



marineharvest

ANNUAL REPORT

2012

LEADING THE
BLUE REVOLUTION

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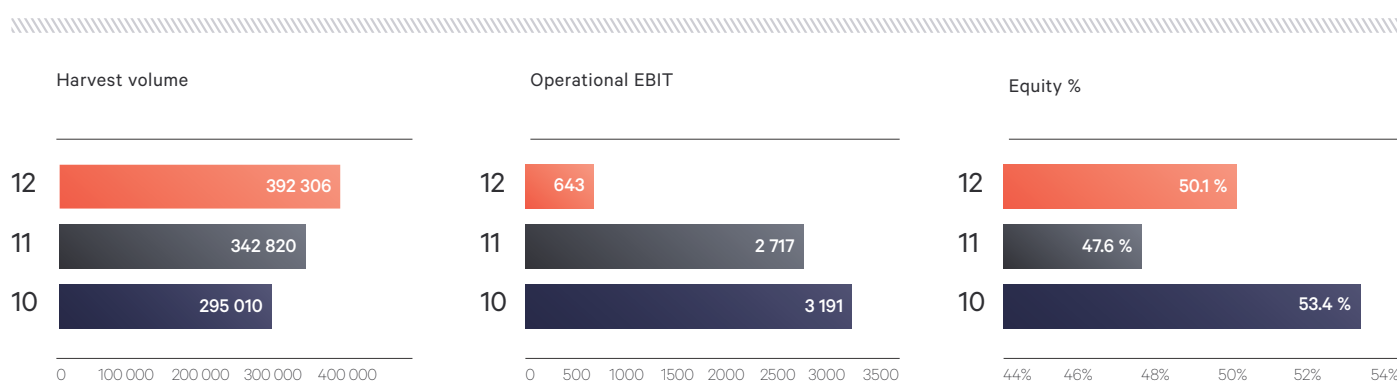
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KEY FIGURES

	2012	2011	2010
Operational Revenue (NOK million)	15 569.3	16 023.6	15 281.2
Harvest volume of salmonids (gutted weight tonnes)	392 306	342 820	295 010
Operational EBITDA (NOK million)	1 320.6	3 384.0	3 844.3
Operational EBIT (NOK million)	643.4	2 717.3	3 191.3
EBIT (NOK millioner)	968.7	1 209.5	4 461.3
Profit or loss for the year (NOK million)	412.6	1 121.2	3 108.4
Cash flow from operations (NOK million)	1 552.9	2 798.0	2 569.1
Total assets (NOK million)	23 317.4	22 788.6	23 528.8
Net interest-bearing debt (NOK million)	5 381.0	6 467.3	5 218.1
Earnings per share (NOK) - basic and diluted	0.11	0.31	0.87
Underlying EPS (NOK)	0.06	0.49	0.58
Net cash flow per share (NOK)	0.26	0.44	0.42
Equity %	50.1%	47.6%	53.4%
ROCE	3.6%	15.5%	19.7%
NIBD/Equity	46.0%	59.6%	41.5%
Number of employees at year-end	6 389	6 324	6 148



MAIN EVENTS – DRIVERS BEHIND THE 2012 FIGURES

Developing “the integrated protein company”

In 2012, the Board decided to start transforming Marine Harvest from being a production driven farming company to become a fully integrated seafood protein producer, capturing the total value in the value chain. To achieve this position the Board sanctioned investments in a feed plant in Norway and the acquisition of Morpol, the world's leading processor of salmon.

Low spot prices

A 22% increase in the global supply of salmon resulted in a significant decline in the spot prices compared to 2011. Prices in Europe declined less than in other markets, with a reduction of 10% (NOS FCA Oslo). Corresponding reductions in the US reference prices (Urner Barry Miami and Seattle) were 29% and 26% respectively.

Record high harvest volume

A total of 392 306 tonnes gutted weight was harvested in 2012, which constituted an increase of 14% compared to 2011. The majority of the growth came from Norway, as a result of an ideal winter and summer for production, combined with good operations.

Cost improvements in farming

Compared to 2011, the full cost per kg of a standard gutted and boxed fish was down for Norwegian, Chilean, Canadian and Faroese salmon. Salmon of Scottish and Irish origin were disadvantaged by the effects of Amoebic Gill Disease (AGD). Operational improvements contributed to the cost reductions.

Disappointing figures in VAP Europe

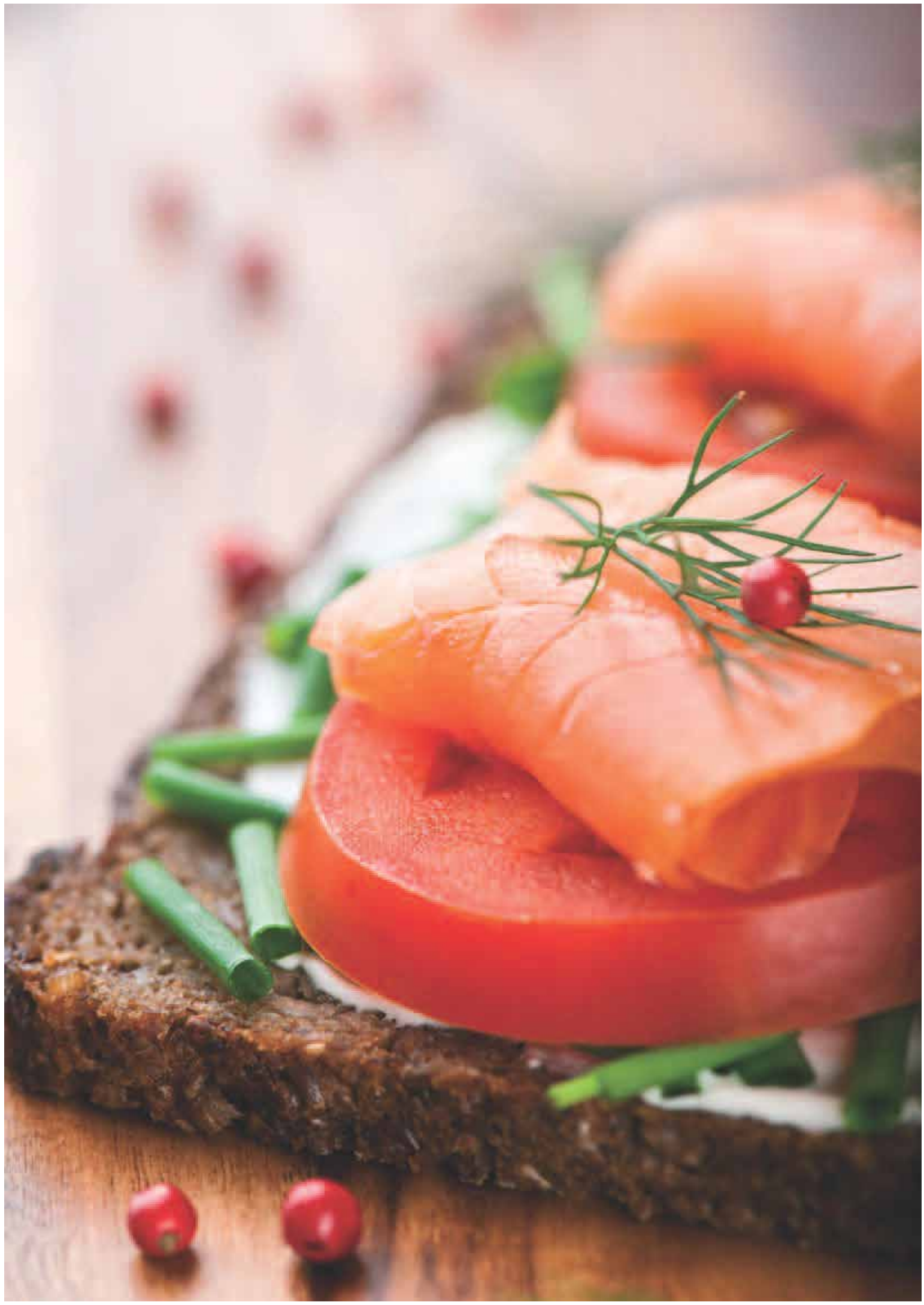
2012 was a disappointing year for VAP Europe, due to an unfavourable product mix and inefficiencies in production. To address the challenges, a new management structure was established and several actions have been taken to improve the performance going forward.

Good cash flow and solidity

Cash flow from operations was good, given the challenging market conditions, and amounted to NOK 1 553 million. The measures taken to protect the cash flow during 2011 and 2012 contributed significantly to the strong figure. Marine Harvest's target for solidity is NIBD/equity below 0.5. At year- end 2012 the NIBD/equity ratio was 0.46.

Progress on key sustainability measures

Marine Harvest tracks key performance indicators for the 4 guiding principles; Profit, Planet, Product and People. In 2012, progress was reported in the key indicators for all areas. In the Planet area, the number of fish escaped and the use of antibiotics was reduced significantly by 96% and 70% respectively. In the People area the number of LTI's per million hours worked was reduced by 27%.





DEAR SHAREHOLDERS

2012 was an eventful year for Marine Harvest. Profit wise we were challenged by low market prices which resulted in a weak financial result for the Group. This was influenced in particular by the Americas, where the main source of supply, Chile, increased production by 65%. Operationally we continue to improve and through our effort to strengthen our value added business with the acquisition of Morpol and our greenfield investment into feed, we will be able to deliver more stable earnings over time.

Supply surge resulting in price pressure

2012 was a challenging year with regards to spot prices. The global supply of salmon increased by 22%, which resulted in a temporary supply/demand imbalance and put pressure on prices. This was a particular challenge in the Americas, where the prices both in the US and Brazil fell to a level well below production cost. The prices in Europe and Americas are currently diverging from a historic pattern of strong correlation. In 2012 the European market was able to handle the supply growth in a better way than its American counterpart, which underpins the very strong position of salmon in the European market. Marine Harvest was prepared for this challenging market situation through the actions taken in 2011 to preserve cash.

Towards the end of the year there was a global uplift in salmon prices. This indicates an improved balance between supply and demand and highlights the strength of our main product and the global demand for this healthy protein.

Growing downstream – investing in elaborated salmon capacity

In 2012 Marine Harvest acquired 48.5 % of the world's leading value added processor of salmon, Morpol. This acquisition is in line with our strategy of developing the Group into an integrated protein company based on healthy protein from the ocean. The acquisition will, subject to approval by the competition authorities, significantly strengthen our downstream operations. Marine Harvest intends to continue to develop downstream to be able to supply our customers with user friendly and healthy products.

In line with the strategy to increase our capacity for elaborated seafood production, Marine Harvest in 2012 also opened a major new processing facility in Boulogne (France) with focus on modified atmosphere packaged products (MAP). In addition, we opened a small processing line in the Czech Republic and a new greenfield factory in Osaka (Japan) to produce value added products close to our customers. The Osaka plant is our second in Japan.

Expanding upstream – greenfield in fish feed

Marine Harvest decided in 2012 to enter into feed production. Feed accounts for approximately 50 % of our cost base. Feed is essential with regards to the performance of our fish and the quality of our end product. The positioning in feed is essential in transforming our company from a production oriented farming company to an integrated protein company. Feed will be operated as a separate Business Area in Marine Harvest but interlinked with our other Business Areas, farming and sales and marketing. Our first feed plant (located in Bjugn, Region Mid, Norway) is a significant investment of NOK 800 million. The plant will have a production capacity of 220 000 tonnes, which can easily be expanded at a later stage.

Our guiding principles and their development in 2012

With regards to the development of our 4 guiding principles (Profit, Planet, Product and People) we were as expected challenged on profitability in 2012. As a result of the market situation our earnings were hit and we significantly underperformed with regards to our ROCE target of 10 %, achieving only 36%. This result was significantly impacted by the losses sustained by our Chilean and Canadian farming operations.

Through the measures taken both late in 2011 and during 2012 to reduce investments, working capital and smolt transfers, we managed to achieve our target for solidity of NIBD/equity below 0.5. At year end our NIBD/equity ratio was 0.46.

Our harvest volume in 2012 increased by 14% compared to the previous year. The highest

absolute volume growth was in Norway. The Norwegian growth resulted from ideal winter and summer conditions for production with close to optimal seawater temperatures, combined with good operations. In 2012 our business unit in Norway stands out as the best performing unit, with region West doing particularly well.

Operationally, most units improved with regards to growth, feed conversion, harvest volume and the quality of fish produced compared to previous years. Our operation in Canada showed good development throughout the year, which is a result of the improvement plan embarked on in 2011. We have concentrated our activity around the best performing sites and this has yielded positive results. Production cost and quality issues have been significantly reduced and we are ahead of our target of being able to deliver Canadian salmon to Los Angeles at a cost below the level of salmon of Chilean origin. With regards to our Chilean operation, we remain cautious in our approach. The biological cost of Chilean salmon increased in 2012 and the number of treatments for sea lice escalated. The survival of the fish remains good, but is, as expected, developing towards a slightly lower survival rate. The good news from Chile is the suggested, new regulations. If these are implemented and enforced they will, to a greater extent, secure the future for Chilean salmon farming.

In the Planet area, we achieved significant progress in reducing the number of escaped fish. In 2012, 3 150 fish escaped from Marine Harvest sites compared to 71 515 in 2011. The number of incidents was also reduced and we maintain our target of zero escapes going forward. Salmon lice continue to be a challenge in most operating countries and several long term research projects are on-going to improve the situation. Our efforts will continue in 2013.

The main challenge with regards to disease in 2012 was Amoebic Gill Disease (AGD), which affected us in both Scotland and Ireland. The disease resulted in increased mortality in our stocks, but we gained significant knowledge from the incident which allows us to be prepared should it happen again. We now have good monitoring systems and better treatment methods in place compared to 2012.

The sustainability with regards to the use of fish oil is a field where we are applying substantial resources. We met our standards for EPA/DHA in our fish in 2012, but the set target levels are challenged from a sustainability point of view (availability of marine raw materials) and will have to be reviewed going forward, and further research will be applied to find the final solution.

In the Product area, our ambition is to deliver assured healthy, tasty and responsibly produced seafood to our customers. In 2012 we had one major incident resulting in a voluntary recall of smoked products in the USA, involving products from our smokehouse in Chile. As a result of the incident we have improved our standards of operation.

The focus on employee safety – People – remains firm in the organisation and in 2012 most of our employees attended safety training. Our focus on safety resulted in a reduction in the number of LTI's (per million hours worked) of 27% (21% in numbers of LTI's). Our goal was a reduction of 35%. Safety will continue to be a focus area in Marine Harvest going forward.

Bright outlook

We expect the supply/demand situation in 2013 to be more balanced than in 2012 and this is expected to contribute to improved profit. We will continue our focus on the end consumer and our emphasis will be on convenience and availability, to make our tasty and healthy products available for new markets.

The industry's environmental challenges still require new solutions. Throughout 2012 we strengthened our R&D organisation and we have several on-going projects with promising preliminary results. We have seen a movement towards better regulations for the industry in the past year, especially in Chile. There is still room for improvement in most countries and Marine Harvest will continue to advocate smarter and better regulations in the countries we operate.

In March 2013 we launched a new vision – "leading the blue revolution". By this we mean that we want to be a leader in cultivating and growing food in the ocean. We want to make a difference in the world through what we do and who we are. In accordance with the vision we will re-vitalize our corporate values. These will be launched later in the year, building on our history of passion and pride, innovative ideas and sustainable development.



Alf-Helge Aarskog
CEO

A close-up, low-angle shot of a fish's head, likely a salmon, swimming in clear blue water. The fish's head is angled upwards and to the left. Its eye is large and prominent, with a dark pupil and a lighter, iridescent ring. Several dark, oval-shaped spots are visible on the fish's head and body. The water is a vibrant blue, with some light reflecting off the surface in the upper left corner.

THE MARINE HARVEST HISTORY FROM MOWI TO MARINE HARVEST

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2012

*Marine Harvest acquires Morpol
Feed division established*

2007

Company name is changed to Marine Harvest

2006

PanFish acquires Marine Harvest

2005

*Marine Harvest and Stolt-Seafarm merges
John Fredriksen acquires PanFish
PanFish acquires Fjord Seafood*

2000

*Nutreco acquires Hydro Seafood
New company name: Marine Harvest*

1998

*Mowi is discontinued as a company name
Hydro Seafood has sites in Norway, Scotland, Ireland*

1996

Hydro Seafood acquires Frøya holding

1990

*Hydro Seafood registered 25. June
Restructuring and consolidation of the industry starts*

1985

Hydro increases its holding to 100%

1983

Mowi buys GSP in Scotland and Fanad in Ireland

1975

Mowi becomes a recognised brand

1969

Hydro takes 50% share capital

1965

Mowi starts working with Salmon



MARINE HARVEST STRATEGY AND OPERATIONAL APPROACH

2012



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“ Investment in aquaculture has enormous potential to provide good quality protein at lower cost and with a lighter carbon footprint than agriculture.

Kofi Annan



MARINE HARVEST – A LEADING, GLOBAL, INTEGRATED PROTEIN PRODUCER

Marine Harvest is a leading seafood company and the world's largest producer of farmed salmon, with 6 400 employees and 2012 operational revenues of NOK 15 569 million. Farming fish in the ocean is a relatively young industry; Marine Harvest is a pioneer in this industry, and aims to be leading the way in farming and processing of salmon.

LEADING THE BLUE REVOLUTION

The foundation for our Group, and the salmon farming industry, is a story of courage, hard work, innovation and pride and a belief that we through cultivating the ocean can produce healthy, nutritious and affordable food for the wider society. In 2003, the Economist wrote an article about the blue revolution, and the importance of cultivating and growing food in the sea. As of today 2% of the world's food supply comes from the ocean, but it is a clear understanding that more food needs to come from this source in the future for 3 reasons:

Firstly, the wild fish supply is not expected to cover the increased demand from global population growth. The U.N. Food and Agriculture Organisation (FAO) projects that the world's wild fish harvest will be down by 2% from 2011 to 2012. In absolute volume, the wild fish harvest has been relatively stable from the late eighties until today, while the wild fish catch per person has dropped dramatically, from 17 kg per person at its height in 1988 to 13 kg in 2012—a 37-year low. While wild fish harvests have flattened out during this time, the output from fish farming has soared from 24 million tonnes in the mid-1990s to a projected 67 million tonnes in 2012. With a global population expected to reach 9 billion by 2050, the only way of securing access to fish proteins at affordable prices for an increased population, is by cultivating and growing food in ocean.

Secondly, global reports state that obesity at present is a bigger health crisis than hunger. In every country in the world, except those in sub-Saharan Africa, the obesity rates are alarming, with an increase of 82% in the past two decades (source: CNN, 14 December, 2012). This obesity development has made the World Health Organisation (WHO) recommend regular intake of fish (one to two times per week) to address the challenge, and meet the dietary goals.

Thirdly, aquaculture can provide healthy protein in a carbon efficient way. Under the 2012 Zero Emission Conference, Kofi Annan stated that "Climate change is the greatest humanitarian challenge facing mankind today". In his speech, Annan further argued that "while seeking to cut emissions, we must adapt to the impact of climate change at the same time. Investment in aquaculture has enormous potential to provide good quality protein at lower cost and with a lighter carbon footprint than agriculture, but expansion must be delivered in a genuinely sustainable way."

In Marine Harvest, we see the issues raised above as opportunities, and see them captured in our newly formulated vision – **LEADING THE BLUE REVOLUTION**. Marine Harvest aims for a leading position in the development of more sustainable protein production. To be the leader, we must be leading in three fields, fish feed, fish farming and in bringing our products to the world. By controlling the full value chain, we can trace our products from feed to fork, and be more proactive in addressing challenges related to sustainable feed, farming and processing.

To help us in our efforts, we have our guiding principles – Profit, Planet, Product and People, our Code of Conduct and our mission statement.

Our mission has been defined as "Marine Harvest exists to produce and sell seafood for a better life, for our customers, shareholders, our colleagues, all other stakeholders and for the world. We will focus on salmon in the near future, but expand to other species at the correct time, to apply our knowledge and market channels for and even wider audience."

We are in the process of re-vitalising a common set of values bridging our history of passion and pride, innovative ideas and hard work, with the sustainability challenges embodied in our new vision.

VALUE CHAIN DEVELOPMENT – UPSTREAM AND DOWNSTREAM INTEGRATION

During 2012 it was decided to start transforming Marine Harvest from being a production driven, farming company, to become a fully integrated seafood protein producer. The transformation will enable us to capture the total value in our value chain and help us address sustainability challenges in our industry. To achieve this position, the Board sanctioned investments in a feed plant in Norway and the acquisition of Morpol – the world's leading processor of salmon. The feed plant will strengthen the Group's production side, secure access to first class feed and improve traceability. The Morpol acquisition will, subject to approval by the relevant competition authorities, provide the Group access to state of the art processing technology and facilities, and provide market access to geographies where Marine Harvest currently has limited presence.

Upstream integration - Fish Feed:

Feed is a central cost component in production of Atlantic salmon. Feed is also important with regards to sustainability, and for the quality of the end product. Feed production is a new field of operation for Marine Harvest, and through establishing our first factory, we will increase our knowledge with regards to feed ingredients, and more importantly how to adapt the feed to our fish. Initially, Marine Harvest will invest in a plant located in Bjugn, Norway. The location, and the size of the plant of 220 000 tonnes has been decided based on the location of the majority of Marine Harvest sea sites in Norway. This will reduce the Group's CO₂ footprint, through an optimal logistical location. The plant will be constructed with state of the art equipment, and be the most environmentally friendly feed plant in operation.

Downstream integration - building greenfield and acquiring Morpol:

Marine Harvest has for some time been looking at downstream alternatives to strengthen the Group's position, geographic foothold and production capacity. The new greenfield facility in Boulogne Sur Mer was put into operations in May 2012. This processing plant is focused on production of fresh and modified atmosphere packaging (MAP) products, in line with the Group's previously communicated strategy to expand elaborated products capacity. The Morpol acquisition will further strengthen the Group's capacity for processed salmon products in several markets where Marine Harvest previously has not been very active.

Morpol at a glance: Morpol is a world leading processor of salmon. The company was founded in Ustka on the Baltic coast of Poland by Jerzy Malek in 1996. By year end 2012 the Morpol Group had processing operations in 3 countries, Poland, UK and Vietnam, and distribution, sales and marketing operations in a number of countries. The Ustka plant is with its 70 000 m², the biggest fish processing unit in the world. The 2012 revenues were EUR 502.7 million and the operational EBIT was EUR 26.8 million. The Group processed approximately 70 000 tonnes of salmon gutted weight last year, the main markets are Germany, France, UK and Italy, but the Group is selling to more than 30 countries.

Throughout history, Morpol has focused on efficient operations, product quality, all year delivery, customer service and product range in order to grow the market

share within the salmon market. This fits well with Marine Harvest's VAP strategy of efficient operations and margin focus.

The integrated producer going forward:

With upstream integration into feed production and a world-leading farming and value added platform; Marine Harvest is well positioned to become a leading, global, integrated protein producer. Marine Harvest will, by capturing value in fish feed, and with more of the Group's raw material being further processed, be less exposed to the cyclicity of the salmon price. This should over time return more stable earnings, provide sound returns on investments and give Marine Harvest a foundation that enables the Group to grow further.

ORGANISATION – GLOBAL BUSINESS
AREAS MAXIMISING LONG TERM VALUE CREATION

The management team

The Group management was early 2013 expanded to also include the newly appointed COO Fish Feed, the Global Director R&D and the Global Director HR. The expansion of the management team and the co-location of the team members will facilitate easier communication and decision making. It will further enhance integrated sustainability thinking and decision making along the Group's 4 guiding principles as reflected in this annual report. As of writing, the Group management consisted of:

CEO:	Alf-Helge Aarskog
CFO:	Ivan Vindheim
COO Farming:	Marit Solberg
COO Sales and Marketing:	Ola Brattvoll
COO Fish Feed:	Ben Hadfield
Global Director R&D:	Øyvind Oaland
Global Director HR:	Anne Lorgen Riise

In addition, the new communication director, Kristine Gramstad, will start in the third quarter of 2013, and be part of the Group management team. The organisation chart shows Marine Harvest's Group management going forward.



Functional organisation with focus on profit by country of origin

As indicated in the organisational chart, Marine Harvest has a functional organisation for follow up of operational activities. With the introduction of Fish Feed, the Group has 3 Business areas: Fish Feed, Farming and Sales and Marketing –

THE MARINE HARVEST VALUE CHAIN.

For each Business Area, key profit ambitions have been identified (e.g. price and margin achievement in Sales and Marketing and cost achievement in Farming). Group overall profit performance is benchmarked against peers based on total value creation in the form of Operational EBIT per kg harvested back to country of origin. This implies that profit in Sales and Marketing related to salmon is included in the profit of salmon by country.

Business Area Fish Feed:

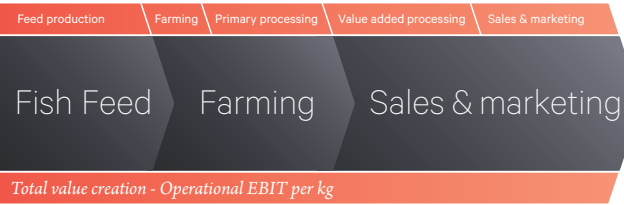
The decision to introduce Fish feed as a new Business Area in Marine Harvest was taken in October 2012. The Business Area will be staffed with a lean management consisting of the following positions; Formulation manager, Food safety manager, Purchasing manager, Logistics manager and Operational manager in addition to the COO and support functions. The positions will be filled throughout 2013 and the first plant (Bjugn, Norway), is expected to start production in June 2014. Marine Harvest will network with external R&D organisations, in addition to utilising our own R&D staff, to secure the best possible feed for our fish. The first plant will produce approximately 70 % of our Norwegian feed requirements. The remaining 30 % will be bought in the marketplace, providing the ability to benchmark the Groups own operation with the general industry.

Business Area Farming:

Marine Harvest is the world's largest salmon farming company. We have operations in 6 countries, Norway, Scotland, Ireland, The Faroes, Chile and Canada and the ambition of the farming organisation is to apply best production practices across geographies to optimise production in a sustainable way. The establishment of Business Area Farming, combining all farming activities under one management, has facilitated faster transfer of knowledge and best practice within the Group. Close cooperation with the Group's R&D organisation has also contributed to documented progress in fish health, feeding efficiency and medicine use.

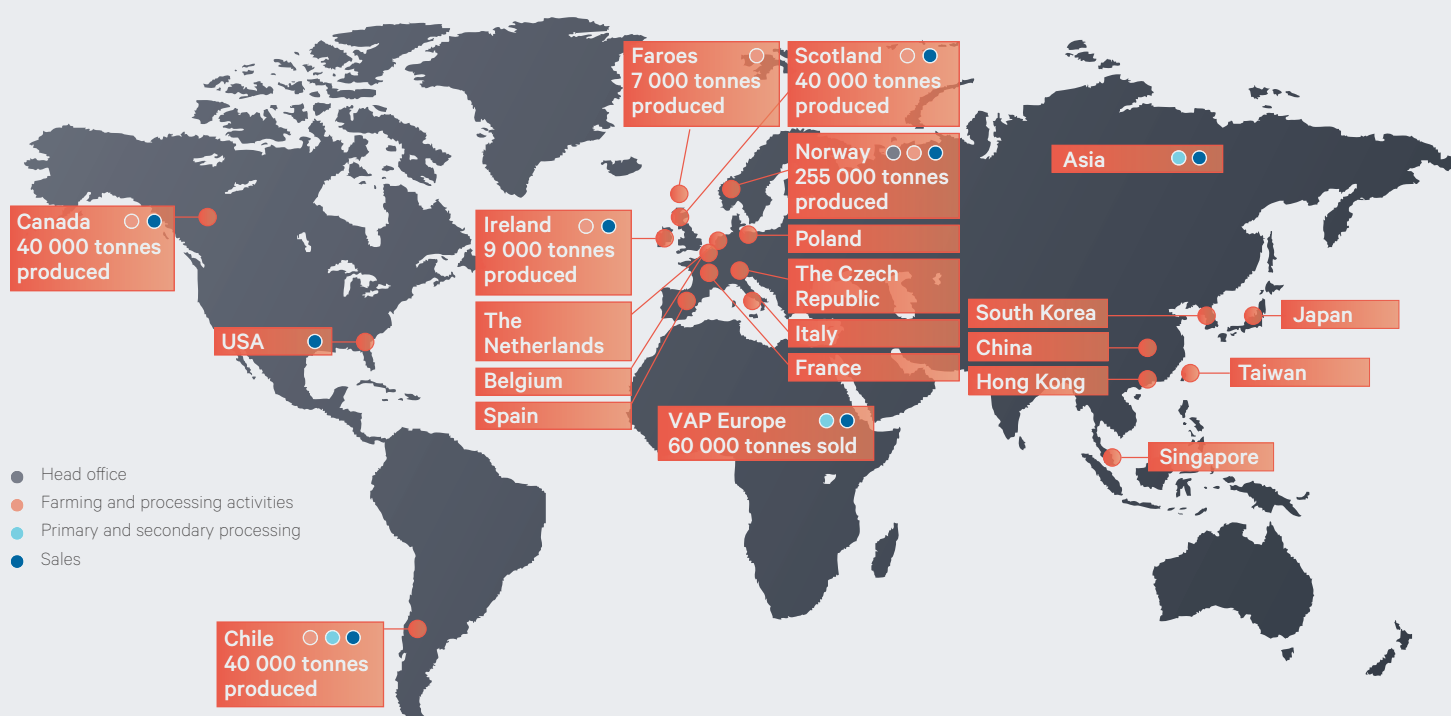
Business Area Sales and Marketing:

Marine Harvest had Sales and Marketing operations throughout the world and Value Added Processing activities in 12 countries in 2012. The ambition of the Sales and Marketing organisation is to develop the market, maximise price achievement and margins, and optimise logistics. The Business Area is currently split into two segments: Markets (the sales and marketing activities in Europe, Americas and Asia) and Value added operations in Europe (VAP EU). In December 2012, Marine Harvest also acquired Morpol, the world leading processor of salmon. The Morpol acquisition will, subject to approval by the relevant competition authorities, be integrated into Business Area Sales and Marketing.



GEOGRAPHICAL PRESENCE – MAP OF OPERATIONS:

The map below shows the Group's operations in 2012



THE MARINE HARVEST WAY

– THE 4 GUIDING PRINCIPLES AT WORK

The four closely inter-related guiding principles Profit, Planet, Product and People, and related key performance indicators supports Marine Harvest on a daily basis with regards to decision making, which ensures sustainable long term results to all stakeholders. By this we mean that our growth must be sustainable from all perspectives: environmental, social and financial.

Linked to our four guiding principles there are stated ambitions and targets with different purposes:

1. They drive our priorities, the target setting and performance throughout the organisation
2. They serve as basis for risk assessment and evaluation of internal control processes

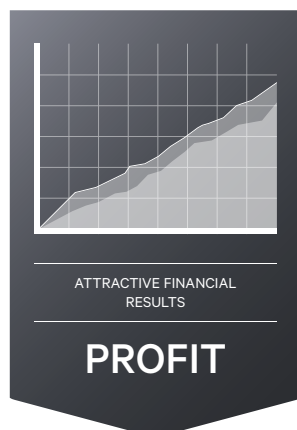
Marine Harvest ensures in a systematic way that the principles contribute to the development of the company as a leading protein producer, by integrating the guiding principles in the business processes. The principles are adopted by the Board, and it is the Board's responsibility to ensure that Marine Harvest is run sustainably in terms of financial, environmental and social matters. Responsibility for implementation and follow-up of the principles lies with Group management and the managers of the various units. Managers in the Group are evaluated based on targets within the various principles. In 2012, all senior executives had bonus agreements including targets from the Profit and People principles. Targets from the Product and Planet principles have been incorporated for senior executives when relevant.

Understanding that it is core to our success that our units operate sustainably, we work to ensure that our employees have the relevant competence and awareness.

OUR 4 P PRIORITY AREAS

In order to prioritise our efforts to manage matters related to each of the 4Ps, we have this year conducted systematic assessments to identify our most material sustainability challenges and opportunities. Our prioritisation is based on our understanding of:

- Our key stakeholders' expectations and concerns, based on stakeholder dialogue and the context in which we operate with regards to our impact on our people, the planet and our product
- The potential risk or opportunity to our business' success



UNDERSTANDING OUR STAKEHOLDERS' CONCERNS

Across the organisation, at both local and central level, we continuously work to engage with our stakeholders to understand their concerns and expectations. These engagements provide us with insights and expertise that enable us to improve our own decision making and approaches. We also aim to ensure that the engagements provide our stakeholders with the insight they need to make their decisions. Our understanding of our stakeholders concerns therefore also serve as the base for how we identify our sustainability priorities and how we report. Our operations follow a precautionary approach to ensure sustainable development.

Our stakeholders include a wide range of groups and individuals that impact our

organisation to a large degree. Those stakeholders that are key to us are those that are affected by us, that affect us and that have a significant interest in the success of the Group. We have identified these groups to be; regulatory authorities, investors, customers/consumers, employees, local communities and NGOs.

We aim to ensure that all suggestions and input for improvements gained through engagements with stakeholders, are reported and followed up in the relevant part of our organisation. This makes us a better company. We therefore encourage our employees to:

- Support Marine Harvest's open and positive culture and
- Share knowledge and information both internally and externally

STAKEHOLDER GROUP	HOW WE ENGAGE	EXSAMPLES OF ENGAGEMENT
Regulatory authorities	We engage with local, regional and national authorities on key issues facing us and the industry to provide information on possible impacts, and collaboratively develop appropriate responses and solutions	Meetings with ministries in the countries we operate (e.g. Chile on sustainable development). Meetings with local authorities when building new facilities (e.g. Bjugn feed plant)
Investors	We strive to ensure that the information we provide through this report and other presentations is relevant, clear and of value to the decision making of shareholders, analysts and potential investors. We also actively engage these investors through investor relations meetings, roadshows and the capital markets day	Quarterly reporting and road shows Investor relations meetings Capital Markets day (will be held in 2013)
Customers	We actively seek feedback from our customers through surveys and meetings. We also work to provide customers with information relevant to their decision making such as product documentation, certifications and this report	2012 Customer survey Customer reviews and site visits European Seafood Exhibition (ESE) Boston Seafood Show etc
Employees	We work to understand our employees' engagement, satisfaction, and thoughts on improvement opportunities through discussions and regular meetings throughout the organisation	Personal review meetings, Knowledge transfers Training and development opportunities
Local communities	Our local operations actively engage with the local community and stakeholders to understand their concerns and develop collaborative responses. Potential conflicts with local communities, violations of laws or regulations and sanctions or fines will be reported and followed up	Community meeting in Bjugn to inform about the feed plant Financial support to local teams and associations
Non governmental organisations (NGO)	We have several partnerships with external thought leaders on key issues to challenge our thinking and approaches	We were an active member of the Salmon aquaculture dialogue (SAD) We have engaged WWF to take part in developing our environmental targets and evaluating them. This occurs in dialogue and meetings between WWF Norway and Marine Harvest Group. In accordance with the agreement, WWF Norway was involved in the revision of our environmental targets and R&D priorities for 2013 through dialogue and input to the R&D Department

THE MATERIALITY ASSESSMENT

The materiality assessment sets the basis for how we prioritise our sustainability efforts, and thereby also shapes our internal and external reporting on these matters.

"Material topics for a reporting organisation should include those topics that have a direct or indirect impact on an organisation's ability to create, preserve or erode economic, environmental and social value for itself, its stakeholders and society at large." Ref. Global Reporting Initiative.

The placement of each issue in the materiality matrix is based on their relative importance to key stakeholder groups and to the success of Marine Harvest. The placement of each issue is indicative, based on the current assessment. All issues in the matrix are elements of importance related to the 3 Ps Planet, Product and People, but issues placed higher and to the left in the matrix are considered to be the material ones from a reporting point of view.

The materiality assessment restated the importance to us and our stakeholders that we focus on delivering and developing high quality **products** that are nutritious and safe. To ensure that we continue to deliver products according to customer expectations it is key that we prioritise product innovation, ensure that we are a reliable supplier and that we produce healthy seafood products. Another positive attribute of our products is fish farming's relatively lower climate impact as compared to producing other forms of meat. It is a material opportunity that we continue to ensure that fish meat is a climate friendly alternative in response to the accelerating population growth and increased wealth leading to higher demand for high quality protein.

The materiality analysis also underpinned that addressing our impacts on the **planet** are of high importance to us and our key stakeholders. This includes reducing our impacts on wildlife through controlling issues related to lice management, managing our use of chemicals and medication, avoiding escapes and ensuring that we use fish feed that originates from sustainable sources. In this context, research and development is an important enabler to close knowledge gaps and develop solutions for our

operations to improve performance and further reduce our environmental impact.

The health and safety of our **people** is a top priority. Avoiding safety risks is both a personal and company responsibility and both areas are addressed in our operations. In addition, to bring Marine Harvest forward and to transform the Group to become a leading integrated protein producer we need the best skilled people, working together towards common goals.

Ethical business behaviour, including anti-corruption measures, is another issue that is material for us to address, and which we regard as a prerequisite for a well-functioning global economy.

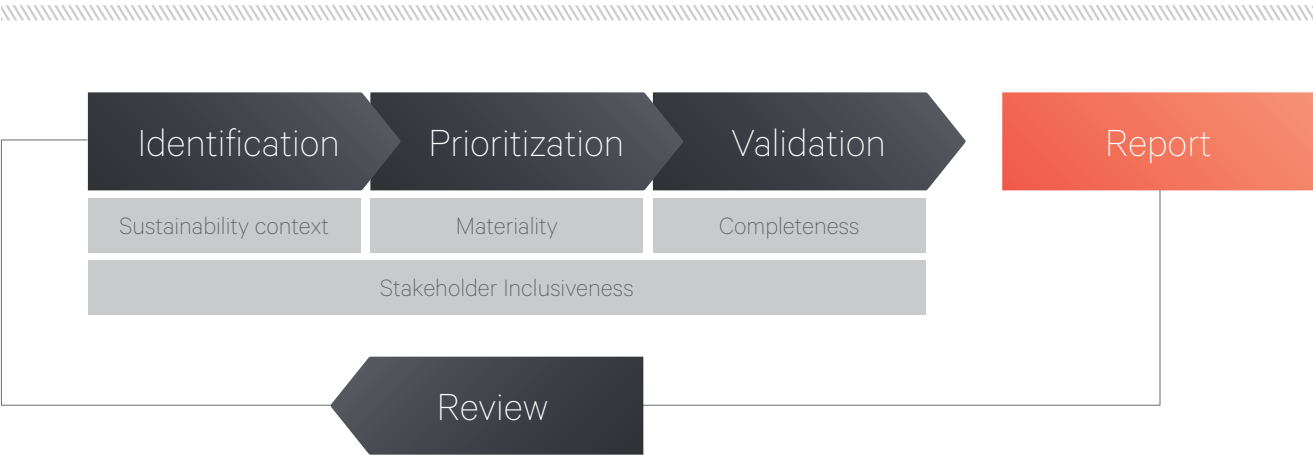
Our materiality assessment also confirmed that our continuous efforts to be accountable are as important to our stakeholders as it is to us. We will therefore strive to deliver trust in everything we do by being open and clear about challenges and opportunities in our operations and our approach to managing these, engaging key stakeholders, and certifying our products according to internationally recognised standards.

The materiality assessment has resulted in a refocusing of our reporting efforts as compared to last year's report. This year we have more emphasis on those issues that we through the assessment have characterised as material. Key performance indicators within each material issue are discussed in the relevant sections of the report.

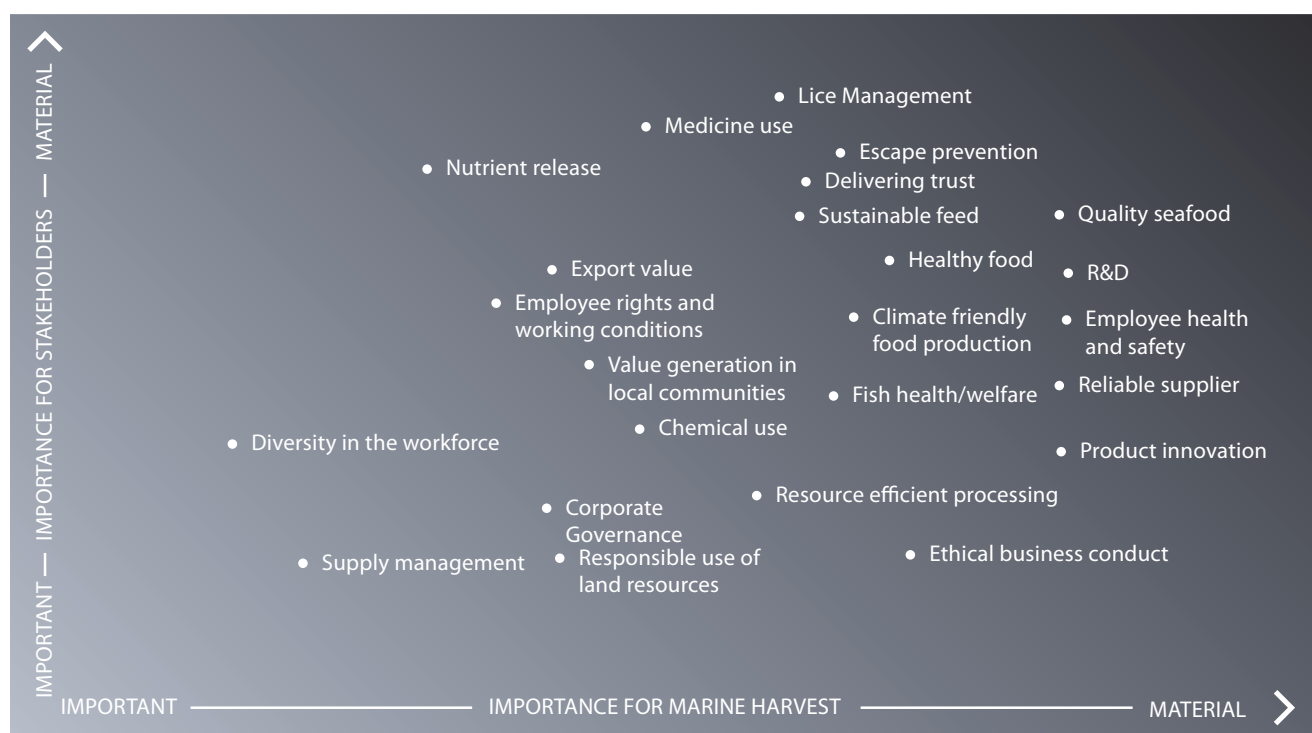
The assessment of material issues has been conducted with the involvement and final approval of our Group Management Team, and has been conducted in accordance with the Global Reporting Initiative technical Protocol for defining report content.

Going forward, our annual reporting cycle will include the steps towards identifying material sustainability issues as outlined by the GRI Technical Protocol for defining report content.

The figure below shows the Global Reporting Initiative process for defining report content.



MATERIALITY ASSESSMENT



RISK RELATED TO OUR 4 P PRIORITY AREAS

Target achievement within each material area is subject to risk, and Marine Harvest is exposed to a number of operational and financial risk factors including:

- **Financial risk**
 - Currency risks
 - Credit risks
 - Interest rate risks
 - Liquidity risks
- **Operational risk**
 - Price risk
 - Salmon feed prices and feed utilization risk
 - Biological risks
 - Regulatory risks
 - General operational, environmental and social risks

The Group aims at maintaining the necessary measures to manage controllable risks factors in order to keep the total risk situation within acceptable limits. Financial risk areas are discussed in the Board of Directors report, while the operational risks and how we address these risks follow below.

Price risk

Historically, salmon prices have been subject to large fluctuations. Marine Harvest has a large sales volume of salmon and the price achievement is hence a key driver for profitability and cash flows.

Over time, the demand for salmon has been growing steadily, whereas industry supply has been fluctuating strongly, due to variations in factors such as smolt release, biology and sea water temperatures. As a result of the long production cycle and a limited time window available for harvesting, industry players have limited flexibility to manage their supply from month to month. Furthermore, salmon is generally sold as a fresh commodity with a limited time span available between harvesting and consumption. The consequence of these dynamics is that salmon farmers are expected to be price takers in the market from week to week.

Salmon is a protein commodity which is produced in a limited number of countries and sold globally. Historically, trade restrictions have inhibited the optimal distribution of salmon to the markets, and as such, impacted the price yield for the salmon producers in the countries affected by such restrictions. Marine Harvest has a leading position in the main salmon farming countries, and consequently, is exposed to the level of trade restrictions.

Furthermore, farmed salmon has in some instances been subject to critical journalism based on statements and publications from various research communities and Non-Governmental Organisations (NGOs). This type of attack has had and may potentially result in temporary damage to the industry, and can only be countered by good practices and well-documented information from the industry. As of today, the industry in general, and Marine Harvest in particular has constructive relationships with WWF and a number of national authorities.

Marine Harvest has a sales contract policy aimed at limiting the exposure to short- and medium term fluctuations in the salmon price. The sales contracts generally have a duration of 3-12 months and has normally covered 15-40% of Marine Harvest's harvest volume for the next quarter. Although most sales contracts are entered into on a bilateral basis directly with customers, Marine Harvest is contracting a limited volume using financial futures (Fishpool). Furthermore, Marine Harvest is continuing to reduce its exposure to spot price movements through its value added processing activities. This exposure will be further reduced, provided that the relevant competition authorities approve the Group's acquisition of Morpol.

For further information on price achievement and contract shares, reference is made to the Profit section of the report.

Risks related to salmon feed prices and feed utilization

The feed cost is the largest single cost component in salmon farming. Marine Harvest procures its feed from a limited number of feed suppliers globally. The feed contracts are structured so that Marine Harvest assumes the general exposure to price fluctuations on the raw material costs, such as fish meal, fish oil, vegetable oils and meal. The feed suppliers procure these raw materials in the global commodity markets. Marine Harvest's exposure is left open for this risk factor. We are however, working continuously with the feed suppliers to secure that the feed recipes are altered, based on the relative prices of raw materials, to secure the lowest possible cost of the feed without compromising the quality, growth, health benefits and biological robustness of the salmon. In addition to assuming the general raw material price risk, the contracts include a fixed nominal payment per kg of feed to cover the feed suppliers' operational costs and margins. The volume risk is left with the feed suppliers (no take or pay contracts).

Marine Harvest also assumes operational risk linked to the utilisation of the feed. This risk is mitigated through rolling out best practices, continuous benchmarking between sites and regions and cooperation with feed suppliers on optimising feed recipes.

