds	3,203	933	Anti-oxidants and bags	Mercantile pledge	7,891	2,301
	Letters in discount	3,798	1,107				
Compañía de Seguros de Crédito y Garantía - Secrex	Guarantee loan of Metalpack S.A. Performance bonds	1,248	364	Restricted funds	-	1,248	364
Corporación Financiera de Desarrollo –COFIDE	Loan			Property	Mortgage	5,781	1,686
Lasalle Bank National Association / Peruvian Flor, LTD	Loan	144,102	42,000	Other boats	Navy Mortgage	126,573	36,912
				Property	Mortgage	24,168	7,048
Carried forward:		184,983	53,915			202,958	59,188

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Secured creditor	Nature of the operations	Balances of operations 2005 S/.000	2005 US$000	Assets pledged	Type of guarantee	Net accounting value of the guarantee 2005 S/.000	US$000
Vienen:		184,983	53,915			202,958	59,188
Superintendencia Nacional de Aduanas (SUNAD)	customs duties	2,278	664	-	Bank performance guarantees	-	-
Sindicato de Obligacionistas de los Bonos Corporativos – Pesquera Austral, Primera Emisión	Bonds	58	17	Machinery and equipment	Industrial pledge	11,035	3,218
Toma S.A.C. (ExBanco Bilbao Vizcaya Argentaria S.A.	Loans	-	-	Fishing boat	Navy mortgage	5,422	1,581
Tomma S.A.C. (Ex – Bank Boston N.A.)	Loans			Land	Seizure	20,374	5,942
				Vehicle	Seizure	37	11
				Fishing boat	Seizure	7,278	2,123
Tomma S.A.C. (Ex – Banco de Crédito del Perú)	Loans	79	23	Property	Mortgage		
Tomma S.A.C. (Ex – Standard Chartered)	Loans	-	-	Machinery and equipment	Seizure	10,544	3,075
Tomma S.A.C. (Ex – NBK Bank)	Loans	-	-	Caps	Mercantile pledge	340	99
Wieese Aetna	guarantee loan of Metalpack	326	95				
Other bancos (ver nota 9)	Bank loans	75,754	22,079	Fish meal, fish oil and Cannes fish	Letters of credit from exports	9,634	2,810
					Warrants	52,333	15,262
		263,478	76,793			319,955	93,309

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The transfer of guarantees from the original creditor in favor of Tomma S.A.C. is in the process of formalization.

As of December 31, 2005 and 2004 the Company has signed guarantees and performance bonds in foreign currency for approximately US$13,406,000 and US$17,972,000, respectively. Management considers that these guarantees and performance bonds will no result in significant liabilities for the Company.

27 BUSINESS SEGMENTS

The International Accounting Standard (IAS) 14 requires that the Company reports financial information by segment. Such business segments are determined by the way Management organizes the Company to make decisions and evaluate the business performance. Management considers that the Company maintains mainly two business units: fish-meal and fish oil and canned fish. The following are the most relevant details:

	Fish meal and fish oil US$000	Canned fish US$000	Total US$000
As of December 31, 2005			
Local sales	1,354	15,550	16,904
Sales abroad	90,606	9,015	99,621
	91,960	24,565	116,525
Cost of sales	(64,968)	(21,888)	(86,856)
Gross profit (loss)	26,992	2,677	29,669
Administrative expenses	(9,439)	(3,146)	(12,585)
Selling expenses	(4,919)	(2,743)	(7,662)
Operating profit (loss)	12,635	(3,213)	9,422
Fixed assets	155,310	27,417	182,727
Finished products	11,396	2,504	13,900
As of December 31, 2004			
Local sales	900	7,019	7,919
Foreign sales	57,026	7,697	64,723
	57,926	14,716	72,642
Cost of sales	(43,223)	(16,995)	(60,218)
Gross profit (loss)	14,703	(2,279)	12,424
Administrative expenses	(6,020)	(2,006)	(8,026)
Selling expenses	(3,243)	(2,364)	(5,607)
Provision for impairment of fixed assets	-	(6,411)	(6,411)
Operating profit (loss)	5,440	(13,060)	(7,620)
Fixed assets	173,125	28,868	201,993
Finished products	9,576	2,116	11,692

28 ENVIRONMENT

The Company's activities are subject to Legislative Decree No.613 of September 8, 1990. In compliance with the decree referred to above, the Company has presented the required Studies of Environmental Impact (EIA) or Programs for the Adaptation and Handling of Environmental Adequacy and Environmental Management (PAMA) for each of its plants. The Company conducts its operations so as to protect public health and the environment and believes that it is complying with all applicable regulations.

The Company's Management considers that any liabilities that could arise from the implementation of the Studies or PAMA will not have a significant effect on the financial statements at December 31, 2005 or 2004.

29 CONTINGENT LIABILITIES

The Company's Management considers that there are no significant court actions pending resolution or any other contingencies against the Company as of December 31, 2005, apart from the issues described in other notes in this report.

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