Through the construction of our own feed production facility, we intend to further mitigate the feed risk through efficient feed production of high quality feed for own use.

For further information on our efforts with regards to sustainable feed, reference is made to the Planet section of the report.

Biological risks

Marine Harvest's salmon farming operations are subject to a number of biological risk elements which might impact profitability and cash flows through adverse effect on factors such as growth, harvest weight, harvest volume, mortality, downgrading percentage and claims from customers. The biological parameters are impacted by e.g. diseases, algae blooms, low oxygen levels and fluctuating sea water temperatures.

Marine Harvest is striving to manage the exposure to biological risk factors through high focus on internal procedures for animal husbandry, mitigating actions and countermeasures. Furthermore, Marine Harvest commits large resources to mitigation actions, together with neighbouring companies in the various regions, cooperation with regulatory bodies to attain optimal regulations and efficient enforcement and geographical diversification of the salmon farming operations. Marine Harvest has

temporarily reduced the scale of the Chilean business, to reduce the exposure to biological risk. Together with the authorities and the industry, Marine Harvest is committing large resources to handle the ongoing sea lice situation in Norway. As the rest of the industry, Marine Harvest has a limited insurance coverage against adverse biological events.

For further information on the material biological risks, reference is made to the Planet section of the report.

Exposure to changes in regulatory frameworks

Marine Harvest's salmon farming operation is primarily based on perpetual licences which have been granted by relevant authorities over time. In all jurisdictions, salmon farming operations are subject to a varying degree of regulations by the authorities. Hence, the salmon farming operations of Marine Harvest are exposed to changes in regulatory frameworks.

During 2012, we have actively worked with the authorities in several countries to change the operating regulations in areas where we consider them to be unjustified or not supportive to a sustainable development of the industry. The most noticeable efforts have been made in Norway and Chile. Towards the Norwegian authorities we have worked to change the ownership limitation of 25%, and in the fourth quarter, the Norwegian government proposed to replace the 25% ownership limitation with a new system, whereby various ownership thresholds are accompanied by R&D spending requirements, secondary processing requirements and contribution to the education of young talents. We believe that the change will contribute to a more sustainable Norwegian industry going forward where fewer players will be more coordinated in their response to sustainability challenges.

In Chile we have worked with the authorities to change the regulations to ensure a sustainable development of the Chilean industry. The most important element resolved in 2012 was the decision to change the law with regards to site utilisation. Prior to the change, the law required that all sites had to be stocked to avoid idle sites from being returned to the authorities with the potential threat of being redistributed to new owners. Our position was that the carrying capacity of the ocean does not support full utilisation of all sites. In Marine Harvest, we use sites on rotation, to ensure a sustainable development of our operations. The requirement to stock all sites was withdrawn, and this combined with other proposed regulatory changes should restore the foundation for sustainable fish farming in Chile, provided that they are enforced.

For further information, reference is made to the section "Understanding our stakeholder concerns" and how we engage with regulatory authorities to address regulatory issues.

Exposure to general operational, environmental and social risks linked to farming, manufacturing and processing industries

In addition to the above-mentioned operational risk elements, Marine Harvest is exposed to the general risk factors facing farming, manufacturing and food processing industries. The farming risk includes the risk of escapes as a consequence of bad weather and the risk of losses due to predation. These risks are mitigated through internal procedures, policies and insurance programs.

For further information about the environmental risks related to fish farming, reference is made to the Planet section of this report, while social risks are addressed in the People section.



DELIVERING TRUST THROUGH TRANSPARENCY – COMMITMENT TO OUR STAKEHOLDERS

We believe that by engaging in open and transparent dialogue with our stakeholders, by delivering on our promises, and through documenting and certifying our operational approaches, we show commitment to our stakeholders.

To Marine Harvest delivering trust means that:

- We operate our business in accordance with laws and regulations and show honesty and integrity in our work
- We show environmental responsibility and support a sustainable development of the environment and natural resources
- We have respect for the individual, different cultures and encourage people to voice their opinion

OPEN, TRUSTWORTHY AND TRANSPARENT DIALOGUE

We want to be open and transparent about our performance and how we work to improve. Ambitions, drivers and key performance indicators have been identified for each guiding principle and we openly report on our progress.

The 2012 annual report generally include the key aspects reported on in previous annual/sustainability reports including historic trends, but following a review of the material aspects of our operations, some previously reported information has been removed, while new information has been added.

Reference is made to our materiality assessment on page 19.

In 2011 we included the update on sustainability progress in the annual report for the first time. The 2012 report has taken integrated reporting one step further, as we based on our 4 guiding principles include all material sustainability information under the relevant principle.

DELIVERING ON OUR PROMISES - CONSISTENT AND CONTINUOUS REPORTING OF KEY INDICATORS:

In order to facilitate our stakeholders understanding of our Group, we aim at being consistent in our reporting, and in situations where we introduce new reporting indicators we try to include historic trend figures to the extent possible. Internally, reporting and monitoring performance and risk assessment is a continuous process, where key information for all 4 guiding principles are reported monthly and discussed in operational review meetings throughout the Group.

Monitoring and reporting is both a local and central responsibility. Centrally we provide systems for follow up, routines and guidelines and we measure performance. Locally, performance is measured in detail and deviations from expectations are analysed and acted upon. When it comes to sustainability reporting, the core system is Qmarine. Qmarine holds the global, standard operating procedures (SOPs) which enable us to apply the same high standards wherever we operate. In many instances the standards required by Qmarine exceed national requirements, and the standards are never less than the local requirements. The standards, guide our actions and decisions in the strategic areas of food safety, food quality, fish welfare and environmental responsibility. All SOPs are held in a central database, or MOM, which controls individual local management systems and their procedure implementation.

Qmarine is a dynamic system and it is continuously updated to reflect best practice. It is used on one hand for compliance, for instance with regulatory requirements and on the other hand, driving knowledge, from identifying and sharing best practices and outcome of internal and/or external R&D throughout the company.

In 2012, we started standardised monthly and quarterly reporting of key sustainability figures through the consolidation tool that we also used for financial and operational reporting. The benefit of this integrated reporting is that sustainability information more efficiently can be consolidated on Group level (e.g. global causes of fish mortality, antibiotics and sealice treatments by substance, causes for customer claims and causes for quality deviations). In addition, integrated input reporting also facilitates integrated output reporting and follow up.

Information from the consolidation tool, combined with information from other databases is now utilised to produce monthly and quarterly specialty reports to local and central management. Key sustainability figures are also included in reporting to the Board and in external reports, in particular the Annual Report.

THIRD PARTY CERTIFICATIONS

The Management team has in 2012, for the first time decided to set minimum requirements for third party certification throughout the Group. In this process, it has been decided that all farming units shall be certified according to Global GAP, an aquaculture farming standard addressing food safety, environmental measures, animal welfare and workers' health and safety issues (<http://www.globalgap.org>). Further, it has been decided that all processing facilities shall be certified according to a Food Safety scheme recognised by the Global Food Safety Initiative - GFSI (<http://www.mygfsi.com>). During 2012 a further two of our processing plants received GFSI approved food safety certification. A number of units started implementation throughout 2012 and will be able to complete certification during 2013. Global GAP certification was achieved in 2012 in the area of on seawater production in Chile which means that all our salmon farming operations except Canada now operate in accordance with the Global GAP aquaculture standard.

Group-wide certifications are one way of delivering trust to our stakeholders. For Marine Harvest, a common, standard platform will also increase our sourcing flexibility and avoid issues from diverging certification standards if we switch supply from one country of origin to another or if we switch between processing facilities. By choosing Group-wide standards, we simplify internal reporting and improve the basis for Group-wide development and sharing of best practices.

The standards for environmentally responsible salmon farming, the Best Aquaculture Practices (GAA/BAP) and the Aquaculture Stewardship Council (ASC) are regarded as potential "add-on" to the baseline requirements described above. In 2012, our operations in Canada successfully completed a certification for the newly released GAA Best Aquaculture Practices for salmon as one of the first operations globally.

In addition to the standards mentioned above, Marine Harvest also complies with a range of standards addressing fish welfare (e.g. freedom food in Marine Harvest Scotland), organically farmed salmon (in Marine Harvest Ireland), chain of custody for MSC certified wild fish (in various processing facilities) as well as market specific product quality standards (i.e. Label Rouge)

In 2013, priority will be on completing implementation of the Global GAP farming standards and The GFSI approved Food Safety Standard.

BUSINESS UNIT	ACTIVITY	CERTIFICATION	% OF PLANTS CERTIFIED TO EACH SCHEME
Ireland	Broodstock and juveniles	ISO 9001, ISO 14001, OHSAS 18001, GlobalGAP, Naturland Organic, BioSuisse Organic, EU Organic Aquaculture, Freedom Food, Irish Certified Quality Salmon Organic, Friend of the Sea	100%
	On-growing	ISO 9001, ISO 14001, OHSAS 18001, Naturland Organic, BioSuisse Organic, EU Organic Aquaculture, Irish Certified Quality Salmon Organic, GlobalGAP	ISO 9001 = 100%; ISO 14001 = 100%; IOH-SAS 18001 = 100%; EU Organic Aquaculture = 60%; Naturland Organic = 60%; IOFGA Organic = 60%; BioSuisse Organic = 60%.
	Primary Processing	ISO 9001, ISO 14001, OHSAS 18001, BRC, Naturland Organic, BioSuisse Organic, EU Organic Aquaculture, Irish Certified Quality Salmon Organic, GlobalGAP	100%
Chile	On-growing	SalmonGAP/GlobalGAP	100%
Norway	Broodstock and juveniles	ISO 22000, ISO 9001, ISO14001 and GlobalGAP	100% Label Rouge dedicated farms
	On-growing	ISO 22000, ISO 9001, ISO 14001, GlobalGAP	100% Label Rouge dedicated farms
	Primary Processing	ISO 22000, ISO 9001, ISO 14001, GlobalGAP	100% Label Rouge dedicated farms
Canada	Broodstock and juveniles	ISO 14001	100%
	On-growing	ISO 14001, GAA-BAP	100%
Scotland	Juveniles	Label Rouge, ISO 9001, ISO14001, GlobalGAP, Product Certification Scheme for salmon smolt, PGI, Freedom Food, COGP	100% Label Rouge dedicated farms
	On-growing	Label Rouge, ISO 9001, ISO 14001, GlobalGAP, PGI, Freedom Food, COGP	100% Label Rouge dedicated farms
	Primary Processing	BRC, ISO 9001, ISO 14001, GlobalGAP, PGI, Freedom Food, Label Rouge, COGP	100% Label Rouge dedicated farms
Faroese	Broodstock and juveniles	GlobalGAP	100%
	On-growing	GlobalGAP	100%
	Primary Processing	GlobalGAP	100%
VAP Europe	Secondary processing	IFS, BRC, BIO, GlobalGAP, ISO 22000, ASC (Tilapia&Pangasius), Icelandic responsible fisheries (IRF)	Pieters: BRC, GlobalGAP, Organic, MSC , ASC, (IRF) Boulogne: IFS, GlobalGAP, Organic Kritsen: IFS, Label Rouge, MSC, Organic Appeti Marine: IFS Sterk: BRC, Global GAP, MSC Rolmer: IFS Rennes: IFS, Label Rouge, Organic Lorient: IFS Poland: BRC, GlobalGAP, Halal, Kosher
Americas	Secondary processing	Marine Stewardship Council (MSC), Safe Quality Food (SQF) Certification (Safe Quality Food), Kosher, Global gap	Ducktrap: MSC, SQF 2000, Kosher Delifish: BRC, Global Gap, Kosher

BOUNDARIES OF OUR REPORT

The annual report covers Marine Harvest Group including subsidiaries that are fully or majority owned by Marine Harvest in all countries where we operate. It does not however include non-controlled entities. Going forward we will progressively develop mechanisms for collecting and reporting additional performance data as needed.

PROFIT – ATTRACTIVE FINANCIAL RESULTS

The Group's profit hinge on its ability to provide customer value from healthy, tasty and nutritious seafood, farmed both cost effectively and in an environmentally sustainable way that maintains a good aquatic environment and respects the needs of the wider society. We believe that progress in other guiding principles will materialise in Profit and we therefore strive to document and measure this relationship in our improvement initiatives.

OVERALL GROUP PERFORMANCE IN 2012

Total operating revenues in 2012 amounted to NOK 15 569 million, a reduction of 3% from 2011 due to challenging market conditions. Volume harvested in 2012 was 14% higher than in 2011 at 392 306 tonnes gutted weight, which is all time high for Marine Harvest. Operational EBIT for the year ended at NOK 643 million, compared to NOK 2 717 million in 2011. ROCE for the year was 36%, while NIBD/equity was 46% at year end. For further comments to the financial performance at Group level, reference is made to the Board of Directors report, statements and notes to this report.

THE MARKET IN 2012 - INDUSTRY

In 2012, global harvest volumes of Atlantic salmon increased by 322 200 tonnes (22.1%) compared 2011, to approximately 1 782 800 tonnes gutted weight. Norway and Chile were the largest contributors to the supply growth compared to 2011,

SUPPLY IN TONNES GW	ESTIMATED VOLUMES		
	2012	2011	% CHANGE
Norway	1 064 800	905 000	17.7%
Chile	327 600	198 900	64.7%
Scotland	141 700	139 200	1.8%
North America	128 800	115 500	11.5%
Faroe Islands	63 100	50 700	24.5%
Australia	32 900	32 400	1.5%
Ireland	14 000	14 400	-2.8%
Other	10 000	4 500	122.2%
Sum	1 782 800	1 460 600	22.1%

adding 159 800 and 128 700 tonnes respectively. The Faroe Islands added 12 400 tonnes, North America 13 300 tonnes and "other" regions 5 500 tonnes. Scotland, Australia and Ireland did not grow in 2012.

The strong growth in Norway during 2012 has mainly been driven by high smolt releases in 2011 and a historically mild winter in 2012 leading to an accelerated production cycle.

The continued strong growth in Chile was driven by the aggressive rebuilding of the Chilean industry after biological issues depleted the biomass in the region in recent years. Although the current build-up of the industry in Chile is gradually impacting biological indicators adversely, a continued strong volume growth is expected in 2013 due to the successive increase in number of fish reaching harvest size.

REFERENCE PRICE	2012 NOK	CHANGE VS 2011	2012 ⁴⁾ MARKET	CHANGE VS 2011
Norway ¹⁾	26.15	-13.5%	3.50	-9.7%
Chile ²⁾	18.83	-26.8%	3.24	-29.4%
North America ³⁾	13.04	-23.2%	2.25	-25.9%

¹⁾ Average superior price per kg gutted weight (NOS/FHL FCA Oslo)

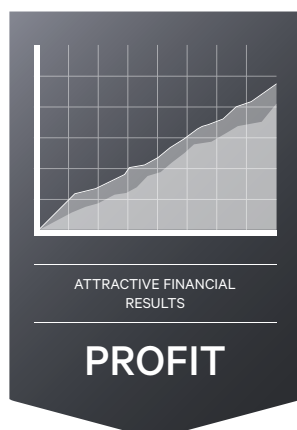
²⁾ Average C trim price per pound (Urner Barry Miami 2-3 pound)

³⁾ Average superior price per pound gutted weight (Urner Barry Seattle 10-12 pound)

⁴⁾ Market price in EUR for Norway, and USD for Canada and Chile

The reference price for Norwegian Salmon (measured in the currency of the market) decreased by 9.7% compared to 2011 and was the lowest average for a year since 2008 measured in NOK. In the second half of the year, prices developed favourably, and in the currency of the market the fourth quarter price, was the second highest price recorded over the last six years for a fourth quarter. This was encouraging as it proved the strength of end demand when products are made available to consumers in the right format and at the right price,

The situation in the American market deteriorated during 2012 and in the fourth quarter both reference prices recorded the lowest observation for any quarter over the last 6 years. Prices for Chilean salmon dropped by 29.4% compared to 2011. As the Canadian salmon is competing with the Chilean salmon on the US West Coast, also Canadian prices came down sharply (-25.9%). The prices in Europe and Americas are currently diverging from a historic pattern of strong correlation. This is perceived to be due to low availability and high cost of air freight from Chile to Europe combined with a low demand for frozen products in Europe.



GUIDING PRINCIPLE	AMBITION	2012 ACHIEVEMENT
Profitability	Deliver a ROCE of at least 10% over a cycle (4-5 years)	ROCE 36% for the year due to the challenging market conditions. Average last 4 years 11.3%
Relative competitiveness	Be the most profitable listed farming company over a cycle	Positioned among the most cost efficient of the biggest salmon producers globally
Solidity	NIBD/Equity ratio below 0.5	NIBD/Equity ratio of 0.46 at year end 2012



MARKET DISTRIBUTION IN TONNES GW	ESTIMATED VOLUMES		
	2012	2011	% CHANGE
EU	824 500	704 100	17.1%
USA	310 800	259 600	19.7%
Russia	155 900	114 300	36.4%
Japan	56 900	41 000	38.8%
Brasil	64 800	38 700	67.4%
China / Hong Kong	56 100	45 500	23.3%
Other	307 000	255 000	20.4%
Total all markets	1 776 000	1 458 200	21.8%

The market growth has been substantial for all markets, with Russia, Japan and Brazil having the highest % growth rates. The strong growth in Brazil is linked to the supply from Chile. The supply to Japan was up 38.8% compared to 2011, a result of a strong demand increase driven by the 2011 earthquake. In general, the Asian market was stimulated by very attractive prices on Chilean salmon.

The Russian market continued to perform strongly, although growth rates towards the end of the year seemed to be converging to the surrounding markets after a long period of exceptional growth.



The EU market continued to perform well, particularly in the retail segment. The market channels in retail are well adapted to the higher supply, and high promotional activity helped move volume in the second half of the year. End demand was strongly stimulated by the combination of affordable prices, good product presentation and availability in retail outlets. The demand in the hotel, restaurant and catering area has been somewhat weaker than in retail. Geographically, growth was observed in both traditional and in new salmon markets.

The US market experienced a growth of 19.7% compared to 2011, which is considered low, given the contraction in previous years when the availability of fish was limited. Given the very low prices, the continued lack of sequential growth in this market was disappointing. As a consequence, a large proportion of the incremental Chilean volumes were marketed in South America and Asia.

The trend in trans-Atlantic flow of Atlantic salmon showed a reduction in the flow of fish from Europe to the US of 19 200 tonnes (22%), while the flow from Chile to Europe increased by 9 300 tonnes (60%).

Source: Kontali



THE MARKET IN 2012 - MARINE HARVEST

Geographic market presence

Marine Harvest's main source of revenues is Atlantic Salmon and total salmon revenues were distributed as indicated in the graph in 2012.

Europe is by far the biggest market for Marine Harvest's salmon with 65% of the total. The distribution has been stable compared to 2011.

Sales by product

The sales revenue distribution across products was as shown in the graph in 2012:

The main product, fresh whole salmon, represented 54% of total sales revenue, while smoked and elaborated salmon (fresh and frozen total) accounted for 35% of total sales revenues in the period.

Work continues to increase the share of elaborated salmon, and during the year Marine Harvest opened up a major new processing facility in Boulogne, France with focus on fresh MAP products. In addition we opened a small processing line in the Czech Republic and a processing operation in Osaka, Japan.

Further to the initiatives already taken, the acquisition of Morpol will, subject to approval by the relevant competition authorities, contribute to strengthening Marine Harvest's value added operations in the European market.

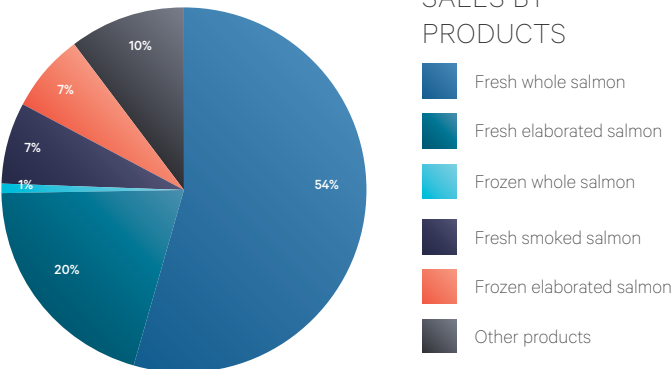
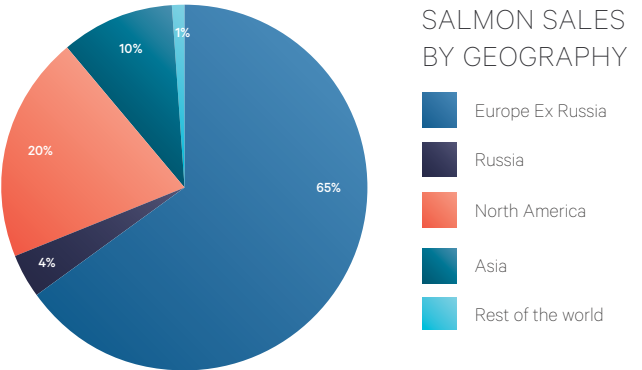
Price achievement

Prices were in general low in 2012, but improvement was observed toward the end of the year and this has continued into 2013. The overall price achievement compared to the reference price was relatively strong, as spot and contract sales were above the reference price level for most origins. The cost of quality downgrading was within the normal range for salmon of all origins excluding Canada where maturation and soft flesh were the drivers for the temporarily reduced quality.

The combined global price achieved by Marine Harvest Markets was 7% above the reference price in 2012. The corresponding price achievement in 2011 was 9% above the reference price due to a more favourable contract portfolio. The contract share ranged from 5% in Canada to 60% in Scotland in 2012.

The average price achievement is measured vs. reference prices in all markets (NOS for Norwegian, and Faroese salmon, derived NOS (NOS + NOK 2.90 in 2012) for Scottish salmon, and Urner Barry for Canadian and Chilean salmon). The ambition over time is to exceed the relevant reference price in all markets.

Salmon of all origins except Canadian achieved prices above the reference price in 2012 with contribution from spot prices above the reference price and contract prices at favourable terms. The Canadian price achievement has improved in relative terms compared to 2011, and this development is expected to continue in 2013 as issues with soft muscle related to Kudoa are expected to be significantly reduced.



CONTRACTS, QUALITY AND PRICE

2012	NORWEGIAN	SCOTTISH	CANADIAN	CHILEAN
Contract share	31%	60%	5%	30%
Quality - superior share	90%	96%	85%	90%
Price achievement	107%	117%	98%	110%



ANALYTICAL FIGURES

MARINE HARVEST GROUP - ANALYTICAL FIGURES

SOURCES OF ORIGIN

	NORWAY	SCOTLAND	CANADA	CHILE	IRELAND	FAROEES	OTHER ¹⁾	MH GROUP
OPERATIONAL EBIT								
MH FARMING	599	96	- 172	- 127	11	9		415
MH SALES AND MARKETING								
MH Markets	219	56	30	38	2	3		344
MH VAP Europe	4	0	0	0	0	0	1	6
SUBTOTAL	822	153	- 147	- 90	13	12	1	765
Other entities ²⁾							-122	- 122
TOTAL	822	153	- 147	- 90	13	12	- 121	643
Harvest volume (gutted weight tonnes, salmon)	255 306	40 261	40 217	40 222	9 407	6 893		392 306
Operational EBIT per kg (NOK) ³⁾	3.22	3.80	-3.65	-2.23	1.40	1.76		1.95
- of which MH Markets	0.86	1.40	0.75	0.93	0.23	0.51		0.88
- of which MH VAP Europe	0.02	0.01	0.00	0.00	0.03	0.00		0.01
ANALYTICAL DATA								
Price achievement/reference price (%) ⁴⁾	107%	117%	98%	110%	-	103%		107%
Contract coverage (%)	31%	60%	5%	30%	-	-		31%
Quality - superior share (%)	90%	96%	85%	90%	92%	95%		91%

¹⁾ Operational EBIT arising from non salmon species not allocated to source of origin

²⁾ Sterling White Halibut, Headquarter and Holding companies

³⁾ Excluding Sterling White Halibut, Headquarter and Holding companies

⁴⁾ MH Marktes' price achievement to third party and MH VAP Europe

OPERATIONAL PERFORMANCE BY COUNTRY OF ORIGIN

Marine Harvest follows the overall value creation of the operations based on the salmon's source of origin. For this reason the salmon related operational EBIT in Sales and Marketing is allocated back to country of origin. The table on the previous page and upcoming operational text provides information along this line. Figures in parentheses refer to 2011.

SALMON OF NORWEGIAN ORIGIN

The cost performance for salmon of Norwegian origin developed favorably in 2012 as improved operational efficiency has contributed to cost reductions. We believe that our Norwegian operation now has positioned itself among the most cost efficient of the major salmon producers in Norway.

Price and volume development

The European spot price for fresh salmon was significantly lower in 2012 than in 2011 as the supply/demand balance deteriorated. As a result, the achieved price was down by 16% compared to 2011. Towards the end of the year, the market balance improved and prices started to increase. The overall price achieved was 7% higher than the reference price. Both spot and contract sales contributed to the favourable price achievement. The contract share for salmon of Norwegian origin was 31% in 2012 compared to 46% in 2011. The quality was good with a superior share of 90%.

During 2012, we experienced high growth for fish in sea. This was due to a historically mild winter, combined with increased stocking in 2011. As a result, harvest volume was record high, 17% above the 2011 level at 255 306 tonnes gutted weight (217 510 tonnes).

Costs and operations

Compared to 2011, the overall cost level for our Norwegian salmon has been slightly reduced, despite an increase in the cost of feed and lice mitigation costs. Feed raw material prices started to increase in the third quarter contributing to increased feed cost. Improved biological feed conversion ratio and reduced mortality partially mitigated the effect of increasing feed prices during the year. The cost per kg for standing biomass at year end 2012 was in line with the cost at the end of 2011.

Sea lice mitigation costs were high throughout the year as a result of numerous treatments to maintain the sea lice load below the trigger limits. Continuous efforts are required from the industry to find long-term solutions for this challenge. At yearend 2012, the sea lice count was lower than at the end of the previous 3 years.

During 2012 the number of sites diagnosed with Pancreas Disease (PD) increased compared to 2011. The disease spread north, but the recognised mortality has been significantly reduced from prior years as the virus has been less aggressive. As the underlying mortality for our Norwegian salmon has been higher than in other regions of the world, a project to analyse causes and define actions, was carried out in 2012. This has contributed to a reduction in the average monthly mortality rate from 0.8% in 2011 to 0.7% in 2012. Further improvement is targeted for 2013. For more information about mortality, the PD and lice situation, reference is made to the Planet section of the report.

Profit performance

Operational EBIT in 2012 amounted to NOK 822 million (NOK 1 979 million), which was NOK 3.32 per kg gutted weight (NOK 9.10). The reduction in margin was a result of lower achieved prices.

SALMON OF SCOTTISH ORIGIN

2012 was another good year for our Scottish salmon, although the Amoebic Gill Disease - AGD resulted in early harvest and increased costs during the second half of the year. The planned temporary reduction in harvest volume further influenced the cost level per kg. Great progress was recorded in feed efficiency in 2012 (reduced feed conversion ratios) and the underlying performance of our Scottish salmon is good.

Price and volume development

The spot prices for fresh salmon of Scottish origin in general follow the development in the Norwegian spot prices. A significant reduction in the price level was recorded during 2012. As a result the achieved price was down by 5% compared to 2011. As for salmon of Norwegian origin, prices increased significantly towards the end of the year. The overall price achieved was 17% higher than the reference price. Both spot and contract sales contributed to the favourable price achievement. The contract contribution was slightly higher in 2012 than in 2011. The contract share for salmon of Scottish origin was 60% in 2012 compared to 53% in 2011. The quality of Scottish salmon was excellent with a superior share of 96%.

During 2012, we experienced high growth rates for fish in sea, but due to temporary reduction in our smolt stocking in 2011 and AGD related challenges, the harvest volume was reduced by 20% from 2011 to 40 261 tonnes gutted weight (50 174 tonnes).

Costs and operations

Compared to 2011, the full cost level for our Scottish salmon increased by 13% due to reduced volume, early harvest and additional costs due to AGD. Due to the significant improvement in the feed conversion ratio, the feed cost for harvested biomass was reduced from 2011, while labour, medication and other direct farming costs increased as a result of AGD. Scale disadvantages compared to 2011 further contributed to increased cost per kg.

The AGD situation was calm during the fourth quarter due to reduced sea water temperatures and good treatment practices. Prevention plans have been implemented including surveillance, site training and preparations for treatment, if the challenge should rise again in 2013. At yearend 2012, the sea lice count was lower than at the end of 2011. During 2012 there were no sites diagnosed with PD in Scotland. For biomass in sea, the cost per kg was lower at year end 2012 than at the end of 2011. Excepting the effect of AGD, the underlying mortality rate for our Scottish salmon has been good. The average monthly mortality including AGD increased from 0.5% to 0.8% from 2011 to 2012. For more information about mortality, the AGD and lice situation, reference is made to the Planet section of the report.

Profit performance

Operational EBIT in 2012 amounted to NOK 153 million (NOK 515 million), which was NOK 3.80 per kg gutted weight (NOK 10.26). The reduction in margin was a result of lower achieved prices, lower volume and increased costs.

SALMON OF CHILEAN ORIGIN

2012 became a challenging year for our salmon of Chilean origin due to an increasing cost level and a very challenging market. Increased biological challenges (higher lice count and less favourable growth conditions) are causing concern. We believe that the newly proposed regulations will restore the foundation for sustainable fish farming in Chile, provided that they are enforced.

Price and volume development

The spot prices in the American market continued to deteriorate throughout 2012 and the fourth quarter reference prices were the lowest observed for any quarter over the last 6 years. As a result, the achieved price was down by 16% compared to 2011. As for salmon of European origin, prices increased towards the end of the year. The overall price achieved was 10% higher than the reference price. Both spot and contract sales contributed to the favourable price achievement. The contract contribution was higher in 2012 than in 2011. The contract share for salmon of Chilean origin was 30% in the 2012, which was the same as in 2011. The quality of Chilean salmon was slightly lower than normal with a superior share of 90%.

Volume harvested in 2012 increased by 55% from 2011 to 40 222 tonnes gutted weight (25 960 tonnes) due to increased stocking.

Costs and operations

During the year, the growth rate for fish in sea was reduced and the current generations are growing significantly slower than previous generations, which has contributed to increased costs per kg. Compared to 2011, the biological cost for our Chilean salmon increased by 12% due to the more challenging biology. Volume increase compensated for the biological cost increase through scale effects, but the current cost level is very high in a historic perspective and is now higher than for salmon of Norwegian origin. The cost of standing biomass at the end of 2012 was significantly higher than at the end of 2010 and 2011. Sea lice mitigation costs have increased as the number of treatments required to maintain sites below trigger level has increased. Chile was the only region where we recorded a higher lice count at year end 2012 compared to year end 2011, and we are concerned about the development.

Despite the more challenging biological situation, the underlying mortality rate for our Chilean salmon is very good. The average monthly mortality increased from 0.2% to 0.3% from 2011 to 2012. For more information about mortality and lice situation, reference is made to the Planet section of the report.

Profit performance

Operational EBIT in 2012 amounted to NOK -90 million (NOK 105 million), which was NOK -2.23 per kg gutted weight (NOK 4.04). The reduction in margin was a result of lower achieved prices and provision and inventory write down due to a voluntary product recall in the amount of NOK 26 million due to listeria detected on cold smoked product from Delifish.

SALMON OF CANADIAN ORIGIN

2012 was operationally a year of good improvement for our Canadian operations thanks to the efforts made to restructure the operation. Unfortunately the challenging US market made 2012 a loss making year, as prices were significantly below a sustainable level. The current cost per kg biomass in sea is significantly lower than at the end of 2010 and 2011.

Price and volume development

As indicated above, the spot prices in the American market deteriorated throughout

2012 and the fourth quarter reference prices were also for salmon of Canadian origin the lowest observed for any quarter over the last 6 years. As a result, the achieved price was down by 21% compared to 2011. As for salmon of European origin, prices started to increase towards the end of the year. Due to the effects of Kudoa (soft flesh) and an elevated share of downgraded products, the overall price achieved was 2% lower than the reference price in 2012. Spot prices were at the reference price level. The price achievement improved throughout the year as the sites stocked prior to the Kudoa mitigation plan were harvested out. The contract share for salmon of Canadian origin was 5% in the 2012 compared to 18% in 2011.

During the year, the growth rates for fish in sea improved, which combined with stocking effects contributed to a 19% increase in harvested volume compared to 2011. The 2012 volume was 40 217 tonnes gutted weight (33 917 tonnes).

Costs and operations

Compared to 2011, the full cost level for our Canadian salmon has been reduced by 7% due to increased volume and operational cost reductions. The biological cost was reduced by 5% due to improved production efficiency. The feed cost for biomass harvested was stable between 2011 and 2012. Algae blooms are a common challenge for our Canadian operations, and in 2012 we recorded elevated mortality at one site in September.

The Canadian industry was in 2012 challenged by the re-emergence of Infectious Hematopoietic Necrosis (IHN) in British Columbia. Marine Harvest Canada has for several years vaccinated 100% of our fish against IHN and we did not face mortality as a result of this disease during the year. At yearend 2012, the sea lice count was lower than in 2011. Excepting the effect of the algae bloom, the underlying mortality rate for our Canadian salmon is good. The average monthly mortality rate including the algae bloom increased from 0.5% to 0.8% between 2011 and 2012. For more information about mortality, the IHN and lice situation, reference is made to the Planet section of the report.

Profit performance

Operational EBIT in 2012 amounted to NOK -147 million (NOK 44 million), which was NOK -3.65 per kg gutted weight (NOK 1.29). The reduction in margin was a result of lower achieved prices.

SALMON OF IRISH ORIGIN

Prices remained strong throughout in year as the organic salmon market remained very favourable. Biomass losses due to Amoebic Gill Disease (AGD) significantly impacted the cost of harvested fish during the year and will continue to do so going forward. Harvest volume in 2012 was 9 407 tonnes gutted weight (9 332 tonnes). Salmon of Irish origin achieved an operational EBIT of NOK 13 million in 2012 (NOK 75 million). Operational EBIT per kg harvested was NOK 1.40 (NOK 7.99).

SALMON OF FAROESE ORIGIN

At the beginning of the year, our Faroese fish was challenged by high sea lice levels, affecting both the achieved price and the cost level. In the second half of the year, harvested fish was of excellent quality and as a result both the price achievement and the cost level developed favourably. Volume harvested during the year was 6 893 tonnes gutted weight (5 927 tonnes). Salmon of Faroese origin achieved an operational EBIT of NOK 12 million in 2012 (NOK 61 million). Operational EBIT per kg harvested was NOK 1.76 (NOK 10.23).

VALUE ADDED PRODUCTION IN EUROPE

2012 was a disappointing year for our value added operations in Europe as our yield and efficiency was low, while an unfavourable product mix, with high sales of bulk products, contributed to further margin squeeze. Several actions to improve the performance of our VAP operations have been taken in 2012 and we are confident that the on-going processes will restore the operations to satisfactory returns.

Price and volume development

Marine Harvest VAP Europe's operating revenues were NOK 3 944 million in 2012 (NOK 4 268 million). Volume sold was 2% higher than in 2011 while the average price achieved in EUR was 6% lower than in the previous year. The price reduction was due to the trend towards less elaborated products lower input prices and reduced sales of smoked products compared to 2011. There is fierce competition in the smoked market, which influenced both prices and margins achieved. The downturn in many European economies dampened the holiday sales of high priced smoked products, reducing the normal Christmas effect on sales.

The salmon sales volume increased by 7% compared to 2011. Fresh salmon sales picked up during the year as a result of reduced consumer prices and high promotional activity, but market pressure and unfavourable mix negatively influenced the margins achieved.

Sales of Atlantic salmon accounted for 66% of the total sales value in 2012 (67%).

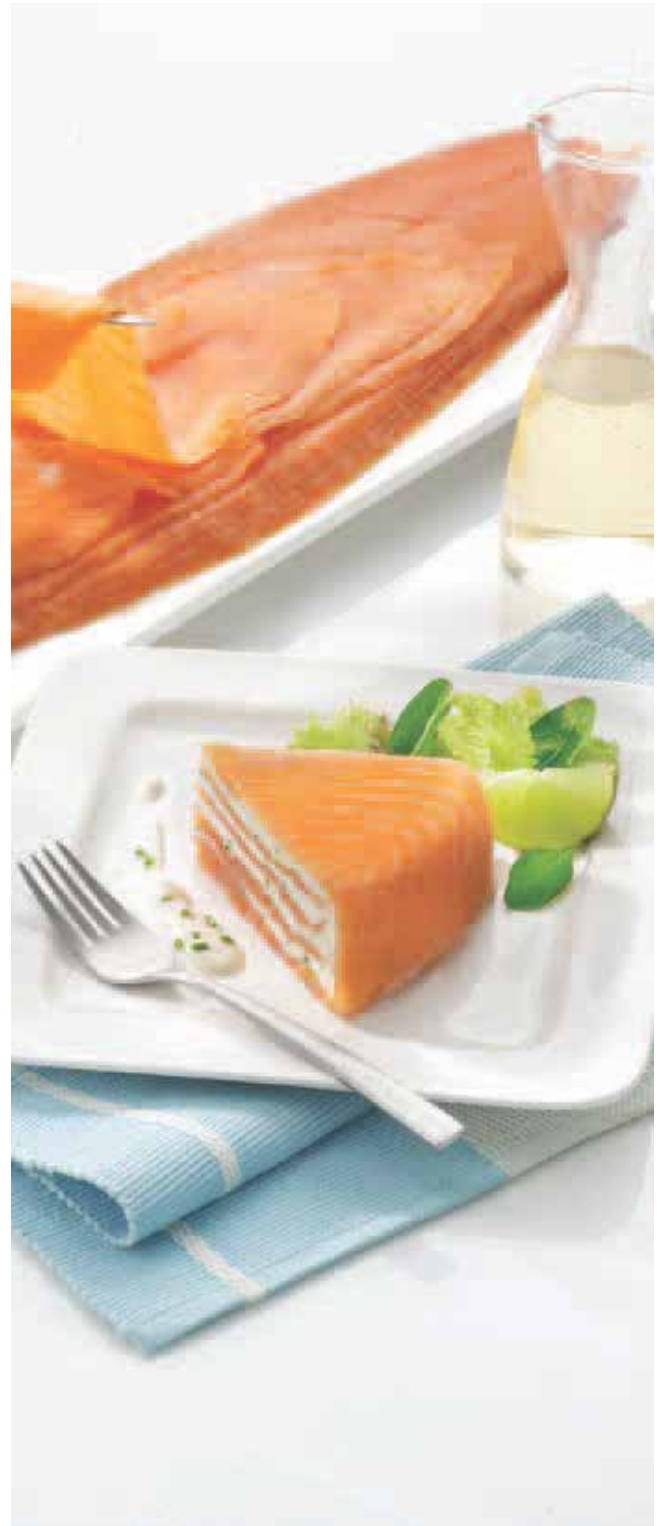
Costs and operations

Raw material prices were reduced from 2011 due to the reduction in spot market prices for salmon. Extensive price pressure resulted in the raw material price reductions quickly being overtaken by the major retail chains looking for ways to compensate for losses in the seafood category in 2011, when the spot salmon prices were high. As a result, the reduction in spot prices for salmon, did not immediately contribute to increased sales volumes. The unfavourable mix further affected the unitary cost and margin structure. To address the increasing challenges, a new management was put in place in 2012. Several actions to improve the performance of our European VAP operations have been initiated and we expect these to return the operations to satisfactory returns going forward.

On 28. May, Marine Harvest opened a new production plant in Boulogne, France. The plant focuses on fresh production, with extended capacity for modified atmosphere packaging (MAP) products. This is in line with our communicated strategy of expanded elaborated production capacity.

Profit performance

The achieved profit was significantly reduced compared to 2011 due to the less favourable mix and higher costs. Operational EBIT ended at NOK 6 million in 2012 (NOK 108 million). The margin contribution from salmon (mainly salmon of Norwegian origin) was NOK 5 million, while the contribution from other species was NOK 1 million in 2012.



PLANET – SUSTAINABLE AND ENVIRONMENTALLY RESPONSIBLE DEVELOPMENT

All Marine Harvests operations and the long-term profitability ultimately depend on sustainable and environmentally responsible interactions with the natural environment. To maintain fish health, avoid escapes and minimise the environmental impact of the operations, the Group needs the best skilled people.

CLIMATE FRIENDLY FOOD PRODUCTION

The opportunity: The world's demand for protein is increasing as a result of rapid population growth combined with rising average income levels across the globe. Farmed fish is the most climate friendly protein source, and will thus become an important solution to providing the world with vitally important proteins while limiting climate change.

When comparing the CO₂ footprint of farmed salmon to traditional meat production, the CO₂ footprint for the farmed salmon is 2.9 kg CO₂ equivalents/kg of edible product whereas corresponding numbers are 5.9 and 30 for pork and beef respectively (SINTEF, 2009).

Three reasons why farming salmon is an efficient way of producing meat
Firstly, the body temperature of a salmon is the same as its surroundings; it therefore does not need to spend energy in keeping the body temperature higher than the environment it lives in. Furthermore, salmon is almost weightless in water and does not need to build a strong skeleton nor spend a lot of energy to keep its body upright. Secondly, farmed salmon is an excellent protein and energy converter, which means that the little energy it uses, it uses efficiently in terms of converting feed into edible meat. The percent protein retained in edible parts of the salmon

CARBON FOOTPRINT

Measured as kg CO₂/kg edible part at slaughter



2.9



5.9



30



GUIDING PRINCIPLE	AMBITION	2012 ACHIEVEMENT
Feed sustainability	Only use marine feed ingredients certified as sustainable and reduce dependency on marine proteins.	Reduced the dependency on marine raw materials (fish meal inclusion reduced for all farming countries except Ireland.
Environmental impact	Activities shall not leave lasting footprints in the environment.	6 escape incidents in 2012 (reduced from 7 in 2011). Number of fish escaped reduced from 71 515 to 3 150.
Fish health	Reduce the risk of out-breaks and implications thereof	The use of antibiotics reduced from 40 grams per tonne produced to 12 grams per tonne. Continued R&D efforts, to understand and control disease

is 31 as opposed to 21 and 18 in chicken and pork respectively. Likewise, the percent energy retention in edible parts of the salmon is 23 compared to 12 and 14 in chicken and pork respectively.

And thirdly, once harvested, the yield out of 1 kg of a live salmon is 55% of boneless fillet, excluding edible by-products. This is significantly higher than pork or beef.

In other words, producing proteins by farming salmon with sustainably sourced feed is exceptionally good resource management.

The challenge: At the same time as fish farming may be part of a solution to reduce greenhouse gas, climate change also poses a potential challenge to our industry. Fish farming is dependent on thriving aquatic ecosystems which are particularly vulnerable to the effects of a warming planet. Rising ocean temperatures and ocean acidification are the two main threats our business may face due to climate change. In Marine Harvest we therefore see the focus on reducing global CO₂ emissions as an important factor to ensure further growth of the industry, as well as an area where we have to focus and further improve. As climate change could potentially entail detrimental effects for our industry, it is important that we do our part to contribute to reducing greenhouse gases in our atmosphere, both through providing a more climate friendly protein alternative, and by reducing our own emissions.

Our efforts and 2012 results

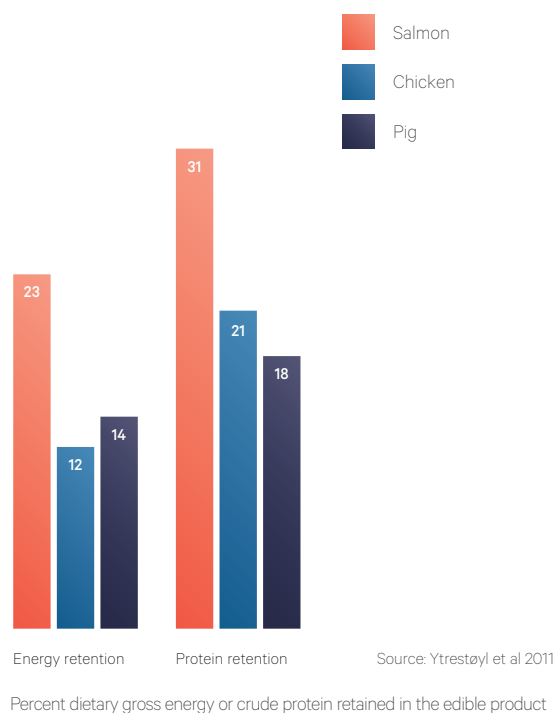
Independent studies show that the major sources of CO₂ emissions related to the farming value chain are feed production with main contribution from the marine feed raw materials, and end emissions related to the distribution of the finished product. As indicated in the section on sustainable feed, our use of marine resources in our diets have been further reduced in 2012.

During 2012 we have made efforts to establish a uniform data collection process for greenhouse gas emissions throughout the Group, and as part of this we have worked to further improve the quality of our CO₂ measurements and conversion factors. From 2013 on we will aggregate data on direct and indirect CO₂ emissions.

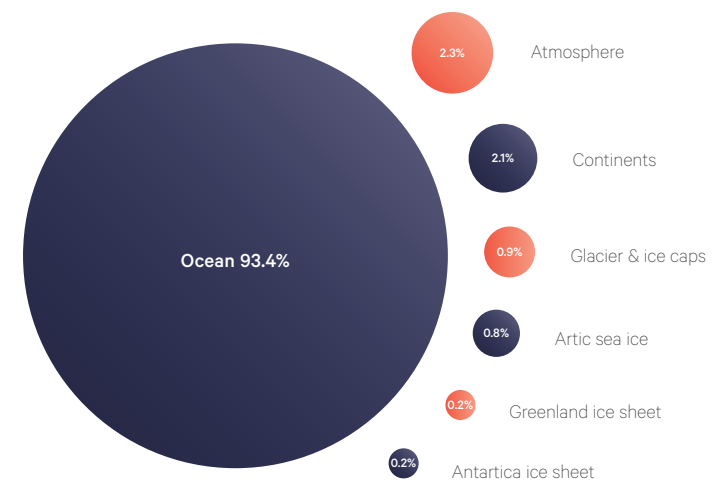
While working to improve our internal reporting on greenhouse gases and indirect CO₂ emissions on quarterly basis, we have not submitted data to the Carbon Disclosure Project for 2011. We will resume this reporting for 2012 onwards.

The methodology used in collection of climate gas information is according to the Greenhouse Gas (GHG) protocol, scope 1 (direct emissions – generated energy) and scope 2 (indirect emissions – purchased energy). Scope 3 – other indirect emissions have not been included in the 2012 reporting. Where possible, exact measures have been applied.

PROTEIN AND ENERGY RETENTION (%)



GLOBAL WARMING CAPTURED MAINLY BY THE OCEAN



Source: Bindoff, N.L., et al, "Observations: Oceanic Climate Change and Sea Level", Contribution of Working Group I to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change 2007, graphic created by Skeptical Science

In 2012, our energy consumption was 1 147 terrajoule (TJ), compared to 1 162 in 2011. Of the 1 147 we generated 711 TJ ourselves, while 436 TJ was purchased. The proportion of self-generated energy was 62% compared to 66% in 2011.

Our reported direct and indirect CO₂ emissions show a slight decrease between 2011 and 2012, from 82 423 tonnes to 79 107 tonnes. However, we estimate the margin of errors to be up to 15% for direct emissions, in particular for fuel oil consumption. Improving our data quality is among our top priorities for 2013. Measured in emission per tonne harvested, the figure has been further reduced as a result of a much higher volume in 2012 compared to 2011. The use of diesel and electricity generates most of the emission. In order to reduce our CO₂ emissions, we will focus on efficiency improvements in our packing and distribution, encourage customers to order less ice in boxes, strive to reduce our use of petrol and diesel, and buy and install more energy efficient marine engines and machinery.

Electricity is used at processing sites as well as at the sales and distribution centers, diesel is used for transportation of fish, while fuel oil and natural gas is used for heating.

Priorities going forward

Marine Harvest's focus is to reduce our carbon footprint through optimising the energy we use throughout our value chain.

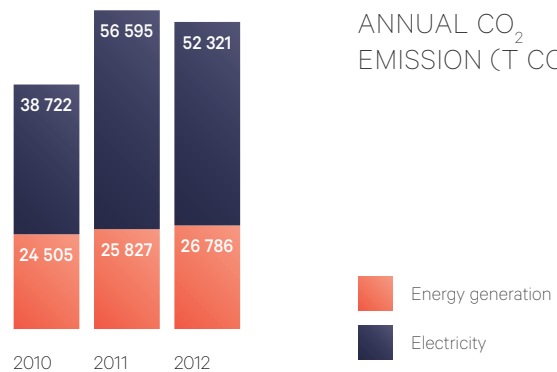
The efficient use of feed is a key priority when reducing our carbon footprint going forward. Feed is one of the main sources of greenhouse gas emissions in the fish farming value chain, and the cost of feed also represents 55% of the total cost of production. The efficient use of feed is therefore both key to profitability, as well as to improving our carbon footprint.

Another challenge affecting feed efficiency is fish mortality. Historically, fish mortality rates have been too high in salmon farming. From a business point of view feed fed to fish that do not reach the harvest stage represent economic losses, and from an environmental point of view, it represents wasted energy use and livestock. Although several of our business units have reduced losses significantly to acceptable levels, there is still room for improvement in Marine Harvest Norway. We therefore make great efforts to continue to reduce the loss. The project Biosecurity Generation Survival Excellence (BGSE – described in the R&D section of this report) has been launched to address this challenge.

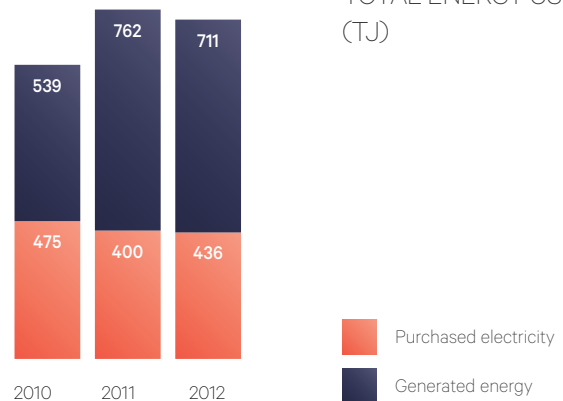
Energy consumption related to operations and processing remains a focus going forward. We monitor energy use and focus on identifying steps in our value chain to improve energy efficiency.

“ Producing proteins by farming salmon with sustainably sourced feed is exceptionally good resource management.

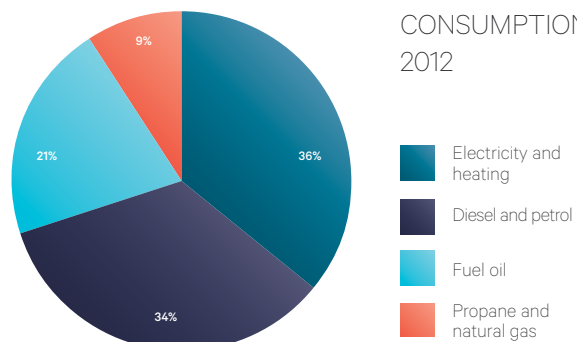
ANNUAL CO₂ EMISSION (T CO₂)

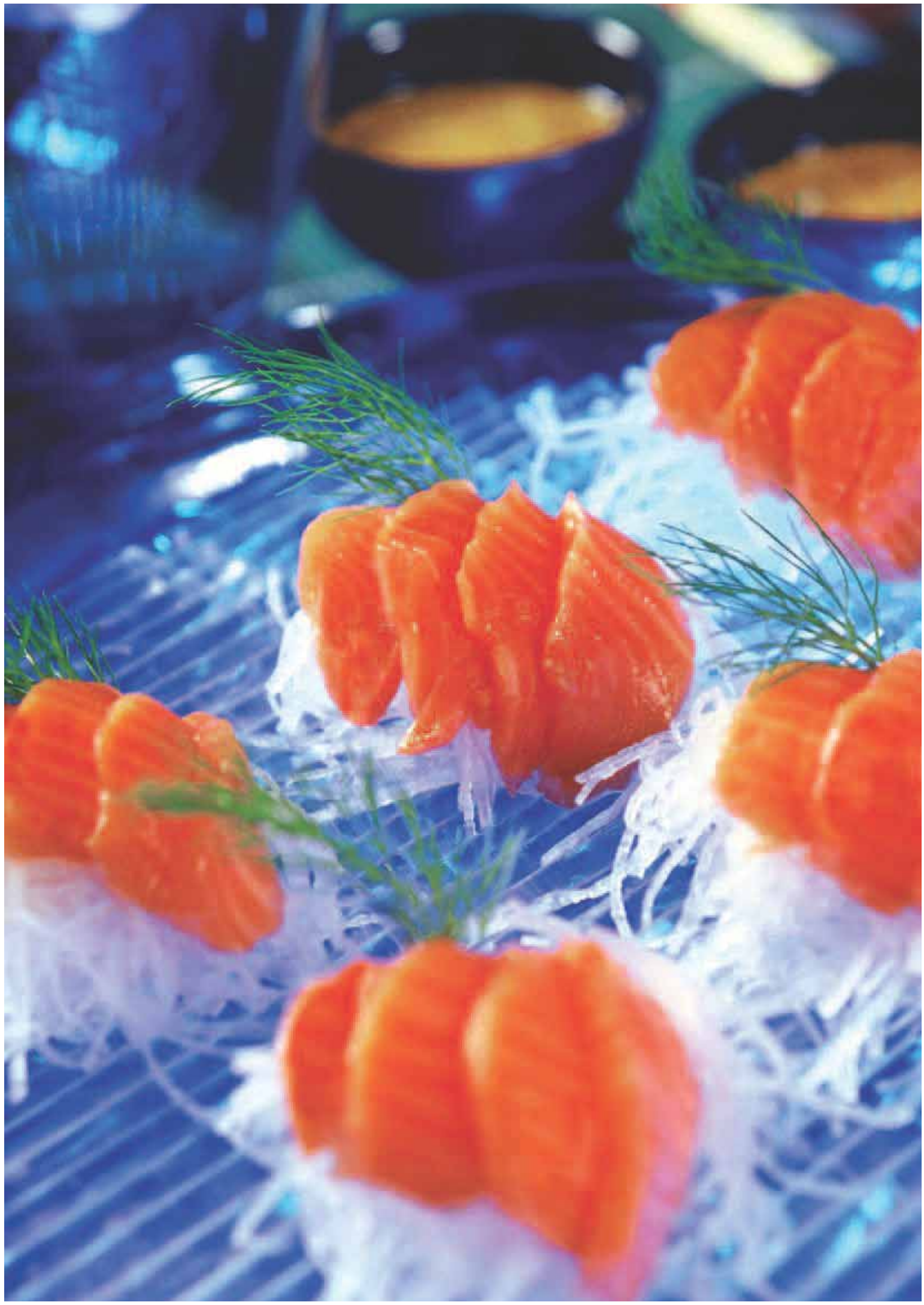


TOTAL ENERGY USE (TJ)



TOTAL ENERGY CONSUMPTION 2012





ESCAPE PREVENTION

The challenge: Escaped farmed salmon may impact wild salmon stocks by genetic interaction and risk of transferring disease. The wild salmon stocks which are most vulnerable to interaction from escaped farmed salmon, are those already at risk and low number populations. Frequent escape incidents will affect the Group's and the industry's possibility for further growth. In addition, incidents that lead to escape represent an inherent risk of structural collapse of a site, which would be a significant financial loss.

The Marine Harvest target is zero escapes. Reducing the number of incidents and the number of fish escaped per incident are both key indicators. In order to reach our goals, we need to understand more about the causes of escape incidents. The Group is therefore registering near-escape incidents and categorises each of these by cause.

Our efforts

Analysing escape events:

In 2012, Marine Harvest undertook an analysis of escape events from 2009 to

present. The objective of the study was to get a good overview of the circumstances and steps in our operations that could lead to escape and to improve the learning within the Group. Having this overview, also enables us to tailor our escape prevention work to those areas where we have the highest risk. The project covered 2009-2011 with continuation into 2012.

The escape incidents were categorised into structural, environmental and operational causes.

The main findings can be summarised as follows (2009-2012):

- 36 of 48 (75%) incidents occur from June through December whereas 91% of all fish were lost during the same period. 84% of the fish escaping in June, July and August were lost from our Chilean operation (winter months on the southern hemisphere).
- Incidents were distributed across structural, environmental and operational causes with 32%, 11% and 57% respectively over the period. The corresponding numbers of fish escaped split in same main categories were 29%, 46% and 25% respectively. Structural failure has dropped from 7 and 8 in 2009 and 2010 respectively to 2 and 0 in 2011 and 2012.

Learning points are:

30 out of 53 incidents (57%) may be attributed to human error and could have been avoided by better management routines. Of these, grouping the "Fish out of cage-operations" (reception, grading, sampling, handling) we find that these represent 33% of all incidents. These can be eliminated by additional precautionary measures.

The data shows a clear seasonal trend and has made us implement a pre-season preparedness scheme. For percentage split across categories and causes please see the escape cause table.

Testing new net material:

Marine Harvest Canada has historically suffered escape loss due to net failure. Extensive comparison and testing of new net materials has been initiated in 2012 and is still on-going. The objective of the project is to examine new nets which could offer better flow of water, be less prone to fouling and reduce escape loss due to predation.

Four types of nets comprising several new net materials are mounted at the same site. The trial has demonstrated that net material is an important component in predator exclusion and as an escape prevention strategy. The trial continues in 2013.

Modelling for hurricane:

After the winter storms in January 2012, several escape incidents showed similarities across farming companies in Norway. It appeared to be a systematic error, and a number of companies went together and examined the 160 meter cage set-up in a test tank at the Norwegian Marine Technology Research Institute (Marintech). The test tank can offer a variety of wave- and current patterns. The objective was to examine the forces that occur during extreme weather and how these affect the structural components of the cage. A precise downsized model was developed by Marintech and two studies were carried out during 2012.

The study produced valuable knowledge on how structural components and nets behave in extreme weather situations and provided insight to the industry and equipment suppliers in how these adverse effects can be avoided.

2012 results

The number of escape incidents and the number of escaped fish have shown a declining trend since 2010. 15 incidents and 144 512 escaped fish in 2010 have been reduced to 6 incidents and 3 150 escaped fish in 2012. We believe that our systematic approach has significantly contributed to this development.

ESCAPE CAUSES

CATEGORY	CAUSE (% OF TOTAL INCIDENTS)
STRUCTURAL RELATED FAILURE (32%)	Mooring (2%) Cages (4%) Net failure (25%) Tank failure (0%) Other (2%)
ENVIRONMENTAL RELATED FAILURE (11%)	Mammalian predator (2%) Fish predators (0%) Timber, roots and other (0%) Extreme weather (9%) Other damaging material from external sources (0%) Other (0%)
OPERATIONAL FAILURE (57%)	Propeller damage (ex. wellboat) (0%) Undersized smolt (0%) Net erosion (13%) Net mounting, repair or replacement (6%) Net cleaning at site (2%) Grading (8%) Reception or delivery of fish at site (wellboat etc) (8%) Reception or pumping of fish at waiting cages (4%) Other fish handling at site (11%) Fish sampling (2%) Fire (2%) Flooding (0%) Other (2%)

ESCAPE INCIDENTS

BUSINESS UNIT	2012		2011		2010	
	NUMBER OF ESCAPE INCIDENTS	NUMBER OF FISH LOST	NUMBER OF ESCAPE INCIDENTS	NUMBER OF FISH LOST	NUMBER OF ESCAPE INCIDENTS	NUMBER OF FISH LOST
Ireland	0	0	0	0	2	85 073
Chile	1	400	0	0	0	0
Norway	2	2	6	71 514	4	1 170
Canada	1	7	1	1	4	43 623
Scotland	0	0	0	0	3	11 111
Faroës	2	2 741	0	0	2	3 535
Total	6	3 150	7	71 515	15	144 512

Priorities going forward

Our target of zero escapes remains. Refining and analysing the historic escape events will help us systematically address the risk of escape as well as work towards standardisation of farm equipment. Zero escapes during one calendar year is within reach.

Further development and repetition of the Marintech testing is targeted in 2013. These tests are providing the industry in-depth understanding and supports substantial improvement of farming equipment.

FISH HEALTH

The challenge: If fish catch disease, this represents a financial cost to the industry and a threat to the welfare of the fish and to the environment in which we operate. Marine Harvest's goal is to rear healthy fish and maximise the welfare of our stocks. Our approach to good health management is to tend to our fish under conditions that satisfy their biological needs for food, clean water, space and habitat.

Our efforts:

Through the application and integration of good management practices and high standards of husbandry, we focus on disease prevention and mitigation, under the supervision of our fish health professionals.

We ensure that our fish obtain the necessary nutrients for good health and we continuously monitor water quality parameters throughout production. We stock our fish at densities that balance welfare, reduce the risk of health challenges and enhance stock performance. Coordinated fallowing and synchronised production

are integral components of our farming practices, which reduces the biological risk within operational areas.

We vaccinate 100% of our fish against diseases relevant to each region. Biosecurity programmes and veterinary health plans are embedded in our daily farming operations. All our sites are subject to continuous monitoring by fish health professionals.

During 2012 Marine Harvest also defined and implemented a new, global, standardised mortality categorisation system for recording causes of mortality. Through systematic reporting we are now able to globally account for causes of mortality, and differentiate between infectious and non-infectious conditions.

Results in 2012

In 2012, infectious and non-infectious losses accounted for 46% and 54% respectively. The 2012 main causes of mortality for each category (infectious and non-infectious), in terms of fish numbers (number of dead fish) and biomass loss (kg of fish lost) are provided below.

Some of the main non-infectious losses are to some extent related to infectious diseases (e.g. treatment losses, wounds and poor performers). Improving the general health status will therefore reduce non-infectious losses.

The systematic categorisation and reporting, allows us to direct our R&D focus, prevention and mitigation efforts more precisely.

CAUSES OF MORTALITY

INFECTIOUS		NON-INFECTIOUS	
FISH NUMBERS	BIOMASS	FISH NUMBERS	BIOMASS
1 Amoebic gill disease (AGD)	Amoebic gill disease (AGD)	Poor performers	Treatments
2 Heart and skeletal muscle inflammation (HSMI)	Heart and skeletal muscle inflammation (HSMI)	Wounds	Poor performers
3 Infectious pancreatic necrosis (IPN)	Cardiomyopathy syndrome (CMS)	Treatments	Wounds
4 Pancreas disease (PD)	Pancreas disease (PD)	Predators	Predators

In 2012, the average monthly mortality rates in the group were 0.76% and 0.72% in terms of biomass and fish numbers respectively (see table). There is a wide spread in the reported mortality rates between business units due to different local disease challenges. Marine Harvest Ireland was the most challenged unit in 2012 due to Amoebic Gill Disease (AGD).

MORTALITY

	BIOMASS LOST		NUMBER OF FISH LOST	
	2011	2012	2011	2012
Norway	0.79%	0.70%	1.06%	0.76%
Scotland	0.45%	0.77%	0.94%	0.92%
Ireland	1.47%	3.59%	3.10%	N/A
Faroese	0.24%	0.31%	0.34%	0.40%
Canada	0.52%	0.76%	0.59%	0.88%
Chile	0.19%	0.31%	0.14%	0.25%
MH Group	0.67%	0.76%	0.95%	0.72%

The table shows average monthly mortality based on lost biomass and numbers in % of the opening balance. The average monthly losses in numbers have been reduced from 0.95% in 2011 to 0.72% in 2012, while the average monthly losses based on biomass have increased from 0.67% to 0.76% because the fish that died had higher average weight.

As indicated in the table, the average monthly mortality level in Norway has been higher than in other regions if we adjust for exceptional losses in other regions, like AGD in Scotland and Ireland and algae blooms in Canada. To improve the generational survival in Norway, Marine Harvest in 2012 introduced a major project (Biosecurity & Generation Survival Excellence (BGSE)) constituting a detailed risk analysis to identify and prioritise which risk elements to address. Additionally, best practice recommendations were developed and research gaps identified for how to reduce the risk for, and consequence of fish health issues. The outputs of this project are currently being implemented in Marine Harvest Norway and detailed action plans are being developed.

In 2012, we experienced a dramatic increase in the prevalence and incidence of AGD which impacted both our Scottish and Irish operations. AGD is a naturally occurring condition caused by a ubiquitous, microscopic marine parasite (amoeba). The amoeba causes gill damage, which can result in reduced performance and loss of fish. In the fourth quarter of 2012, AGD was also diagnosed in the Southern part of Norway. So far no clinical disease has been experienced in any Marine Harvest farms in Norway, but prevention plans have been implemented including surveillance, site training and preparations for treatment if required. The amoeba is free living and the densities of amoeba and the response on the gills of the fish are significantly influenced by water temperature and water salinity. As the amoeba can only thrive in salt water, fresh water is one of the treatments applied, an alternative being hydrogen peroxide. Reduced sea water temperatures and good treatment practices have

contributed to improved control in Ireland and Scotland during the winter months. The European units in Marine Harvest are well prepared if the density of the amoeba should increase with higher seawater temperatures.

Of the infectious conditions, Heart and Skeletal Muscle Inflammation (HSMI) and Cardiomyopathy Syndrome (CMS) were the second and third most prevalent causes of biomass mortality in 2012. These diseases have been present in the Norwegian industry since 1999, but contrary to other viral diseases, they are not addressed by treatments, but through reduced handling of fish and other stress reducing initiatives. We work continuously to better understand risk and trigger factors for these diseases.

In 2012, losses to Pancreas Disease (PD) were significantly reduced. This was most evident in Marine Harvest Norway, where losses declined to just over 500 000 fish (a level not seen since 2009), despite the emergence of PD in Trøndelag and an increased number of sites with clinical diagnosis. The reduction in losses has been a result of an extensive review of risk factors and implementation of mitigation approaches such as reduced number of fish per pen, reduced handling of fish and operational zoning. Our operations in Scotland and Ireland experienced minimal losses to PD in 2012.

With regard to Infectious Salmon Anemia (ISA), we continued our monitoring and risk management approach. There were no outbreaks of ISA registered in the Group in 2012 (0 also in 2011).

The Canadian industry was in 2012 challenged by the re-emergence of Infectious Hematopoietic Necrosis (IHN) in British Columbia. IHN is a viral disease which can cause significant mortality at all stages of production in seawater. Marine Harvest Canada has for several years vaccinated 100% of our fish against IHN and no mortalities occurred in 2012. We believe that the vaccine confers good protection and we will continue with our current vaccination strategy.

Priorities going forward

Our primary ambitions for 2013 are to maintain the current level of and attention to the health and welfare of our stocks and reduce infectious and non-infectious losses in our operations.

Several major projects are expected to contribute toward improved biosecurity, survival and fish health management. In particular, the implementation of best practices from the mortality project (BGSE) is expected to yield improvements in Marine Harvest Norway in 2013.

With regard to AGD, we will continue to focus on prevention and mitigation in our operations and we will contribute toward intensified R&D approaches and industry initiatives. We have implemented prevention plans in all units that could potentially be affected including surveillance, site training and preparations for treatment if required.

LICE MANAGEMENT

The challenge: Lice management is important from a welfare (potential skin damage and wounds) and cost perspective (treatment) as well as from an environmental perspective in ensuring that sea lice from farms do not have a negative impact on wild salmonid stocks



Our efforts

We focus on continuous improvement in sea lice management, maintaining all sites below statutory limits and ensuring the lowest possible number of adult female lice per fish, especially during the period when wild salmon smolts migrate from rivers. Our goal is to ensure that sea lice from farms do not have a negative impact on wild salmonid stocks. Marine Harvest's overall strategy in sea lice control is that sea lice in the future will be managed based mainly on non-medicinal measures.

Even though the sea lice levels at the end of 2012 were lower than at the end of 2011, with the exception of Chile, sea lice control continues to be a challenge for the industry and further measures must be taken to improve management and control routines. These measures include improved practices, synchronised treatments, rotation of medicines and self-imposed maximum levels. We work to maintain all our stocks below the statutory lice limits and continuously monitor infection levels and assess the need for treatment intervention. At present, we utilise a variety of approaches to manage lice in an integrated manner. We have increased the application of non-medicinal tools to manage lice with the introduction of cleaner fish and changes to our management practices to reduce the sea lice load (including changed following routines, stocking density management, clean nets). We are continuously testing new non-medical approaches to manage lice. Although the non-medicinal approaches have an impact on sea lice levels, medicinal intervention is currently still required.

In addition to working diligently at the operational level, we have increased our commitment to and investment in sea lice R&D. Our extensive project portfolio is aimed at developing new non-medicinal methods to manage sea lice in both the short and long term.

Several of these are joint industry projects. Marine Harvest remains at the forefront of optimising wrasse breeding and production in several farming regions (Norway and Scotland), as well as the development of other cleaner fish species (Chile, Faroes). Other projects target innovative and novel physical and biological methods to prevent infection. In 2012, some of our projects yielded results that give rise to optimism that such methods can be commercialised and used for integrated lice management going forward. In Chile we produced a compendium on sea lice (*Caligus spp*) which has been made available to the entire industry. This review addresses topics such as of biology, management, control and research advances. Marine Harvest is also a co-founder of the Sea Lice Research Centre (SLRC) where we remain an active partner and member of the Board.

We respect the precautionary limits for the maximum number of lice per fish set by respective authorities in each region. These limits vary, based on type of lice, time of year and jurisdiction. If lice levels reach these limits (trigger levels) fish are treated. In our reporting, we record the number of sites above the trigger level at month end. Although our ambition is to maintain sea lice levels below triggers level, we can at times exceed it, for example during period of elevated water temperatures when lice levels change rapidly.

2012 Results

In 2012, the percentage of sites that exceeded trigger limits at month end (average monthly basis) was stable compared to 2011 at 12%.

AVERAGE MONTHLY % OF SITES ABOVE NATIONAL TRIGGER LEVELS PER BU PER YEAR

BU/YEAR	2010	2011	2012
Norway	15.2	7.5	8.3
Scotland	9.8	11.7	15.1
Ireland	6.2	13	19.9
Faroes	6.2	15.8	7.6
Canada	5.5	1.5	5.5
Chile	4.8	14.1	23.7
MHG average	8.2	11.9	12.2

In 2012 we maintained our attention to sharing best practices on lice management between our operations and we expanded the use of wrasse in Marine Harvest Norway.

Priorities going forward

Maintaining low levels of sea lice in our operations will continue to be our top priority. Our strong R&D platform is expected to deliver new solutions that will further expand our application of biological and non-medicinal tools for lice management. We will continue to share best practices in our operations, and with the rest of the industry, to further optimise sea lice management.

MEDICINE USE

The challenge: Chemicals associated with medicated feed may accumulate in sediments and potentially be released via re-suspension. Medicinal treatment is also a cost to the industry in the form of direct treatment cost, lost appetite and lost growth.

Our efforts:

Marine Harvest focuses on preventing infectious disease and limiting their spread. If fish get infected, they are treated with approved medicines. We may use antibiotic treatments when fish health and welfare is at risk from infectious bacterial diseases. Lice medicines are used to treat lice infections, maintain fish health and welfare and to ensure that sea lice from farms do not impact wild salmonid stocks. We use only licensed medicines, prescribed and supervised by authorised fish health professionals.

Results**Lice control:**

In 2012 we recorded the lowest use of oral medicine (Slice, Releeze, Ektobann) for sea lice control in the last 5 years. The amount of topical medicine (Alphamax, Betamax and Salmosan) for sea lice control increased in 2012, reflecting our shift to specific (less potent) medicines as part of our rotation strategy. Coupled with this is the significant increase in use of hydrogen peroxide, which now has become one of the dominant treatments in several business units. Hydrogen Peroxide is a environmental friendly way to delice as it quickly is transformed to oxygen and water. Annual fluctuations reflect changes in use and rotation of products based on their suitability to target specific infection patterns and stages of the sea lice lifecycle.

Antibiotic use:

We achieved a 70% reduction in the use of antibiotics in 2012, declining from 40 g per tonne produced in 2011 to 12 g per tonne produced in 2012. This reduction is a consequence of a detailed review of our health strategy and implementation of additional disease prevention and management tools in Chile. Declines were also observed in our Scottish and Irish operations. Due to on-going challenges with mouth rot in Canada we experienced a slight increase in usage in 2012 compared to 2011. In 2012, only 2% and 7% of our salmon were treated with antibiotics in the freshwater and seawater phases respectively.

Priorities going forward

Limiting use of antibiotics in our operations will continue to be an important priority for Marine Harvest. Implementation of new solutions for sea lice control and the expansion of biological and non-medicinal control tools are expected to contribute to future reductions in the use of oral and topical medicines for sea lice control.

**ACTIVE SUBSTANCE GRAMS PER TONNE
BIOMASS PRODUCED 2008 - 2012 LICE TREATMENT**

	ORAL (g/T)	TOPICAL (g/T)	PEROXIDE (LTR/T)
2008	0.83	0.26	0.91
2009	4.09	1.42	0.76
2010	1.10	2.06	5.13
2011	3.52	2.01	2.83
2012	0.75	4.79	10.85

**ACTIVE SUBSTANCE GRAMS PER TONNE
BIOMASS PRODUCED 2008 - 2012 ANTIBIOTICS**

	2008	2009	2010	2011	2012
Norway	0	0	0	0	0
Scotland	17	47	6	15	13
Ireland	179	105	33	42	24
Faroes	0	0	0	0	0
Canada	56	63	98	16	43
Chile	560	492	320	368	71
MH Group	103	33	28	40	12

BIODIVERSITY

The challenge: Lice load, medical treatments, escapes and nutrient release are all issues that if not well managed, could impact wild stock and the general environment, especially in areas of high biodiversity and protected areas.

Our ambition is to ensure that our operations do not have a lasting negative influence on biodiversity, and we realise that our long-term profitability ultimately depends on sustainable and environmentally responsible interactions with the natural environment.

Our efforts

In Marine Harvest, we have sites located close to critical and or highly sensitive areas in Scotland, Canada and Norway. In Scotland, we have 6 seawater farms operating in special areas of conservation (SAC) and one in a proposed SAC. For all of these sites, the detailed pre-stocking consultation process disclosed the potential impact, and detailed survey work was undertaken to ensure that the predicted impact from the farm did not extend into the areas of protected habitat. The species affected are primarily reef habitats, which could be influenced by smothering from deposition from our farms. In Canada, the Broughton Archipelago Provincial Marine Park, consists of a collection of islands and islets situated at the mouth of Knight Inlet on the west side of Queen Charlotte Strait near the north end of Vancouver Island. The Park is home to several species of marine mammals, including orcas, harbour seals, harbour porpoises and sea lions. River otters, mink, coastal deer, black bears, bald eagles are common within boundaries as are many other seabirds. Most species of salmon can also be found in the area. Ten Canadian marine sites border the park and special effort is taken to ensure that the species in the area are conserved. In Norway we have one site on the border of a protected area where the ocean and islands are protected due to the birdlife.

Marine Harvest Ireland has sites that could affect habitats and/or species defined under Natura 2000, as a number of our marine sites are located in, or adjacent to special areas of conservation (SAC) or special protected areas (SPA) as defined under Natura 2000. Effort is put in to ensure that our production does not negatively affect these areas.

How our operations affect biodiversity and the environment in general, are an open issue where different scientific groups challenge each other. In Marine Harvest we concentrate on ensuring that our operations do not leave a lasting footprint. We believe that our impacts are reversible, but the duration of the effect will depend on the type of impact. Nutrient and organic waste from production will be decomposed in short time, while chemical components may decompose more slowly, which is why we monitor the impact closely.

Our salmon is subject to prey by other animals that in some cases result in the need for predator killing. Although killing is not a preferred option, it is in some cases the only alternative e.g. if birds are caught in the net, in order to protect the health and welfare of our fish, to avoid escapes, to protect the infrastructure, and in cases of eminent danger to our employees. In Chile and Ireland, no killing is allowed. We only kill predators as a last resort and in such cases, licenses are obtained from the authorities.

2012 results

Realizing that our operations could impact the environment in general and sensitive areas in particular, we have developed partnerships with third parties to protect and/or restore protected areas. These partnerships include cooperation agreement in Chile for our freshwater hatchery located at the edge of a national park. In Canada,

we have partnerships with organisations and societies that enhance and restore rivers, salmonid stocks, riparian habitat and wetlands. In Norway we are engaged in a wild salmon enhancement and cultivation programme for the river Vosso, a river that experienced collapse in the late eighties. Our partnerships and programmes for improving biodiversity are important to us both in facilitating improvements, but also in order to challenge our thinking on how to best protect sensitive areas.

We do our utmost to protect the biodiversity in the areas where we operate and our improvement in escape management, and antibiotics use are important efforts. None of the 2012 escapes were located in vicinity of protected or sensitive areas.

Priorities going forward

In 2013, we will continue our efforts and awareness to protect the biodiversity in areas where we operate. Concrete actions on how to improve on escape prevention and sea lice control are covered in the respective sections of the report.

SUSTAINABLE FEED

The challenge: Long term access to sustainably managed feed raw materials is a pre-requisite for the industry.

Access to multiple raw material sources give the industry flexibility and makes sourcing of raw materials more robust. Feeding farmed salmon with sustainably sourced feed is good resource management. Our approach to wild fisheries is built on two pillars, - firstly pushing for the improved management of wild fisheries to avoid depletion of stocks and secondly, reducing our dependency of marine raw materials.

Our efforts:

Centre for Aquaculture Competence (CAC) is a commercial scale R&D site in Norway, co-owned by AKVA group, Skretting and Marine Harvest and run by Marine Harvest Norway. In this site, large scale documentation of new feed is conducted. Since 2003, Marine Harvest and Skretting have tested new formulations of feed continuously aiming for reduced use of marine raw materials, without compromising fish performance and quality, as well as fish health and welfare. The systematic large scale testing has given valuable documentation, contributing significantly to Marine Harvest commercial diets being historically low in inclusion of marine raw materials. As a consequence, the consumers have never before been offered so many nutritious and valuable seafood meals out of the available forage fish resource.

Results in 2012:

The table below shows the various test diets at CAC from 2003 and how we have been able to reduce the dependency of marine raw materials (fish meal and fish oil), by inclusion of vegetable sources.

TEST RESULTS			
CAC TRIALS	FISHMEAL CONTENT (%)	FISH OIL (% OF ADDED OIL)	VEG OIL (% OF ADDED OIL)
2003 reference diet	>30	100	0
2003 test diet	>30	40	60
2007 test diet	20	36	64
2009 test diet	15	22	78
2010 test diet	10	35	65

The graph below shows actual figures for fish meal inclusion (excluding fish meal from trimmings) in Marine Harvest Group and how this generally has been reduced also in the commercial diets.

Priorities going forward

A further reduction of the dependency of marine raw materials and improving the utilisation of these limited resources remains a top priority.

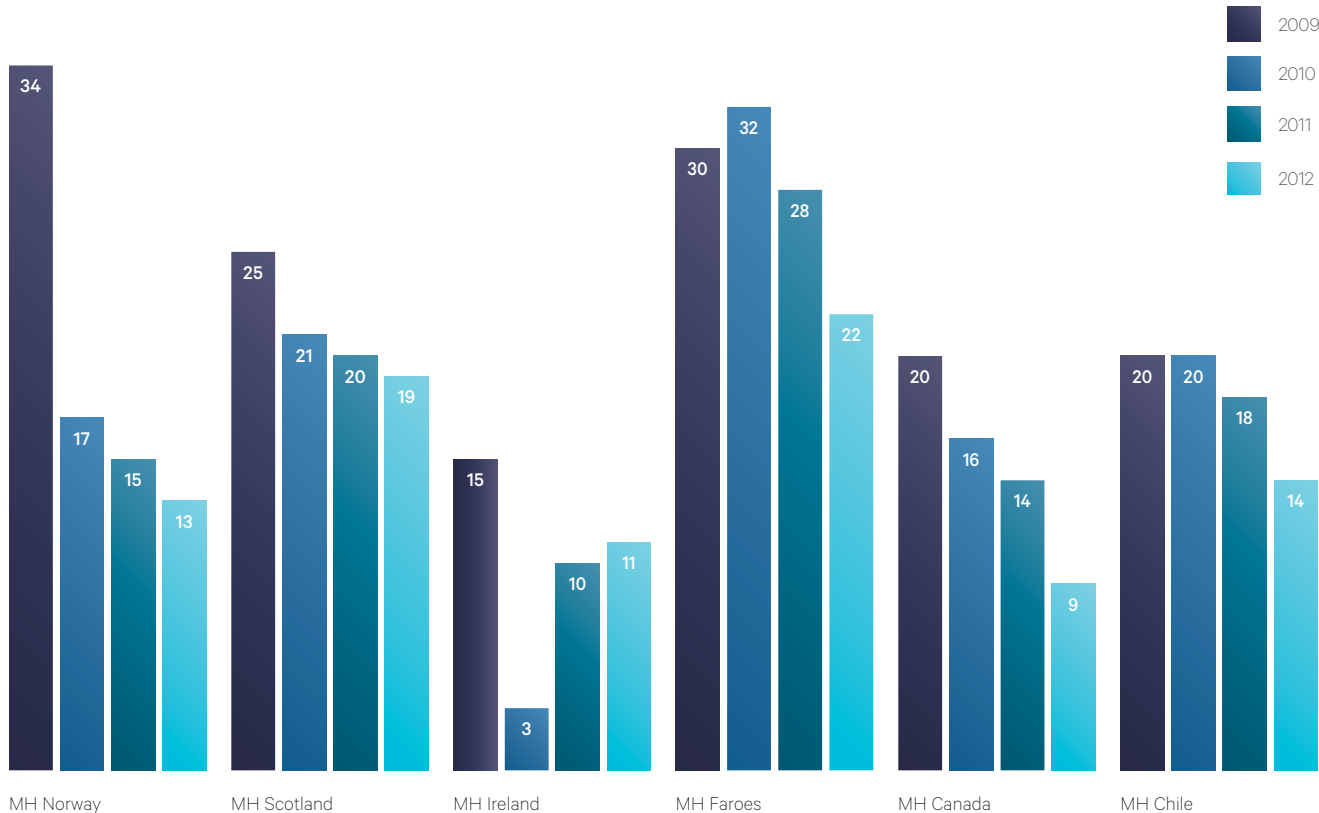
Marine Harvest also continues to support the International Fishmeal and Fish oil Organisation - IFFO standard for responsibly sourced fish meal and fish oil (IFFO RS) ensuring that the limited marine resources are managed in a responsible way. We follow up our feed suppliers on this matter ensuring that the proportion of IFFO RS certified raw materials is increasing.

The use of marine raw materials is measured in various ways and which method is the best, is subject to debate. From 2013 Marine Harvest will collect data that

enables us to report on several of the commonly used parameters, "fish in-fish out" (FIFO), Marine Index and Forage Fish Dependency Ratio (FFDR). The latter is recognised by the Aquaculture Stewardship Council (ASC) and Marine Harvest will report this as a minimum in 2013.

Also, expanding the portfolio of raw materials that may be used in our feed is important going forward. By-products from livestock food manufacturing processes have been used in salmon diets in North and South America for several years as alternatives to marine and vegetable feed raw materials. These products are food grade raw materials, they are highly nutritious and represent an important resource from a sustainability perspective. Marine Harvest believes that these raw materials will play an even more important role in the future in ensuring a sustainable growth of our industry. The upcoming changes in EU legislation may facilitate a development also in Europe within this area, but this need to happen in agreement with our customers.

FISH MEAL INCLUSION IN MAIN DIETS (% OF DIET EXCLUDING FISHMEAL FROM TRIMMINGS)



PRODUCT – TASTY AND HEALTHY SEAFOOD PROVIDING CUSTOMER VALUE

Marine Harvest will not compromise on the ability to continually deliver assuredly healthy, tasty and responsibly produced seafood to the Group's customers. Through this, long-term financial solidity will be delivered.

CUSTOMER SATISFACTION

Satisfied customers are a prerequisite to continuously deliver good returns to our shareholders. We depend on our customers' willingness to purchase our products at sustainable prices, and our customers expect us to deliver high quality products and services at an acceptable cost level. To better understand how our customers view us and our products and services, we carry out customer surveys. In the 2012 survey the overall customer satisfaction level was 79 on a scale from 0 to 100, which is considered a very respectable score. The score was up 1 point from the previous survey from 2010. Our reputation is solid, with very high scores for product knowledge, reputation and customer relation. In addition to maintaining the high scores for product quality, our customers encourage us to increase our effort to take a lead in the innovation of end consumer products, which is why we will increase our efforts in the area of product innovation going forward.

RELIABLE SUPPLIER

Our customers depend on our ability to reliably supply them with the product they want both with regards to quality and sizes. In the customer satisfaction survey from 2012, "order fulfillment" scores 79 on a scale from 0 to 100, which is up by 7 points from the 2010 survey.

We have farming operations in the main salmon producing countries in the world, significant elaborated seafood capacity, a dedicated sales and marketing organisation, and strong global technical expertise. As a result, we can offer our customers flexible sourcing, stable supply of high quality products, excellent product know how and operational competence.

QUALITY FOOD

The challenge: Risks to food safety and quality must be managed in all parts of the fish farming value chain. Food safety risks such as environmental pollutants, bacteria, viruses or residues from medication can stem from poor quality feed or water conditions

in the farming process, or from additives, ingredients, or contact with operators, equipment and packaging materials used as part of processing.

Our efforts and 2012 results:

In Marine Harvest our undisputed objective is to produce delicious, tasty, nutritious and documented safe seafood. We therefore continually strive to attain high quality through our quality assurance systems and controls. These include monitoring programs for microbiology, contaminants, medicine residue, flesh quality and nutritional value. The systems and controls are adapted to respond to specific risks.

Control of undesirable substances in feed

Our salmon diets are produced in strictly controlled environments. Strict legislative requirements, internal controls and monitoring programmes by our feed suppliers ensures that our feeds are documented as safe and within the statutory limits before they are transferred to our fish farms. Controlling the safety of feed, is an effective way of ensuring the welfare and health of our fish and minimizing any potential risk for consumers. The main risks that are controlled for with regards to feed contamination, include environmental pollutants like PCBs, dioxins and heavy metals which can be found as trace amounts in most food and feed.

Our own verification programme for final products, as well as regular testing conducted by food safety authorities' show that we are well below the limits set by the Food Safety Authorities, both in the countries where we produce, and in the markets where we sell our seafood.

Control of medicine residues:

If fish welfare is at risk of being compromised, we may have to use medicines to treat fish diseases. This is carried out under the control of certified fish health professionals and we strictly observe the specified medicine withdrawal periods. Before harvesting, all our fish are also checked for residues in our internal verification programme.

Control of food-borne pathogens:

Bacteria and viruses form a natural part of our lives, and are present everywhere. If uncontrolled, some of these may however be harmful and may cause product deterioration. Fortunately, bacteria that are commonly known for causing food borne disease in humans like Salmonella, Campylobacter, Yersinia or E. coli are rarely found in seafood, as these are not natural bacteria in fish.



GUIDING PRINCIPLE	AMBITION	2012 ACHIEVEMENT
Food quality and safety	Supply seafood with valuable health benefits, preferred for quality and documented safety.	We met our target for Omega 3 content in 2012
Customer value	Be the preferred supplier that exceeds customers' expectations based on product knowledge and supply chain expertise	The 2012 customer survey showed that customers in general are very satisfied with Marine Harvest as a supplier.

In fish farming, contamination can still potentially occur through polluted waters, poor processing hygiene and cross contamination during handling. *Listeria monocytogenes* is a potential food-borne bacteria that can grow at low temperatures and potentially cause disease if present in food products that are eaten without prior heat treatment. Since some of our products can be eaten uncooked (e.g. cold smoked products, sushi, sashimi) we give listeria control special attention. A group-wide best practice manual for listeria control has been developed and is used in addition to our other monitoring and control programmes.

Further controls include ensuring excellent processing hygiene, including good temperature control from harvest through to customer delivery. This is supported by group wide microbiological monitoring of all classes of fish and products to ensure levels present are below legal limits both in the countries of production and in the markets where we sell our products. The methods of analysis, notification and response are all laid down in our standard operating procedures (SOPs).

Incidents related to product quality and food safety:

In 2012, all food safety incidents were handled according to our internal routines for incident management and no incidents led to any reported illness or negative impact for the consumers. During the year our internal system for reporting food safety incidents captured 269 reported incidents. 26 of these were defined as more serious cases. We define a food safety incident as a situation that requires specific actions to maintain the safety of our products. Typical Food Safety incidents may be labelling errors related to ingredients that may cause allergies in sensitive individuals or the product's shelf life.

One of the reported food safety incidents in 2012 concerned the detection of *Listeria monocytogenes* in cold smoked salmon, processed at our factory in Chile. In this case a voluntary recall was carried out in agreement with the US Food and Drug Administration (US FDA). No illness was reported in relation to the incident and the recall was carried out as a precautionary measure to prevent any risk of food borne disease. The detection and resulting product recall resulted in inventory write-downs amounting to NOK 26 million. Actions have been taken to ensure that no products exceeding the legal limits for listeria will appear on the market going forward.

Priorities going forward

We will continue to implement and improve our quality systems. As part of this we will continue to invest in research and development projects and activities to improve product quality related parameters.

Marine Harvest has activities in many countries and we believe that sharing best practice is an important tool for continuous improvement. The Food Safety & Quality network in Marine Harvest includes members from all our processing facilities and salmon producing units. This network will continue to share knowledge, identify common KPI's, and ensure clear responsibilities for implementation of agreed actions in each unit.

“ Working together – is key for continuous improvement in order to benefit our customers



HEALTHY SEAFOOD

The opportunity: Farmed salmon is, and will continue to be a good source of protein, in addition to being a rich source of healthy fatty acids, where the omega 3 content is of particular importance. Higher consumption of fish and seafood can also contribute to mitigate lifestyle related diseases like diabetes and cardiac diseases.

Our vision «leading the blue revolution» summarises Marine Harvest's contribution to the health and well-being of a growing population. Seafood is delicious and tasty, and at the same time uniquely nutritious and healthy. An increased intake of fish and seafood is recommended by health authorities around the world. In Marine Harvest, we focus on being able to provide our healthy products to a growing population, assuring a sustainable growth as well as maintaining and increasing the knowledge with regards to the health benefits of our products.

Our efforts:

During 2012 we have followed up and documented the nutritional content of our salmon, making sure that we perform according to our internal standards with regards to the nutritional content of our products.

Salmon is more than omega-3s and cannot be substituted by taking supplements. One to two servings a week will cover your weekly recommended intake for the long chain marine omega-3 fatty acids (EPA and DHA), but salmon will also provide you with highly digestible protein with all amino acids needed in a balanced diet as well as being a rich source of vitamins and minerals. More and more research indicates that the health benefits are linked also to the non- fatty acid components.

SALMON RDA

Salmon provides a wide nutrient package
Percentage of daily values for these essentials
nutrients provided by one portion (100g) of
salmon (source USDA).



59% Selenium	40% Vitamins B3 (Niacin)
25% Phosphorus	23% Vitamin B1 (Thiamin)
8% Magnesium	15% Vitamin B5
11% Potassium	(Pantothenic acid)
47% Vitamin B12	8% Vitamin B9 (Folate)
32% Vitamin B6	6% Vitamin C

As discussed in the section "Sustainable feed" the sources for the marine omega-3s, the fish oils, are limited resources facing increasing pressure, and a better utilisation of these oils are required to ensure a sustainable growth of our industry.

2012 results

Our testing of the long-chain unsaturated fatty acids (EPA and DHA) showed that our salmon exceeded our target level for Omega 3 of 1.4g/100 g salmon in 2012.

Priorities going forward

Marine Harvest's priorities going forward are to continue the focus on increasing the utilisation of scarce marine feed resources, supporting and engaging in research and development of alternative diet sources. We are balancing the current inclusion level

with sustainability aspects. We are also a partner in a large 3 year research project led by the National Institute of Nutrition and Seafood Research in Norway – focusing on health benefits of fish as food, documenting health benefits beyond the marine omega-3s.

PRODUCT INNOVATION

The opportunity: Product innovation is essential for the future success of Marine Harvest. For the consumers, product development paying attention to availability, taste, ease of preparation, shelf life and nutritional content is particularly important.

Our efforts

Product innovation:

We want to play an important role in the design and use of marine raw materials, because consumers are increasingly looking for tasty and healthy products which do not have negative impact on the planet, while at the same time helping them in their daily struggle to select the right food for themselves and their families.

Through more attention to innovation and product development, Marine Harvest will increase the absolute availability of seafood. This is also the foundation for growth in revenue and profitability over time for our value added units in Europe, Americas and Asia.

Product range

In Marine Harvest we offer today a wide variety of delicious seafood types and products. Our value added products are packaged ready for display at retail outlets or for use in food service kitchens in different categories such as smoked/ marinated, fresh ready to cook and ready to eat products as well as frozen consumer products.

2012 Results

During 2012 we launched a wide range of products for our retail customers. Some examples are:

- Marinated salmon and pangasius
- Marinated salmon and cod BBQ for direct placement on the grill
- Salmon roast with fresh herbs and lime
- Plaice cordon bleu
- Lightly dusted pangasius and cod loin
- Pangasius and marinated shrimp skewer for direct placement on the grill
- Fresh fish sticks
- Gourmet plate

In the steammeal category we launched among others:

- Cod Andaluz: Marinated codloin with vegetables and potatoes
- Salmon dill: Marinated salmon portion with vegetables and potato gratin
- Spring salmon: Salmon portion with vegetables and herb butter
- Shrimps limone: Marinated shrimps with vegetables and pasta
- Salmon mustard: Salmon portion with vegetables, mustard sauce and potatoes

The pictures show some of our steammeal launches from 2012



Priorities going forward

Going forward, high and sustained value creation in Marine Harvest will come from innovations based on deep consumer insight. This will help us build stronger customer and consumer relations and meet their requests and needs within seafood.

Global and local consumer trends combined with time and competence for food preparation need to be given attention.

With these elements in mind, our ambition is to launch products that fulfill our consumers' pleasure and convenience by understanding their unique needs and preferences. As first mover in quality seafood we will make our business units the preferred seafood supplier worldwide.



PEOPLE – SAFE AND MEANINGFUL JOBS

Employee safety and employees’ self-respect and personal pride in their work can not be compromised if Marine Harvest is to succeed as a company with good relationships with the local communities.

EMPLOYMENT IN MARINE HARVEST

Our effort:

In Marine Harvest we are committed to practice fair employment and our commitment is embodied in our Code of Conduct and our values. All Marine Harvest’s activities shall be conducted without discrimination on the basis of race, ethnicity, national or other origin, disability, age, gender, sexual orientation, language, religion, or any other characteristic where a person is not treated as an individual.

In Marine Harvest, we follow the laws with regards to compensation and no employee in the Group should be paid less than the official national minimum wage. Our personnel review system and the workers unions’ represents means used to ensure that all employees are fairly compensated. Generally, our base start salary is set above national minimum wage limits to attract competent people to our organisation.

Within the Group there are some differences with regards to the benefit structure between permanent and temporary employees. As a minimum, we follow the employment law in the relevant country. The main reason for differences in benefits relates to the number of hours worked.

Marine Harvest recognises the right of all employees freely to form and join groups for the promotion and defense of their occupational interests including the right to engage in collective bargaining. The number of employees that are member of workers unions and participating in collective bargaining agreements varies across the countries from zero in Ireland and Scotland to almost all employees in VAP Europe.

Results in 2012:

The table on the next page shows the distribution of our employees based on type of employment and gender by region. As indicated in the table, Marine Harvest had

5 054 permanent employees at year end 2012 of which 3 485 where male and 1 569 were female. The Group also had 1 335 temporary employees of which 832 were male and 504 female. There were no incidents of discrimination reported during 2012. For further information about how Marine Harvest works with diversity in the workplace, reference is made to the Board of Directors report.

Priorities going forward

Going forward we will continue to develop our approaches to ensure that we practice fair employment including fair compensation systems and diversity in the workplace. To strengthen the guiding principle - People, Marine Harvest employed a Global Director HR in 2012, which will contribute to improved Group systems and procedures going forward.

EMPLOYEE HEALTH AND SAFETY: LOST TIME INCIDENTS AND SICKLEAVE

The challenge: If people get injured at work, it is a potential threat to the health and welfare of the person him or herself, immediate family, Marine Harvest as the employer and the greater society. Trips and falls, hits and squeezes and cuts are the main categories of injuries in our operations.

Our ambition is to be among the best, independent of industry, with regards to employee safety. Safeguarding employee health and safety demands a safety culture. Guidelines, procedures and processes are drivers to mitigate and handle work related injuries, disease, accidents and fatalities. Processes to ensure that we learn from history, and from reported deviations from our health and safety targets, provide us with increased awareness and ability to address root causes for the challenges we face in our operations.

Our efforts

To Marine Harvest, a safe place to work means that our employees feel safe and that there are no compromises with regards to safe conduct. Marine Harvest considers safety to be a value in the same way as money. We believe that if you invest in safety, you actually “buy” additional time that can be well spent. Safety is not about protecting employees **against** something, but to protect them **for** something. It requires that investments are made both in the work environment, the practices and the person, and we believe that people have a much greater chance of staying safe if they understand that it in many cases is up to themselves to take control with their own safety.

This is the essence of BrainSafe, the global safety programme that was introduced



GUIDING PRINCIPLE	AMBITION	2012 ACHIEVEMENT
Employee safety	Be the safest in the sector and develop a strong safety culture	BrainSafe training 90% complete LTI per million hrs worked reduced from 12.5 in 2011 to 9.1 in 2012
Culture	A culture supporting development of employees and driving Group wide best practice	Global initiatives on safety and training in Code of Conduct principles carried out.

NUMBER OF EMPLOYEES (FTE)

		2012		2011	
		PERMANENT	TEMPORARY	PERMANENT	TEMPORARY
MH Norway	Male	1 046	277	947	277
	Female	259	103	229	103
MH Scotland	Male	394	14	382	34
	Female	47	1	47	1
MH Canada	Male	341	-	351	28
	Female	78	-	84	10
MH Chile Farming	Male	375	41	356	56
	Female	82	4	67	10
MH Ireland	Male	119	88	118	95
	Female	18	29	19	32
MH Faroes	Male	22	3	22	3
	Female	3	1	3	-
Sales Europe	Male	867	298	916	275
	Female	861	211	913	228
MH Americas	Male	216	80	195	106
	Female	176	86	133	109
MH Asia	Male	44	31	27	12
	Female	30	69	21	46
MH Corporate/other	Male	61	-	55	2
	Female	15	-	12	-
MH Group	Male	3 485	832	3 369	888
MH Group	Female	1 569	504	1 528	539
MH Group	Total	5 054	1 335	4 897	1 427

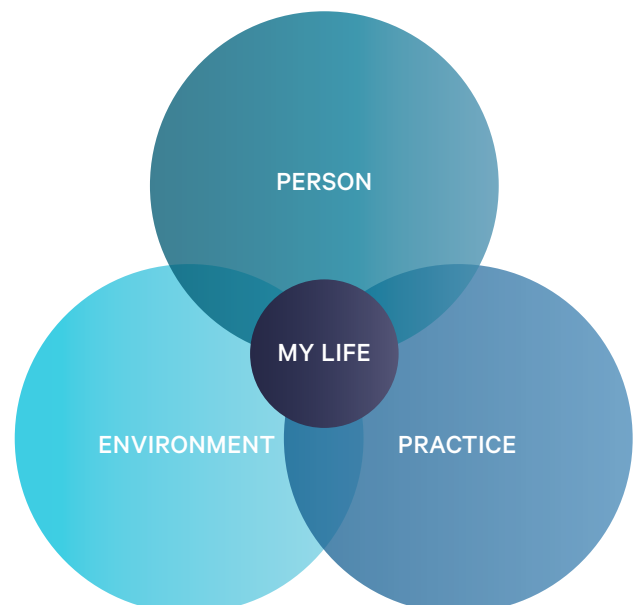
in 2011. The programme works with the mindset of employees, to develop a safety culture. In the BrainSafe model, three components interact to form this culture; Person, Practice and Work environment. The model distinguishes between controllable and non-controllable elements and the global training has focused on "my life" – the elements that each and every person can control and/or influence.

Internally we measure our progress in the safety area through key indicators – Lost time incidents (LTI) per million hours worked and the rate of absenteeism. Both indicators are followed up monthly, in operational review meetings and by the Board as part of the monthly report review. LTI's are reported in three categories of seriousness – low, medium and high depending on the number of days lost. Incidents are reported both for own employees and for contract workers. All incidents are analysed for cause and learning effects. Safety targets are included in the bonus agreements for all senior managers.

Results in 2012:

In 2012, more than 90% of all employees have attended BrainSafe training. In 2013, remaining employees will be trained.

We reported 114 lost time incidents for own employees in 2012, a reduction of 30 from 2011. 22 of the incidents were in the high seriousness category, a reduction of 2 from 2011. For contract workers we recorded 10 incidents, which is an increase of 7



from 2011. In the contract worker category, one of the incidents was a fatal accident involving a contract diver at a site in Norway. The cause of death has not yet been determined. With safety being one of our core values, this accident underlines the importance of continuous focus and priority towards this area. As a result of this incident, we will review the processes and procedures with sub-contractors to evaluate if changes are required or if training should be provided.

Measured as LTIs per million hours worked we recorded a reduction of 27% from 12.5 in 2011 to 9.1 in 2012 for our own employees, which we consider an encouraging development, even though there is still significant room for improvement.

Our absenteeism has remained low for several years compared to the industry level, and a further reduction was recorded from 2011 to 2012. Total absenteeism in 2012 was 34% with a 50/50 split between long term and short term absenteeism. The positive development follows our sustained effort to raise awareness in this area, as well as systematic competence development, job rotation and alternative work schemes where appropriate.

Priorities going forward

In 2013, we will continue our efforts to strengthen our safety culture. Remaining employees will be trained in BrainSafe and we will open the BrainSafe training to selected sub-contractors. Our ambition is to further reduce the number of LTIs and LTIs per million hours worked in the area of 20%. We will continue our efforts to maintain the low absenteeism level through continuous effort in the areas already in place.

COMMITMENT TO THE LOCAL COMMUNITIES

Our efforts:

In Marine Harvest, we are committed to developing the communities in which we operate. Two key areas receiving support are local schools and athletics teams. Our wish is to contribute to developing young people to become good citizens, giving back to the communities in which they live and thereby build a circle of progress in the area. In Chile, our social contribution is broader and focuses on community projects where we work together with the communities to promote and improve the quality of life.

Results in 2012:

In 2012, we contributed to local school projects, development of young people and local teams globally. In Chile, our effort was allocated to; "support to women at risk" and the Marine Harvest initiated project "Puerto Montt is our House" a project where we work with the local authorities in Puerto Montt to educate people on how to take care of the city.

We were recognised for our contributions to local communities both in Chile and in Scotland during 2012 (reference is made to the Awards and Recognition section). We did not invest in any local infrastructure projects during the year.

Priorities going forward:

Marine Harvest depends on thriving local communities and we will continue to work to develop our dialog with these communities to better understand their concerns and needs. Our efforts to support projects locally will continue.

ETHICAL BUSINESS CONDUCT

Our efforts:

Marine Harvest is committed to the highest ethical standards in our business conduct worldwide. In order to decide how to act in a questionable situation, Marine Harvest employees are asked to follow the ethical test:

1. Is it legal? Will I be violating civil law, company policy or standard practice?
2. Is it balanced? Is it fair to all involved today and in the long term? Does it promote a solid relationship for the future?
3. How would I feel about myself? Would I feel proud? Would I want my friends/family/colleagues to read about it in the newspaper?

These questions are relevant in all questionable situations and towards all stakeholders; regulatory authorities, investors, customers, employees, local communities and NGO's.

As Marine Harvest is made up of individuals with different backgrounds, nationalities, cultures and customs, our Code of Conduct is the backbone for our behavior or conduct – what we do and say each day. The Code of Conduct sets standards of behavior that can be expected from our employees, and each employee is expected to make the Code a personal commitment. Following the Code is an important element for our ability to deliver trust. The complete Code of Conduct is available at our webpage www.marineharvest.com.

In 2012, the Code of Conduct was updated to better describe what is required in situations where a potential conflict between work and personal interests could arise. Testing in the updated Code was initiated for all employees late 2012.

Results in 2012

Through the annual self-assessment, no units reported instances of perpetrated, suspected or alleged fraud in 2012 and no units were analysed with special attention in this regard during the year. Two people were disciplined for minor corruptive behaviour during the year. We did not have any instances where contracts with business partners were not renewed as a result of violations in this regard. We recorded fines relating to non-compliance with operating licenses in the amount of NOK 77 thousand in 2012, the fines were relating to minor breaches of operational requirements in Canada and Chile. Actions have been taken to ensure that we comply with the requirements going forward.

We train our employees in ethical behaviour through the Code of Conduct test. Testing on the updated Code was initiated late 2012 and by end February 2013, 1 751 employees had taken the test, which represents 49% of the surveyed employees in Marine Harvest.

Priorities going forward:

In 2013 we will continue our work to ensure that our standards of behaviour are in line with the updated Code. It has also been decided to implement an internal audit system with special attention to fraudulent and unethical behaviour. The process will

be internally owned, but the audit will be carried out by an independent third party. Testing of remaining employees in the Code will also be carried out in 2013.

AWARDS AND RECOGNITIONS RECEIVED

Our efforts:

In Marine Harvest we strive to do our bests and be a leader. Our ambition is to grow, and we believe that long term growth only can be achieved through thinking sustainability from all perspectives; environmental, social and economic. Our effort to develop Marine Harvest is from time to time also recognised by some of our stakeholder, which is highly appreciated throughout the organisation.

Results in 2012

In 2012 we received the following rewards/recognitions:

Marine Harvest Scotland was awarded the Benromach Award for Excellence in International Business at the 2012 SCDI Highlands & Islands Business Excellence Awards. The reward was associated with the export of salmon to China.

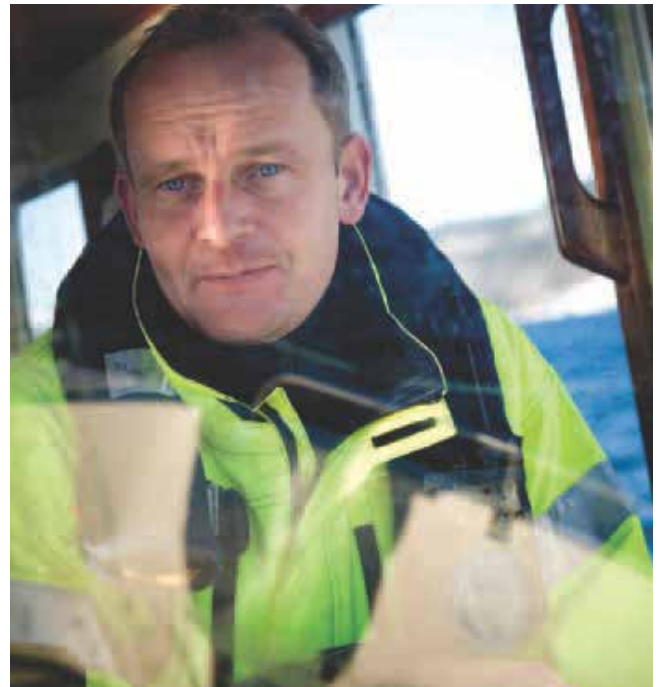
In addition, Marine Harvest Scotland's work with "the Outward Bound Trust" in Scotland was recognised by an invitation to a lunch hosted by HRH The Duke of York, Prince Andrew. "The Outward Bound Trust", aims to help young people realise their potential through learning in the wild. They create a supportive and challenging environment in which young people can learn about themselves and see what they might truly be capable of achieving in life. HRH The Duke of York, is Chairman of the Trustees and devotes much time to it. Last year, over 26 000 young people went on an Outward Bound course, of which a third were financially supported. Marine Harvest Scotland supported 30 pupils from Lochaber High School on a 4 day course at Ullswater in the Lake District and two pupils from Kinlochleven High School on a 15 day course at Locheilside near Fort William.

Marine Harvest Ireland was awarded "Highly commended" for best organic fresh sea-food product at the National Organic Food Awards from Bord Bia (Irish Food Board).

Marine Harvest Chile was recognised by the Technological University INACAP for its permanent investment in human capital, and the school Eduardo Frey in Palqui gave recognition to the Palqui site for its work with the school in the community. On the personal side, our Chilean HR director, Vilma Cavieres, was awarded "Executive woman of the year" in the tenth region. The objective of this reward is to recognise and visualise the career made by women who have developed an entrepreneurial career on the basis of overcoming difficulties, innovative abilities, social responsibility and entrepreneurial skills in order to inspire and motivate other women to do the same, and participate in the economic development of the region.

Priorities going forward:

Our efforts are not carried out with the ambition of receiving an award, we simply do what we believe is right to develop and grow our operations. We therefore consider any award received as recognition of the work we do.





RESEARCH AND DEVELOPMENT – COMPETING FOR THE FUTURE

R&D is an enabler that helps us solve operational challenges faced by our farming and processing operations.

Our efforts

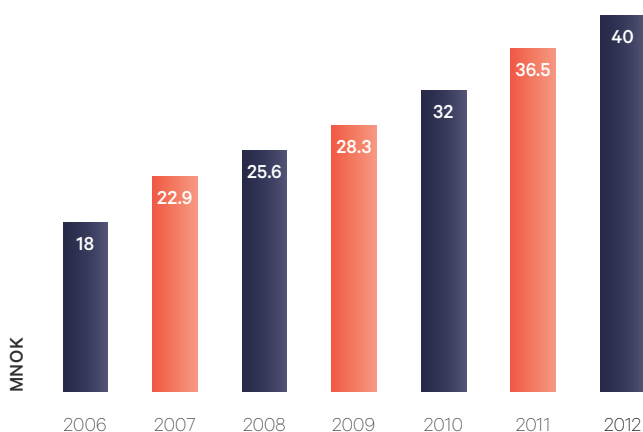
Marine Harvest has a strong focus on R&D, seeing it as crucial to further develop and strengthen the relatively young salmon farming industry. Our effort within this area is recognised by the industry, our competitors, the authorities and other external parties, reflected by the significant involvement of our technical staff in statutory and industry-led research projects and programmes. In addition to collaboration and purchasing of services from external research institutions, projects are run in two Marine Harvest owned research facilities; Centre for Aquaculture Competence, operated by Marine Harvest in Norway and Lochailort, operated by Marine Harvest in Scotland.

Our main research priorities are within the areas of fish performance, food safety and product quality, as well as fish health and welfare. During the last decade, increased R&D resources have been invested within sustainability areas. Limiting the impact of our farming activities on the environment, ensuring that feed marine raw materials are from responsibly managed fish stocks and reducing our dependency on marine raw materials for feed production are central issues receiving a lot of attention.

Marine Harvest has a staff of experienced and educated technical personnel in the operating units, engaged in R&D activities. In addition, the Global R&D Department is responsible for coordinating the R&D activities and running projects of global relevance. This group constitutes 11 specialists within the areas biostatistics, feed and nutrition, fish health and welfare, food safety and product quality, technology and environment as well as breeding and genetics, an area incorporated into Global R&D during 2012.

Results in 2012:

In 2012, Marine Harvest Group R&D expenditures were NOK 40 million, representing more than a doubling from the 2006 level. In addition, a fee of 0.3% of Marine



Harvest Norway export value is paid to The Norwegian Seafood Research Fund. For Marine Harvest this represented NOK 19.4 million in 2012. We have taken the initiative to increase the R&D efforts to enable further growth and profitability of the industry, grounded on a solid sustainability framework.

During 2012, ongoing projects have given valuable new information within our prioritised areas. In addition, new projects have been established. Examples of our achieved results from long term obligations to solve key challenges within the sustainability area are given below:

- The major gene (QTL) controlling IPN resistance was identified in the Mowi broodstock, representing a major step forward in the control of IPN.
- A salmon lice laboratory was established in Marine Harvest Chile together with a free larvae monitoring programme. Both of these are important tools for improved salmon lice control.
- The project Biosecurity & Generation Survival Excellence (BGSE) was established, with the overall goal to improve generation survival in Marine Harvest Norway by reducing the risk of infectious disease.
- The Norwegian Research Council (NRC) - funded project Optimised Postsmolt Production (OPP) led by Marine Harvest, was initiated. The idea is to develop semi-contained farming systems as well as on-shore Recirculation Aquaculture System (RAS) as a new route to produce healthy and robust post-smolt up to 1 kg.
- 300 000 Ballan wrasse were produced in-house, in line with strategy of non-medicinal solutions to control lice. The fish, transferred to our salmon sites along the Norwegian coast showed good lice cleaning effect, comparable to wild stocks, with an overall better survival. Good results were also obtained in Scotland on wrasse production.
- "Proof of concept" was demonstrated for lice control methods, based on non-medicinal concepts.
- The Escape Prevention Project (EPP) was established, aiming at minimizing salmon escapes from our sites

During 2012, Global R&D completed a prioritisation process identifying the key focus areas within R&D. The following areas were identified as key areas where Marine Harvest will put R&D focus both through own direct engagement and through funding and initiating external projects during the coming years:

- Control of sea lice, with emphasis on non-medicinal measures
- Reduce seawater losses, with special focus on viral diseases
- Develop robust oceanographic models as a tool for managing and controlling risk of infectious diseases
- Prevent salmon escapes
- Reduce dependency on marine feed raw materials hereby identifying and introducing alternative feed raw materials ensuring sustainability aspects as well as not compromising the product quality or health and performance of the fish
- Ensure sustainable future sources of marine omega-3 fatty acids
- Increase knowledge on health benefits of salmon and seafood consumption
- Increase knowledge on local and regional environmental impact of farming activities
- Develop and implement tools for improved genetic selection within our own breeding programme

Priorities going forward

Marine Harvest sees a strong need for the industry to further strengthen the focus and expenditure within R&D to support the sustainable growth of our industry. Marine Harvest will further develop and increase our R&D efforts and we will establish our third research facility in Chile during 2013.

GRI INDEX

This report is developed in accordance with the Global Reporting Initiative's (GRI) Sustainability reporting guidelines G3.1, and corresponds to application level A, self-declared. The below table is an overview of reporting on material GRI indicators. For further details see full index online at www.marineharvest.com

STANDARD DISCLOSURE	REPORTED	REASON IF PARTIAL	MAIN LOCATION IN ANNUAL REPORT
1. Strategy and analysis.	Partially	Not available	7
2. Organisational profile.	Fully		13 - 16, 24-25, 51
3. Report parameters.	Fully		16 - 24
4. Governance, commitments and engagement.	Fully		16 - 20, 64 - 78, Code of Conduct
Disclosure on Management Approach for material areas – Economic performance, Energy, Biodiversity, Compliance, Employment, Labour relations, Occupational health and safety, Non-discrimination and corruption, Public lobbying, Customer health and safety, Product and Service labelling.	Fully		13-71 Code of Conduct
Core Performance Indicators			
EC1 Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Partially	Not material	79, 106-107
EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully		33
EC3 Coverage of the organization's defined benefit plan obligations.	Fully		106-107
EC8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully		50
EN1 Materials used by weight or volume.	Partially	Not available	Available in 2013
EN3 Direct energy consumption.	Fully		34
EN4 Indirect energy consumption.	Fully		34
EN11 Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Partially	Not applicable	42
EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully		42
EN16 Total direct and indirect greenhouse gas emissions by weight.	Partially	Not available	34
EN17 Other relevant indirect greenhouse gas emissions by weight.	Partially	Not available	34
EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully		50, 121
LA1 Total workforce by employment type, employment contract, and region, broken down by gender.	Fully		49
LA4 Percentage of employees covered by collective bargaining agreements.	Partially	Not available	48
LA5 Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Not	Not available	Available in 2013
LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Partially	Not applicable	49-50
LA8 Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Partially	Not applicable	48-50
HR4 Total number of incidents of discrimination and corrective actions taken.	Fully		48
SO2 Percentage and total number of business units analyzed for risks related to corruption.	Fully		50
SO3 Percentage of employees trained in the organization's anti-corruption policies and procedures.	Partially	Not applicable	50
SO4 Actions taken in response to incidents of corruption.	Fully		50
SO5 Public policy positions and participation in public policy development and lobbying.	Fully		20
SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully		50, 121
PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Fully		44-46, 53
PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Fully		22-23
PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully		44
PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully		45

RESPONSIBLE CONTACT POINTS FOR PROFIT, PLANET, PEOPLE AND PRODUCT

Profit	Ivan Vindheim, Chief Financial Officer
Planet and Product	Øyvind Oaland, Global Director R&D
People	Anne Lorgen Riise, Global Director HR



MARINE HARVEST GROUP RESULTS

2012

BOARD OF DIRECTORS REPORT

Harvested volume in 2012 was the highest recorded in Marine Harvest's history at 392 306 tonnes gutted weight. The Group's profitability was challenged by an imbalanced market, driven by the supply surge from Chile leaving the US market overflowed with salmon, especially in the second half of the year. The prices in the US bottomed out in the fourth quarter at a level that was the lowest recorded in 6 years. As a consequence, the Group recorded losses in its' Chilean and Canadian farming operations for the year. Operational cost improvements were recorded in several units, mitigating some of the price effect and overall, Marine Harvest's competitive position improved during the year. Despite the challenging market conditions, the Group's solidity target was met at year end as a result of the actions taken to preserve cash.

THE MARINE HARVEST GROUP

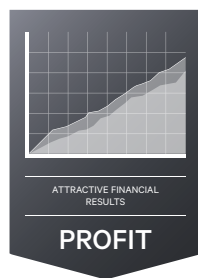
Marine Harvest is the world's leading seafood company offering farmed salmon and processed seafood to customers in more than 50 countries. In 2012, the Group employed 6 400 people and had operations in 22 countries worldwide. The Group was in 2012 organised in two Business Areas; Farming and Sales and Marketing, with Business Area Sales and Marketing constituting the two segments Markets and VAP Europe. Marine Harvest has salmon farming and processing activities in Norway, Scotland, Canada, Chile, Ireland and the Faroes. Value adding processing activities take place in the US, France, Belgium, the Netherlands, Poland, the Czech Republic, Japan and Chile. In addition Marine Harvest has several sales offices worldwide.

In 2012, the Board decided to start transforming Marine Harvest from being a production driven framing company, to become an integrated protein producer. To achieve this position the Board sanctioned investments in a feed plant in Norway and the acquisition of Morpol, the world's leading processor of salmon. Subject to approval of the acquisition from the relevant competition authorities, the combined operations Marine Harvest + Morpol will employ approximately 10 000 people and be able to serve a wider market with high quality, elaborated seafood products.

2012 – A YEAR OF CHALLENGES AND OPPORTUNITIES

From the perspective of the Group's 4 guiding principles, the 2012 challenges and results can be summarized as follows:





Profit: The 22% increase in the global supply of salmon resulted in a significant decline in the spot prices compared to 2011. The price drop was most severe in the US market, which resulted in reported losses in the Group's Chilean and Canadian farming operations. Through dedicated efforts to reduce operational costs, several entities were in 2012 able to reduce their cost level compared to 2011. The Board therefore considers the achieved results in the Farming operations in 2012 as good, given the challenging market conditions. In Business Area Sales and Marketing, the performance of VAP Europe was disappointing in 2012 and actions have been taken to restore the profitability in this segment. The sales organisations grouped as MH Market, in general improved their performance compared to 2011 measured as improved margin on spot sales compared to the reference price. The Group's financial position was strong at year end as a result of the measures taken to protect cash flow during 2011 and 2012. The decision to build the feed plant and acquire Morpol will contribute to increased and more stable earnings going forward.



Planet: The main focus areas in 2012 were lice and escape management, fish health and sustainable management of scarce marine feed raw materials. In the area of fish health, the Scottish and Irish industry experienced an increase in the prevalence and incidence of Amoebic Gill Disease (AGD), resulting in escalating mortality and increased treatment costs. To address the AGD challenge, the Group's technical and operational network has worked together to develop good treatment practices and surveillance systems to be well prepared if the density of the amoeba should constitute a challenge in 2013. Through increased and dedicated R&D effort and sharing of best practice, significant progress has been made in the areas of escape management and antibiotics use, as well as the further developments in the use of non-medicinal methods to manage sea lice (cleaner fish). During the year R&D studies also indicated that Marine Harvest's own strain of Atlantic salmon – Mowi – possesses genetic resistance to certain common diseases in farmed salmon. Further effort will be put into documenting these findings and verifying if the strain also could be resistant to a broader range of diseases, which would help in the Group's effort to increase the survival and performance of fish.



Product: In Marine Harvest, the objective is to produce delicious, tasty, nutritious and documented safe products. Through customer surveys, information is systematically collected to track the development in customer satisfaction. In the 2012 survey, the overall customer satisfaction level was 79 on a 0 – 100 scale, which is considered a respectable score and an improvement from the previous survey of 1 point. The Group's procedures for control with undesirable substances in feed and medicine residues, did not detect any instances of values above the limits set by the representative Food Safety Authorities in 2012. One major food safety incident was reported during the year, where the bacteria *Listeria monocytogenes* was detected in cold smoked salmon processed in Delifish, Chile. In this case, a voluntary recall was carried out in agreement with the US Food and Drug Administration. No illness was reported in relation to the incident and the recall was carried out as a precautionary measure. Going forward, high and sustained value creation in Marine Harvest will come from continuous supply of delicious, healthy and documented safe products based on deep customer insight, and the Group will therefore intensify the efforts put into product innovation going forward. The Morpol acquisition will contribute in this regard.



People: The Group's ambition is to be among the best, independent of industry, with regards to employee safety. In 2012 more than 90% of all employees were trained in safety through the Brainsafe global safety programme. Compared to 2011, the number of lost time incidents per million hours worked has been reduced by 27%. Safety is one of Marine Harvest's core values, but unfortunately the Group experienced a fatal accident involving a contract diver in the fourth quarter. The accident underlines the importance of continuous focus and priority towards this area and Marine Harvest will review all processes and procedures with sub-contractors to evaluate if changes are required. In 2013, the Brainsafe

training will be offered to selected sub-contractors. New initiatives will also be taken to further reduce the number and severity of lost time incidents going forward.

FINANCIAL RESULTS

(Figures in parentheses refer to 2011):

Earnings before interest and taxes (EBIT)

The 2012 harvest volume was the highest recorded in the history of Marine Harvest. The increase compared to 2011 was 14% and the volume harvested ended at 392 306 tonnes gutted weight. Total revenues amounted to NOK 15 464 million (NOK 16 133 million) including the net change in unrealised salmon derivatives of NOK -106 million (NOK 109 million). The reduction in revenues was a result of reduced prices as a 22% increase in the global supply of salmon resulted in a significant decline in the spot prices compared to 2011. Spot prices in Europe declined less than in other markets with a reduction of 10% (NOS FCA Oslo). The corresponding reduction in the US reference prices (Urner Barry Miami and Seattle) was 29% and 26% respectively. The driver behind the US price decline was the supply surge from Chile representing a year over year increase of 65%. The Group's price achievement was 7% above the recorded reference prices, which was down from 2011 due to a less favourable contract portfolio. The contract contribution in 2012 was not material and the overall effect of downgrading was within the normal range.

Due to the low prices, operational EBIT decreased significantly compared to 2011, and amounted to NOK 643 million (NOK 2 717 million). Spot prices for salmon were however significantly higher at year end 2012 compared to year end 2011. This resulted in a positive fair value adjustment of NOK 350 million, compared to a negative effect of NOK 1 514 million in 2011, when the spot prices decreased during the year. Income from associated companies, increased compared to 2011 and ended at NOK 88 million (NOK -9 million) mainly due to an increase in the Group's share of profit in Nova Sea AS. The result in Nova Sea was impacted by positive fair value adjustment. Earnings before interest and taxes (EBIT) amounted to NOK 969 million (NOK 1 209 million).

Marine Harvest Farming

Marine Harvest is the world's largest salmon farming company, with operations in 6 countries. The ambition of the farming organisation is to apply best production practices across geographies to optimise production in a sustainable way. Compared to 2011, the full cost per kg of a standard gutted and boxed fish was down for salmon of Norwegian, Chilean, Canadian and Faroese origin. Salmon of Scottish and Irish origin were disadvantaged by the effects of Amoebic Gill Disease (AGD). Operational improvements contributed to the cost reductions. The operational EBIT contribution from Marine Harvest Farming was NOK 415 million in 2012 (NOK 2 490 million in 2011). The reduction from 2011 was a result of the significantly lower prices achieved.

Marine Harvest Sales and Marketing

Marine Harvest had in 2012 Sales and Marketing operations in 9 countries and Value added processing activities in 12 countries. The ambition of the Sales and Marketing organisation is to develop the market, maximise price achievement and margins, and optimise logistics. The Business Area is currently split into two segments: Markets (the sales and marketing activities in Europe, Americas and Asia) and Value added operations in Europe (VAP EU). The operational EBIT contribution from Marine Harvest Sales and Marketing in 2012 was NOK 350 million (NOK 336 million), with NOK 344 million coming from MH Markets (NOK 228 million) and NOK 6 million from MH VAP Europe (NOK 108 million). The improvement in MH Markets was a result of increased volumes and improved margins on sales. For VAP Europe, 2012 was a disappointing year, due to an

unfavourable product mix and inefficiencies in production. To address the challenges, a new management was put in place during the year and several actions have been taken to improve the performance going forward. Operational performance per country of origin is discussed in the Profit section in Part II of this report.

Financial items

Net financial items amounted to a cost of NOK 180 million compared to an income of NOK 174 million in 2011. Interest expense amounted to NOK 383 million (NOK 406 million) and the net currency effects to NOK 523 million (NOK 236 million). The change in fair value of the equity conversion option amounted to NOK -305 million (NOK 481 million), the change in fair value of interest swaps to NOK -178 million (NOK -130 million) and dividends and gain on sale of shares to NOK 136 million (NOK 15 million). Other financial items were NOK 27 million (NOK -23 million).

Financial position

The main changes in the statement of financial position from 2011 to 2012 are related to investment in shares, debt and equity. The acquisition of the shares in Morpol ASA increased investment in shares by NOK 938 million, and was mainly financed by issue of new shares in the amount of NOK 850 million, resulting in an increase in equity by NOK 847 million to NOK 11 689 million. Net interest-bearing debt decreased by NOK 1 086 million to NOK 5 381 million. The equity ratio increased from 47.6% to 50.1% and the NIBD/Equity ratio decreased from 59.6% to 46.0% from year end 2011 to year end 2012.

Cash flow

Cash flow from operations was NOK 1 553 million (NOK 2 798 million). Cash outflow from investment activities were NOK 1 058 million, including the purchase of shares in Morpol ASA (NOK 1 124 million). The cash outflow from financial activities totalled NOK 452 million (NOK 1 706 million), mainly due to down payment of interest-bearing debt of NOK 784 million and paid in equity of NOK 425 million. The measures taken to protect the cash flow during 2011 and 2012 significantly contributed to the strong cash flow given the challenging market situation.

Dividend

The Board has decided to increase the cash allocated to capital expenditure projects and to building biomass in 2013. Hence, the Board of Directors will not propose any dividend for 2012 to the Annual General Meeting in May 2013.

The Group's dividend policy is described in note 12.

GOING CONCERN

The Board confirms that the financial statements are based on the going concern assumptions in accordance with the section 3-3a of The Accounting Act, and that it is appropriate to make that assumption. The confirmation is based on the results reported, the Group's business strategy, the financial situation and the budgets established.

INTERNAL CONTROL

For information regarding the Group's handling of internal control, reference is made to Corporate Governance chapter 10.

ANNUAL RESULT ALLOCATION

To the Annual General Meeting, the Board will propose that the net profit for the year in Marine Harvest ASA of NOK 2 806 million should be allocated:

Transfer to other equity NOK 2 806 million.

Equity available for distribution amounts to NOK 12 737 million as of 31 December 2012.

RISK

Marine Harvest is exposed to a number of operational and financial risk factors. These are some of the risks the Group's operations are subject to:

- **Financial risk**
 - Currency risks
 - Credit risks
 - Interest rate risks
 - Liquidity risks
- **Operational risk**
 - Price risk
 - Salmon feed prices and feed utilization risk
 - Biological risks
 - Regulatory risks

The Board deems it important that the Group maintains the necessary measures to manage controllable risks factors in order to keep the total risk situation within acceptable limits. For further description of operational risk, reference is made to Part II the Marine Harvest way - the 4 guiding principles at work.

Financial Risks:

Currency risks: Marine Harvest is engaged in substantial international activities and is exposed to changes in the currency exchange rates as a natural part of its business operations. Fluctuations in the currency exchange rates will therefore continuously influence Marine Harvest's financial statements and cash flows. Marine Harvest applies an extensive currency hedging policy which is aimed at reducing the cash flow implications from movements in currency exchange rates.

Credit risks: Marine Harvest is exposed to the risk of losses, if one or more contractual partners do not meet their obligations. A significant proportion of the Group's trade receivables are insured and credit ratings are undertaken of all new customers. Marine Harvest is controlling this exposure through monitoring and close follow-up of the customers. Historically, the Group has suffered minor losses on trade receivables. The Group is not substantially exposed in relation to any individual customer or contractual partner as of 31 December 2012.

Interest rate risks: With exception of the EUR 225 million convertible bond, the Group is generally financed using floating interest rates for debts to financing institutions and leasing debts. To minimise the risk related to fluctuations in floating interest rates, Marine Harvest ASA shall at all times hedge 100% of the Group's non-current interest-bearing debt in its main financing currencies (EUR, USD and GBP). At the initiation of this policy, the interest rate hedges had duration of 5 years. Early 2012, the Board amended the policy to allow for hedging 50% of the exposure for year 6 through 10.

Liquidity risks: The single largest factor influencing liquidity risks is fluctuation in salmon prices. Other key liquidity risks are fluctuations in production and harvest volumes, biological issues, and changes in the feed price, which is the most important individual factor on the cost side. Feed prices are correlated to the marine and agricultural commodity prices of its ingredients. Feed prices increased on a unit basis through 2012.

SUSTAINABILITY

The Group's four closely inter-related guiding principles Profit, Planet, Product and People, and related key performance indicators supports Marine Harvest on a daily basis with regards to decision making which ensures sustainable long term results to all stakeholders. For a thorough review of how Marine Harvest works to ensure that operations are carried out in a sustainable way, reference is made to Part II of this report.

FACTORS THAT MIGHT INFLUENCE THE ENVIRONMENT

From a global perspective, the largest sustainability challenges related to food production are emissions of greenhouse gases, use of scarce freshwater resources and the use of feed for animal protein production. These global challenges represent opportunities for the salmon farming industry, as farmed salmon utilises significantly less feed and freshwater resources than competing agricultural protein producers, and causes significantly lower emissions of greenhouse gases.

Salmon farming = climate friendly food production

When comparing the CO₂ foot print of farmed salmon to traditional meat production, the salmon footprint is 26 kg CO₂ equivalent/kg of edible product whereas the numbers are 5.9 and 30 for pork and beef respectively. Farmed salmon is also an excellent protein and energy converter compared to alternative meat sources, and producing proteins by farming salmon with sustainably sourced feed is therefore exceptionally good resource management. For a thorough review of Marine Harvest's CO₂ footprint and efforts to further reduce the emissions of greenhouse gases, reference is made to Part II and the section on climate friendly food production.

The use of feed for animal protein production

Long term access to sustainably managed feed raw materials is a pre-requisite for the industry. Access to multiple raw material sources gives the industry flexibility and makes sourcing of raw material more robust. At a research center jointly owned by AKVA group, Skretting and Marine Harvest, Marine Harvest conducts large scale documentation of new feed in an effort to reduce the use of marine raw materials without compromising fish performance and quality, as well as the health and welfare of the fish. As a result of the Group's documented R&D effort, Marine Harvest's commercial diets have historically been low in inclusion of marine raw materials. From a sustainability point of view, the Group's target for EPA/DHA is a challenge that must be looked into going forward. Replacing more of the fish meal and oil by other sources will reduce the EPA/DHA level, but the nutritional values of salmon as a source of meat will still remain a very healthy alternative. For further discussion of efforts and priorities in this area, reference is made to Part II and the sustainable feed section.

Group activities that might have negative impact on the environment

The Group's activities may have negative impact on the environment, and Marine Harvest is determined to work to secure the capability for sustainable growth. In fish farming the main challenges relate to escapes, sea lice and the use of medication. From 2011 to 2012 the number of escaped fish from Marine Harvest sites was reduced by 68 365 to 3 150 fish. The number of incidents was also reduced and the Group maintains the target of zero escapes going forward.

Sea lice management remains a challenge in most regions of the world. The Group focuses on continuous improvement and the goal is to ensure that sea lice from Marine Harvest farms do not have a negative impact on wild salmonid stocks. The overall strategy is that sea lice should be managed mainly based on non-medicinal measures. In this regard the use of own grown cleaner fish was successfully increased in 2012, but the

Group still rely on heavy use of medicinal alternatives. In addition to the medicine use, Marine Harvest tracks the development in the lice load per site through the number of sites above the locally defined trigger level at month end. Although the ambition is to maintain the sea lice count below the trigger level, it could at times be exceeded for example in situations with high temperatures when the lice levels change rapidly. The percentage of sites that exceeded the locally set trigger limits at month end in 2012 was stable compared to 2011 at 12% (average monthly basis). R&D effort has been directed towards this issue and it is expected that the research will deliver new solutions over time.

The use of medication could potentially impact wild fish in the surroundings of treated sites. Marine Harvest primary treat fish for two reasons – bacterial disease requiring antibiotics treatment and the sea lice load requiring lice medication. The use of antibiotics was reduced from 40 g per tonne produced in 2011 to 12 g per tonne produced in 2012, a reduction of 70%. For lice management, the use of hydrogen peroxide was significantly increased in 2012 while the use of oral treatment was reduced. Annual fluctuation in medicine use reflects changes in use and rotation of products based on their suitability to target a specific infection pattern. For more information about the Group's escape and sea lice management efforts and the use of medication, reference is made to Part II and the relevant Planet sections of this report.

The Group's processing activities may influence the environment in two areas; potential environmental impact, like pollution from water discharged into a municipal sewage system, and potential community impacts, like odour and noise. The continuous evaluations of potential negative impacts are based on own experience as well as dialogue with Non-Governmental Organisations (NGOs), regulators, customers and the scientific community. Being aware of the potential negative effects the activities could have on the environment and the communities, the Group has incorporated measures to monitor and manage these in the Omarine global quality programme. Marine Harvest continues to work actively with regulators, industry partners and the scientific community to promote environmental responsibility in the industry. For more information on how the Group works to understand and address stakeholder concerns, reference is made to Part II of this report.

RESEARCH AND DEVELOPMENT

Marine Harvest emphasize R&D, seeing it as crucial to further develop and strengthen the relatively young salmon farming industry. The Group's main research priorities are within the areas of fish performance, food safety and product quality, as well as fish health and welfare. In 2012, R&D expenditures were approximately NOK 40 million, representing more than a doubling from the 2006 level. In addition, a fee of 0.3% of Marine Harvest Norway export value is paid to The Norwegian Seafood Research Fund. For Marine Harvest this represented NOK 194 million in 2012. The Group has taken the initiative to increase the R&D efforts, to enable further growth and profitability of the industry, grounded on a solid sustainability framework. For further information about Marine Harvest's R&D efforts and results in 2012, reference is made to Part II, section R&D in this report.

PEOPLE

Health and safety

Employee safety and a healthy working environment is top priority on the Board's agenda. "People" is one of four guiding principles in the Group, and defined targets are linked to employee safety. Marine Harvest's ambition is to be among the best, independent of industry, with regard to employee safety. First and foremost, this means providing an accident-free workplace. A mandatory global safety programme, Brainsafe, was launched in 2011, and more than 90% of all employees have been given Brainsafe training during





2012. In 2012, the Group reported 114 lost time incidents for own employees a reduction of 30 from 2011. As stated above, safety is one of Marine Harvest's core values, but unfortunately the Group experienced a fatal accident involving a contract diver in the fourth quarter. The accident underlines the importance of continuous focus and priority towards this area and Marine Harvest will review all processes and procedures with sub-contractors to evaluate if changes are required.

Measured as LTIs per million hours worked it was recorded a reduction of 27% from 12.5 in 2011 to 9.1 in 2012 for own employees, which is considered an encouraging development, even though there is still significant room for improvement. The ambition is to reduce the number of LTIs per million hours worked by 20% from 2012 to 2013. To achieve this, attention at all levels is required. Safety is an important component in incentive systems throughout the Group.

The absenteeism has remained low for several years compared to the industry level, and a further reduction was recorded from 2011 to 2012. Total absenteeism in 2012 was 34% with a 50/50 split between long term and short term absenteeism. The positive development follows the sustained effort to raise awareness in this area, as well as systematic competence development, job rotation and alternative work schemes where appropriate.

The Board will continue to emphasise the imperative of improved health and safety performance going forward. For more information about health and safety in Marine Harvest, reference is made to the People section in Part II of this report.

People and organisation

At the end of 2012, the Group had 5 054 permanent, and 1 335 temporary employees. The total number of employees was 6 389, which is an increase of 54 employees compared to year end 2011. In general, there has been a reduction in the number of employees in Farming, while the Sales and Marketing units have strengthened their organisation throughout the year.

Diversity and equal rights

All Marine Harvest's activities shall be conducted without discrimination on the basis of race, ethnicity, national or other origin, disability, age, gender, sexual orientation, language, religion, or any other characteristic where a person is not treated as an individual.

Marine Harvest is committed to ensuring diversity in the Group and the ambition is in accordance with the Norwegian Discrimination Act. The Group is working actively in the areas of recruitment, salary and working conditions, promotion, development opportunities and protection against harassment, to reach this target.

The fish farming industry has traditionally been an industry with a majority of male employees. As of end 2012, the shares of male and female employees were 69% and 31% respectively, the same ratios as in 2011. In 2012, the Group had female managers in the senior management teams of most subsidiaries. The Group continues to work actively to promote diversity in senior management positions globally. In 2012, the top management team of Marine Harvest consisted of 4 members whereof 1 woman. In 2013 the Group Management Team (GMT) has been expanded with 4 additional members, of which 2 are women. Of the 10 members in the Marine Harvest ASA Board, there are 4 women (40%).

EVENTS AFTER THE CLOSE OF THE YEAR

Marine Harvest ASA submitted a mandatory offer on 15 January 2013 to acquire all outstanding shares in Morpol ASA. The acceptance period of the offer expired 26 February

2013. Marine Harvest has received acceptance of the offer for in total 64 729 810 shares, and own 146 261 515 shares in Morpol ASA. This represents 87.1% of the share capital in Morpol ASA.

In February 2013, Marine Harvest ASA completed an unsecured bond issue of NOK 1 250 million with maturity in March 2018. The bond carries an interest of 3-month NIBOR plus 3.5%. The proceeds from the bond issue will be used to part-finance the acquisition of Morpol ASA and for general corporate purposes.


FUTURE PROSPECTS

The market for Atlantic salmon was heavily impacted by a 22% year over year growth in global supply during 2012. Prices did however hold up better than expected due to strong end demand. A major positive shift was experienced towards the end of the year and into 2013. Salmon of Norwegian origin had an excellent cost position throughout the year. In Americas, the market situation is still a concern and Chilean costs continued to increase. The Canadian business is starting to see cost benefits from the restructuring measures carried out. Costs in Scotland temporarily increased during 2012 due to AGD.

Given the Group's ambition to become a leading, integrated, protein producer, the Board in the fourth quarter decided to integrate backwards into salmon feed, through a green-field investment in Norway, and to acquire Morpol, the leading European processor of salmon. The Board believes that both these investments will contribute to stabilising the Group's earning over time. Through these investments Marine Harvest will be among the most cost efficient producers within feed and processing. This will strengthen the Group's results as well as provide a very solid return on investment. Furthermore, these investments are important steps in the process of transforming Marine Harvest from a commodity supplier into a leading, integrated protein producer. The divestment of the minority stake in Aqua Gen marked an important decision to focus all Marine Harvest's breeding resources on the wholly owned Mowi strain. Marine Harvest is confident that this will bring further improvements in disease resistance, survival and growth rate.

Marine Harvest is carefully monitoring structural opportunities arising from the current challenging situation for the Chilean industry. The Group is also looking at different alternatives to capitalising on the current significant price differential between the American and European markets.

OSLO, 21 MARCH 2013



Ole-Eirik Lerøy
CHAIRMAN OF THE BOARD



Leif Frode Onarheim
VICE CHAIRMAN OF THE BOARD



Cecilie Fredriksen



Michael Parker



Hegg Sjø



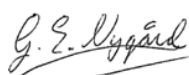
Solveig Strand



Tor Olav Trøim



Stein Mathiesen



Geir Elling Nygård



Turid Lande Solheim



Alf-Helge Aarskog
CHIEF EXECUTIVE OFFICER

The Norwegian government has proposed to replace the 25% ownership limitation in Norway with a new system whereby various ownership thresholds are accompanied by R&D spending requirements, secondary processing requirements and contribution to the education of young talents. As a consequence, Marine Harvest has gained the opportunity for further growth in Norway.

Biological risks in the various jurisdictions are continuously assessed and responded to. Although the recent observation of AGD in Norway has caused some concern, a forceful contingency plan has been developed based on successful measures to counter the amoeba in Scotland and Ireland during 2012. The continued cost increases in Chile during 2012 underlines the concern over the biological development in the region.

The Groups' overall costs are likely to increase in 2013. Increasing feed raw material prices, somewhat higher seawaters costs and the planned temporary reduction in the 2013 harvest volumes are the main drivers for the expected cost increase. Given the uncertain market outlook in the Americas, combined with the cost increases in Chile, the Board believes that the weak results will continue in the Americas in 2013. The Board expects 2013 to be another challenging year for VAP Europe.

Given the favourable outlook for the market balance, the Board has decided to increase the capital expenditure level and the number of smolt stocked in 2013. From a level of NOK 660 million in 2012, the forecasted capital expenditure for 2013 is increased to NOK 1 650 million, whereof NOK 550 million relates to the feed plant in central Norway. The increased stocking will further tie up cash in the operations in 2013, and accordingly, the estimated working capital build up for the year is in the range of NOK 750 – NOK 900 million. The growth ambitions temporarily limit the dividend capacity, however, when the final finance structure is in place later on in 2013, the Board will consider a dividend distribution.

The Board is encouraged by the recent momentous shift in the European market circumstances. Continued strong demand combined with expectations of a modest supply growth in the coming years has lifted futures prices for Norwegian salmon above NOK 30 for both 2013 and 2014. With approximately 80% of volumes originating in Europe, the Board of Directors expects a significant profit increase in 2013 compared to 2012.

CORPORATE GOVERNANCE

Marine Harvest ASA (“Marine Harvest” or the “Company”) considers good corporate governance a precondition for generating shareholder value, as well as achieving a low cost of capital and merit investor confidence. Marine Harvest strives, to ensure that the internal control mechanisms and management structures comply with generally accepted principles for good corporate governance.

Marine Harvest holds the view that the current policies for corporate governance are in line with the latest version of the Norwegian Code of Practice for Corporate Governance (the “Norwegian Code”). A full description of the Norwegian Code is available at the Oslo Stock Exchange’s website (www.osse.no).

The following sections provide explanations as to how Marine Harvest has addressed the various issues covered by the Norwegian Code.

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE PRINCIPLES

The Board of Directors of Marine Harvest (the “Board”) is aware of its responsibility for the development and implementation of internal procedures and regulations ensuring that the Company and its subsidiaries (together, the “Group”) complies with applicable principles for corporate governance.

The Board reviews the overall position of the Group in relation to such principles annually and reports thereon in the Company’s annual report in accordance with the requirements of the continuing obligations for listed companies and the Norwegian Code.



The Board has defined the Group's overall vision. A process of revitalizing a common set of values with the vision, is ongoing. This process is expected to be completed in the spring of 2013.

The Group is made up of individuals with different backgrounds, nationalities, cultures and customs. The conduct – what each and every employee do and say each day – determines the Group's ability to succeed as an organisation. The Code of Conduct sets standards for behaviour which can be expected between colleagues, and that external parties can expect from employees in the Group. The Code of Conduct has been communicated to all employees and it is expected that a personal commitment to follow the Code of Conduct is made by each employee. Testing of each employee's understanding has been, and will be regularly carried out. The most recent test was initiated in December 2012.

The Code of Conduct is available at the web-site at www.marineharvest.com

In salmon farming, sustainability is a precondition for long-term value creation. The seafood industry must be socially and environmentally sustainable to be profitable over the long term. Marine Harvest needs attractive financial results to have the financial strength to drive a sustainable development of the operations. This interdependency has led Marine Harvest to the development of the four equally important guiding principles, Profit, Product, People and Planet.

• Profit

Our profits hinge on our ability to provide customer value from healthy, tasty and nutritious seafood, farmed both cost-effectively and in a sustainable way, maintaining a good aquatic environment and respecting the needs of the wider society.

• Product

We will not compromise on our ability to continually deliver healthy, tasty and responsibly produced seafood to our customers. Through this, our long-term financial solidity will be achieved.

• People

Neither employee safety, nor our employees' self-respect and personal pride in their work can be compromised if we are to succeed as a company with good relationships with our communities.

• Planet

All our operations and our long-term profitability ultimately depend on sustainable and environmentally responsible interactions with the natural environment. To maintain fish health, avoid escapes and minimise the environmental impact of our operations we need the best skilled people.

For each principle, Marine Harvest has defined specific ambitions with corresponding key performance indicators. Refining targets are an integrated part of budget and long term planning procedures, and achievement is reported on in operational review meetings with all business units, and in business review meetings with the two business areas, Farming and Sales and Marketing. Development and implementation of best practice is through the global quality system, Omarine, and the standard operating procedures contained in this system.

The Marine Harvest governance and management structure is further described on the website at www.marineharvest.com where shareholders and other stakeholders can explore any topic of particular interest in more detail and easily navigate to related information.

2. BUSINESS

Marine Harvest's objective is defined in the Company's articles of association:

"The objective of the company is production, refinement, sale and distribution of seafood and goods used in seafood production, either directly or through participation in other companies and hereto-related activities."

The articles of association are available at the Group's website at www.marineharvest.com.

To achieve the objective set forth in the articles of association, the Board has adopted a corporate strategy stating ambitions and priorities set to achieve them within the framework of the Group's four guiding principles. In 2012 a project to review the strategic ambitions for each principle was initiated with the ambition to further strengthen the relationship between the Group overall target of long term value creation, ambitions and the key performance indicators. The project will be completed in 2013. The ambitions and the priorities set to achieve them are regularly reviewed and revised by the Board.

In line with the ambition to become a leading integrated protine producer, the Board in October 2012 resolved to develop a feed division to secure access to high quality feed. The Group's first feed production unit will be located in Norway. Construction is in progress and production will commence in 2014.

3. EQUITY AND DIVIDENDS

The shareholders' equity at 31 December 2012 was NOK 11 688.7 million, which represents 50.1% of the Group's total assets. Marine Harvest ASA's objective is to maintain an equity level which is appropriate for the Company's strategy and risk profile.

The Board's ambition is that Marine Harvest ASA's shareholders over time will achieve a competitive return on their investment through a combination of dividends and an appreciation of the value of the Company's shares.

The Board has defined the following long term dividend policy:

- The dividend level shall reflect the present and future cash generation potential of the Company
- Marine Harvest will target a net interest-bearing debt/equity ratio of less than 0.5x
- When the target level is met, at least 75% of the annual free cash flow after operational and financial commitments will be distributed as dividend

At the 2012 annual general meeting ("AGM"), the Board was given the following authorisations:

- To increase the Company's share capital by up to 179 066 667 new shares (representing 5% of the shares in issue at the time). The authority did not define the purpose(s) of such capital increase. The authority expires at the AGM in 2013.
- To purchase up to 358 113 333 shares in the Company up to a maximum total nominal par value of NOK 268 585 000 (representing 10% of the shares in issue at the time) in the secondary market during the period up until the AGM in 2013.
- To raise convertible bond loans of up to NOK 3 200 million (par value), convertible to maximum 640 million new shares with a total par value of NOK 480 million.

On 17 December 2012 the Board of Directors of Marine Harvest ASA decided to issue 167 201 054 new shares based on a subscription price of NOK 5.0837 per share, to finance the acquisition of shares in Morpol ASA.

The Board considers it in the interest of shareholders to maintain its flexibility to issue shares, purchase shares and issue convertible bonds, and thus intends to ask for approval for similar authorisations at this year's annual meeting.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH RELATED PARTIES

Marine Harvest ASA has one class of shares.

Any purchase or sale by the Company of its own shares will either be carried out through the Oslo Stock Exchange or at prices quoted on the Oslo Stock Exchange.

Any transaction between the Company and a related party will be based on arms' length terms or supported, if relevant, with a valuation obtained from an independent third party. Marine Harvest ASA will make sure that major transactions with related parties are approved by its AGM in accordance with the Public Limited Liability Companies Act.

The Board is currently authorised to set the pre-emption rights of existing shareholders in equity issues aside if it exercises its authority to issue new shares, cfr. above. The purpose of this is to simplify the procedure in connection with capital increases to finance further growth and/or the offering of shares as consideration in acquisitions where this is deemed a favourable form of settlement. The Board intends to include such characteristics in the proposal to the 2013 AGM (for authorisations to issue shares).

The acquisition of Morpol ASA, 18 December 2012, was financed by issuance of 83 600 527 shares with a subscription price of NOK 5.0837 per share (totalling NOK 425 million) to Friendmall Ltd and Bazmonta Holding Ltd, the prior owner of the shares in Morpol ASA. In addition there was a private placement to Gevevan Trading Co. Ltd. of 83 600 527 at the same subscription price, to finance part of the cash consideration in the acquisition. The subscription price was equal to the volume weighted average price of the Marine Harvest share 12-14 December 2012. There was no significant change in the market price of the Marine Harvest share subsequent to the issuance of new shares.

Members of the Board and the corporate management team have an obligation to disclose any material interest in a transaction where the Group is a party to the Board pursuant to the Company's Code of conduct. The code has recently been updated to further elaborate on obligations in this regard. The code of conduct is available at the web site www.marineharvest.com.

5. FREELY NEGOTIABLE SHARES

All shares in the Company have equal rights and are freely tradable.

6. GENERAL MEETINGS

The interests of the Company's shareholders are primarily exercised in the Company's general meeting. It is the Company's goal that as many shareholders as possible are given the opportunity to participate in its general meetings and that the general meetings are organised so as to ensure that they represent an effective forum for the Company's shareholders to express their views.

Notices of general meetings will be made available on the Company's web site www.marineharvest.com and through a separate notice to the Oslo Stock Exchange at least 21 days in advance of the general meeting.

All shareholders with known address are notified of a general meeting minimum two weeks prior to the date thereof. Such notice contains detailed information on the resolutions

proposed and matters to be considered at the general meeting. It includes the deadline for shareholders to give notice of their intention to attend the general meeting, as well as instructions on how they can cast their votes by proxy. The deadline for registration is set as close to the date of the general meeting as possible.

When documents concerning matters that are to be dealt with in a general meeting have been made accessible to the shareholders on the Company's web site, the requirement in the Public Companies Act that the documents shall be sent to the shareholders by ordinary mail does not apply. This also applies to documents which, according to law, shall be included in or enclosed to the notice of a general meeting. A shareholder can, however, demand that documents which concern matters that are to be dealt with in a general meeting are sent to him by ordinary mail.

The notice of a general meeting shall contain a reference to the Company's web site in order to access relevant documents and, if relevant, any other information that the shareholders need in order to gain access to such documents relevant thereto.

The chairman of the Board, the leader of the Nomination Committee, the CEO and the external auditor shall all be present at the AGM. Marine Harvest does not have a policy that requires the other directors of the Board to attend the AGM.

The AGM elects a chairman to preside over the meeting and one person to sign the minutes of the meeting together with the elected chairman. The minutes are published on the Company's website.

The AGM approves the annual financial statements and annual report, the board of directors' report and any proposed dividend. The AGM also approves the remuneration to be paid to the members of the Board and the Nomination Committee (as defined below) and the external auditor.

Other items on the agenda for the AGM may be authority for the Board to acquire the Company's shares and to increase the Company's share capital, to take up loans convertible to its shares and the election of the members of the Board and the Nomination Committee (reference is made to section 3 Equity and Dividend).

Pursuant to Section 6-16a of the Public Limited Liability Companies Act, the Board has implemented guidelines for the determination of the remuneration to the Company's CEO and other senior managers. These guidelines are put forward for resolution in the AGM.

All shares carry an equal right to vote at the general meetings. Resolutions at AGMs are normally passed by simple majority unless otherwise required by Norwegian law.

The annual general meeting for 2012 was carried out 4 June 2012. Relevant documents relating to the 2012 AGM are available at the Company's website (www.marineharvest.com).

7. NOMINATION COMMITTEE

The AGM elects the Company's nomination committee (the "Nomination Committee"). The Nomination Committee consists of three members, all of whom are independent of the Board and the Company's senior management. Members of the Nomination Committee are: Erling Lind, Merethe Haugli and Arne Hjeltnes. The Nomination Committee submits its recommendations to the AGM regarding the election of members to the



Board and the Nomination Committee and their individual remuneration.

The general meeting has approved a set of instructions defining the responsibility of the Nomination Committee. These instructions are available at www.marineharvest.com. All shareholders are, through the Company's web site, invited to propose candidates to the Board and the Nomination Committee.

8. CORPORATE ASSEMBLY AND BOARD OF DIRECTORS; COMPOSITIONS AND INDEPENDENCE

The Company does not have a corporate assembly.

According to the Company's articles of association, the Company shall have a Board consisting of a minimum of 6 and a maximum of 12 members. The Chairman of the Board and the Deputy Chairman of the Board are both elected by the general meeting based on a proposal from the Nomination Committee, as are the other members representing shareholders. The members are elected for a period of one or two years at a time. In order to ensure continuity, not all members are up for election the same year

At present, the Board consists of 10 members, of which 7 are elected by the general meeting and 3 are representatives of the employees in Norway. All Board members are considered independent of the Company's executive management and material business partners. The majority of the Board members elected by the shareholders are independent of the Company's largest shareholder. No executives are members of the Board.

The members of the Board, including their CV's, are presented in the annual report. The Board members shareholdings are listed in note 23 in the Annual Report.

The Board is of the opinion that it has sufficient expertise and capacity to carry out its duties in a satisfactory manner.

9. THE WORK OF THE BOARD OF DIRECTORS

According to the Norwegian Public Limited Liability Companies Act, the Board has overall responsibility for the management of the Company, while the CEO is responsible for day-to-day management. The Board is responsible for ensuring that the Company's activities are soundly organised, and for approval of all plans and budgets for the activities of the Company. The Board approves a statement of the duties, responsibilities and authorities of the CEO.

The Board keeps itself informed about the Company's activities and financial situation and are under an obligation to ensure that its activities, financial statements and asset management are subject to adequate control through the review and approval of the Group's monthly and quarterly report and financial statements. The Board shall also ensure that the Company has satisfactory internal control systems.

The CEO is in charge of the day-to-day management of the Company, and is responsible for ensuring that the Company is organised in accordance with applicable law, the Company's articles of association, and the decisions adopted by the Board and the Company's general meeting. The CEO has particular responsibility for ensuring that the Board receives accurate, relevant and timely information in order to enable it to carry out its duties. The CEO shall also ensure that the financial statements of the company are in accordance with Norwegian legislation and regulations and that the assets of the company are soundly managed.

The Board has formally assessed its performance and expertise in 2012 as recommended by the Norwegian Code.

The Board conducted 9 meetings during 2012 and the attendance was 90%. The Board spent significant time on the strategic positioning of the company following the decision to transform the Group from a production driven farming company to an integrated seafood protein producer.

The Board has chosen not to appoint a remuneration committee. Matters relating to remuneration of executive personnel is discussed in the Board without presence of the CEO or other executive personnel.

The Board has one subcommittee:

The Board's Audit Committee

The audit committee consists of 3 directors, Leif Frode Onarheim, Solveig Strand and Hege Sjø (the "Audit Committee"). The responsibility of the Audit Committee is to monitor the Company's financial reporting process and the effectiveness of its systems for internal control and risk management. The Audit Committee shall also keep in regular contact with the Company's auditor regarding the auditing of the annual accounts and evaluate and oversee the auditor's independence. The Audit Committee reviews ethics and compliance issues. All three members of the Audit Committee are deemed independent of the Company's management. The Audit Committee reports to the Board. The Audit Committee conducted 10 meetings during 2012. Apart from the regular items to be covered by the committee, improvement in the internal control and risk management have been given particular priority during 2012.

10. RISK MANAGEMENT AND INTERNAL CONTROL

The Board and management attach great importance to the quality of the Company's risk management and control systems. Risk management and internal control systems are important in order for the Group to be able to meet its strategic targets. These systems form an integrated part of management's decision-making processes and are central elements in the organisation of the Company and the development of its routines.

Risks in Marine Harvest ASA are divided into two main categories:

- Financial risks, which are trading risks based on underlying exposures, e.g. currency risks, credit risks, interest rate risks and liquidity risks
- Operational risks mainly linked to the development of the salmon price, biological risks linked to the salmon farming operations and the development in the salmon feed prices and feed utilization, in addition to regulatory risk.

For further discussion of risk, reference is made to the Board of Directors report and the section "The Marine Harvest Way - the 4 Guiding Principles at work".

An continuous risk management process, including analyses, management and follow-up of significant risks, is performed to ensure that the Group is managed in accordance with the risk profile and strategies approved by the Board. This process encompasses the Group's guiding principles and ethical guidelines. The Board reviews the Group's overall risk profile in relation to strategic, operational and transaction-related issues at least once every year. The status of the overall risk situation is reported and discussed with the Board in connection with the annual budget process.





The management's report on internal control of financial reporting

The Board and the Group management are responsible for establishing and maintaining adequate internal control of financial reporting. The process for this control is developed under the supervision of the chief financial officer. The process is intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Group's financial statements for external reporting purposes in accordance with International Financial Reporting Standards and the interpretations issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU IFRS) and the Norwegian Accounting Law.

The Audit Committee monitors the financial reporting and the related internal control, including application of accounting principles and judgments in the financial reporting. The Group management and the Audit Committee have regular meetings with the external auditor present to discuss issues related to the financial reporting.

Financial reporting in Marine Harvest is an integrated part of the Groups corporate governance. Distinct roles, responsibilities and duties have been established. Requirements with regards to content and deadlines, including accounting policies, checks and validations have been clearly defined. A key element in the financial reporting process is risk assessment. The risk assessment is performed at least annually, and key controls and control procedures are established to mitigate identified risks. Compliance is reported to the Audit Committee. The Groups applied accounting principles are described in a web-based accounting manual.

All Group units report their financial statements into a common consolidation system periodically, based on a common chart of accounts. All subsidiaries are responsible for the accuracy of the reported figures and that the financial reporting is in compliance with the Groups accounting principles. In addition, general and analytical controls of the reported figures are performed at corporate level. Additional information is reported in connection with the quarterly and the annual reporting. Extended controls are carried out in the quarterly and the year-end reporting processes.

The Group has sufficient expertise to complete a proper and efficient financial reporting in accordance with IFRS and the Norwegian Accounting Act.

At year-end 2012, the Group management, in consultation with the independent auditor, has assessed the effectiveness of the Company's internal control systems relevant to its financial reporting based on the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). Based on this assessment, the management is of the opinion that Marine Harvest ASA's internal control of financial reporting as of 31 December 2012 was adequate.

Code of Conduct and ethical guidelines

The Code of Conduct describes Marine Harvest ASA's commitment and requirements in connection with ethical issues relevant to business practice and personal conduct. Marine Harvest ASA will, in its business activities, comply with applicable laws and regulation and act in an ethical, sustainable and socially responsible manner. The Code of Conduct has been communicated to all employees and it is expected that a personal commitment to follow the Code of Conduct is made by each employee.

11. REMUNERATION OF THE BOARD OF DIRECTORS

Remuneration for the members of the Board is determined by the AGM based on a proposal from the Nomination Committee. The remuneration reflects the Board's responsibility, expertise, time commitment and the complexity of the Company's activities. The remuneration is not linked to the Company's performance. All members of the Board, with the exception of the chairman, and the deputy chairman receive the same remuneration. The

members of the Audit Committee receive separate additional remuneration. The fee paid to the members of the Board is fixed for each 12 month period (from AGM to AGM). The remuneration paid to members of the Board is disclosed in the Annual Report note 13.

12. REMUNERATION OF THE EXECUTIVE MANAGEMENT

The Board of Marine Harvest ASA determines the principles applicable to the Group's policy for senior executive compensation. The Board is directly responsible for the determination of the CEO's salary and other benefits. The CEO is, in consultation with the chairman of the Board, responsible for the determination of the salary and other benefits for the Group's other senior executives. The Group's senior executives include the management team of each business area as well as the senior members of the corporate staff.

The following guidelines form the basis for the determination of compensation to the Group's senior executives:

- The total compensation offered to senior executives shall be competitive, both nationally and internationally.
- The compensation shall contain elements providing necessary financial security following termination of the employment, both before the age of retirement and in connection with this.
- The compensation shall be motivating, both for the individual and for the senior executives as a group.
- Variable elements in the total compensation shall be linked to the values generated by the Group for Marine Harvest ASA's shareholders.
- The system of compensation shall be understandable and meet general acceptance internally in the Group, among the Company's shareholders and with the public.
- The system of compensation shall be flexible and contain mechanisms which make it possible to carry out individual adjustments based on the results achieved and contributions made towards the development of the Group.

Remuneration of the Company's CEO and the executive management team is disclosed in the Annual Report note 13. The Board prepares a statement in compliance with the Public Limited Liability Companies Act regarding the remuneration of the executive management team for the consideration by the AGM.

The remuneration concept for the corporate executive staff consists of the following main elements:

- Fixed salaries
- Benefits in kind
- Pension
- Termination payment
- Bonus

In addition, the Group has a Share Price Based Incentive Scheme ("Scheme") for key employees. The bonus amount is, for each individual limited to 2 years salaries. The details of the Scheme are described in note 13 of the Annual Report and in the Board of Directors' statement on the principles applicable to the determination of salaries and other compensation for senior executives, which is included in the Notice of general meetings (AMG) available on the Company's web site (www.marineharvest.com).

For additional information on the different elements, reference is made to the Annual Report note 13.

13. INFORMATION AND COMMUNICATIONS

The Company publishes its financial calendar every year identifying the dates on which it will present its quarterly reports and the AGM.

All information of major events and acquisitions are publicly disclosed in line with the requirements of the Oslo Stock Exchange and posted on the Company's web site (www.marineharvest.com). All financial reports and other information is prepared and disclosed in a manner securing that the shareholders, investors and others receive correct, clear, relevant and up-to-date information equally and in a timely manner. The Company holds public presentations of its results quarterly.

The Board has formalised guidelines for the dialogue with the Company's shareholders beyond the AGM. This policy (IR Policy) is available on the Company's website (www.marineharvest.com).

Marine Harvest ASA is obliged by the Security Trading Act to publish all information (including its annual accounts) in English and Norwegian.

14. TAKEOVERS

The Board will not seek to hinder or obstruct any public bid for the Company's activities or shares unless there are particular reasons for this. In the event of a take-over bid for the Company's shares, the Board will not exercise mandates or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the Company's general meeting following the announcement of such bid.

The Board acknowledges that it has a particular responsibility to ensure that the Company's shareholders are given sufficient information and time to form a view of any public offer for the Company's shares. If an offer is made for a significant and controlling stake of the shares, the Board will issue a statement evaluating the offer and make a recommendation as to whether or not shareholders should accept it.

The Board has not established explicit guiding principles for dealing with take-over bids as recommended by the Norwegian code.

15. AUDITOR

The Company's elected external auditor is Ernst & Young. The auditor is independent in relation to Marine Harvest ASA and is appointed by the AGM. The auditor fee is approved by the AGM.

The auditor presents a plan for the audit committee for the audit and is present in Board meetings dealing with the preparation of the annual accounts where the audited financial statements are reviewed and approved. The auditor is also present in all meetings with the Audit Committee.

When evaluating the independent auditor, emphasis is placed on the firm's competence, capacity, local and international availability and the level of the fee expected.

The auditor submits a management letter to the Audit Committee and the Board following its audit of the Company's annual financial statements. The Management Letter, in addition to describing the audit review, includes an evaluation of the Company's internal control systems.

The Board and the Audit Committee hold regular meetings with the auditor without the presence of management. The auditor also participates in the AGM. Information about the fee paid to the auditor is stated in the Annual Report note 29. The independent auditor's remuneration is split between the audit fee, other authorization services, tax advisory services and other services non-audit related. To the extent that the auditor is providing services beyond the audit, this is discussed separately on case by case basis prior to engagement, to ensure that there are no independence issues.

BOARD OF DIRECTORS



OLE-EIRIK LERØY (1959)
Chairman of the Board

Education: Norwegian School of Management, AFF management program.

Background: Former CEO in Lerøy Seafood Group ASA 1991-2008, former Chairman of the Norwegian Seafood Federation (FHL) and former Chairman of the Board of the Norwegian Seafood Export Council (NSEC). Mr. Lerøy has broad experience from the seafood industry. He is member of the Board of the International Groundfish Forum.



LEIF FRODE ONARHEIM (1934)
Vice Chairman, Chairman of the Audit committee

Education: MBA, Graduate from the Norwegian School of Economics and Business Administration (NHH).

Background: Former President and CEO, Nora Industrier AS, President Norwegian School of Management 1993-1997, Member of Parliament 2001-2005, Director of Private and Governmental Enterprises.



CECILIE FREDRIKSEN (1983)

Education: Bachelor of Science in Business and Spanish from London Metropolitan University

Background: Board member of Frontline Ltd, Aktiv Kapital ASA, Northern Offshore Ltd, Ship Finance International Ltd, Golden Ocean Group Ltd and Archer Ltd



MICHAEL PARKER (1953)

Education: Bachelor of Science (hons) in Business Administration from University of Bath

Background: Over 30 years of general management experience in the food industry - mainly seafood. Currently active in UK public affairs consultancy and publishing. Former trustee of the Marine Stewardship Council



HEGE SJO (1968)

Education: Graduate from the Norwegian School of Economics and Business Administration (NHH)

Background: Previously, CFO at Oslo Børs ASA. Furthermore, Sjø holds several directorships in other companies, including Wilh. Wilhelmsen ASA, Det Norske Oljeselskap ASA and Polarcus Ltd. Currently Senior Advisor in Hermes Investment Management Ltd.



SOLVEIG STRAND (1961)

Education: IT/ Economic degree

Background: Managing Director of companies within the Strand Group. Former Parliament secretary for the Ministry of Fisheries. Member of the county council of Møre og Romsdal.

BOARD OF DIRECTORS



TOR OLAV TRØIM (1963)

Education: Master of Science from the University of Technology in Trondheim.

Background: Trøim has worked with the Seatankers Group since 1995. He has extensive background as a Director in Seadrill Ltd, Seadrill Partners Ltd, Golar LNG Ltd, Golar LNG Partners Ltd, Archer Ltd and Frontline 2012 Ltd. Trøim has been CEO for Frontline Ltd, Golar LNG Ltd, Knightsbridge Tankers Ltd, Northern Offshore Ltd and Seadrill Ltd. Prior to joining the Seatankers Group Trøim was portfolio manager for equity in Storebrand AS, director in Hagen & Co and CEO of DNO AS a Norwegian oil company.



STEIN MATHIESEN (1973)

Employee representative

Education: Food technician

Background: Started in the seafood business in 1989 at Domstein. Has worked in Marine Harvest since 2007.



GEIR-ELLING NYGÅRD (1966)

Employee representative

Education: Certification in carpentry, certification and college studies in aquaculture, management training.

Background: Started in the seafood business in 1987 and in Mowi AS in 1990, a company later incorporated into Marine Harvest. Currently HSE coordinator reg. freshwater Marine Harvest Norway.



TURID LANDE SOLHEIM (1970)

Employee Representative

Education: Studies in economics and aquaculture, Molde Regional College

Background: Started in the seafood business in 1993 in Mowi AS, a company later incorporated into Marine Harvest. Currently production manager in Marine Harvest Norway region south.



A close-up photograph of two pieces of salmon sashimi. The salmon is a vibrant orange-pink color and is garnished with several finely chopped green onions. The background is a soft, out-of-focus light blue.

FINANCIAL STATEMENTS AND NOTES

Marine Harvest Group

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STATEMENT OF COMPREHENSIVE INCOME

MARINE HARVEST GROUP

	NOTE	2012	2011	2010
Revenue	4	15 463.5	16 132.8	15 281.2
Cost of materials	2	-9 666.5	-8 398.6	-7 780.7
Salary and personnel expenses	13	-2 418.6	-2 177.8	-2 202.5
Other operating expenses	27	-2 163.6	-2 063.2	-1 453.8
Depreciation and amortisation	8/9	- 677.2	- 666.7	- 653.0
Fair value adjustment on biological assets	6	350.2	-1 514.0	1 091.7
Provision for onerous contracts	4	- 6.1	- 5.8	- 14.3
Restructuring costs		- 0.8	- 21.8	- 4.4
Income/loss from associated companies	20	88.3	- 8.5	202.0
Impairment losses	8/9	- 0.5	- 67.0	- 5.0
Earnings before interest and taxes (EBIT)		968.7	1 209.5	4 461.3
Interest expenses	11	- 382.8	- 405.8	- 380.3
Net currency effects	11	523.3	236.4	366.7
Other financial items	11	- 320.0	342.9	- 195.3
Earnings before taxes		789.2	1 382.9	4 252.3
Taxes	14	- 376.5	- 261.7	- 1 143.9
Profit or loss for the year		412.6	1 121.2	3 108.4
Other comprehensive income				
Change in fair value of cash flow hedges	11	- 113.5	- 141.1	216.6
Deferred tax related to fair value of cash flow hedges	14	31.1	38.5	- 61.8
Currency translation cash flow hedges	11	- 0.2	- 1.2	5.4
Currency translation differences		- 325.6	87.9	- 8.8
Currency translation differences related to non-controlling interests		- 4.0	- 0.3	- 3.2
Other gains and losses in comprehensive income		3.5	- 8.0	0.0
Total other comprehensive income		- 408.7	- 24.2	148.2
Comprehensive income for the year		3.9	1 097.0	3 256.6
Profit or loss for the year attributable to				
Non-controlling interests		4.0	5.5	30.5
Owners of Marine Harvest ASA		408.6	1 115.7	3 077.9
Comprehensive income for the year attributable to				
Non-controlling interests		0.0	5.2	27.3
Owners of Marine Harvest ASA		3.9	1 091.8	3 229.3
Earnings per share - basic and diluted	24	0.11	0.31	0.87

STATEMENT OF FINANCIAL POSITION

MARINE HARVEST GROUP

	NOTE	2012	2011
ASSETS			
Non-current assets			
Licenses	8	5 435.4	5 577.5
Goodwill	8	2 115.5	2 146.1
Deferred tax assets	14	73.9	160.1
Other intangible assets	8	114.2	123.1
Total intangible assets		7 738.9	8 006.8
Property, plant and equipment	9	4 111.9	4 167.5
Investments in associated companies	20	647.3	624.4
Other shares	5/21	1 008.6	92.1
Other non-current assets		73.2	25.8
Total non-current assets		13 579.9	12 916.6
Current assets			
Inventory	6	819.7	783.0
Biological assets	6	6 207.9	6 285.2
Trade receivables	16	1 782.0	1 914.9
Other receivables	16	592.7	609.8
Cash	15	335.3	279.1
Total current assets		9 737.6	9 872.0
Total assets		23 317.4	22 788.6


MARINE HARVEST GROUP

	NOTE	2012	2011
EQUITY AND LIABILITIES			
Equity			
Share capital and reserves attributable to owners of Marine Harvest ASA	23	11 619.7	10 766.3
Non-controlling interests		69.0	75.8
Total equity		11 688.7	10 842.2
Non-current liabilities			
Deferred tax liabilities	14	2 543.7	2 351.9
Non-current interest-bearing debt	10	5 338.5	6 589.4
Other non-current liabilities	19	414.7	99.3
Total non-current liabilities		8 296.9	9 040.7
Current liabilities			
Current tax liabilities	14	26.2	86.6
Current interest-bearing debt	10	377.8	157.0
Trade payables	17	1 452.5	1 481.8
Other current liabilities	17	1 475.4	1 180.3
Total current liabilities		3 331.9	2 905.7
Total equity and liabilities		23 317.4	22 788.6

OSLO, 21 MARCH 2013



Ole-Eirik Lerøy
CHAIRMAN OF THE BOARD



Leif Frode Onarheim
VICE CHAIRMAN OF THE BOARD



Cecilie Fredriksen



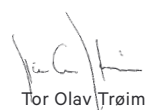
Michael Parker



Heger Sjø



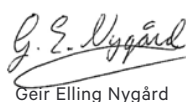
Solveig Strand



Tor Olav Trøim



Stein Mathiesen



Geir Elling Nygård



Turid Lande Solheim



Alf-Helge Aarskog
CHIEF EXECUTIVE OFFICER

STATEMENT OF CASH FLOW

MARINE HARVEST GROUP

	NOTE	2012	2011	2010
Cash flow from operations				
Earnings before taxes		789.2	1 382.9	4 252.4
Interest expense		382.8	405.8	380.3
Currency effects		- 523.3	- 236.4	- 366.8
Other financial items		320.0	- 342.9	195.3
Impairment losses and depreciation	9	677.7	733.7	658.1
Fair value adjustment on biological assets and onerous contracts	6	- 344.1	1 519.7	-1 077.4
Gain/loss on disposal of assets		- 6.6	- 44.3	- 5.6
Associated companies	20	- 88.3	8.5	- 202.0
Taxes paid	14	- 122.8	- 86.0	- 203.8
Change in inventory, trade payables and trade receivables		472.4	- 523.4	- 958.3
Other adjustments		- 4.1	- 19.6	- 103.1
Cash flow from operations		1 552.9	2 798.0	2 569.1
Cash flow from investments				
Proceeds from sale of fixed assets		70.6	68.6	22.1
Payments made for purchase of fixed assets	4	- 732.9	-1 054.9	- 986.5
Proceeds from sale of shares and other investments		124.3	77.2	59.8
Purchase of shares and other investments ¹⁾	5	- 519.6	- 215.0	- 0.6
Cash flow from investments		-1 057.6	-1 124.1	- 905.2
Cash flow from financing				
Proceeds from convertible bond		-	-	1 820.3
Proceeds from new interest-bearing debt (current and non-current)	10	12.2	3 125.0	3 874.4
Down payment of interest-bearing debt (current and non-current)	10	- 796.6	-1 894.7	-4 931.1
Interest received		56.2	13.1	12.5
Interest paid		- 358.5	- 361.7	- 362.1
Realised currency effects		209.9	251.6	172.4
Equity paid-in ¹⁾	5	425.0	42.1	-
Dividends paid to owners of Marine Harvest ASA		-	-2 878.5	-2 131.1
Dividends paid to non-controlling interests		-	-	- 1.7
Transactions own shares		-	- 2.8	-
Cash flow from financing		- 451.8	-1 705.9	-1 546.4
Currency effects on cash		- 10.6	1.0	- 1.2
Net change in cash in period		32.9	- 31.0	116.3
Cash - opening balance		213.2	244.2	127.9
Net change in cash in period		32.9	- 31.0	116.3
Cash - closing balance total	15	246.1	213.2	244.2

¹⁾ The acquisition of 48,5% of the shares in Morpol ASA was paid with NOK 512.6 million in cash and NOK 425.0 million in issuance of shares in Marine Harvest ASA.

STATEMENT OF CHANGES IN EQUITY

MARINE HARVEST GROUP

SPECIFICATION OF CHANGES IN EQUITY 2012	ATTRIBUTABLE TO OWNER'S OF MARINE HARVEST ASA						NON- CONTROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	SHARE PREMIUM RESERVES	CASH FLOW HEDGE RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	OTHER EQUITY	TOTAL		
Equity 01.01.12	2 685.9	54.9	171.5	- 436.1	8 290.2	10 766.4	75.8	10 842.2
Comprehensive income								
Profit					408.5	408.5	4.1	412.6
Other comprehensive income			- 82.6	- 345.6	23.4	-404.7	- 4.0	-408.7
Transactions with owners								
Issue of shares	125.4	724.1				849.5		849.5
Acquisition of non- controlling interests							- 6.9	- 6.9
Total equity 31.12.12	2 811.3	779.0	88.9	- 781.7	8 722.1	11 619.7	69.0	11 688.7

MARINE HARVEST GROUP

SPECIFICATION OF CHANGES IN EQUITY 2011	ATTRIBUTABLE TO OWNER'S OF MARINE HARVEST ASA						NON- CONTROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	SHARE PREMIUM RESERVES	CASH FLOW HEDGE RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	OTHER EQUITY	TOTAL		
Equity 01.01.11	2 681.2	17.5	275.3	- 403.4	9 929.4	12 500.0	70.6	12 570.6
Comprehensive income								
Profit					1 115.7	1 115.7	5.5	1 121.2
Other comprehensive income			- 103.8	- 32.7	112.6	- 23.9	- 0.3	- 24.2
Transactions with owners								
Acquisition of treasury shares					- 2.8	- 2.8		- 2.8
Issue of shares related to share price based incentive scheme	4.7	37.4				42.1		42.1
Dividend					-2 864.7	-2 864.7		-2 864.7
Total equity 31.12.11	2 685.9	54.9	171.5	- 436.1	8 290.2	10 766.4	75.8	10 842.2

Dividend per share for 2011 was NOK 0.80

NOTE 1 – GENERAL INFORMATION

Marine Harvest ASA is a Norwegian company located in Sandviksboder 77A/B 5035 Bergen. Marine Harvest ASA is a publicly listed company at the Oslo Stock Exchange, and the ticker is MHG.

The Group's operations and its operating activities are described in note 4. Marine Harvest has operations in 22 countries and has structured the main part of the operations in two business areas: Farming and Sales and Marketing. The Farming activities are located in Norway, Scotland, Canada, Chile, Ireland and the Faroes. Sales and Marketing comprises the global sales organisation, in addition to MH VAP Europe and Delifish and Ducktrap in Americas.

The financial statements are presented in NOK, and all figures are presented in

millions, unless otherwise stated. The companies in the Group have their national currency as functional currency, except for Singapore and the Chilean companies where USD is the functional currency. The parent company has NOK as its functional currency.

Comparable figures for two years are presented for the statement of comprehensive income, one-year comparison is provided for the statement of financial position and for the statement of cash flow. Certain reclassifications within other comprehensive income related to currency translation in 2011, has been carried out in 2012.

The financial statements were authorised for issue by the Board of Directors on 21 March 2013.

NOTE 2 – SIGNIFICANT ACCOUNTING PRINCIPLES

The principal accounting policies applied in the preparation of these consolidated financial statements are described below. These policies have been consistently applied to all periods presented.

BASIS OF PREPARATION

The financial statements for the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations issued by the International Accounting Standards Board (IASB) as adopted by the EU (EU-IFRS). Additional disclosure requirements according to the Norwegian Accounting Act are included.

At the end of 2012, there are new standards, changes in existing standards and interpretations that are enacted, but not yet effective, if relevant for the Marine Harvest Group, effects are listed in note 32.

The financial statements have been prepared on the historical cost basis, except when IFRS require recognition at fair value. This relates to measurement of certain financial instruments and valuation of biomass as described below. The accounting year equals the calendar year.

CONSOLIDATION

Consolidated financial statements present the financial position, comprehensive income, changes in equity, and the cash flow for the Group as a combined entity. All transactions, receivables and liabilities between companies in the Group are eliminated. Unrealised gains from internal transactions are eliminated. Unrealised losses from internal transactions are also eliminated, but are considered an impairment indicator of the asset transferred.

Subsidiaries

The Group's consolidated financial statements comprise the financial statements for companies in which the parent company or subsidiaries have a direct or indirect controlling influence.

Investment in associated companies

Associated companies are companies where the Group has significant influence and can exercise significant, but not controlling influence (normally ownership of 20-50%). Associated companies are included in the Group's financial statements according to the equity method.

FOREIGN CURRENCY TRANSLATION

The financial statements for the Group are presented in NOK, the functional currency for the parent company. The subsidiaries have their national currency as

functional currency, except for Singapore and the Chilean companies where USD is the functional currency.

Translation of accounts of foreign subsidiaries

Profit or loss transactions in foreign subsidiaries are translated using the average exchange rate for the accounting period. Assets and liabilities of a foreign subsidiary are translated at the exchange rate at the end of the reporting period.

Transactions in foreign currency

Transactions made in a foreign currency are translated using the currency rate at the time of the transaction.

Receivables, debt and other monetary items in foreign currency are measured at the currency rate at the closing date and the translation differences are recognised in profit or loss continuously. Other assets and debt in foreign currencies are valued at the currency rate on the transaction date.

Currency effects in comprehensive income

Currency effects related to bank accounts, current account, trade receivable, trade payable, hedging instruments, long term receivables and long term debt are classified as financial items. Unrealised currency effect related to cash flow hedges are classified as other comprehensive income, until the hedged transaction occurs when it is recycled through P&L.

FINANCIAL INSTRUMENTS – INITIAL AND SUBSEQUENT MEASUREMENT

Financial instruments in Marine Harvest are classified into the following specified categories:

- Financial assets and liabilities carried at amortised cost
- Financial instruments at fair value through profit or loss
- Financial assets at cost because the fair value cannot be reliably measured
- Financial derivatives designed as hedging instruments which qualify for hedge accounting

The classification depends on the nature and the purpose of the financial instrument, and is determined at the time of initial recognition. Subsequent measurement of financial instruments depends on their classification in the specified categories.

Measurement of financial assets and liabilities carried at amortised cost

Loans and receivables are assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets and interest bearing loans and borrowings are subsequently measured at amortised cost, less impairment. The amortised interest and losses from impairment are recognised in profit or loss as financial items.

Measurement of financial instruments at fair value through profit or loss

Financial instruments at fair value through profit or loss include

- financial instruments held for trading
- financial instruments designated upon initial recognition at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments that are not designated as hedging instruments that qualify for hedge accounting.

Financial instruments at “fair value through profit or loss” are recognised in the statement of financial position at fair value, with changes in the fair value recognised in profit or loss as financial items. Marine Harvest has designated investments in other shares listed on the stock exchange into this category.

Measurement of financial assets at cost because the fair value cannot be reliably measured

Financial assets at cost because fair value cannot be reliably measured are recognised in the financial position at cost less impairment.

Measurement of financial derivatives designed as hedging instruments which qualify for hedge accounting

Financial derivatives designed as hedging instruments which qualify for hedge accounting are recognised at fair value in the financial position, and changes in the fair value are recognised as other comprehensive income.

Fair value of financial instruments

The fair value of the financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount recognised in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Impairment of financial assets

Financial assets, other than those subsequently measured at fair value, are assessed for indicators of impairment. Financial assets are considered to be impaired when there is objective evidence that the estimated future cash flow of the investment will be negatively affected.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks. The Group trades in salmon derivatives, both as an operational activity and a financial activity. Derivative financial instruments are recognised at fair value. Derivatives are classified as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Gains or losses at expiration as well as unrealised changes in fair value on derivatives are recognised in profit or loss, except for cash flow hedges qualifying for hedge accounting, which are temporary recognised in other comprehensive income.

When a derivative is entered into, an evaluation is made of whether the derivative is part of a portfolio qualifying for hedge accounting or if changes in market value shall be charged to the profit or loss. The classification is documented with a description of the hedge relation and how to measure and follow up on hedge effectiveness.

Cash flow hedges

The non-current currency exposure in certain business units is hedged using forward contracts. The hedges are determined by expected future cash flows in the relevant foreign currency. Gains and losses on derivatives constituting a cash flow hedge is recognised in other comprehensive income and in a hedging reserve within equity until the hedged cash flow materialises and affects the profit or loss.

If a cash flow hedge expires without being renewed or the hedge relationship is terminated, accumulated gains and losses in the hedging reserve within equity are recycled through profit or loss in accordance with the above principle. If the hedged transaction is no longer expected to occur, accumulated unrealised gains and losses previously recognised in other comprehensive income is immediately reversed and recycled through profit or loss.

CONVERTIBLE BOND

Convertible bonds are recognised as liability, and are when issued, separated into two components which are classified as interest-bearing debt and non-current non-interest bearing debt, respectively.

REVENUE RECOGNITION

Revenue for the company is related to sales of fish and elaborated fish products. Sales of goods are recognised when the goods are delivered and significant ownership and risks have passed. This will normally be at delivery.

Changes in estimated fair value on biomass are recognised in profit or loss. The fair value adjustment is classified on a separate line; “fair value adjustment on biomass”. The change in fair value adjustment is calculated as the change in fair value of the biomass less the change in accumulated cost of production for the biomass.

Interest expense and income is recognised on an accrual basis.

GOVERNMENT GRANTS

Government grants are deducted from the carrying amount of the asset. The government grant will be recognised as income through reduced depreciations of the asset.

Government grants related to biological assets measured at fair value will be recognised as income, when and only when, the conditions attached to the government grants are met.

GOODWILL AND LICENSES

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. The goodwill in the statement of financial position is measured at acquisition cost less any write downs made after acquisition. The goodwill is allocated to the cash generating units which were expected to contribute to synergy capture and future profits when the acquisition occurred. The goodwill is subject to impairment testing annually, or when there is indication of impairment, and any impairment loss is recognised in the comprehensive income. Impairment losses on goodwill are not reversed.

The value of licenses acquired by the company (mainly licenses for salmon farming), is capitalised. In Norway, Chile, Ireland and Faroes the licenses are considered indefinite, while licenses in Scotland and Canada are automatically renewed as long as operations are in accordance with the required conditions. Farming licenses in these countries are therefore not depreciated. An impairment test is performed annually. Impairment write-downs are reversed if the value recovers.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is measured at acquisition cost less accumulated depreciation and write downs. Costs associated with normal maintenance and repairs are expensed when they occur. Costs of major replacements and renewals that substantially extend the economic life of the asset are capitalised. Assets are normally considered fixed assets if the useful economic life exceeds one year. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset.

Ordinary straight-line depreciation is applied over the useful life of the asset, based on the asset's historical cost price and estimated residual value at disposal. If a substantial part of an asset has an individual and different useful life, this part is depreciated separately. Depreciation is classified as an operational expense in the statement of comprehensive income. The asset's residual value and useful life is evaluated annually.

The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset.

IMPAIRMENT

The carrying amounts of the Group's assets are at the end of the reporting period reviewed to determine whether there are indications that specific assets have suffered an impairment loss. If such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and the net present value of discounted cash flows (value in use).

In addition an annual impairment test is carried out for intangible assets with indefinite life and goodwill. This impairment test is done by assessing the value in use based on the discounted future cash flows for each cash generating unit. For further information regarding impairment testing of intangible assets, reference is made to note 7 Impairment testing.

If the recoverable amount of a cash generating unit is estimated to be less than the carrying amount of the net assets of the cash generating unit, impairment write-down to the recoverable amount is recognised. If a write-down is required, goodwill is written down first, thereafter other intangible assets. If further write-downs are required, other fixed assets will be written down.

Impairment losses recognised in previous periods are reversed if the recoverable amount in a later period exceeds the carrying amount. The reversal will not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Impairment losses on goodwill are not reversed. Tangible assets that are not in use, or are held for sale, are valued individually.

LEASING

Assets leased on terms that largely transfer rights and obligations to the Group (financial leasing) are capitalised as tangible assets, and the financial obligations are recognised as other long-term debt. Other lease expenses are classified as regular leasing costs, and presented as ordinary operating expenses (operational leasing).

Leased items classified as assets are subject to depreciation according to the useful life of the asset, and the leasing liabilities are reduced with the leasing fees paid, net of deduction of interest.

INVENTORY

Inventories comprise mainly feed, goods in progress, packaging materials and finished goods. Inventories of goods are measured at the lower of cost and net realisable value.

The cost of finished goods includes direct material costs, direct personnel expenses, and indirect processing costs (full production cost). Interest costs are not included in the inventory value. The cost price of purchased goods is the actual purchase price. The cost is based on the principle of first-in first-out or weighted average.

If fish farmed by the Group is included in inventory as raw material for further processing in one of the Groups processing entities, such fish is included in inventory with its fair value when put to inventory.

BIOLOGICAL ASSETS

Biological assets comprise eggs, juveniles, smolt and fish in the sea. Biological assets are, in accordance with IAS 41, measured at fair value less cost to sell, unless the fair value cannot be measured reliably. Broodstock, smolt and live fish below 1 kg are measured at cost less impairment losses. Biomass beyond this is measured at fair value less cost to sell. Live fish over 4 kg are measured to full net value, while a proportionate expected net profit at harvest is incorporated for live fish between 1 kg and 4 kg.

Effective markets for sale of live fish do not exist so the valuation of live fish under IAS 41 implies establishment of an estimated fair value of the fish in a hypothetical market. The calculation of the estimated fair value is based on market prices for harvested fish and adjusted for estimated differences in accordance with IAS 41.18

b). The prices are reduced for harvesting costs and freight costs to market, to arrive at a net value back to farm. The valuation reflects the expected quality grading and size distribution. The valuation is completed for each business unit and is based on biomass in sea for each sea water site and the market price in each market derived from the development in contract as well as spot prices. Forward prices have been included in the calculation where reliable information is available. The change in estimated fair value is recognised in profit or loss on a continuous basis, and is classified separately (not included in the cost of the harvested biomass).

Biomass acquired through business combinations are carried at full production cost plus fair value adjustment. When this fish is harvested and sold the cost of production is classified in the comprehensive income as cost of goods sold, and the fair value adjustment on this fish when acquired through a business combination is classified as "fair value (excess of cost) on biomass acquired and harvested".

FIXED PRICE CONTRACTS

External customer contracts where both volumes and prices are fixed shall be considered for provisions for onerous contracts. A contract is considered onerous if the contract price is lower than the recognised value of the underlying assets. The evaluation of an onerous contract is performed per business unit, as the contract specifies delivery from a specific business unit and the fair value also is calculated per business unit.

TAXES

Taxes in profit or loss comprise taxes on the taxable profit for the year, changes in deferred taxes and adjustments in previous year's taxes. Taxes on transactions that are recorded in other comprehensive income or directly in equity do not form part of the tax expense in profit and loss.

Tax payable is calculated using the nominal tax rate for the relevant tax jurisdiction at the end of the reporting period.

Deferred tax is calculated on the basis of temporary differences between accounting and taxation values at the close of the accounting year.

Deferred tax assets arise from temporary differences that give rise to future tax deductions. Deferred tax assets are only recognised in the statement of financial position if it is likely that it can be utilised directly or by netting a deferred tax liability.

Tax increasing and tax decreasing temporary differences are offset against each other to the extent that the taxes can be netted within one tax regime.

PROVISION FOR LIABILITIES

A provision is recognised in the accounts if the company has a legal or constructive/ self-administered obligation related to a past event, and it is likely that the obligation will lead to a financial outflow for the company. Long-term provisions are valued based on discounted expected cash flows.

RESTRUCTURING COSTS

Provisions for restructuring costs will be recognised if the company within the end of the reporting period has published or started a restructuring plan, which identifies what parts of the company, and approximately how many employees that will be affected, the actions that will be taken, and when the plan will be implemented. Provisions are recognised only for costs that cannot be associated with future earnings. Costs related to restructuring are classified on a separate line in the profit or loss.

SHARE PRICE BASED BONUS SCHEME

The Group has a share price based bonus scheme which will be settled in cash. The fair value of the program is recognised as a payroll expense and a liability. The fair value of each allotment is measured at the end of each reporting period and accrued over the period until the employees have earned an unconditional right to receive them.

CASH FLOW STATEMENT AND CASH

The cash flow statement is prepared in accordance with the indirect method. Cash in the cash flow statement comprise cash and bank deposits, except restricted funds, while cash and cash equivalents in the statement of financial position includes restricted funds.

NOTE 3 - ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the recognised amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on past experience and information perceived to be relevant and probable when the judgments are made. Estimates are reviewed on an on-going basis and actual values and results may deviate from these estimates. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Items typically subject to use of accounting estimates and judgments are:

- Intangible assets (goodwill and licenses)
- Property, plant and equipment - depreciation and write down
- Biological assets and inventory
- Restructuring (not material in 2012)
- Hedge accounting
- Investments in associated companies
- Taxes (recognition of deferred tax assets)
- Contingent liabilities
- Future events, new information and changes in the regulatory frames

Intangible assets – goodwill and farming licenses

The annual impairment test on intangible assets is based on a discounted cash flow model per cash generating unit (CGU). The cash flows used in the calculations represents management's best estimate at the time of reporting. The assumptions used, rests on uncertainty with regards to product prices, input prices, biological performance and the future regulatory frames. Costs can normally be estimated with a higher degree of accuracy than income. As the profitability in the salmon farming industry historically has been very volatile, depending on the development in the price of salmon, Marine Harvest uses budgets and long-term plans for the first four years of the analysis, but return to long term historic averages for profitability in the fifth year and terminal value.

The WACC model is used for estimating the discount rate. The model input is updated every year for the annual impairment test. The choice of input to the model significantly influences the model outcome, and to ensure that there is as little uncertainty as possible with regards to the calculation of the WACC, third party sources are used where available (interest, inflation, beta). The WACC is calculated separately for the different geographic CGUs for improved accuracy.

Indications of impairment that initiate testing beyond the year end test include, significant reduction in the profitability of the CGU compared to previous periods, negative deviations from budgets, changes in the use of assets, market changes and regulatory changes.

For further information about uncertainty in the valuation of intangible assets and impairment testing, reference is made to note 7, Impairment testing. Note 8, Intangible assets, illustrates the distribution of intangible assets in the Group.

Property, plant and equipment – depreciation and write down

The expected useful life of an asset in the Group is estimated based on historic performance per asset category. The useful life of similar assets might differ between geographic locations due to differences in the conditions under which the assets are used (e.g. wear and tear). If a substantial part of an asset has individual or different useful life, this part is depreciated separately. The estimated useful life and the actual life of an asset might differ. In order to ensure that asset values and depreciation are as correct as possible, the carrying amounts of the Group's assets are at the end of the reporting period reviewed to determine whether there are indications that specific assets have suffered an impairment loss or if there has been a change in the useful life of the asset. Impairment losses for specific assets are recognised in the financial statements immediately. Likewise, impairment losses from previous periods are reversed if new calculations support a reversal.

For additional information about the categories, estimated useful life and depreciation method for Property, Plant and Equipment see note 9.

Biological assets and inventory

Biological assets comprise eggs, juveniles, smolt and fish in the sea. These assets are measured at fair value less cost to sell, unless the fair value cannot be measured reliably. The estimation of the fair value relies on a series of uncertain assumptions e.g. biomass volume, biomass quality, size distribution, market prices and costs.

Marine Harvest measures all deviations in biomass volume compared to estimates when a site is emptied or harvested out. Excepting situations where there has been an incident causing mass mortality, in particular early in the cycle, combined with inability to count and weigh fish post the event in fear of stressing the fish additionally, the volume deviations are normally minor. Similarly, excluding the effects of soft flesh and melanin, the quality of the fish can normally be estimated with a relatively high degree of accuracy. Categorisation of quality is normally set per country based on averages, but can be set individually per site when needed. The size distribution shows some degree of variation, but normally not to an extent that significantly changes the estimated value of the biomass (the value of two fish at average weight 5 kg is very similar to the value of two fish with weights 4 kg and 6 kg).

The accumulated cost of the fish per kg will only deviate from the estimate if the volume is different than the estimate. For the estimation of future costs, there is uncertainty with regards to feed prices, other input costs and biological development. Marine Harvest measures cost deviations vs budget as part of the follow up of business units. Excluding special situations (incidents etc), the deviations in costs vs budgets are normally limited for a group of sites, although individual sites might show deviations. The estimation of costs influences the biomass value through the recognised fair value adjustment in the statements of comprehensive income and financial position (calculated as fair value less accumulated biological costs).

The key element in the estimation of fair value is the assumed market price. In Marine Harvest, the assumed market price is derived from a variety of sources, normally a combination of achieved prices last month and the most recent contract entered into. For Marine Harvest Norway, quoted forward prices (Fishpool) are also included in the calculation. The introduction of third party forward prices in the price basket improves the reliability of the price estimation, but a major part of the base for the price estimate is still historic price achievement, which may not be a good proxy for the future price.

Inventories comprise mainly feed, goods in progress, packaging materials and finished goods. Inventories are measured at the lower of costs and net realisable value. Inventory is valued at full production costs based on standards and allocation keys. The allocation keys and standards are based on estimates that are subject to uncertainty. Inventory is tested for impairment and obsolescence at least annually. Inventory that is impaired or obsolete is written down.

For further information about biological asset values and inventory reference is made to note 6 Biological assets, inventory and cost of materials.

Hedge accounting

The decision to apply hedge accounting on certain foreign exchange derivatives is made on the basis of an evaluation of the underlying currency exposures in each financial year. Such evaluation is normally made annually on the basis of budgets and long term plans, and the effectiveness of the hedges depends on these exposures actually materializing.

For further information about Financial instruments reference is made to note 11 Financial instruments and note 12 Capital management and risk management.

Investments in associated companies

Marine Harvest has investments in several associated companies, within the seafood industry. These are recognised in the financial statements in accordance with the equity method. In addition to being influenced by changes in the fair value of biomass, the value of the companies will to some degree be subject to partner risk.

The main investment in associated companies is the 48% ownership in Nova Sea As, which, as a salmon farming company, is influenced by the same estimate uncertainties as described above.

For further information about associated companies reference is made to note 20 Investments in associated companies.

Taxes

Deferred tax assets are recognised when it is likely that the asset can be utilised. When determining the amount to be recognised, Marine Harvest evaluates the expected timing of the utilisation of the asset, future taxable profit, temporary differences, announced changes in the tax rules and the Group's strategic tax planning. If a company in the Group has recognised losses in past periods, the tax asset resulting from losses carried forward is only recognised if it is highly probable that the company will generate sufficient taxable income going forward to utilise the tax asset.

In addition will, future, not publicly known changes in the tax rules influence the value of the asset once known.

For further information about taxes, deferred tax assets, maturities and tax rates, reference is made to note 14 Taxes.

Contingent liabilities

Contingent liabilities are recognised when it is more likely than not that a liability will result in an obligation to pay or otherwise compensate the opposite party. Marine Harvest Corporate tracks the development in these liabilities on a semi-annual basis, with updates in between if there are material changes in a specific case. In assessing the likelihood of having an adverse conclusion to a case, the Group uses third party advisers when necessary. There still rests substantial uncertainty with regards to the assessment of likelihood and also the correct amount to be recognised.

For further information about the Group's material contingent liabilities, reference is made to note 26 Contingent liabilities.

Future events, new information and changes in the regulatory frames

Future events, new information and changes in the regulatory frames could result in changes to the estimates and assumptions used to finalise the accounts. New statements and interpretations of standards could further result in changes to the principles and presentations.

To reduce the risk of surprises, Marine Harvest continuously works to stay updated on changes in laws and regulations and the market development.

NOTE 4 - BUSINESS SEGMENTS


Segment structure

Marine Harvest is organised in two business areas, Farming and Sales and Marketing. The performance of the two business areas is monitored to reach the overall objective of maximising the operational EBIT per kg and margins. Consequently, reporting is focused towards measuring and illustrating the overall profitability of harvested volume based on source of origin (operational EBIT/kg) and operational EBIT margin for MH VAP Europe.

Business area Farming includes the farming operations in Norway, Scotland, Canada, Chile, Ireland and the Faroes.

Business area Sales and Marketing includes Processing and Markets in Americas, Asia and Europe and MH VAP Europe. Business unit MH VAP Europe is processing and selling elaborated seafood in the European market, of which approximately 70% based on Atlantic salmon.

The pricing principle between the two business areas is NOS or similar for spot sales, while contracts are on market terms, with the target for Sales and Marketing to maximize profit beyond these terms.

Segment information and reportable segments

Segment information is reported in accordance with the internal reporting to the Group Management Team (chief operating decision makers).

The reportable segments are: Farming, Markets and MH VAP Europe. The farming units have been aggregated into one reportable segment as the business units

within the segment represents business of similar nature and economic characteristics. MH VAP Europe is defined as a separate reportable segment because the revenue represents more than 10% of total revenue and the business is not considered similar in nature to the other units in Sales and Marketing. Business unit "Other" consists of Corporate functions and holding companies in addition to Sterling White Halibut. Segment result is defined as Operational EBIT. Legal entities with activities in Farming and Markets do not split their financial items or their statement of financial position. Assets and Liabilities are therefore reported country by country in the segment reporting.

Accounting principles and comparable information

The same accounting principles as described for the Group financial statements have been applied for the segment reporting. Intersegment transfers or transactions are entered into under normal commercial terms and conditions, and the measurement used in the segment reporting is the same as used for the actual transactions.

The split of revenue between Farming and Sales and Marketing for the first quarter of 2011 is estimated for the purpose of comparable figures in the segment reporting, as the current Business Area organisation was operational from 1 April 2011.

Trading of salmon derivatives are a part of the operational activities in Business Area Sales and Marketing, and are classified as operational activities. In the segment reporting only the realised gains and losses on salmon derivatives are included in the operational revenue and operational EBIT. Unrealised gains/losses on salmon derivatives are carried by Corporate. Both realised and unrealised gains and losses are classified as revenue in profit and loss in the statement of comprehensive income.

KEY SEGMENT FIGURES

BUSINESS AREAS	FARMING	SALES AND MARKETING		OTHER	ELIMINATIONS ¹⁾	TOTAL
		MARKET	VAP EUROPE			
2012						
External revenue	403.4	11 156.3	3 927.2	82.5	-	15 569.3
Internal revenue	10 206.1	1 550.0	16.9	48.7	-11 821.7	-
Operational revenue	10 609.5	12 706.3	3 944.1	131.1	-11 821.7	15 569.3
Change in unrealised salmon derivatives	-	-	-	- 105.8	-	- 105.8
Revenue in profit and loss	10 609.5	12 706.3	3 944.1	25.4	-11 821.7	15 463.5
Operational EBITDA	997.8	356.0	80.0	- 113.2	-	1 320.6
Operational EBIT	415.1	344.2	5.8	- 121.7	-	643.4
Change in unrealised salmon derivatives	-	-	-	- 105.8	-	- 105.8
Fair value adjustment on biological assets	359.0	-	-	- 8.8	-	350.2
Onerous contracts provision	- 6.1	-	-	-	-	- 6.1
Restructuring cost	- 0.8	-	-	-	-	- 0.8
Income from associated companies	85.4	-	2.9	-	-	88.3
Impairment losses	1.1	-	- 1.6	-	-	- 0.5
EBIT	853.7	344.2	7.1	- 236.3	-	968.7
2011						
External revenue ²⁾	516.3	11 260.5	4 204.8	82.1	- 40.1	16 023.6
Internal revenue ²⁾	10 943.6	1 721.5	74.4	29.2	-12 768.8	-
Operational revenue	11 460.0	12 982.0	4 279.2	111.3	-12 808.9	16 023.6
Change in unrealised salmon derivatives	-	-	-	109.3	-	109.3
Revenue in profit and loss	11 460.0	12 982.0	4 279.2	220.6	-12 808.9	16 132.8
Operational EBITDA	3 064.4	238.0	183.5	- 93.8	- 8.2	3 384.0
Operational EBIT	2 489.6	228.2	107.9	- 102.0	- 6.4	2 717.3
Change in unrealised salmon derivatives	-	-	-	109.3	-	109.3
Fair value adjustment on biological assets	- 1 515.3	-	-	1.7	- 0.4	- 1 514.0
Onerous contracts provision	- 4.8	-	- 1.0	-	0.1	- 5.8
Restructuring cost	- 23.4	-	1.6	-	-	- 21.8
Income from associated companies	- 8.5	-	-	-	-	- 8.5
Impairment losses	- 64.4	- 0.4	- 2.2	-	-	- 67.0
EBIT	873.2	227.7	106.2	9.0	- 6.7	1 209.5

¹⁾ Eliminations 2011 includes exchange effects related the new segment reporting starting 1 April

²⁾ Split of revenue between Farming and Sales and Marketing for Q1 2011 is estimated

ASSETS, INVESTMENTS AND NUMBER OF EMPLOYEES BY GEOGRAPHICAL LOCATION

2012	NORWAY	SCOTLAND	CANADA	CHILE	US ¹⁾	MH VAP EUROPE	CORPORATE/ OTHER ²⁾	ELIMINA- TIONS	TOTAL
Investment in associated companies	262.4	-	-	-	-	-	384.9		647.3
Other assets ³⁾	12 464.1	1 737.5	2 703.8	2 432.6	592.1	2 304.3	5 787.6	-5 351.9	22 670.2
Total assets	12 726.5	1 737.5	2 703.8	2 432.6	592.1	2 304.3	6 172.5	-5 351.9	23 317.4
Total liabilities	-4 510.2	- 588.9	- 384.3	-1 752.4	- 294.3	-1 101.4	-8 349.1	5 351.9	-11 628.7
Gross investments	266.2	176.5	52.7	104.7	0.9	85.7	46.3		732.9
Number of employees 31.12 (FTE)	1 685	456	419	502	558	2 236	533		6 389
2011									
Investment in associated companies	299.4	-	-	-	-	-	324.9		624.4
Other assets ³⁾	12 279.5	1 931.5	3 080.6	2 816.2	607.2	2 411.7	4 371.5	-5 333.9	22 164.2
Total assets	12 578.9	1 931.5	3 080.6	2 816.2	607.2	2 411.7	4 696.4	-5 333.9	22 788.6
Total liabilities	-4 162.0	- 452.4	- 484.1	-1 909.2	- 279.0	-1 108.4	-8 885.2	5 333.9	-11 946.4
Gross investments	520.6	111.4	71.3	150.3	3.9	117.3	80.0		1 054.9
Number of employees 31.12 (FTE)	1 556	464	473	489	543	2 332	467		6 324

¹⁾ US includes smoked processing in Delifish in Chile. ²⁾ Other includes Ireland, Faroes and Asia. ³⁾ Assets held by Corporate include internal receivables

REVENUE BY CUSTOMERS LOCATION

	2012	2011
Norway	845.2	579.8
Europe excluding Norway	10 285.5	10 948.9
America	2 738.0	2 870.7
Asia	1 371.7	1 141.3
Other markets	104.3	125.1
External gross revenue	15 344.7	15 665.8
Other income	224.6	357.8
Operational revenue	15 569.3	16 023.6

Marine Harvest has no customers accounting for 10% or more of the revenues

REVENUE BY PRODUCT

	2012	2011
Salmon whole fresh	8 351.9	8 609.9
Salmon smoked fresh	1 041.1	1 277.5
Salmon processed fresh	3 130.4	3 199.9
Salmon whole frozen	117.5	160.0
Salmon smoked frozen	165.7	160.5
Salmon processed frozen	969.9	936.6
Non salmon species and Ingredients	1 568.2	1 321.4
External gross revenue	15 344.7	15 665.8

NOTE 5 - BUSINESS COMBINATIONS

On 18 December 2012 Marine Harvest ASA acquired 48.5% of the shares in Morpol ASA. The company is listed on the Oslo Stock Exchange. The purchase price was NOK 938 million, which was NOK 1150 per share and a market capitalisation of NOK 1 932 million. From the purchase price NOK 513 million was paid in cash and the remaining NOK 425 million was paid through issuance of shares in Marine Harvest ASA. 15 January 2013 Marine Harvest ASA submitted a mandatory offer for the remaining shares in Morpol ASA of NOK 1150 per share, with acceptance deadline 26 February 2013. The result of the offer was that Marine Harvest ASA acquired additional 38.6% of the shares in Morpol ASA. The total ownership as of 21 March 2013 is 87.1% at a total purchase price of NOK 1 682 million.

The acquisition has to be approved by the competition authorities within EU and Ukraine. A filing process takes on average approximately 6 months, and Marine Harvest expects to consolidate Morpol into the Group financial statements from the

third quarter of 2013. Marine Harvest ASA will not be eligible to vote for its Morpol shares until the transaction has been approved. Marine Harvest ASA has not yet acquired either control or significant influence of the shares in Morpol ASA. The investment does neither meet the requirements for a business combination nor as an investment in associated company until an approval from the competition authorities has been achieved. The investment will, until approval, be recognised as a financial instrument at fair value through profit and loss, classified as an "Investment in other shares". The purchase price allocation has not yet been carried out.

Morpol ASA is the world leader in value added processing. The purchase of Morpol is in line with Marine Harvest's strategy of forming a world leading integrated protein group. The Morpol acquisition will further strengthen the Group's capacity for processed salmon products in several markets where Marine Harvest previously has not been very active.

KEY FIGURES FOR MORPOL ASA AS OF 31 DECEMBER 2012:

	(UNAUDITED)	
Profit and loss for 2012:		
Revenue	EUR	502.7
EBITDA	EUR	45.6
Profit and loss	EUR	21.6
Financial position as of 31 December 2012:		
Intangible assets	EUR	127.6
Property, plant and equipment	EUR	161.8
Inventories	EUR	117.4
Other assets	EUR	126.7
Cash and cash equivalents	EUR	68.4
Total assets	EUR	601.9
Long-term interest bearing debt	EUR	- 38.3
Short-term interest bearing debt	EUR	- 217.3
Other liabilities	EUR	- 107.5
Non-controlling interests	EUR	- 5.6
Equity attributable to the owners of Morpol ASA	EUR	233.2

NOTE 6 - BIOLOGICAL ASSETS

Valuation of biological assets

The accounting principles and the valuation model applied for valuation of biological assets are explained in note 2 – Significant accounting policies.

Valuation of biological assets is affected by the market prices of fish. The market price risk is reduced through fixed price/volume customer contracts and financial contracts as explained in note 12.

Assumptions used for determining fair value of live fish

The estimated fair value of biomass will always be based on uncertain assumptions, even though the company has built substantial expertise in assessing these factors. Estimates are applied to the following factors: biomass volume, the quality of the biomass, the size distribution and market prices.

Biomass volume: The biomass volume is in itself an estimate based on the number of smolt put to sea, the estimated growth from the time of stocking, estimated mortality based on observed and expected mortality etc. The uncertainty with regards to biomass volume is normally low. The uncertainty will, however, be higher if an incident has resulted in mass mortality, especially early in the cycle, or if the health status restricts handling the fish.

The quality of the biomass: The quality of the biomass can be difficult to assess prior to harvesting, if the reason for downgrading is related to muscle quality (e.g. the effect of Kudoo in Canada). In Norway downgraded fish is normally priced based on standard rates of deduction compared to a Superior quality fish. For fish classified as ordinary the standard rate of reduction is NOK 1.50 – NOK 2.00 per kg gutted

weight. For fish classified as production grade the standard rate of reduction is NOK 5.00 to NOK 15.00 per kg gutted weight depending on the reason for downgrading. In other countries the price deductions related to quality are not as standardized. Excluding the Kudoo effects, the quality of harvested fish has been good in 2012.

The size distribution: Fish in sea grows at different rates and even in a situation with good estimates for the average weight of the fish there can be considerable spread in the quality and weight of the fish. The size distribution affects the price achieved for the fish as each size category of fish is priced separately in the market. When estimating the biomass value a normal, expected size distribution is applied.

Market price: The market price assumption is very important for the valuation and even minor changes in the market price will give significant changes in the valuation. The methodology used for establishing the market price is explained in note 2. If assumed that all fish per 31 December 2012 were of harvest size and the volume is 240 572 tons live weight, a change in the price of NOK 1 per kg gutted weight would change the valuation by NOK 200 million.

Write-down of biomass (extraordinary mortality)

Extraordinary mortality is accounted for when a site either experiences elevated mortality over time or mass mortality due to an incident on the farm (outbreak of disease, lack of oxygen etc.). In 2012, all farming units, except Marine Harvest Faroes, recorded extraordinary mortality losses. Reference is made to note 31 - Exceptional items, where the most important losses are described.

RECONCILIATION OF CHANGES IN CARRYING AMOUNT OF BIOLOGICAL ASSETS

	2012	2011	2010
Carrying amount 01.01	6 285.2	7 278.1	5 351.1
Purchases	7 704.8	7 400.6	6 249.6
Change in fair value	350.2	-1 514.4	1 091.7
Mortality fish in sea in period	- 141.4	- 163.0	- 85.8
Costs of harvested fish	-7 879.0	-6 749.0	-5 335.5
Currency translation differences	- 112.0	32.9	7.0
Total carrying amount of biological assets as of 31.12	6 207.9	6 285.2	7 278.1

FAIR VALUE ADJUSTMENTS ON BIOLOGICAL ASSETS IN THE STATEMENT OF FINANCIAL POSITION

	2012	2011	2010
Marine Harvest Norway	701.3	206.2	1 367.2
Marine Harvest Chile	- 40.8	33.5	79.4
Marine Harvest Canada	- 16.0	6.4	169.8
Marine Harvest Scotland	160.4	176.8	280.5
Marine Harvest Faroes	9.3	1.2	46.1
Marine Harvest Ireland	21.0	58.3	59.6
Sterling White Halibut	0.6	9.4	7.7
Total fair value adjustment included in carrying amount in the statement of financial position	835.7	491.8	2 010.2
Biomass at cost	5 372.1	5 793.4	5 268.0
Total biological assets	6 207.9	6 285.2	7 278.1

FAIR VALUE ADJUSTMENTS ON BIOLOGICAL ASSETS IN THE STATEMENT OF COMPREHENSIVE INCOME

	2012	2011	2010
Marine Harvest Norway	495.0	-1 160.9	705.6
Marine Harvest Chile	- 74.8	- 44.8	82.1
Marine Harvest Canada	- 23.0	- 157.9	56.4
Marine Harvest Scotland	- 11.8	- 106.8	199.5
Marine Harvest Faroes	8.3	- 44.8	41.3
Marine Harvest Ireland	- 34.8	- 1.0	4.4
Sterling White Halibut	- 8.8	1.7	2.4
Total fair value adjustment in the statement of comprehensive income	350.2	-1 514.4	1 091.7

The fair value adjustment to biomass amounted to a profit of NOK 350.2 million in 2012, an increase from a loss of NOK 1 514.4 million in 2011 due to increased price.

VOLUMES OF BIOMASS

	2012	2011	2010
Volume of biomass harvested during the year (gutted weight) ¹⁾	393 170	343 652	296 762
Volume of biomass in the sea at year-end (live weight)	240 572	261 010	250 966

¹⁾ Volume harvested for all entities. The figure includes Sterling White Halibut

INVENTORY

	2012	2011	2010
Raw materials and goods in process	364.5	357.7	355.1
Finished goods	455.3	425.4	420.7
Total carrying amount of inventory	819.7	783.0	775.8

Raw materials include packaging materials and feed. Goods in process includes semi-finished products and spare parts.
Finished goods include all products ready for sale.

NOTE 7 - IMPAIRMENT TESTING

The Group tests intangible assets for impairment annually or more frequently if there are indications that the assets are impaired. The annual impairment test is performed at year-end. Marine Harvest has substantial assets with indefinite lives in the form of licenses. The licenses are subject to impairment testing in combination with goodwill in the annual impairment test. Marine Harvest has identified the operating units in different countries as the cash generating units (CGUs), but in situations where the activities in several countries are monitored and followed up combined as one segment or unit, the intangible assets are impairment tested for the relevant group of cash generating units (e.g. Marine Harvest VAP Europe and Marine Harvest Asia). A group of cash generating units is never larger than an operating segment as defined in IFRS 8 Operating segments.

As of 1 April 2011, Marine Harvest implemented a new organisation, moving from a geographic structure to a functional structure with two Business Areas: Farming and Sales and Marketing. For cash flow follow up, the legal entities have been maintained and the CGU's Norway, Scotland, Canada, Chile, Ireland and Faroes therefore include the cash flow generated by the local sales and farming organisations. The smoking operations in Chile and the US and the sales and processing organisation in the US are combined in one CGU as these entities are monitored as one entity. The sales unit in Spain has been tested on an individual basis since the reorganisation, as it is followed up through the European sales organisation independent of the European farming CGUs.

For an overview of goodwill and license values reference is made to note 8.

INDICATIONS OF IMPAIRMENT - Marine Harvest Group:

At year-end the market value of the Group's equity was higher than the carrying amount of equity, which is an indication that the market considers the value of the Group's assets to exceed the carrying amount. Since year-end the market value has continued to increase. The impairment testing at year-end did not identify any impairment losses.

Comparison to the 2011 impairment test:

During 2012, there have been some changes to internal and external factors influencing the future cash flows compared to 2011. Based on the achieved results and the market prospects, it was decided to gradually increase the smolt stocking in Chile. Harvest volume in the final year has therefore been increased to 60 000

tonnes gutted weight from 40 000 tonnes in the 2011 test. In Norway, increased capital expenditure in smolt operations will increase the smolt size which will improve the MAB utilisation. A 4% increase in the MAB has also been included in the final year based on indications that this is a likely scenario. These effects, combined with improved survival have increased the harvest volume in the final year of the calculation by almost 40 000 tonnes. The MAB increase is uncertain and as such there is a risk that the 2017 volumes could be lower than what is in the model. The headroom in the calculation is substantial even without the increased capacity. The farming forecasts are based on normal (improving) survival rates. The effects of being an integrated protein producer, with own feed capacity in Norway and potentially a significantly higher elaborated processing capacity in Europe (Morpol), have not been included in the figures. Price wise, the challenging market conditions in 2012 were anticipated in the 2011 impairment test. The 2011 test also assumed that the market would remain challenging in 2013. The market outlook for 2013, now seems much better than what was assumed a year ago. With an improved market outlook for the coming years, the value of near term cash flows have increased for all the farming based CGUs. 2012 was a difficult year for Marine Harvest's VAP operations, but it is expected that the on-going initiatives to restructure the operations will return this CGU to sustainable margins.

Marine Harvest Chile:

Due to the ISA challenges in the Chilean salmon industry (2007-2009), volumes have been significantly reduced. Marine Harvest's Chilean farming operation has successfully adjusted to a lower level of activity with good biological performance. A very challenging US market as a result of the supply/demand imbalance caused the Chilean operation to sustain losses in 2012. The market situation is expected to improve in 2013 and beyond and as a result Marine Harvest has decided to increase the number of smolts stocked in the long term plan. The growth plan (+ 20 000 tonnes gutted weight in the end year of the test) has increased the cash generation of the unit, and the calculated NPV in the annual impairment test has therefore increased substantially.

KEY ELEMENTS FOR THE IMPAIRMENT TEST -

Methodology:

Impairment testing is a test to verify that the recoverable amount of an asset exceeds the recognised value. The recoverable amount can be either the value in use or the sales value net of costs related to the sale. For Marine Harvest, the recover-

ASSUMPTIONS

ENTITY	HARVEST HOG. 2012 TONNES	CAGR VOLUME 2012-2017	CAGR VOLUME 2013-2017	2012 WACC BEFORE TAX %	2011 WACC BEFORE TAX %	2012 RESIDUAL VALUE GROWTH %	2011 RESIDUAL VALUE GROWTH %
Marine Harvest Norway	255 306	1.8 %	5.0 %	8.2 %	7.5 %	1.8 %	1.7 %
Marine Harvest Chile	40 222	8.3 %	15.7 %	9.0 %	7.5 %	1.7 %	1.8 %
Marine Harvest Canada	40 217	-0.1 %	5.1 %	8.2 %	7.4 %	1.7 %	1.7 %
Marine Harvest Scotland	40 261	10.1 %	10.4 %	8.6 %	7.7 %	1.8 %	1.7 %
Marine Harvest Ireland	9 407	11.9 %	31.9 %	10.5 %	13.4 %	1.8 %	1.7 %
Marine Harvest Faroes	6 893	-10.1 %	-9.6 %	8.2 %	7.5 %	1.8 %	1.7 %
Sterling White Halibut	864	6.8 %	7.0 %	8.2 %	7.5 %	1.8 %	1.7 %
Marine Harvest VAP Europe				8.6 %	9.3 %	1.5 %	1.5 %
Marine Harvest Asia				8.2 %	7.5 %	1.8 %	1.7 %
Marine Harvest USA sale and smoked				9.0 %	7.5 %	1.7 %	1.8 %
Marine Harvest Spain				8.6 %	9.3 %	1.5 %	1.5 %
Total	393 170	3.4 %	7.3 %				

able amount is based on the net present value of estimated future cash flows (value in use) for the cash generating unit (CGU) in line with IAS 36. The net present value of the cash flow is compared against the invested capital in the CGU. If the carrying amount (invested capital) is higher than the calculated value in use, an impairment loss is recognised in profit and loss in the comprehensive income, reducing the asset value to the calculated value in use. The estimated cash flows are based on the assumption of continued operation as part of the Marine Harvest Group.

Forecast period:

For all CGUs the impairment test is based on 5 years of forecasted figures. The expected future cash flows are based on the approved budgets for 2013 and the long term plan (LTP), developed in May/June 2012, for the following 3 years (2014-2016). Some adjustments have been made to the LTP figures in situations where new knowledge has changed the expectations. Figures for 2017 (final forecast year) have been adjusted to reflect steady state operations. Undocumented, target oriented cost reduction efforts and improvement programmes have not been incorporated in the LTP figures.

Key assumptions:

The key assumptions used in the calculation of value in use are harvest volume, EBIT(DA)/margins, capital expenditure, discount rates and the residual growth rates.

Harvest volume:

Harvested volume is based on the current stocking plans for each unit and forecasted figures for sea water growth and mortality. The compounded annual growth rate (CAGR) in harvest volume in the forecast period (2012-2017) is between 0% and 12%. All growth is within existing licence capacity with the exception of Scotland, where additional capacity from existing sites has been added for 2013 combined with additional license capacity in 2014-2016. In Norway a 4% increase in MAB has been assumed.

EBIT(DA)/Margins:

The key profit target for Salmon farming and sales is EBIT per kg, while value added operations are measured in terms of EBIT/EBITDA in % of sales. EBIT per kg is highly volatile due to the fluctuations in the price of salmon. Costs can under normal circumstances be forecasted with a relatively high level of accuracy. As Marine Harvest has entered into long term sales contracts for a share of the volume to be harvested in 2013, the margin for 2013 can be forecasted with a higher level of accuracy than the margin for the years beyond (2014-2017). The budgeted margin for 2013 is higher than the historic average for all EU farming CGUs as the prices are expected to be good in Europe in 2013. Prices in the American market are expected to increase, but remain at a relatively low level in 2013 due to the continuous supply surge from Chile. For the years 2014 – 2016, EBIT per kg is expected to increase to reflect the foreseen market development. From 2017 a long term steady state return has been forecasted. For the sales and value added operations, the forecasted margins are aligned with historic averages, and market and internal expectations. Committed operational efficiency programmes are taken into consideration in the calculations. Changes in the outcome of these initiatives may affect future estimated EBIT(DA) margins.

Capital expenditure (CapEx):

In the 5 year forecast period, the capital expenditure necessary to meet the expected growth in revenue and profit is taken into consideration. The capital expenditure level for 2013 is high to grow the operations. Beyond 2013, capital expenditures are aligned with the growth and replacement plans. Capital expenditure to comply with current laws and regulations has been included. Capex related to committed and approved efficiency improvement programmes has also been included to support the inclusion of the benefits in the applied margin.

Changes in applicable laws and regulations may affect future estimated capital expenditure needs; this is not reflected in the figures used in the impairment test. Beyond the forecast period capital expenditure will in general equal depreciation and relate to maintenance investments. The capital expenditure per year in the forecast period exceeds NOK 1 000 million, which is higher than maintenance level and following a plan to develop freshwater and processing operations to capitalize on the market conditions going forward.

Discount rate:

The discount rates are based on the Capital Asset Pricing Model (CAPM) and the Weighted Average Cost of Capital (WACC) methodology. The cost of debt is based on the risk free rate in the applicable country. In the model, the average of the 10 and the 30 year risk free rate has been used if available. In cases with only one rate available, the relevant available rate has been used. The calculation of the final discount rates (WACC) also takes into account market risk premium, debt risk premium, the gearing and beta value. The applied market risk premium is 7%, in line with current market observations, while the company debt premium is based on the current loan agreement (5 year agreement entered into in May 2010). The gearing ratio has been determined based on the Group's average market cap and NIBD over the last 5 years, while beta has been calculated using the relevant theory and share price observations. All values used have been reviewed/ compared with external sources for verification.

In the calculations, the Group has applied estimated cash flows before tax and the corresponding discount rates before tax.

Residual growth rates:

Growth after the 5 year forecast period has in general been set independently for each cash generating unit based on the 5 year average historic inflation rate. The maximum growth rate applied beyond the forecast period is 1.8%. This is lower than the expected growth rates in the first 5 years and lower than the historic growth rate in salmon demand.

SENSITIVITY

An integrated part of the impairment testing of intangible assets is the sensitivity analysis with regards to key assumptions. The value in use has been determined based on the assumptions stated above, considering the expected development in both macroeconomic and company related conditions. Sensitivity analysis has been performed for all CGUs.

Based on the forecasted figures, the calculated net present value for most CGUs is robust. Excluding Sterling White Halibut, the farming entities require an EBIT per kg in the terminal value ranging from below NOK 1 to NOK 4.35 per kg harvested, which is below the long term historic average. Chile has the highest break even value in this calculation, all other units require an operational EBIT in the residual of less than NOK 3 per kg. Sensitivity for farming entities can also be expressed through the net present value of future cash flows divided by capacity/harvest volume in the end year (2017). The breakeven level in terms of net present value per kg capacity is between 20 and 57, with the Faroes representing the high end.

For VAP Europe the breakeven EBIT margin is 2.6% in the terminal value, which is lower than the historic average for this operation and also below the expected return for value added processing unit.

For Marine Harvest Chile the excess value compared to the invested capital in the 2012 impairment test amounts to NOK 920 million compared to NOK 342 million in 2011, as a result of the Group's decision to increase the smolt stocking. Given the increase in headroom, no additional sensitivity is provided for the Chilean operations in 2012. The rebuilding of the Chilean operation is subject to risk and uncertainty, but since the bottom level in 2009, the unit has been able to deliver good results, both with regards to biological and financial performance. Mortality is low and the growth rate is good, and Marine Harvest believes that the future cash flows are sufficient to support the recognised asset values at year end 2012.

The Sterling White Halibut operation reported a profit of NOK 5 million in 2012. The impairment test indicates that the excess value is limited. The invested capital in this unit is NOK 130 million and consists mainly of biological assets. As such any impairment loss is limited to a potential negative margin going forward.

NOTE 8 - INTANGIBLE ASSETS

SPECIFICATION OF INTANGIBLE ASSETS

	GOODWILL		LICENSES		OTHER INTANGIBLE ASSETS		TOTAL	
	2012	2011	2012	2011	2012	2011	2012	2011
Acquisition cost as of 01.01	4 480.8	4 411.7	6 272.3	6 102.9	264.8	264.4	11 017.9	10 778.8
Additions in the year as a result of acquisitions	-	33.0	-	114.6	-	-	-	147.6
Additions in the year	-	4.0	12.3	-	6.4	4.0	18.8	8.1
Reclassification	-	-	14	2.0	-1.4	-2.1	-	-
Disposals / scrapping in the year	-2.3	-	-17.2	-	-0.7	-0.6	-20.1	-0.6
Foreign currency adjustments	-107.0	32.1	-144.6	52.8	-10.1	-0.9	-261.7	84.1
Total acquisition cost as of 31.12	4 371.5	4 480.8	6 124.3	6 272.3	259.1	264.8	10 754.9	11 017.8
Accumulated amortisation and impairment losses as of 01.01	2 334.7	2 300.0	694.8	660.4	141.7	131.5	3 171.1	3 091.8
Amortisation in the year	-	-	-	-	11.5	12.9	11.5	12.9
Impairment losses in the year	1.1	-	-	24.6	0.5	-	1.6	24.6
Reclassification	-	-	2.5	2.5	-2.5	-1.7	0.1	0.8
Accumulated amortisation and impairment losses on disposals	-2.3	-	-	-	-0.6	-0.6	-2.9	-0.6
Foreign currency adjustments	-77.5	34.7	-8.4	7.3	-5.8	-0.3	-91.7	41.7
Total accumulated amortisation and impairment losses as of 31.12	2 256.0	2 334.7	688.9	694.8	144.9	141.7	3 089.7	3 171.1
Total net book value as of 31.12	2 115.5	2 146.1	5 435.4	5 577.5	114.2	123.1	7 665.1	7 846.7

INTANGIBLE FIXED ASSETS IN CASH-GENERATING UNITS

	GOODWILL		LICENSES	
	2012	2011	2012	2011
Marine Harvest Norway	1 591.0	1 591.0	3 223.0	3 225.6
Marine Harvest Chile	-	-	1 289.6	1 404.6
Marine Harvest Scotland	-	-	410.0	413.8
Marine Harvest Canada	22.6	23.7	448.3	470.0
Marine Harvest VAP Europe	502.0	531.5	-	-
Other units	-	-	64.4	63.6
Total for the Group as of 31.12	2 115.5	2 146.1	5 435.4	5 577.5

Certain reclassifications within the groups of intangible assets have been carried out in 2012 to adjust to a correct classification.

Impairment testing is described in Note 7

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

SPECIFICATION OF PROPERTY, PLANT AND EQUIPMENT

	PROPERTY	PLANT MACHINERY & TRANSPORT	NET. CAGES & MOORINGS	OTHER TANGIBLE ¹⁾	TOTAL 2012	TOTAL 2011
Acquisition cost as of 01.01	2 476.5	6 476.1	2 011.0	874.5	11 838.1	10 986.8
Accumulated cost at the time of acquisitions	-	-	-	-	-	130.6
Additions in the year	5.3	35.6	-	694.3	735.3	1 005.2
Reclassification	124.6	296.6	162.4	- 691.7	- 108.1	-
Disposals / Scrapping in the year	- 19.1	- 116.2	- 265.1	- 20.7	- 421.2	- 354.0
Foreign currency adjustments	- 82.9	- 194.4	- 54.7	- 35.0	- 366.9	69.5
Total acquisition cost as of 31.12	2 504.5	6 497.6	1 853.6	821.4	11 677.1	11 838.1
Accumulated depreciation and impairment losses as of 01.01	1 476.0	4 523.9	1 228.8	442.8	7 671.5	7 102.5
Accumulated depreciation at the time of acquisition	-	-	-	-	-	25.8
Depreciation in the year	94.1	382.0	172.8	16.7	665.7	653.8
Impairment losses and reversal of previous writedown in the year	0.1	- 1.9	0.6	-	- 1.1	42.5
Reclassification	- 1.2	- 2.4	- 34.3	- 70.2	- 108.1	-
Accumulated depreciation and impairment losses on disposals	- 13.0	- 109.0	- 262.5	- 19.2	- 403.8	- 206.1
Foreign currency adjustments	- 44.9	- 159.7	- 36.5	- 17.9	- 259.1	53.0
Total accumulated depreciation and impairment losses as of 31.12	1 511.1	4 633.0	1 068.9	352.2	7 565.2	7 671.5
Total net carrying amount as of 31.12	993.4	1 864.6	784.6	469.3	4 111.9	4 167.5
Estimated lifetime	0-20 years	5-20 years	5-20 years	3-5 years		
Depreciation method	Linear	Linear	Linear	Linear		

¹⁾ Other tangible includes maintenance equipment and prepayments regarding property, plant & equipment.

Certain reclassifications within the groups of PPE have been carried out in 2012 to adjust to a correct classification in accordance with PPE-registers.

Sale of fixed assets

Tangible fixed assets have been sold throughout the year and net gain on sale of assets amounts to NOK 6.5 million in 2012. The corresponding figure for 2011 was NOK 44.3 million.

Impairment testing of fixed assets

Impairment tests for specific fixed assets are performed when there are indications of impairment.

Contracts

At year end Marine Harvest has entered in two contracts related to the construction of feed factory totaling NOK 436.3 million.

NOTE 10 - INTEREST-BEARING DEBT

	2012	2011
Non-current interest-bearing debt	3 806.1	4 944.8
Bonds	-	78.4
Convertible bonds	1 532.4	1 566.2
Total non-current interest-bearing debt	5 338.5	6 589.4
Current interest-bearing debt	377.8	157.0
Total interest-bearing debt	5 716.3	6 746.4

Financing of the Marine Harvest Group is mainly carried out through the parent company Marine Harvest ASA. External financing in the subsidiaries is only conducted if this is optimal for the Group.

The following programs are the main sources of financing for the Marine Harvest Group per 31 December 2012:

EUR 775 MILLION SYNDICATED BORROWING FACILITY

The Group has a syndicated loan facility with an original limit of EUR 600 million. The loan facility was increased to EUR 775 million in 2011. The loan facility consists of a term loan of originally EUR 183 million together with two revolving credit facilities of EUR 512 million and USD 1056 million.

The term loan is repaid in semi annual instalments of EUR 16 million and has final maturity in January 2015, which is also the final maturity for the revolving credit facilities.

The revolving credit facilities are available to Marine Harvest ASA and selected subsidiaries. In addition, parts of the revolving credit facilities may be allocated as bilateral credits (including overdraft facilities and facilities for the issuance of guarantees) between syndicate banks and group companies.

The syndicated loan agreement sets forth covenants on earnings (net interest bearing debt to EBITDA) and solidity (equity ratio) which has to be met by the Group. For the calculation of net interest bearing debt to EBITDA, the EBITDA is adjusted by a number of items from the reported EBITDA. These adjustments include exceptional items which are listed in note 31 to the Group financial statements.

The maximum ratio of net interest bearing debt to EBITDA allowed under the facility agreement is 3.25 up until the second quarter 2014, and 3.00 from (and including) the second quarter 2014. As a consequence of the acquisition of Morpol, the maximum ratio has however been temporarily lifted to 3.99 until the earlier of fourth quarter of 2013 and the quarter when Morpol is consolidated into the group financials. The equity ratio shall be above 40% at all times. Furthermore, the ability for the Group to take on new debt is regulated by the loan agreement.

Net interest bearing debt to EBITDA is also the basis for determining the interest margin.

EUR 225 MILLION CONVERTIBLE BOND

In March 2010, Marine Harvest issued a convertible bond loan with a EUR 225 million principal. The loan carries a fixed coupon of 4.50% p.a. payable semi-annually. Unless a prior conversion, the loan will mature in February 2015. There are no installments on the loan. The conversion share price at the end of 2012 was EUR 0.6547, representing an adjustment to the original conversion share price (EUR 0.8335) for dividends paid in 2010 and 2011. The conversion share price is subject to standard adjustment mechanisms for convertible bonds. From March 2013, Marine Harvest can under certain market conditions call the bond issue at par plus accrued interest. After receiving notice of such call, bondholders may elect to exercise their conversion rights.

BOND

In connection with the refinancing in January 2003, a subordinated convertible bond of NOK 78 million was established. It was convertible and non interest bearing the first 5 years, and thereafter interest-bearing with an interest rate of NIBOR + 2.00% p.a. The bond matured in January 2013 and was repaid on maturity.

CONVERTIBLE BOND

	STATEMENT OF FINANCIAL POSITION		STATEMENT OF COMPREHENSIVE INCOME		
	NON-CURRENT INTEREST- BEARING DEBT	EQUITY CONVERSION OPTION	NET INTEREST EXPENSES	NET CURRENCY EFFECTS	OTHER FINANCIAL ITEMS
Initial recognition					
Nominal value of convertible bond	1 820.3				
Transaction costs	- 19.3				
Equity conversion option	- 259.7	259.7			
Carrying amount on initial recognition	1 541.3	259.7			
Subsequent measurement					
2010 & 2011					
Interest and currency effects	24.9		- 231.8	62.1	
Change in fair value of equity conversion option		-235.5			235.5
2012					
Interest and currency effects	-33.8		- 124.5	84.6	
Change in fair value of equity conversion option		305.3			-305.3
Net recognised end of 2012	1 532.4	329.5	- 124.5	84.6	- 305.3

At initial recognition the nominal value of the convertible bond was split into a liability component and an equity conversion component. The value of the liability component, classified as non-current interest-bearing debt, was calculated using a market interest rate for an equivalent, non-convertible bond. The residual amount, representing the value of the equity conversion option, was classified as other non-current liabilities.

On subsequent measurements the amortised interest is recognised as interest expense and increases the carrying amount of the convertible bond. The equity conversion option is recognised at fair value using an established model for option valuation (Black-Scholes).

NOTE 11 - FINANCIAL INSTRUMENTS

FINANCIAL INSTRUMENTS IMPACT ON COMPREHENSIVE INCOME

	NOTE	2012	2011	2010
Interest expenses		-382.8	-405.8	-380.3
Net currency effects on interest-bearing debt		206.9	56.3	175.7
Net currency effects on cash, trade receivables and trade payables		1.5	-30.2	-48.2
Gain/loss on short-term transaction hedges		38.8	-8.2	38.4
Realised gain (loss) on long-term cash flow hedges		276.1	218.5	200.9
Net currency effects		523.3	236.4	366.7
Interest income		-0.9	13.1	12.0
Gain/loss on salmon derivatives		0.0	12.4	-42.7
Change in fair value other financial instruments		-145.0	-129.9	67.5
Change in fair value equity conversion option	10	-305.3	481.2	-245.7
Change in fair value other shares		3.8	-31.8	12.7
Dividends and gain (loss) on sales of other shares		135.6	14.5	5.8
Net other financial costs		-8.2	-16.6	-4.9
Other financial items		-320.0	342.9	-195.3
Total financial items		-179.5	173.5	-208.9
Other comprehensive income				
Non-current cash flow hedges qualified for hedge accounting		-113.5	-141.1	216.6

LONG TERM CASH FLOW HEDGING EQUITY RESERVE

	2012	2011	2010
Cash flow hedging equity reserve as of 01.01	171.5	275.3	115.1
Change in fair value of long term cash flow hedges	162.6	77.4	417.5
Realised gain (loss) recycled through profit or loss	-276.1	-218.5	-200.9
Change in deferred tax	31.1	38.5	-61.8
Currency translation cash flow hedges	-0.2	-1.2	5.4
Cash flow hedging equity reserve as of 31.12.	88.9	171.5	275.3

All outstanding hedge instruments are evaluated for hedge effectiveness on an on-going basis. Instruments no longer qualifying as hedges are immediately recycled to profit and loss

CATEGORIES OF FINANCIAL INSTRUMENTS IN THE STATEMENT OF FINANCIAL POSITION

	FINANCIAL ASSETS AND LIABILITIES				NON-FINANCIAL ASSETS AND LIABILITIES	TOTAL
	LOANS AND RECEIVABLES, AND LIABILITIES, AT AMORTISED COST	FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	COST	FINANCIAL DERIVATIVES QUALIFIED FOR HEDGE ACCOUNTING		
Non-current assets						
Other shares		1 002.0	6.6			1 008.6
Current assets						
Trade receivables	1 782.0					1 782.0
Other receivables	240.1	44.4		123.5	184.7	592.7
Cash	335.3					335.3
Non-current liabilities						
Non-current interest-bearing debt	-5 338.5					-5 338.5
Other non-current liabilities		-329.5			-85.2	-414.7
Current liabilities						
Current interest-bearing debt	-377.8					-377.8
Trade payables	-1 452.5					-1 452.5
Other current liabilities	-436.6	-450.4			-588.4	-1 475.4
Total	-5 248.1	266.5	6.6	123.5		
Fair value	-5 334.7	266.5	6.6	123.5		

CATEGORIES OF FINANCIAL INSTRUMENTS IN THE STATEMENT OF FINANCIAL POSITION

	FINANCIAL ASSETS AND LIABILITIES				NON-FINANCIAL ASSETS AND LIABILITIES	TOTAL
	LOANS AND RECEIVABLES, AND LIABILITIES, AT AMORTISED COST	FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	COST	FINANCIAL DERIVATIVES QUALIFIED FOR HEDGE ACCOUNTING		
Non-current assets						
Other shares		60.6	31.5			92.1
Current assets						
Trade receivables	1 914.8					1 914.8
Other receivables	226.9	6.1		237.2	139.5	609.8
Cash	279.1					279.1
Non-current liabilities						
Non-current interest-bearing debt	-6 589.4					-6 589.4
Other non-current liabilities		-24.2			-75.2	-99.3
Current liabilities						
Current interest-bearing debt	-157.0					-157.0
Trade payables	-1 481.8					-1 481.8
Other current liabilities	-370.7	-304.6			-505.0	-1 180.3
Total	-6 178.1	-262.1	31.5	237.2		
Fair value	-6 003.8	-262.1	31.5	237.2		

There has not been any reclassification between the categories of financial assets or liabilities in 2011 and 2012.

Details regarding criteria for recognition and the basis for measurement for each class of financial instrument are disclosed in note 2 – Significant accounting principles.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of financial instruments carried at amortised cost

With the exception of the EUR 225 million convertible bond, the Group consider that the carrying amount of financial assets and liabilities recognised at amortised cost in the financial statements approximates their fair value. Reference is made to note 10 for further information regarding the convertible bond.

Fair value measurements recognised in the statement of financial position

Financial instruments that are measured at fair value subsequent to initial recognition are according to IFRS 7 grouped into a hierarchy of 3 different levels based on the degree to which the fair value is observable:

Level 1: fair value determined directly by reference to published quotations

Level 2: fair value estimated using a valuation technique based on observable data

Level 3: fair value estimated using a valuation technique based on unobservable data.

ASSETS MEASURED AT FAIR VALUE:

		31.12.2012			31.12.2011		
	NOTE	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
Financial assets to fair value through profit or loss							
Other shares	22	59.3		942.7	60.6		
Other financial instruments			32.8				
Current currency hedges			11.6			6.1	
Financial derivatives qualified for hedge accounting			123.5			237.2	
Liabilities measured at fair value:							
Financial liabilities to fair value through profit or loss							
Equity conversion option	10			-329.5			-24.2
Interest swaps			-448.7			-270.9	
Current currency hedges			-1.8			-33.7	
Financial derivatives qualified for hedge accounting			0.0			0.0	

There have been no transfers between the levels in 2011 or 2012.

Shares listed on Oslo stock exchanges are valued at quoted prices.

Other shares are valued on level 3 partly based on OTC-listing and partly based on acquisition price as of 17 December 2012. For specification reference is made to note 21.

The market value of derivative instruments is calculated by comparing the terms agreed under each derivative contract to the market terms for a similar contract on the valuation date. To the extent the difference in cash flow resulting from this comparison takes place at a future date, the amount is discounted to represent the

value at the valuation date. The market terms are calculated by upload of representative market data into a dedicated third party application.

The equity conversion option is valued on level 3, using an acknowledged valuation model (Black Scholes). There is estimation uncertainty related to some of the parameters in the model. Reference is made to note 10.

NOTE 12 - CAPITAL MANAGEMENT AND RISK MANAGEMENT

CAPITAL MANAGEMENT

Capital management refers to the process of acquiring and utilising capital in the most efficient manner compared to the available alternatives. The primary objective of the Group's capital management is to ensure access to capital contributing to satisfactory operations and maximum generation of shareholder values. The Group manages its capital structure and makes adjustments in light of changes in the underlying economic conditions. Access to borrowed capital is continuously monitored and the Group has a continuous dialog with its lenders. The syndicated loan facility sets forth covenants on the financial ratio of net interest-bearing debt to EBITDA and the equity ratio. Marine Harvest complied with the covenants in its loan agreements at the end of 2012. Details relating to the main loan programmes in the Group are described in note 10.

Marine Harvest intends to maintain an equity base suitable to the characteristics of the operations, taking into consideration that fish farming is a cyclical business. Capital not deemed necessary for further growth will be returned to shareholders as dividends or repurchase of shares. At year-end 2012, Marine Harvest had an equity of NOK 11 689 million. The equity share, defined by equity/total assets, was at the same time 50.1 %. Net interest-bearing debt, defined as total interest-bearing debt less cash was NOK 5 381 million at year-end. The Board of Directors of Marine Harvest ASA considers the equity in the Group appropriate for the scale of the operation.

A dividend policy has been resolved by the Board of Directors. The policy states that:

- The dividend level shall reflect the present and future cash generation potential of the Group.
- Marine Harvest will target a ratio of net interest-bearing debt to equity of less than 0.5.
- When the target level is met, at least 75% of the annual free cash flow after operational and financial commitments will be distributed as dividend.

The Board of Directors has further adopted guidelines targeting dividend distribution twice a year, whereby each dividend proposal shall be dimensioned with a view to manage net interest bearing debt around a target level. The target level is dimensioned relative to the scope of the Group's operations and was set to NOK 60 billion in 2012. Based on the planned reduction in harvest volume in the existing business, the target for net interest bearing debt has currently been reduced to NOK 56 billion. This target will be revised in 2013 as a consequence of the completion of the Morpol acquisition and the investment into feed operations.

The Board of Directors of Marine Harvest ASA has been given proxies from the Annual General Meeting in June 2012 to:

- Purchase shares in the company up to a maximum total nominal value of NOK 268 585 000 which equals approximately 10% of the share capital.
- Increase the company's share capital through issuance of new shares with an aggregate nominal value of up to NOK 134 300 000 divided into 179 066 667 shares at a nominal value of NOK 0.75 per share. 167 201 054 shares were issued under this proxy in relation to the acquisition of 48.5% of Morpol
- Raise convertible bond loans with a maximum par value of NOK 3 200 million convertible into maximum 640 million new shares with a total nominal value of NOK 480 million.

The Annual General Meeting also expanded the authority given to the Board of Directors in November 2009 to issue shares as a consequence of the outstanding EUR 225 million convertible bond. The expansion allowed for the issuance of an additional 100 000 000 shares.

The Group's principal financial liabilities, other than loans, consist of convertible and

non-convertible bonds, derivatives and trade payables. These financial liabilities constitute the majority of the Group's third party financing. The Group holds financial assets such as trade receivables, cash and shares.

The Group uses financial derivatives, mainly forward contracts and interest rate swaps. The purpose of these instruments is to manage the interest rate and currency risk arising from the operations of the Group. No trading activities in financial instruments are undertaken.

Details regarding significant accounting policies for financial assets and liabilities are disclosed in note 2 Significant accounting principles.

FINANCIAL RISK MANAGEMENT

The Group monitors and manages the financial risks arising from the operations. These include currency risks, interest rate risk, credit risk and price/liquidity risk.

The Group seeks to manage these risks through operational measures or (where such measures are not available) through the use of financial derivatives.

A policy on the management of these risks has been approved by the Board of Directors. The policy includes principles on currency risk, interest rate risk, price risk, the use of financial instruments and other operational means as well as limits on the maximum and minimum levels of these exposures.

CURRENCY RISK

In the Marine Harvest Group, several business units carry out a large number of business transactions in currencies different from the domestic currency. For the Group, the relative importance of these transactions is substantially larger on the revenue side than on the cost side.

To mitigate the potential fluctuation effects on its cash flows, the Group maintains a foreign exchange strategy designated to manage these exposures both in the short- and long term.

For each of Marine Harvest's legal units, the Group has defined a main hedging currency. For some units this currency is different from their domestic and functional currency.

Marine Harvest Norway	EUR
Marine Harvest Chile	USD
Marine Harvest Scotland	GBP
Marine Harvest Canada	USD
Marine Harvest VAP	EUR
Marine Harvest Faroes	DKK
Marine Harvest Cold Water Species	NOK
Marine Harvest Asia	USD

Transaction exposures arise from firm commitments made to transact in a currency different from the main currency. The exposure horizon for transaction exposures depends on the duration of the commitment, but will normally be of relatively short duration. Hedging transactions designated to manage transaction exposures are referred to as transaction hedges.

Through hedging of transaction exposures, each business unit will ensure that its net cash flows in currencies other than its main hedging currency are hedged towards this currency. Cash flow exposures arise from structural imbalances between the main currency on the revenue side versus the expense side. This imbalance is

predominantly a result of production taking place in a country different from the country of the customer. Due to their structural nature, the exposure horizon for cash flow exposures is longer than for transaction exposures and is therefore quantified on the basis of estimates for future revenues and expenses. In this estimation, focus is kept on the underlying currency structure of the individual revenue and cost item and the actual currency in which transactions are invoiced is of lesser importance. Hedging transaction designated to manage cash flow exposures are defined as cash flow hedges.

The Marine Harvest Group normally has a net positive cash flow exposure towards EUR, GBP, USD and JPY and a net negative cash flow exposure towards NOK, CAD and CLP. To hedge Group cash flows against exchange rate fluctuations Marine Harvest has a policy for long-term hedging of the most predominant net exposures. The Group hedges 30-80% of its' underlying exposure between EUR and NOK and between USD and CAD with a horizon of 1-4 years.

Where the hedge program comprises more than one year, the percentage of the exposure to be hedged is reduced over time.

At the end of 2012 the Group held a portfolio of hedging instruments designated

to mitigate transaction and cash flow exposure with a total contract value of NOK 1 661 million. Instruments equivalent to 99% of the contract value mature in 2013 and no instrument matures beyond 31 December 2014. The portfolio had a net positive market value of NOK 131.6 million at year-end.

Currency exposure in the statement of financial position

As a consequence of the Group's net cash flows being generated in EUR, GBP and USD, the interest-bearing debt should reflect this currency structure. On 31 December 2012, the currency structure of the interest-bearing debt was 79% EUR, 14% USD, 4% GBP and 3% in other currencies, in line with the policy for 2012. This currency mix is obtained through borrowings as well as the use of currency derivatives.

The aim is a gradual transition to a currency composition consisting of:

- 69% EUR
- 20% USD
- 7% GBP
- 4% in other currencies.

CURRENCY STRUCTURE OF NET INTEREST-BEARING DEBT

As of 31 December 2012 net interest-bearing debt (incl long term basis swaps) had the following currency structure

	NOK	USD	EUR	GBP	JPY	DKK	CAD	OTHER	TOTAL
Cash	241.5	12.3	-11.2	15.7	0.0	34.8	32.4	9.9	335.3
Current interest-bearing debt	78.8		299.0						377.8
Non-current interest-bearing debt	65.1	84.0	4 196.2	207.3		29.9			5 338.5
Net interest-bearing debt	-97.5	827.8	4 506.4	191.6	0.0	-5.0	-32.4	-9.9	5 381.1

The carrying amount of interest-bearing debt has been reduced by NOK 28.5 million in capitalised borrowing costs. With the exception of the EUR 225 million convertible bonds, there are no significant differences between the carrying amount and the fair

value of non-current interest-bearing debt and leasing. Details related to the EUR 225 million convertible bonds and a significant part of the non-current debt are described in note 10.

SENSITIVITY ANALYSIS - CHANGE IN EXCHANGE RATES

On the basis of financial positions and currency hedges in existence as of 31 December 2012, the effect of a 10 percent change in exchange rate of the following relevant currency pairs has been estimated:

CURRENCY PAIR	EUR/NOK	USD/NOK	JPY/NOK	USD/CAD
EFFECT IN NOK FROM A 10 PERCENT INCREASE IN THE VALUE OF	NOK	NOK	NOK	CAD
Financial items	468.5	46.4	-10.6	-90.6
Other comprehensive income	103.3			
Total	571.8	46.4	-10.6	-90.6

INTEREST RATE RISK

Marine Harvest ASA shall hedge 100% of the Group's non-current interest-bearing debt in its main financing currencies (EUR, USD and GBP) for a period of five years and 50% of the non-current interest-bearing debt in the following five years. The hedging shall be based on the targeted currency composition. At year-end 2012 the Group had a portfolio

of interest swaps with a net negative market value of NOK 448.7 million after a reduction of market value in 2012 of NOK 178.8 million, recognised through profit and loss.

The portfolio held at the end of 2012, will ensure the payment of the following weighted fixed rates against receipt of 3 month Euribor/Libor for each of the below currencies and periods:

UNTIL MARCH 2013			MARCH 2013 - MARCH 2014		MARCH 2014- MARCH 2015	
CURRENCY	NOMINAL VALUE	WEIGHTED FIXED RATE	NOMINAL VALUE	WEIGHTED FIXED RATE	NOMINAL VALUE	WEIGHTED FIXED RATE
EUR	341.0	2.82 %	341.0	2.81 %	341.0	2.45 %
USD	215.0	2.57 %	215.0	2.55 %	215.5	2.61 %
GBP	52.5	3.03 %	52.5	3.03 %	53.0	2.82 %
MARCH 2015 - MARCH 2016			MARCH 2016 - MARCH 2017		MARCH 2017 - MARCH 2022	
CURRENCY	NOMINAL VALUE	WEIGHTED FIXED RATE	NOMINAL VALUE	WEIGHTED FIXED RATE	NOMINAL VALUE	WEIGHTED FIXED RATE
EUR	567.0	3.31 %	566.0	2.48 %	283.0	2.54 %
USD	216.0	2.64 %	215.0	2.64 %	107.5	2.41 %
GBP	52.5	2.91 %	47.0	2.53 %	23.5	2.81 %
MARKET VALUE 31.12.2012						
EUR						-313.6
USD						-94.1
GBP						-41
TOTAL						-448.7

A 0.50% point parallel increase in all relevant yield curves will cause a NOK 169.1 million increase in the market value. A decrease of 0.50% will take sum yields below zero and the calculation will only be of theoretical in nature. This change would

be classified as a financial item in the statement of comprehensive income for the Group. In addition, the fixed rate coupon on the convertible bond as described in note 10 is part of the hedging of interest rate risk in the Group.

CREDIT RISK

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and as a main rule the Group's trade receivables are fully credit insured. The Group is monitoring exposure towards individual customers closely and is not substantially exposed in relation to any individual customer or contractual partner as of 31 December 2012. The maximum exposure is disclosed in note 16.

PRICE/LIQUIDITY RISK

The Group is continuously monitoring liquidity and estimates expected liquidity development on the basis of budgets and monthly updated forecasts from the units. Marine Harvest's financial position and development depend significantly on the spot price developments for salmon, and these prices have historically been volatile. As such Marine Harvest is exposed to movements in supply and demand

for salmon. Marine Harvest has to some extent mitigated its exposure to spot prices by entering into bilateral fixed price/volume contracts with its' customers. The hedging rate has normally varied between 15 and 40% of Marine Harvest's sold volume and the duration of the contracts have typically been three to twelve months. To a limited extent such contracts have been entered into with duration of more than twelve months. Furthermore Marine Harvest is reducing its' exposure to spot price movements through its' value added processing activities and tailoring of products for its customers. Other key liquidity risks are fluctuations in production and harvest volumes, biological issues, and changes in the feed price, which is the most important individual factor on the cost side. Feed costs are correlated to the marine and agricultural commodity prices of the ingredients.

Marine Harvest's aim is to maintain a balance between long-term financing and flexibility by using credit facilities, new borrowings and bonds.

**MATURITY PROFILE OF THE FINANCIAL LIABILITIES AND DERIVATIVES
BASED ON CONTRACTUAL UNDISCOUNTED PAYMENTS, INCLUDING INTEREST**

	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	WITHIN 1 YEAR	1 -2 YEARS	2 - 5 YEARS	MORE THAN 5 YEARS
Non-derivative financial liabilities						
Syndicated loan	-3 921.8	-4 185.1	-352.0	-345.0	-3 488.1	
Convertible bond	-1 558.6	-1 842.2	-74.5	-74.5	-1 693.3	
Unsecured bond	-79.3	-79.0	-79.0			
Leasing debt	-5.7	-5.7	-0.8	-3.0	-1.9	
Trade payables and other liabilities	-1 646.4	-1 692.5	-1 535.4	-16.0	-44.6	-96.5
Derivative financial liabilities						
Equity conversion option	-329.5					
Interest swaps	-448.7	-860.4	-104.7	-97.7	-375.9	-282.2
Cash flow hedges	123.5	135.2	135.2			
Transaction hedges	8.1	8.4	7.9	0.5		
Total financial liabilities	-7 858.4	-8 521.4	-2 003.3	-535.7	-5 603.8	-378.7

NOTE 13 - REMUNERATION

SALARY AND PERSONNEL EXPENCES

	2012	2011	2010
Wages and salaries	-1 635.6	-1 582.0	-1 604.1
Social security taxes	-256.5	-240.6	-250.4
Pension expences	-78.7	-73.7	-45.0
Other benefits	-447.9	-281.5	-303.1
Total salary and personnel expenses	-2 418.7	-2 177.8	-2 202.5
Average number of employees	6 357	6 236	6 080

At year-end 2012 there were 6 389 full time employees in the Group.

The Board of Marine Harvest ASA determines the principles applicable to the Marine Harvest Group's policy for senior executive compensation. The Board is directly responsible for the determination of the CEO's salary and other benefits. The CEO is, in consultation with the chairman of the board, responsible for the determination of the salary and other benefits for the Group's other senior executives. The Marine Harvest Group's senior executives include the management team of each business area as well as the senior members of the corporate staff.

The following guidelines form the basis of the determination of compensation to the Marine Harvest Group's senior executives:

- The total compensation offered to senior executives shall be competitive, both nationally and internationally.
- The compensation shall contain elements providing necessary financial security following termination of the employment, both before the age of retirement and in connection with this.
- The compensation shall be motivating, both for the individual and for the Group's senior executives as a group.
- Variable elements in the total compensation to the Group's senior executives shall be linked to the values generated by the Group for Marine Harvest ASA's shareholders.

- The system of compensation shall be understandable and meet general acceptance internally in the Group, among the Company's shareholders and with the public.
- The system of compensation shall be flexible and contain mechanisms which make it possible to carry out individual adjustments based on the results achieved and contributions made towards the development of the Group.

Fixed salary

The fixed salary which each individual senior executive in the Marine Harvest Group will receive is a consequence of existing employment agreements. Adjustments of individual fixed salaries will be carried out in accordance with trends in local labour markets, the results achieved, and individual contributions to the development of the Group.

Benefits in kind

The Marine Harvest Group's compensation schemes include only a limited number of benefits in kind. These benefits are offered in line with what is common practice in local labour markets and typically include personal communication equipment, access to media, and in some instances car and parking arrangements.

Pension

The Group currently has a number of pension schemes for its employees. The pension schemes comply with local statutory requirements which the individual companies in the Group are obliged to comply with. Schemes which go beyond what

is required by law are mainly contribution based. The corporate management team in Norway is included in defined contribution plan where the contribution is limited to 5% - 8% of salaries up to NOK 1.0 million (12 G).

Termination payment

The Marine Harvest Group has individual agreements on termination payments upon dismissal with several of its senior executives. The right to receive a termination payment is linked to a waiver of the general protection against termination. The period of termination payment is maximum 24 months from resignation.

Bonus

The Marine Harvest Group's senior executives have, as a part of their employment terms, a right to receive an annual bonus. The scheme is cash-based and is triggered for each individual if targets for the Group, and for the individual entitled to a bonus, are met. 70 % of the bonus is linked to the target achievement of the Group and a business area, while 30 % is linked to individual goal achievement. The size of the bonus is, for each individual, limited to a share of the person's fixed salary.

The CEO is entitled up to a 50% of the annual fixed salary. Other GMT members, Business Unit managing directors and Senior Group Staff are entitled to up to 30% of annual fixed salary.

The costs of salary and other benefits to the key management personnel are:

REMUNERATION TO KEY MANAGEMENT PERSONNEL

		SALARY	CASH BONUS	EXECUTED SHARED BASED BONUS	PENSION COST ³⁾	OTHER	TOTAL 2012	TOTAL 2011
Alf-Helge Aarskog	CEO	4 750	1 563	-	66	446	6 825	4 987
Ivan Vindheim ¹⁾	CFO	1 283	-	-	28	2 074	3 385	-
Jørgen K. Andersen ²⁾	CFO	2 271	89	525	848	25	3 758	6 790
Marit Solberg	COO Farming	2 751	54	525	1 960	145	5 434	7 975
Ola Brattvoll	COO Sales and Marketing	1 916	-	-	66	13	1 995	1 885
Øyvind Oaland	R&D Global Director	1 391	61	219	66	13	1 750	2 594
Anne Lorgen Riise ¹⁾	HR Global Director	233	-	-	12	1	246	-

¹⁾ Ivan Vindheim took up his position in August 2012 and Anne Lorgen Riise in November 2012.

²⁾ Jørgen Andersen left his position in August 2012, and will receive the remaining part of his termination payment, NOK 35 million, subsequent to 2012.

³⁾ Pension cost for the defined benefit plan includes only gross pension costs, and not actuarial gains- and losses.

SHARE PRICE BASED BONUS SCHEME

Marine Harvest Group has a share price based bonus scheme for key employees. The scheme was launched in 2008, and the first bonus payments was in April 2011. The main characteristics of the scheme are as follows:

- The individual entitled to bonus is allotted a number of calculatory "Units". Each Unit corresponds to one share in Marine Harvest, and the "Base value" of each Unit corresponds to the market price of Marine Harvest's share + 75 % at the time of allotment.
- 3 years after allotment, the individual entitled to bonus will be paid a cash bonus corresponding to the positive difference between the Marine Harvest share's market value at such time and the Base Value, multiplied with the number of Units.
- The individual entitled to bonus is obligated to invest the bonus amount after income tax has been deducted in Marine Harvest shares at market price. These shares are purchased from Marine Harvest (if treasury shares are available), or in the market. Marine Harvest will cover the individual's expenses for purchasing the shares.
- The individual entitled to bonus is obligated to own the purchased shares for a minimum of 12 months following their acquisition.
- The payment of bonus is conditional upon the individual entitled to bonus being employed in the Marine Harvest Group during the whole earning period. The bonus amount is, for each individual, limited to 2 years' salary.
- The scheme has a maximum scope of 35 million Units per year.

Recent allotments taken place:

- On 26 June 2009 13 450 000 Units were allotted to 65 employees in the Group. The Base Value for this allotment was NOK 4.4887 per Unit, and strike adjusted for dividends was NOK 3.5275 per Unit. The allotment was executed in July 2012, and NOK 79 million was paid out.
- On 21 April 2010, 32 000 000 Units were allotted to 67 employees in the Group. The Base Value for this allotment was NOK 5.7405 per Unit, and strike adjusted for dividends was NOK 4.5125 per Unit.
- On 28 March 2011, 29 750 000 Units were allotted to 52 employees in the Group. The base value for this allotment was NOK 7.353 per Unit, and strike adjusted for dividends was NOK 6.4822 per Unit.
- No new agreements were signed in 2012.

Both the Base Value and the number of calculatory Units have been adjusted as a result of distributed dividend.

Outstanding Units will forfeit without any compensation to the beneficiary if the employment with Marine Harvest Group ceases prior to the settlement date.

SHARE PRICE BASED BONUS SCHEME FOR SENIOR EXECUTIVES

OUTSTANDING UNITS PER ALLOTMENT	2011-ALLOTMENT	2010-ALLOTMENT	2009-ALLOTMENT
Distributed units	29 750 000	32 000 000	13 450 000
Forfeited units	-2 250 000	-8 400 000	-4 375 000
Dividend adjustment	3 694 240	6 419 648	2 468 572
Execution	-	-	-11 543 572
Total Units outstanding at year end	31 194 240	30 019 648	0
Number of employees in the scheme at year end	48	51	-

UNITS TO KEY MANAGEMENT PERSONNEL

NAME AND POSITION	2011- ALLOTMENT	2010- ALLOTMENT
Alf-Helge Aarskog CEO	5 671 680	6 360 095
Marit Solberg COO Farming	1 417 920	1 272 019
Ola Brattvoll COO Sales and Marketing	1 417 920	-
Øyvind Oaland R&D Global Director	567 168	636 010
Turid Lande Solheim Member of the Board - employee representative	283 584	-
Total units	9 358 272	8 268 124

SHARE PURCHASE PROGRAM

All permanent employees in Marine Harvest ASA and its Norwegian subsidiaries have in the years 2009 through 2012 had the opportunity to acquire shares in the Company within the scope of the Norwegian Tax Act Section 5-14. These provisions provide this group of employees with the opportunity to receive a tax free benefit of NOK 1,500 in connection with their participation in such a scheme. The employees

are given the opportunity to get the purchase financed through a loan from Marine Harvest ASA, which will be deducted in salary over maximum 10 months.

No other loans or guaranties have been granted to key management personnel.

REMUNERATION TO BOARD OF DIRECTORS

		FEES	SALARIES AND OTHER REMUNERATIONS	TOTAL 2012	TOTAL 2011
Ole-Eirik Lerøy	Chairman of the Board	525	-	525	875
Leif Frode Onarheim	Vice chairman of the Board and Chairman of the audit committee	450	-	450	450
Solveig Strand	Member of the Board and member of the audit committee	350	-	350	350
Hege Sjø	Member of the Board and member of the audit committee	350	-	350	350
Tor Olav Trøim	Member of the Board ¹⁾	138	-	138	-
Cecilie Fredriksen	Member of the Board ²⁾	275	-	275	275
Michael Parker	Member of the Board	275	-	275	138
Turid Lande Solheim	Member of the Board - employee representative	275	991	1 266	1 207
Geir-Elling Nygård	Member of the Board - employee representative	275	464	739	717
Stein Mathiesen	Member of the Board - employee representative ¹⁾	138	687	825	622
		3 050			

¹⁾ From May 2012

²⁾ The fees has not yet been disbursed to the member of the Board

PENSIONS

Pensions are not a significant cost component or obligation in the financial statements. The different schemes in the Group are explained below:

DEFINED BENEFIT PLANS

Marine Harvest ASA

Marine Harvest ASA has a defined benefit pension plan for one employee. For details, ref note 14 in the financial statement for Marine Harvest ASA.

Marine Harvest Norway

Marine Harvest Norway has a defined benefit pension plan for one employee, in addition to a provision related to the old scheme for early retirement pension. The new early retirement plan will be recognised as a defined contribution plan, as there is not sufficient information available to measure and allocate the total liability or breakdown per company.

Marine Harvest Scotland

Marine Harvest Scotland participates in a pension scheme providing benefits based on final pensionable pay which is now closed to further contributions. The scheme has 467 members. There is a nominal pension surplus balance recognised which is GBP 2.5 million.

Marine Harvest VAP – France

The entities in France have established agreements where the employees are entitled to payments after retirement according to a legally defined benefit plan. There are 883 employees in France that are included in these pension schemes, and the net obligations amount to EUR 2.7 million.

Marine Harvest VAP – Belgium

For a small number of employees of the old Marine Harvest, there is still a defined benefit plan in place. There are 8 employees in Belgium that are included in this pension scheme and the net obligation amounts to EUR 0.5 million.

CONTRIBUTION PLANS

Marine Harvest ASA

In Marine Harvest ASA there is a defined contribution plan with 38 members. For 2012 the cost related to this scheme was NOK 2.3 million.

Marine Harvest Norway and subsidiaries

Marine Harvest Norway, subsidiaries and other Norwegian group companies Marine Harvest Norway, Marine Harvest Ingredients, Sterling White Halibut and Marine Harvest Labrus has a defined contribution plan for the 1 690 employees. All permanent employees employed in minimum 20% positions are included in the plan, where the employer contributes between 4 – 8% of the salary up to a maximum of 12 G (1 G = NOK 82 122). The cost of the scheme was NOK 28.0 million in 2012.

Marine Harvest Canada

Marine Harvest Canada has a single defined contribution pension plan (DCPP) with 202 current members. The plan is voluntary and employees can join after 2 years of continuous service. The contribution rate is 6% by employer and 4% by employee. There are 68 employees that have been grandfathered in the plan. The contribution rate for these employees is 8% by employer and 6% by employee. The cost of the scheme was CAD 0.8 million in 2012.

Marine Harvest Scotland

Marine Harvest Scotland operates a defined contribution pension scheme for 517 members. The pension charge for the year represents contributions payable by the company to the scheme, and was GBP 0.6 million in 2012.

Marine Harvest Chile

In Marine Harvest Chile, the pensions are generated by an individual mandatory savings account equal for all workers, legally defined. Every month 10% of the salary is deducted and sent to the administrator chosen by the worker. The scheme had 476 members (employees) in 2012, and the cost was USD 1.2 million in 2012.

Marine Harvest VAP – Belgium

A contribution plan for groups of employees has been established in Belgium, covering 64 employees. The premium in the scheme is calculated as a percentage of yearly salary, and both the company and the employee contribute to the scheme. According to the law in Belgium the contribution plan has a minimum return guarantee and in 2012 the return is in line with this minimum guarantee and the cost was EUR 0.2 million in 2012.

NOTE 14 - TAXES

TAX FOR THE YEAR IN THE STATEMENT OF COMPREHENSIVE INCOME

	2012	2011	2010
Norway	138	-0.2	-0.7
Foreign units	-51.9	-192.8	-184.4
Tax on profits (current tax)	-38.0	-192.9	-185.1
Norway	-307.2	-142.2	-824.9
Foreign units	-31.3	73.4	-133.9
Change in deferred tax	-338.5	-68.8	-958.8
Total taxes related to profit for the year	-376.5	-261.7	-1 143.9

RECONCILIATION BETWEEN NOMINAL AND EFFECTIVE TAX RATE

	2012	2011	2010
Profit before tax	789.2	1 382.9	4 252.3
Nominal tax rate	28 %	28 %	28 %
Tax calculated with nominal tax rate	-221.0	-387.2	-1 190.6
Non taxable income/loss on sale of shares	386	-0.7	
Convertible bond	-85.5	134.7	
Non taxable income/loss from associated company	22.9	-2.1	56.6
Non taxable income/loss on change in market value on financial instruments	0.6		-
Effect of changed tax rate	-24.7	6.8	-68.8
Effect of adjustment of income from previous years	-80.9	-22.0	5.7
Effect of recognition of previously non recognised tax asset	3.9	25.0	-
Other permanent difference reported by the entities	-6.9	-9.0	30.4
Effect of different tax rates	-23.5	-7.2	22.8
Total actual tax in the statement of comprehensive income	-376.5	-261.7	-1 143.9

TAX FOR THE YEAR RECOGNISED IN OTHER COMPREHENSIVE INCOME

	2012	2011	2010
Deferred tax related to income recognised as other comprehensive income	31.1	38.5	-61.8
Other comprehensive income including currency effects	29.4	-4.9	-10.6
Total tax for the year recognised in Comprehensive income	60.5	33.6	-72.4

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TAX PREPAID/RECEIVABLE IN THE STATEMENT OF FINANCIAL POSITION

	2012	2011	2010
Tax prepaid/receivable in Norway	11.5	-	-
Tax prepaid/receivable in foreign units	55.5	44.2	114.3
Total tax prepaid/receivable in the statement of financial position	67.0	44.2	114.3

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TAX PAYABLE IN THE STATEMENT OF FINANCIAL POSITION

	2012	2011	2010
Tax payable in Norway	-	4,6	14,4
Tax payable, foreign units	26,2	82,0	35,3
Total tax payable in the statement of financial position	26,2	86,6	49,7

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SPECIFICATION OF DEFERRED TAX AND BASIS FOR DEFERRED TAX/TAX ASSETS
TAX INCREASING/(REDUCING) TEMPORARY DIFFERENCES

	2012	2011	2010
Non-current assets	3 887.3	5 302.6	5 027.4
Current assets	4 797.0	4 269.8	5 866.8
Debt	334.2	219.0	48.7
Pension obligation	-50.2	-37.7	-
Tax losses carried forward	-677.5	-1 703.8	-2 955.3
Other differences	-24.1	492.8	297.9
Total temporary differences	8 266.7	8 542.8	8 285.6
Tax losses carried forward in Norway	-404.0	-1 236.1	-2 545.2
Other temporary differences in Norway	6 975.6	6 795.2	7 559.0
Tax losses carried forward abroad	-273.5	-467.7	-410.1
Other temporary differences abroad	1 968.6	3 451.4	3 681.9
Total temporary differences	8 266.7	8 542.8	8 285.6

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TOTAL DEFERRED TAX ASSET/LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION

	2012	2011	2010
Deferred tax assets	73.9	160.1	118.6
Deferred tax liabilities ¹⁾	-2 543.7	-2 351.9	-2 237.9
Net deferred tax in the statement of financial position	-2 469.8	-2 191.8	-2 119.3

¹⁾ Purchase of Straume Fiskeoppdrett and Eggesbønes AS increased deferred tax liabilities with 37 MNOK

The Group has capitalized deferred tax assets related to tax losses carried forward. This is based on the expectation of sufficient earnings in the future, mainly in Norway, Chile and USA where the majority of tax losses carried forward are located. In Norway tax losses can be carried forward indefinitely. In addition, substantial

deferred tax liabilities linked to non-current assets and current assets are recorded. Deferred tax assets linked to tax losses are offset against deferred tax liabilities in the tax jurisdictions where acceptable, and remaining deferred tax asset in the group accounts are mainly deferred tax assets in Norway.

MATURITY OF TAX LOSSES WHERE DEFERRED TAX LOSS IS RECOGNISED

	NORWAY	ABROAD	TOTAL
TO YEAR			
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	12.3	12.3
2017	-	3.3	3.3
2018	-	-	-
2019	-	-	-
2020	-	41.0	41.0
2021	-	3.2	3.2
2022+	-	58.7	58.7
Unlimited	404.0	154.9	558.9
Total 2012	404.0	273.5	677.5
Total 2011	1 236.1	467.7	1 703.8

TAX RATES APPLIED (SELECTED COUNTRIES)

COUNTRY	2012
Japan	40.0 %
USA	35.0 %
Belgium	34.0 %
France	33.3 %
Norway	28.0 %
Scotland	24.5 %
The Netherlands	25.0 %
Canada	25.0 %
Poland	19.0 %
Faroe Islands	20.5 %
Chile	20.0 %
Ireland	12.5 %

MATURITY OF TAX LOSSES FOR WHICH NO DEFERRED TAX ASSET IS RECOGNISED

	NORWAY	ABROAD
TO YEAR		
2013	-	21.6
2014	-	15.6
2015	-	321.1
2016	-	7.5
2017	-	7.0
2018	-	-
2019	-	-
2020	-	-
2021	-	-
2022+	-	-
Unlimited	-	7.0
Total	-	379.7

NOTE 15 – CASH

	2012	2011
Cash in bank	246.1	213.1
Restricted cash / withheld taxes	35.9	35.1
Other restricted cash	53.3	30.9
Cash	335.3	279.1

NOTE 16 - TRADE RECEIVABLES AND OTHER RECEIVABLES

SPECIFICATION OF CARRYING AMOUNT OF RECEIVABLES

	2012	2011
Trade receivables	1 799.4	1 929.9
Provisions for bad debts	-17.5	-15.0
Net trade receivables	1 782.0	1 914.9
Prepayments	95.4	65.4
Currency hedges	135.1	243.3
Other	362.3	301.1
Other receivables	592.7	609.8
Total trade receivables and other receivables	2 374.7	2 524.86

AGE DISTRIBUTION OF TRADE RECEIVABLES

	2012	2011
Receivables not overdue	1 426.3	1 661.4
Overdue 0-6 months	360.3	257.7
Overdue more than 6 months	12.8	10.8
Total carrying amount of trade receivables	1 799.4	1 929.9

MOVEMENT IN PROVISIONS FOR BAD DEBT (TRADE RECEIVABLES)

At the beginning of 2012, provisions for bad debt amounted to NOK 15.0 million. Provisions amounting to NOK -0.8 million was considered lost and thus written-off. Adjusted for additional provisions for losses of NOK 4.0 million, as well as NOK - 0.7 million in currency effects, the provision for bad debt amounted to NOK 17.5 million at year-end 2012.

CURRENCY EXPOSURE TO TRADE RECEIVABLES

The Group held trade receivables amounting to NOK 1 782.0 million at year-end.

The units generally completes their sales in the main trading currency in the country of destination. Below the carrying amount of trade receivables per unit is presented, and an indication of currency is given by reference to the markets where sales from the unit generally are made.

BUSINESS UNIT	MAIN MARKETS AND CURRENCY	2012	2011
Marine Harvest Norway	European market (EUR). US market (USD). Russia (USD) and Asia (JPY&USD)	619.3	596.3
Marine Harvest Chile	US market (USD). Brazil and Argentina (USD) and Asia (JPY)	242.6	238.3
Marine Harvest Canada	US market (USD)	166	26.7
Marine Harvest Scotland	Domestic market (GBP) and European market (EUR)	97.4	139.9
Marine Harvest VAP Europe	Belgium. France and Holland (EUR)	642.0	728.1
Marine Harvest Other			
Businesses and eliminations		164.1	185.6
Net trade receivables		1 782.0	1 914.9

NOTE 17 - TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2012	2011
Trade payables	1 452.5	1 481.8
Other current liabilities		
Social security and other taxes	121.8	117.4
Accrued expenses	385.9	332.7
Market value interest- and currency hedging instruments	450.4	304.6
Other liabilities	517.3	425.6
Total other current liabilities	1 475.4	1 180.3

CURRENT INTEREST-BEARING DEBT TO FINANCIAL INSTITUTIONS

	2012	2011
First years instalment on debt	235.3	-
Bank overdrafts	45.0	154.8
Other current interest-bearing debt	97.5	2.2
Total current interest-bearing debt	377.8	157.0

UNUSED DRAWING RIGHTS

	2012	2011
Unused part of bank overdraft facility (to be renewed within one year)	73.9	79.1
Unused part of bank overdraft facility (to be renewed in more than one year)	345.6	251.0
Unused part of other drawing rights (to be renewed in more than one year)	1 038.9	422.4
Total unused drawing rights	1 458.4	752.5

NOTE 18 - SECURED LIABILITIES AND GUARANTEES

CARRYING VALUE OF DEBT SECURED BY MORTGAGES AND PLEDGES

	2012	2011
Debt to financial institutions	4 036.1	5 045.6
Leasing debt	5.7	12.3
Total debt secured by mortgages and pledges	4 041.8	5 057.9
Guarantee liabilities	88.7	96.7

The Group syndicated loan facility has been established with security in current assets, licenses (where applicable), fixed assets and guarantees from some of the

entities in the Group. In addition the shares in larger subsidiaries have been pledged in favour of the bank syndicate.

CARRYING VALUE OF ASSETS PLEDGED AS SECURITY FOR DEBT

	2012	2011
Tangible fixed assets and licenses	6 382.5	6 452.1
Inventory and biological assets	6 207.3	6 189.0
Trade receivables	985.0	1 154.0
Other assets	7.6	3.7
Total assets pledged as security	13 582.4	13 798.8

NOTE 19 - OTHER NON-CURRENT LIABILITIES

	2012	2011
Net pension obligations	78.8	67.8
Equity Conversion Option - details in note 10	329.5	24.2
Other non-current liabilities	6.4	7.4
Total other non-current liabilities	414.7	99.3

NOTE 20 - INVESTMENTS IN ASSOCIATED COMPANIES

Associated companies are companies where the Group has a significant ownership interest, ranging from 20-50%, and where the Group is able to exercise significant influence. Associated companies are recorded in

the Group accounts in accordance with the equity method. None of the companies recognised as associated companies are listed companies.

ASSOCIATED COMPANIES

	HEAD OFFICE	OWNER- SHIP	OWNED BY	ACQUISITION COST	CARRYING AMOUNT 01.01.12	SHARE OF PROFIT 2012	DIVIDENDS RECEIVED 2012	OTHER CHANGES 2012	CARRYING AMOUNT 31.12.12
Nova Sea AS	Lovund	48 %	Marine Harvest Holding AS	269.2	534.8	834	-23.5	-	594.7
Finnøy Fisk AS	Finnøy	45 %	Marine Harvest Norway AS	22.7	38.1	04	-8.3	-	30.2
Vågafossen Settefisk AS	Vikedal	48 %	Marine Harvest Norway AS	1.3	7.6	0.6	-	-	8.2
Center for Aquaculture									
Competence AS	Hjelmeland	33 %	Marine Harvest Norway AS	0.2	43.7	1.0	-	-30.7	14.0
Others				0.1	0.2	2.9	-	-2.9	0.2
Total				293.5	624.4	88.3	-31.8	-33.6	647.3

NOVA SEA AS

	2012	2011
Total assets	1 343.0	1 236.0
Total liabilities	725.5	627.4
Total revenue	1 313.2	927.3
Total profit and loss	98.8	130.2

NOTE 21 - INVESTMENTS IN OTHER SHARES

Shares and holdings where the Group does not have significant influence.

SHAREHOLDINGS

SELSKAP	NUMBER OF SHARES	OWNER- SHIP %	ACQUISITION COST	CHANGES IN MARKET VALUE 2012	CARRYING AMOUNT 31.12.12
Aker Seafoods ASA ¹⁾	10 092 923	11.9 %	251.0	32.9	59.3
Morpol ASA	81 531 705	48.5 %	937.6	-	937.6
Stofnfiskur	10 633 341	7.8 %	6.0	-	3.0
Norway Seafoods AS ¹⁾	10 092 923	11.9 %	34.1	- 29.1	5.0
Other shares			2.8	-	3.6
Total carrying amount of other shares			1 231.4	3.8	1 008.6

¹⁾ Acquisition cost in Norway Seafoods AS represents the value at the time of the demerger from Aker Seafood ASA. The acquisition cost in Aker Seafood ASA has been reduced accordingly.

The shares in Aker Seafoods ASA are carried at fair value based on the market price for the shares at the Oslo Stock Exchange at year-end 2012.

The shares in Norway Seafoods AS are carried at fair value (OTC list). The shares in Morpol ASA are carried at fair value based on the acquisition price.

NOTE 22 - CONSOLIDATED ENTITIES

The consolidated financial statements include the following companies:

PARENT COMPANY	COUNTRY	
Marine Harvest ASA	Norway	
SUBSIDIARIES - NORWAY	COUNTRY	OWNERSHIP %
Marine Harvest Holding AS	Norway	100.00 %
Marine Harvest Norway AS	Norway	100.00 %
Marine Harvest Ingredients AS	Norway	100.00 %
Sterling White Halibut AS	Norway	100.00 %
Marine Harvest Minority Holding AS	Norway	100.00 %
Marine Harvest Labrus AS	Norway	100.00 %
SUBSIDIARIES - AMERICAS	COUNTRY	OWNERSHIP %
Marine Harvest North America Inc.	Canada	100.00 %
Marine Harvest Canada Inc.	Canada	100.00 %
Englewood Packing Company Ltd.	Canada	100.00 %
Marine Harvest Chile S.A	Chile	100.00 %
Ocean Horizons S.A	Chile	100.00 %
Fjord Seafood Chile S.A	Chile	100.00 %
Cultivadora de Salmones Linao S.A	Chile	100.00 %
Salmones Americanos S.A	Chile	100.00 %
Salmones Tecmar S.A	Chile	100.00 %
Salmones Lican S.A.	Chile	100.00 %
Processadora De Productos Marinos Delifish S.A	Chile	100.00 %
Salmoamerica Corp.	Panama	100.00 %
Aquamerica International Holdings S.A	Panama	100.00 %
Panamerica International Holdings S.A	Panama	100.00 %
Marine Harvest USA Holding LLC	USA	100.00 %
Ducktrap River of Maine LLC	USA	100.00 %
Marine Harvest USA LLC	USA	100.00 %
SUBSIDIARIES - ASIA	COUNTRY	OWNERSHIP %
Marine Harvest China Co. Ltd.	China	100.00 %
Marine Harvest Hong Kong Cy Ltd	Hong Kong	100.00 %
Marine Harvest Japan Inc	Japan	100.00 %
Marine Harvest Food Service Inc	Japan	100.00 %
Marine Harvest Korea Co. Ltd	Korea	100.00 %
Marine Harvest Taiwan Co. Ltd	Taiwan	100.00 %
Marine Harvest Singapore Pte Ltd	Singapore	100.00 %
SUBSIDIARIES - EUROPE	COUNTRY	OWNERSHIP %
Marine Harvest Pieters NV	Belgium	100.00 %
Marine Harvest VAP Europe NV	Belgium	100.00 %
Marine Harvest Central and Eastern Europe s.r.o.	Czech Republic	100.00 %
Marine Harvest Faroes P/F	Faroes	72.90 %
Marine Harvest VAP France SAS	France	100.00 %
Marine Harvest Appéti' Marine SAS	France	100.00 %
Marine Harvest Boulogne SAS	France	100.00 %
Marine Harvest Rolmer SAS	France	100.00 %
Marine Harvest Lorient SAS	France	100.00 %
J.L. Solimer SARL	France	100.00 %
Marine Harvest Kritsen SAS	France	100.00 %
Marine Harvest Rennes SAS	France	100.00 %
Belisco Ehf	Iceland	100.00 %

SUBSIDIARIES - EUROPE	COUNTRY	OWNERSHIP %
Comhlucht Iascaireachta Fanad Teoranta	Ireland	100.00 %
Bradán (Maoil Rua) Teoranta	Ireland	100.00 %
Bradán Fanad Teoranta	Ireland	100.00 %
Bradán Prioseal Teoranta	Ireland	100.00 %
Fanad Pettigo Teoranta	Ireland	100.00 %
Feirm Farraige Oileán Chliara Teoranta	Ireland	90.00 %
Fanad Fisheries (Trading) Ltd	Ireland	100.00 %
Silverking Seafoods Ltd	Ireland	100.00 %
Marine Harvest Italia S.R.L.	Italy	100.00 %
Marine Harvest NV	Netherlands	100.00 %
Marine Harvest International BV	Netherlands	100.00 %
Marine Harvest Holland BV	Netherlands	100.00 %
Marine Harvest Sterk Holding BV	Netherlands	100.00 %
Marine Harvest Sterk BV	Netherlands	100.00 %
Marine Harvest Poland Sp. Zoo	Poland	100.00 %
Marine Harvest (Scotland) Ltd	Scotland	100.00 %
Marine Harvest Spain, S.L.	Spain	100.00 %

NOTE 23 - SHARE CAPITAL

SHARE CAPITAL

	2012	2011
Total number of shares	3 748.3	3 581.1
Nominal value as of 31.12 (NOK)	0.75	0.75
Share capital (total number of shares at nominal value)	2 811.3	2 685.9
Share premium reserve	779.0	55.0

OVERVIEW OF THE LARGEST SHAREHOLDERS 31.12.2012:

	NO. OF SHARES	OWNER'S SHARE %
Geveran Trading CO LTD	730 412 902	19.49 %
Folketrygdfondet	290 483 992	7.75 %
Morgan Stanley & CO Internat. PLC	254 203 535	6.78 %
Geveran Trading CO LTD	123 480 400	3.29 %
State Street Bank and Trust CO.	114 867 710	3.06 %
Clearstream Banking S.A.	109 080 746	2.91 %
Friendmall LTD	80 524 404	2.15 %
State Street Bank & Trust CO.	80 409 314	2.15 %
State Street Bank and Trust CO.	62 835 557	1.68 %
State Street Bank and Trust CO	55 956 585	1.49 %
DNB NOR Bank ASA	51 715 263	1.38 %
Goldman Sachs & CO - Equity	51 714 000	1.38 %
Deutsche Bank Trust CO. Americas	48 439 520	1.29 %
The Bank of New York Mellon	46 182 666	1.23 %
Statoil Pensjon	36 782 996	0.98 %
Varma Mutual Pension Insurance	33 500 000	0.89 %
West Coast Invest AS	30 012 000	0.80 %
JPMorgan Chase Bank	26 955 832	0.72 %
MP Pensjon PK	24 658 000	0.66 %
Skandinaviska Enskilda Banken	23 856 153	0.64 %
Total 20 largest shareholders	2 276 071 575	60.72 %
Total other	1 472 270 022	39.28 %
Total number of shares	3 748 341 597	100.00 %

SHAREHOLDERS PER COUNTRY

	NO. OF SHARES	SHARE %
Norway	1 102 249 091	29.41 %
Cyprus	955 246 829	25.48 %
USA	652 890 401	17.42 %
Great Britain	555 172 119	14.81 %
Other countries	482 783 157	12.88 %

SHARES OWNED BY BOARD MEMBERS, GROUP MANAGEMENT AND THEIR RELATED PARTIES AS OF 31.12.2012

	NUMBER OF SHARES
Board of Directors	
Ole-Eirik Lerøy (Chairman of the Board)	11 220 000
Leif Frode Onarheim	300 000
Solveig Strand	20 000
Michael Parker	0
Cecilie Fredriksen ¹⁾	0
Tor Olav Trøim	5 000
Hege Sjø	0
Turid Lande Solheim	5 909
Geir-Elling Nygård	0
Stein Mathiesen	3 018
Total number of shares held by Board members	11 553 927
Group Management	
Alf-Helge Aarskog CEO	255 909
Ivan Vindheim CFO	3 018
Marit Solberg COO Farming	245 707
Ola Brattvoll COO Sales and Marketing	3 018
Øyvind Oaland R&D Global Director	80 450
Anne Lorgen Riise HR Global Director	0
Total number of shares held by Group management	588 102
Total number of shares held by Board members and Group management personnel	12 142 029
Total number of shares held by Board members and Group management personnel in % of total outstanding shares	0.32%

¹⁾ Cecilie Fredriksen is a member of the class of Beneficiaries of the Trusts which indirectly control Geveran Trading Co Limited.

TRS AGREEMENTS AND FORWARD CONTRACTS

Geveran Trading Co Ltd (Geveran), which is indirectly controlled by trusts established by John Fredriksen for the benefit of his immediate family, holds 918 233 302 shares representing 24.50% of the issued capital in Marine Harvest ASA and has an additional exposure to the share through TRS agreements relating to 70 000 000 shares in Marine Harvest ASA.

Ole-Eirik Lerøy and his affiliate own 41 220 000 shares in Marine Harvest ASA, of which 30 000 000 shares are covered by a forward agreement. This represents a total ownership of 1.15% of the issued share capital. The settlement date of the forward agreement is 16 December 2013 and the purchase price is NOK 3.9287 per share.

SHAREHOLDERS RIGHTS

There are no current limitations in voting rights or trade limitations related to the Marine Harvest share.

AUTHORIZATION TO INCREASE THE SHARE CAPITAL

The Board of Directors is granted an authorization to increase the company's share capital with a total par value up to NOK 134 300 000 represented by up to 179 066 667 shares, with a nominal value of NOK 0.75 per share. 167 201 054 shares were issued under this proxy in relation to the acquisition of 48.5% of Morpol. The authority also applies to capital increases in connection with mergers pursuant. The authority did not define the purpose(s) of such capital increase. The authority expires at the AGM in 2013.

POWER OF ATTORNEY TO REPURCHASE OWN SHARES

The Board is granted a power of attorney to purchase shares in the company up to a maximum total nominal par value of NOK 268 585 000, which equals approx. 10% of the current share capital in the secondary market during the period up until the AGM 2013. The shares may be purchased at a maximum price of NOK 12 per share and a minimum price corresponding to their nominal value, NOK 0.75 per share.

NOTE 24 - EARNINGS PER SHARE

EARNINGS PER SHARE/DILUTED EARNINGS PER SHARE

	2012	2011	2010
Profit for the year attributable to owners of Marine Harvest ASA	4 086	1 115.7	3 077.9
Number of shares as of 31 December	3 748.3	3 581.1	3 574.9
Time-weighted average of shares issued and outstanding (million)	3 586.4	3 579.3	3 574.9
Average diluted number of shares (million)	3 930.1	3 922.9	3 574.9
= Earnings per share (NOK)	0.11	0.31	0.87
= Diluted earnings per share (NOK)	0.11	0.31	0.87

Basic EPS is calculated on the weighted average number of shares outstanding during the period.

Convertible bonds that are "in the money" are considered to have a dilutive effect if EPS is reduced when assuming a full conversion into shares at the beginning of the period and reversing all its effects on earnings for the period. On the other hand, if the effect of the above increases EPS, the bond is considered anti-dilutive,

and is then not included in diluted EPS. The adjustments to earnings are interest expenses, currency gains/losses, changes in fair value of equity conversion option and estimated taxes.

The equity conversion option on the convertible bond was "in the money" at the end of the reporting period, but the effect on EPS was anti-dilutive and the convertible bond is therefore not included in diluted EPS

NOTE 25 - RELATED PARTY TRANSACTIONS

SHAREHOLDERS

Geveran Trading Co Ltd is indirectly controlled by trusts established by John Fredriksen for the benefit of his immediate family. At year-end 2012 Geveran Trading's affiliated ownership in Marine Harvest was 918 233 302 shares, constituting 24.5% of the total share capital and TRS agreements with an underlying net exposure to 70 million shares.

Transactions with associated companies

The figures presented below are with associated companies, mainly Nova Sea AS, Finnøy Fisk AS, Vågafossen Settefisk AS and Center for Aquaculture Competence AS.

RELATED PARTY TRADE TRANSACTIONS

	2012	2011
Revenue	18.9	15.1
Purchase	-140.2	-67.3
Trade receivables	-0.3	8.5
Trade payables	22.6	35.7

NOTE 26 - CONTINGENT LIABILITIES AND PROVISIONS

DISPUTE IN CHILE CONCERNING

TERMINATION OF A REARING CONTRACT

Marine Harvest Chile S.A. has terminated a rearing contract with Salmones Sur Austral S.A. and claimed that the contract is null and void because it was fraudulently organised and implemented by former Managing Director of Marine Harvest Chile S.A., Mr. Álvaro Jiménez, with the aid of shareholders in Salmones Sur Austral S.A.

Marine Harvest Chile S.A. has taken legal action against Salmones Sur Austral S.A. to have the rearing contract declared null and void. Salmones Sur Austral S.A. has countersued Marine Harvest for breach of contract and indemnification of damages, which were valued at USD 42 million. The dispute shall be solved in an arbitration case.

Marine Harvest Chile S.A. has made a provision of USD 0.3 million for legal expenses in the financial statements.

LAWSUIT AGAINST FORMER MANAGING

DIRECTOR OF MARINE HARVEST CHILE S.A. AND OTHERS

Marine Harvest Chile S.A. has filed a lawsuit against its former Managing Director, Mr. Álvaro Jiménez, for breach of his duties towards the company, claiming that he authorized sale of smolt and a rearing contract with Salmones Sur Austral S.A, without informing the company, while he had a personal economic interest in the results of it.

Marine Harvest Chile S.A. claims that Jiménez took a business opportunity that belonged to the company; that he used his position and knowledge of confidential information to benefit himself and others; and that he used the company's assets for his own benefit using a deceitful scheme. Marine Harvest Chile S.A. is asking for reimbursement of all the proceeds obtained by Jiménez in this fraudulent venture, which are estimated at USD 7.5 million, and the indemnification of all damages.

Marine Harvest Chile S.A. has also extended the claim for damages to Mr. Fernando

Toro, legal representative of Salmones Sur Austral S.A who signed the contracts with Jiménez, and Mr. Francisco Ariztía, one of the main shareholders in Salmones Sur Austral S.A., who aided Jiménez in structuring and implementing the deceitful scheme, and the respective companies owned by Jiménez, Toro and Ariztía, which were used as legal vehicles.

The claims made by Marine Harvest Chile S.A. amount to a total of USD 17 million.

Marine Harvest Chile S.A. has not recognised any provision in this regard.

DISPUTE IN NORWAY - CLAIM FOR COMPENSATION

Marine Harvest Norway AS had a contract for sale of fish to Icelandic UK Ltd, Seachill division (Seachill). Seachill has not purchased the agreed volume at the agreed price and as a consequence of this Marine Harvest Norway AS has suffered a loss in the amount of NOK 63 million.

Marine Harvest Norway AS has claimed compensation from Seachill for the loss suffered and has decided to proceed with an arbitration process to solve the dispute.

Marine Harvest Norway AS has not recognised any provision in this regard.

POSSIBLE FINE DUE TO PRODUCTION OF SMOLT IN NORWAY EXCEEDING THE FORMAL PERMIT LEVEL

Marine Harvest Norway AS is under investigation for production of smolt exceeding the formal permit level. Marine Harvest Norway AS has recognised a minor provision in the financial statements for a potential fine.

OTHER CASES

Marine Harvest Group has in addition to these cases other pending legal issues, which are not considered to be material.

NOTE 27 - OTHER OPERATING EXPENSES

SPECIFICATION OF OTHER OPERATING EXPENSES

	2012	2011	2010
Maintenance	647.2	577.3	342.0
Electricity and fuel	304.6	278.6	173.7
Rent and leases	236.9	199.5	108.9
Third party services	180.8	248.0	82.7
Insurance	136.1	122.8	79.2
Consultancy fees	99.0	117.4	179.2
IT costs	91.4	85.1	74.2
Travel cost	80.2	74.2	53.6
Marketing costs	50.9	52.0	48.9
Other operating costs	336.5	308.3	311.5
Total other operating expenses	2 163.6	2 063.2	1 453.8

NOTE 28 - OPERATING LEASES

FUTURE PAYMENTS FOR OPERATING LEASES

	2012	2011
Gross amount payable within 1 year	307.8	410.2
Gross amount payable within 1-5 years	444.0	507.1
Gross amount payable after 5 years	81.9	72.1
Total gross amount payable	833.8	989.4

FUTURE INCOME FOR OPERATING SUBLEASES

	2012	2011
Total future income for operating subleases	-	177.9

OPERATING LEASES AND SUBLEASES

	2012	2011
Operating leases expensed	-175.9	-208.7
Income from operating subleases	11.0	24.6
Total net operating leases	-165.0	-184.2

NOTE 29 - AUDITOR'S FEES

FEE TO AUDITORS 2012

	ERNST & YOUNG	OTHER APPOINTED AUDITORS
Audit services	7.6	-
Other authorisation services	0.1	-
Tax advisory services	0.3	-
Other services non-audit related	0.9	-
Total fees for 2012	9.0	-

FEE TO AUDITORS 2011

	ERNST & YOUNG	OTHER APPOINTED AUDITORS
Audit services	7.9	-
Other authorisation services	0.1	-
Tax advisory services	1.0	-
Other services non-audit related	0.3	0.2
Total fees for 2011	9.3	0.2

FEE TO AUDITORS 2010

	ERNST & YOUNG	OTHER APPOINTED AUDITORS
Audit services	8.1	0.7
Other authorisation services	0.3	-
Tax advisory services	0.7	-
Other services non-audit related	0.6	0.1
Total fees for 2010	9.8	0.8

Auditor's fee is stated exclusive value added tax.

NOTE 30 - SUBSEQUENT EVENTS

For information related to additional shares acquired in Morpol ASA in 2013, reference is made to note 5.

In February 2013 Marine Harvest ASA completed an unsecured bond issue of NOK 1 250 million with maturity in March 2018. The bond carries an interest of 3-month NIBOR plus 3.5%. The proceeds from the bond issue will be used to part-finance the acquisition of Morpol ASA and for general corporate purposes.

NOTE 31 - EXCEPTIONAL ITEMS

The 2012 financial statement contain several items that are considered exceptional relative to the normal business operation. The total effect of exceptional items included in EBITDA was NOK 354.4 million for the year.

Marine Harvest Norway suffered increased costs as a consequence of sea lice mitigating actions in the amount of NOK 168.0 million. In addition, the unit experienced exceptional mortality and additional costs related to early harvest of small fish for PD mitigation purpose totaling NOK 49.9 million.

Marine Harvest Chile experienced exceptional costs of NOK 26.0 million relating to a voluntary product recall as a result of detection of *Listeria monocytogenes* in

cold smoked salmon, processed at our factory in Chile. In addition, the entity saw exceptional mortality costs of NOK 2.9 million.

For Marine Harvest Canada, the 2012 profit was affected by exceptional customer claims and discards at harvest totaling NOK 63.0 million due to the parasite *Kudoa thyrsites*. Exceptional algae-related mortality amounted to NOK 4.2 million.

Amoebic Gill Disease had a material impact on the Scottish and Irish operations in the second half of 2012 leading to combined exceptional mortality costs of MNOK 40.4 million for the two operations.

NOTE 32 - NEW IFRS STANDARDS - NOT YET IMPLEMENTED

At the end of 2012, there are new standards/interpretations and amendments to existing standards/interpretations that are not yet effective, but will be relevant for the Marine Harvest Group at implementation:

IAS 1 Presentation of Financial Statements

The amendments to IAS 1 require companies to group together items within Other Comprehensive income (OCI) that may be reclassified ("recycled") to the profit or loss section of the income statement, separate from items within OCI that will not be recycled through profit and loss. Examples of items that may be recycled is change in fair value of cash flow hedges and currency translation differences, while examples of item which not will be recycled is actuarial gains and losses on defined benefit plans. The Group will apply the amendment in IAS 1 as of 1 January 2013.

IAS 19 Employee benefits

IAS 19 was amended in June 2011. The impact for the Group will be that all actuarial gain or losses will be recognised in "Other Comprehensive Income" and not in profit and loss. There will not be any implementation effects of the change in accounting policy. The amended standard will impact the future net benefit expense, as the expected return on plan assets will be using the same interest rate as applied for discounting the benefit obligation. The Group will apply IAS 19R as of 1 January 2013.

IFRS 9 Financial Instruments

IFRS 9 will replace the classification and measurement rules in IAS 39 Financial Instruments- Recognition and measurement for financial instruments. The standard was initially effective for annual periods beginning on or after 1. January 2013, but the mandatory effective date is postponed to 1. January 2015. It is not expected that the new standard will have material impact on measurements of the Groups financial

assets and liabilities. The Group expects to apply IFRS 9 as of 1 January 2015.

IFRS 10 Consolidated financial statements

IFRS 10 replaces parts of IAS 27 and SIC 12, and establishes a single control model that applies to all entities including special purpose entities. The change in IFRS 10 will require management to exercise significant judgment to determine which companies are controlled, and therefore, are required to be consolidated by a parent. It is not expected that the new standard will have material impact on the Groups financial statements, even though some minor associated companies can meet the definition of a subsidiary. The Group expects to apply IFRS 10 as of 1 January 2014.

IFRS 12 Disclosure of interest in other entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28 Investment in Associates.

A number of new disclosures are required. The full impact of IFRS 12 is yet to be assessed. The Group expects to apply IFRS 12 as of 1 January 2014.

IFRS 13 Fair value measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements, and provides guidance on how to measure fair value under IFRS. The Group does not expect IFRS 13 to have significant effects on the measurement of biological assets or other assets and liabilities recognised to fair value. Extended disclosure (Notes), related quantitative information about fair value measurements for biomass using significant unobservable inputs, is expected both in the interim financial statements and in the annual report. The Group will apply IFRS 13 as of 1 January 2013.



FINANCIAL STATEMENTS AND NOTES

Marine Harvest ASA

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STATEMENT OF PROFIT AND LOSS

MARINE HARVEST ASA

	NOTE	2012	2011	2010
Other income		71.0	60.2	41.4
Salary and personnel expenses	14	- 92.7	- 69.4	- 79.9
Other operating expenses	15	- 70.7	- 69.1	- 47.9
Depreciation	11	- 5.2	- 2.9	- 3.3
Earnings before interest and taxes (EBIT)		- 97.5	- 81.1	- 89.7
Interest expenses	3	- 383.4	- 430.5	- 382.0
Net currency effects	3	244.4	66.9	334.8
Other financial items	3	- 364.9	363.5	26.6
Group contribution	8	3 604.5	3 739.0	3 132.4
Earnings before taxes (EBT)		3 003.0	3 657.9	3 022.1
Taxes	7	- 197.2	- 364.0	- 658.7
Profit or loss for the year		2 805.9	3 293.9	2 363.4
Distribution of profit				
Dividends payable		-	-	2 859.9
To other equity	2	2 805.9	3 293.9	- 496.5
Profit or loss for the year		2 805.9	3 293.9	2 363.4

STATEMENT OF FINANCIAL POSITION

MARINE HARVEST ASA

	NOTE	2012	2011
ASSETS			
Non-current assets			
Deferred tax asset	7	124.4	332.4
Total intangible assets		124.4	332.4
Property, plant and equipment	11	21.1	20.8
Total tangible assets		21.1	20.8
Investments in subsidiaries	9	16 493.6	16 493.6
Intercompany non-current receivables	8	1 617.2	1 737.0
Investments in other shares	10	1 002.1	60.6
Total financial assets		19 112.8	18 291.3
Total non-current assets		19 258.3	18 644.5
Current assets			
Intercompany current receivables	8	5 922.6	4 821.7
Other current receivables		185.6	246.0
Total receivables		6 108.2	5 067.7
Cash	12	134.1	34.4
Total current assets		6 242.3	5 102.1
Total assets		25 500.6	23 746.6

MARINE HARVEST ASA

	NOTE	2012	2011
EQUITY AND LIABILITIES			
Equity			
Share capital	2	2 811.3	2 685.9
Share premium reserve	2	779.0	55.0
Other paid-in capital	2	6 764.5	6 764.53
Total paid-in capital		10 354.8	9 505.3
Other equity	2	6 096.9	3 291.1
Total equity		16 451.7	12 796.4
Non-current liabilities			
Non-current interest-bearing debt	5	5 209.1	6 441.6
Other non-current liabilities		356.3	48.3
Total non-current liabilities		5 565.4	6 489.9
Current liabilities			
Current interest-bearing debt	5	332.2	114.2
Intercompany current liabilities	8	2 623.0	3 976.4
Other current liabilities	13	528.3	369.7
Total current liabilities		3 483.5	4 460.3
Total liabilities		9 048.9	10 950.2
Total equity and liabilities		25 500.6	23 746.6

OSLO, 21 MARCH 2013


Ole-Eirik Lerøy
CHAIRMAN OF THE BOARD

Leif Frode Onarheim
VICE CHAIRMAN OF THE BOARD


Cecilie Fredriksen



Michael Parker



Hege Sjø



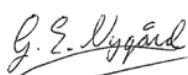
Solveig Strand



Tor Olav Trøim



Stein Mathiesen



Geir Elling Nygård



Turid Lande Solheim


Alf-Helge Aarskog
CHIEF EXECUTIVE OFFICER

STATEMENT OF CASH FLOW

MARINE HARVEST ASA

	NOTE	2012	2011
Cash flow from operations			
Earnings before taxes		3 003.0	3 657.9
Interest		383.4	430.5
Currency effects		- 244.4	- 66.8
Other financial items		364.9	- 363.6
Group contribution		-3 604.5	-3 739.0
Impairment losses and depreciation	11	5.2	2.9
Taxes paid	7	- 0.7	- 1.0
Change in inventory, acc. payables and acc. receivables		9.2	- 9.9
Change in restricted cash	12	- 22.1	10.2
Other adjustments		2.8	22.9
Cash flow from operations		- 103.2	- 55.9
Cash flow from investments			
Payments made for purchase of fixed assets		- 5.5	- 13.1
Purchase of shares and other investments ¹⁾		- 512.6	0.0
Cash flow from investments		- 518.1	- 13.1
Cash flow from financing			
Proceeds from new interest-bearing debt (current and non-current)		-	1 445.9
Down payment of interest-bearing debt (current and non-current)		- 773.5	- 248.4
Paid interest (net)		- 283.7	- 335.2
Received interest group internal (net)		42.5	- 0.7
Net change in intercompany balances		1 351.2	1 890.5
Realised currency effects		- 85.2	156.1
Dividends from group companies		22.6	-
Dividend paid		-	-2 878.5
Paid-in capital ¹⁾		425.0	42.1
Purchase of treasury shares		-	- 2.8
Cash flow from financing		698.9	69.0
Net change in cash in period		77.6	0.0
Cash - opening balance		0.0	0.0
Net change in cash in period		77.6	0.0
Cash - closing balance total	12	77.6	0.0

¹⁾ The acquisition of 48.5% of the shares in Morpol ASA was paid with NOK 512.6 million in cash and NOK 425.0 million in issuance of shares in Marine Harvest ASA.

NOTE 1 - GENERAL INFORMATION AND ACCOUNTING PRINCIPLES

Marine Harvest ASA is the parent company in the Marine Harvest Group and consists of corporate management.

The separate financial statements of Marine Harvest ASA have been prepared in accordance with the Norwegian Accounting Act from 1988 and Generally Accepted Accounting Principles in Norway. The financial statements for the Group have been prepared in accordance with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board (IASB) as adopted by the EU (EU-IFRS)

For accounting policies used reference is made to note 2 in the Group Financial Statements. The accounting principles used in the financial statements for Marine Harvest ASA are similar to the accounting principles used for the Group's financial statements, except for:

- Dividends payable and Group contributions will not be recognised in the Group financial statements until approved in the general meetings, while these in the

separate financial statements for Marine Harvest ASA are recognised in the year of proposal.

- Acquisitions costs in Business Combinations are in the Group financial statements recognised as expenses in profit and loss in the periods in which the cost are incurred and the services are received. In the separate financial statements for Marine Harvest ASA are these expenses included as a part of the acquisition price.

Investment in subsidiaries and intercompany loans are measured to the lowest of fair value and cost. Financial derivatives within the Group are measured to fair value. The statements of profit and loss and changes in equity in the separate financial statement divert from the statements for the Group as other comprehensive income still is treated as equity transactions in the separate financial statements.

Other income consists mainly of management fee charged to the business units. Marine Harvest ASA is responsible for external financing of the Group.

NOTE 2 - EQUITY

SPECIFICATION OF CHANGES IN EQUITY IN 2012

	ISSUED CAPITAL	SHARE PREMIUM RESERVE	OTHER PAID-IN CAPITAL	OTHER EQUITY	TOTAL EQUITY
Equity 01.01.12	2 685.9	55.0	6 764.5	3 291.1	12 796.4
Issue of shares related to share price based incentive scheme	125.4	724.1			849.5
Profit or loss for the year				2 805.9	2 805.9
Total equity 31.12.12	2 811.3	779.0	6 764.5	6 096.9	16 451.7

SPECIFICATION OF CHANGES IN EQUITY IN 2011	ISSUED CAPITAL	SHARE PREMIUM RESERVE	OTHER PAID-IN CAPITAL	OTHER EQUITY	TOTAL EQUITY
Equity 01.01.11	2 681.2	17.5	6 769.3	0.0	9 468.0
Issue of shares related to share price based incentive scheme	4.7	37.4			42.1
Purchase of treasury shares				-2.8	- 2.8
Dividend			- 4.7		- 4.7
Profit or loss for the year				3 293.9	3 293.9
Total equity 31.12.11	2 685.9	55.0	6 764.5	3 291.1	12 796.4

SHARE CAPITAL

For information related to shareholders and share capital reference is made to Group note 23.

NOTE 3 – FINANCIAL ITEMS

	2012	2011	2010
Interest expense	-383.4	-430.5	-382.0
Net currency effects	244.4	66.9	334.8
Other financial items - subsidiaries	57.7	40.2	154.7
Other financial items - other shares	3.8	-31.0	14.1
Interest swaps - change in fair value	-145.0	-129.9	67.5
Equity conversion option - change in fair value	-305.3	481.2	-245.7
Other financial items	23.9	3.1	36.1
Net other financial items	-364.9	363.5	26.6

NOTE 4 – FINANCIAL DERIVATIVES

FOREIGN EXCHANGE RISK

At the end of 2012 Marine Harvest ASA had a portfolio of currency hedging instruments against third party counterparts with a total contract value of NOK 1 661 million. The portfolio had a positive market value of NOK 1316 million. The portfolio is described in further detail in note 12 to the Group financial statements.

The subsidiaries are required to do all their currency hedging with Marine Harvest ASA as their counterparty. In addition to the portfolio of external hedges, Marine Harvest ASA thereof also holds a portfolio of foreign exchange hedges with their subsidiaries as counterparty. This portfolio to a large extent offsets the external portfolio with respect to amounts, maturities and market values.

Furthermore, Marine Harvest ASA holds two basis swaps which fix the exchange rate between EUR and USD. The basis swaps represent an adjustment to the

currency structure on external debt and had a net negative market value of NOK 18.6 mill as at 31 December 2012

The forward contracts and the basis swaps are recognised at fair value in the statement of financial position.

INTEREST RATE RISK

Marine Harvest ASA hedges all interest rate risk on behalf of the Group. For positions held in interest rate derivatives and their value, reference is made to note 11 and 12 of the Group financial statements.

NOTE 5 – INTEREST-BEARING DEBT

	2012	2011
Non-current interest-bearing debt	3 676.7	4 797.0
Bonds	-	78.4
Convertible bond	1 532.4	1 566.2
Total non-current interest-bearing debt	5 209.1	6 441.6
Current interest-bearing debt	332.2	114.2
Total interest-bearing debt	5 541.3	6 555.8

The equity conversion option on the convertible bond, amounting to NOK 329.5 million, is classified as other non-current liabilities. For specification of interest-bearing debt and convertible bond reference is made to Group note 10

NOTE 6 - ASSETS PLEDGED AS SECURITY AND GUARANTEE LIABILITIES

ASSETS PLEDGED AS SECURITY AND GUARANTEE LIABILITIES

The syndicated loan facility in Marine Harvest is secured by assets pledged from the larger subsidiaries of the Group. The larger subsidiaries of the Group have also granted a pledge in their current assets, partly as a pledge in favour of a third party

and partly as security for the fulfilment of the obligations. In addition Marine Harvest ASA has pledged the ownership in its subsidiaries, as well as certain current assets.

ASSETS PLEDGED AS SECURITY AND GUARANTEE LIABILITIES

	2012	2011
Secured Group debt	3 912.0	4 909.6
Carrying amount of assets pledged as security:		
Receivables	3 658.8	2 523.3
Other (shares in subsidiaries)	16 243.2	16 243.1
Total carrying amount of assets pledged as security	19 902.0	18 766.3
Guarantee liabilities:	73.1	84.1
Nominal value of guarantee liabilities	73.1	84.1

NOTE 7 – TAXES

SPECIFICATION OF THIS YEAR'S TAX EXPENSE

	2012	2011	2010
Withholding tax paid	10.9	- 0.9	- 0.2
Changes in deferred taxes	- 208.0	- 363.1	- 658.6
Total tax expense	- 197.2	- 364.0	- 658.7

SPECIFICATION OF TEMPORARY DIFFERENCES AND LOSSES CARRIED FORWARD

	2012	2011	2010
Current Assets	5.8	4.6	- 0.7
Non-current assets and liabilities in foreign currencies	-	-	226.0
Debt	363.2	241.5	-
Pension obligation	- 26.8	- 24.1	- 2.8
Losses carried forward	- 404.0	-1 226.7	-2 609.7
Other differences	- 382.5	- 182.4	- 96.6
Total basis for deferred taxes/deferred tax asset:	- 444.3	-1 187.2	-2 483.8
Nominal tax rate	28 %	28 %	28 %
Deferred taxes/deferred tax asset	124.4	332.4	695.5
Total recognised deferred tax asset	124.4	332.4	695.5

RECONCILIATION BETWEEN NOMINAL AND EFFECTIVE TAX RATE

	2012	2011	2010
Profit before tax	3 003.0	3 657.9	3 022.1
Nominal tax rate	28 %	28 %	28 %
Tax calculated with nominal tax rate	-840.8	-1 024.2	-846.2
Withholding tax	10.9	-0.9	-0.2
Correction of earlier year's taxes	-4.1	-21.8	-
Dividends	6.3	-	16.1
Reversal of write down	-	-	16.7
Group Contribution without tax effect	729.9	569.8	196.0
Convertible bond – change in fair value	-85.5	134.7	-68.8
Financial instruments	-1.1	-8.7	3.5
Changes in marked value of other shares	1.1	-	-
Other differences	-13.8	-12.9	24.2
Total actual tax in the statement of comprehensive income	-197.2	-364.0	-658.7

NOTE 8 - INTERCOMPANY TRANSACTIONS

INTERCOMPANY RECEIVABLES AND LIABILITIES

	2012	2011
Intercompany non-current receivables	1 617.2	1 737.0
Net non-current receivables	1 617.2	1 737.0
Intercompany current receivables	5 922.6	4 821.7
Intercompany current liabilities	-2 623.0	-3 976.4
Net intercompany current liabilities	3 299.6	845.3
Total net intercompany balances	4 916.8	2 582.3
Management fee, net invoiced subsidiaries	71.3	59.2

GROUP INTERNAL FINANCIAL INCOME AND EXPENSE

	2012	2011
Interest income group companies	57.9	40.3
Interest expense group companies	- 15.4	- 41.0
Group contribution ¹⁾	3 604.5	3 739.0

¹⁾ The Group Contribution mainly comes from Marine Harvest Norway AS and Marine Harvest Holding AS.

NOTE 9 - SHARES IN SUBSIDIARIES

COMPANY	BUSINESS ADDRESS	DATE OF PURCHASE	OWNER'S SHARE	NUMBER OF SHARES	EQUITY AS OF 31.12.2012	PROFIT THIS YEAR	CARRYING AMOUNT 31.12.2012
Marine Harvest NV	Amersfoort, Netherland	29-12-06	100 %	225 000	1 613.0	0.0	5 392.9
Marine Harvest Holding AS	Oslo, Norway	07-04-06	100 %	590 452 360	2 209.7	-1 856.7	10 677.0
Marine Harvest Faroes	Kollafjordur, Faroes	01-11-99	72.9 %	1	187.8	8.2	250.4
Marine Harvest Kritsen SAS	Pollauouen, France	11-04-97	100 %	7 005 366	205.6	- 13.6	173.3
Total					4 216.0	-1 862.2	16 493.6

Shares in subsidiaries are recognised according to the cost method and yearly tested for impairment.
The owners share listed above are equal to the voting rights for each company.

NOTE 10 – INVESTMENTS IN OTHER SHARES

Other shares include investments where Marine Harvest ASA does not have any or only very limited influence on operations and management.

COMPANY	NUMBER OF SHARES	OWNERSHIP %	ACQUISITION COST	CHANGES IN MARKET VALUE 2012	CARRYING AMOUNT 2012
Aker Seafoods ASA ¹⁾	10 092 923	11.9 %	251.0	32.9	59.3
Morpol ASA	81 531 705	48.5 %	937.6	0.0	937.6
Norway Seafoods AS ¹⁾	10 092 923	11.9 %	34.1	-29.1	5.0
Other shares			0.8		0.1
Total carrying amount of investments in other shares				3.8	1 002.1

¹⁾ Acquisition cost in Norway Seafoods AS represents the value at the time of the distribution from Aker Seafood ASA. The acquisition cost in Aker Seafood ASA has been reduced accordingly

The shares in Aker Seafoods ASA are carried at fair value based on the market price for the shares at Oslo Stock Exchange. The shares in Norway Seafoods AS are carried at fair value (OTC list).

The shares in Morpol ASA are recognised at fair value based on the acquisition price

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

SPECIFICATION OF PROPERTY, PLANT AND EQUIPMENT

	2012	2011
Acquisition cost as of 01.01	31.5	19.5
Additions in the year	5.5	13.1
Disposals in the year	0.0	-1.1
Total acquisition cost as of 31.12	36.9	31.5
Accumulated depreciation and impairment losses as of 01.01	10.6	8.9
Depreciation in the year	5.2	2.9
Accumulated depreciation and impairment losses on disposals	0.0	-1.1
Total accumulated depreciation and impairment losses as of 31.12	15.8	10.6
Total net carrying amount as of 31.12	21.1	20.8
Estimated useful life	3-6 years	3-6 years
Depreciation method	Linear	Linear

NOTE 12 – CASH

	2012	2011
Cash at bank	77.6	0.0
Restricted cash / withheld taxes	3.1	3.6
Other restricted cash	53.4	30.9
Cash	134.1	34.4

NOTE 13 - OTHER CURRENT LIABILITIES

	2012	2011
Negative fair market value on interest swaps	448.7	270.9
Currency hedges	1.8	33.7
Accrued interest cost	39.0	38.0
Other accruals	38.9	27.0
Total other current liabilities	528.3	369.7

NOTE 14 - SALARY AND PERSONNEL EXPENSES

SALARY AND PERSONNEL EXPENSES			
	2012	2011	2010
Wages and salaries	61.0	50.8	53.7
Social security taxes	8.4	10.6	7.3
Pension expenses	5.7	11.8	1.6
Other benefits	17.6	-3.8	17.4
Total salary and personnel expenses	92.7	69.4	79.9
Loans to employees	0.3	0.2	0.1
Average number of full-time employees	36	33	31

At year-end 2012 there were 37 full-time employees in the company.

With regards to salaries and other benefits to Group Management reference is made to Group note 13.

DEFINED CONTRIBUTION PLAN

Marine Harvest ASA has a defined contribution plan where the contribution is limited to 8% of salaries up to 12 G. There were 38 members of the plan as of 31 December 2012.

DEFIND BENEFIT PLAN

Marine Harvest ASA has a defined benefit pension plan for one employee.

NET BENEFIT EXPENSE

	2012
Current service cost	0.8
Interest cost on benefit obligation	0.8
Social security taxes	0.2
Net pension expense	1.8

31.12.2012

Benefit liability	25.0
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The assumptions used in determining the pension liability are:

Discount rate	3.90 %
Expected rate of future salary increase	3.50 %
Future rate of pension increases	3.25 %

NOTE 15 - OTHER OPERATING EXPENSES

SPECIFICATION OF OTHER OPERATING EXPENSES

	2012	2011	2010
Sales and marketing costs	4.5	6.8	6.1
IT costs	22.1	18.5	17.4
Consultancy fees	28.4	28.8	13.6
Other operating costs	15.7	15.0	10.7
Total other operating expenses	70.7	69.1	47.9

NOTE 16 - AUDITOR'S FEES

FEE TO AUDITORS 2012

	ERNST & YOUNG
Audit services	1.0
Other authorisation services	0.0
Tax advisory services	0.0
Other services non-audit related	0.1
Total fees for 2012	1.1

FEE TO AUDITORS 2011

	ERNST & YOUNG
Audit services	0.9
Other authorisation services	0.0
Tax advisory services	0.2
Other services non-audit related	0.2
Total fees for 2011	1.3

FEE TO AUDITORS 2010

	ERNST & YOUNG
Audit services	1.7
Other authorisation services	0.3
Tax advisory services	0.5
Other services non-audit related	0.2
Total fees for 2010	2.7

Auditor's fee is stated exclusive value added tax.

DIRECTORS RESPONSIBILITY STATEMENT

Today, the Board of Directors and the chief executive officer reviewed and approved the Board of Directors' report and the consolidated and separate annual financial statements for Marine Harvest ASA, for the year ended as of 31 December 2012 (annual report 2012).

Marine Harvest ASA's consolidated financial statements have been prepared in accordance with IFRSs and IFRICs as adopted by the EU and applicable additional disclosure requirements in the Norwegian Accounting Act. The separate financial statements for Marine Harvest ASA have been prepared in accordance with the Norwegian Accounting Act and Norwegian accounting standards as of 31 December 2012. The Board of Directors' report for the Group and the parent company is in accordance with the requirements in the Norwegian Accounting Act and Norwegian accounting standard no 16, as of 31 December 2012.

To the best of our knowledge:

- the consolidated and separate annual financial statements for 2012 have been prepared in accordance with applicable financial reporting standards
- the consolidated and separate annual financial statements give a true and fair view of the assets, liabilities, financial position and profit as a whole as of 31 December 2012 for the Group and the parent company
- the Board of Directors' report for the Group and the parent company includes a fair review of:
 - the development and performance of the business and the position of the Group and the parent company
 - the principal risks and uncertainties the Group and parent company face.

OSLO, 21 MARCH 2013



Ole-Eirik Lerøy
CHAIRMAN OF THE BOARD



Leif Frode Onarheim
VICE CHAIRMAN OF THE BOARD



Cecilie Fredriksen



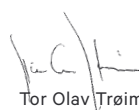
Michael Parker



Hege Sjø



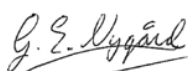
Solveig Strand



Tor Olav Trøim



Stein Mathiesen



Geir Elling Nygård




Turid Lande Solheim



Alf-Helge Aarskog
CHIEF EXECUTIVE OFFICER

AUDITORS REPORT



**To the Annual Shareholders' Meeting of
Marine Harvest ASA**

**State Authorized Public Accountants
Ernst & Young AS**

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Member of the Norwegian Institute of Public
Accountants

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of Marine Harvest ASA, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet as at 31 December 2012, the statements of income and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information. The financial statements of the Group comprise the consolidated statement of financial position as at 31 December 2012, the statements of comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Chief Executive Officer's responsibility for the financial statements

The Board of Directors and Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the Parent Company and the International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as the Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

A Norwegian limited liability company



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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

Opinion on the financial statements of the Parent Company

In our opinion, the financial statements of Marine Harvest ASA have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the Group

In our opinion, the financial statements of the Group have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and the statement on corporate governance

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report and the statement on corporate governance concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and Chief Executive Officer have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Oslo, March 21st 2013
ERNST & YOUNG AS

Finn Espen Sælleg
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

NOTES





marineharvest

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