
LERØY
ANNUAL REPORT
2014

FINANCIAL CALENDAR 2015

13.05.2015	PRESENTATION OF THE 1ST QUARTER 2015
13.08.2015	PRESENTATION OF THE 2ND QUARTER 2015
11.11.2015	PRESENTATION OF THE 3RD QUARTER 2015
23.02.2016	PRELIMINARY RESULT FOR THE YEAR 2015
21.05.2015	ORDINARY SHAREHOLDER'S MEETING

ANNUAL REPORT 2014

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Lerøy Aurora

Elias Fjeldstad at the fish market in Bergen in 1939.

HISTORY

The Lerøy Seafood Group can trace its operations back to the end of the 19th century, when the fisherman-farmer Ole Mikkel Lerøen started selling live fish on the Bergen fish market. This was fish he either had caught himself or had bought from other fishermen. The fish was hauled to market in corfs behind Ole Mikkel Lerøen's rowing boat from the island of Lerøy to Bergen, a journey that could take between 6 and 12 hours, depending on prevailing winds and currents.

Over time, Ole Mikkel Lerøen's operations gradually came to include retail sales in Bergen, the sale of live shellfish and a budding export business. In 1939, two of his employees, Hallvard Lerøy sr. and Elias Fjeldstad, established what today has become one of the Group's principal sales companies - Hallvard Lerøy AS. Since its establishment, the company has been a pioneering enterprise in a number of fields in the Norwegian fishing industry. The main focus has constantly been on the development of markets for seafood. The company has very frequently been the first to launch on new markets, or to commercialise new species of fish. This pioneering spirit is still very much alive in the Group.

Since 1999, the Group has acquired substantial interests in various domestic and international enterprises. Late in 2003, the Group acquired all the shares in Lerøy Midnor AS and purchased Lerøy Aurora AS in 2005. The companies Lerøy Fossen AS and Hydrotech AS were acquired in 2006, and Lerøy Vest AS was acquired in 2007. In 2010, the Group continued expanding its aquaculture activities by acquiring 50.71 % of the company Sjøtroll Havbruk AS. In April 2013, Lerøy Seafood Group acquired a significant percentage of the shares in the fully-integrated sea farming company, Villa Organic AS. The Group's investments in downstream activities over this period have established the Group as a national and international distributor of fresh fish. The group's presence and activities in important seafood markets such as France, Portugal, Sweden, Turkey, Spain and the Netherlands supports the group's strategy to strengthen the group's downstream activities. The Factories are leading processors of seafood, and produce smoked and marinated products, fresh products and frozen productsbased on raw materials from Norway. In 2013 and 2014, the Group has invested in fish cut activities in Norway, Denmark, Spain and France. In total, these investments made over a period of just over ten years afford the Group a strong profile as a fully-integrated seafood corporation with vast potential for future growth. The Group had 2,306 employees at the end of 2014.

Up to 1997, the Group was a traditional family company. In 1997, a private placing with financial investors was carried out for the first time, and as a result the company was reorganised as a public limited company. The company was listed on the Stock Exchange in June 2002. Since then, the company has introduced several stock issues, most recently in March 2007. The availability of capital has been an essential ingredient in the Group's development from a seafood exporter to a fully-integrated seafood group. The Stock Exchange listing of the parent company Lerøy Seafood Group ASA provides access to venture capital and, in selected cases, the shares are used as payment in kind in connection with acquisitions, most recently with the acquisition of shares in Sjøtroll Havbruk AS in 2010. At the beginning of 2015, the Group is well situated to further strengthen its position as a central actor in the international seafood industry.

IMPORTANT EVENTS 2014

PRODUCT DEVELOPMENT

- Lerøy consolidates their position as Norway's largest supplier of sushi
- Lerøy develops a delicious new dish – oven-ready cod with herb butter
- Developments to the category by supplying sliced salmon for buffets
- Launch of panco-crusted fillet of cod

ENVIRONMENT

- Further development of Ocean Forest
- LSG established as one of the largest producers of lumpfish
- Start-up of construction of Preline, closed containment facility for smolt
- Zero use of antibiotics for salmon in the sea since 2011
- Focus on various R&D&I projects within the environment and sustainability

STRATEGIC EVENTS

- Opening of Sjømathuset in Oslo in February. Norway's largest and most modern facility for freshly packaged products.
- 8 licences from Villa Organic AS were merged into Lerøy Aurora
- Agreement signed for the acquisition of seafood distributor Alarko in Turkey
- Purchase of 34% of lumpfish producer, Norsk Oppdrettsservice AS

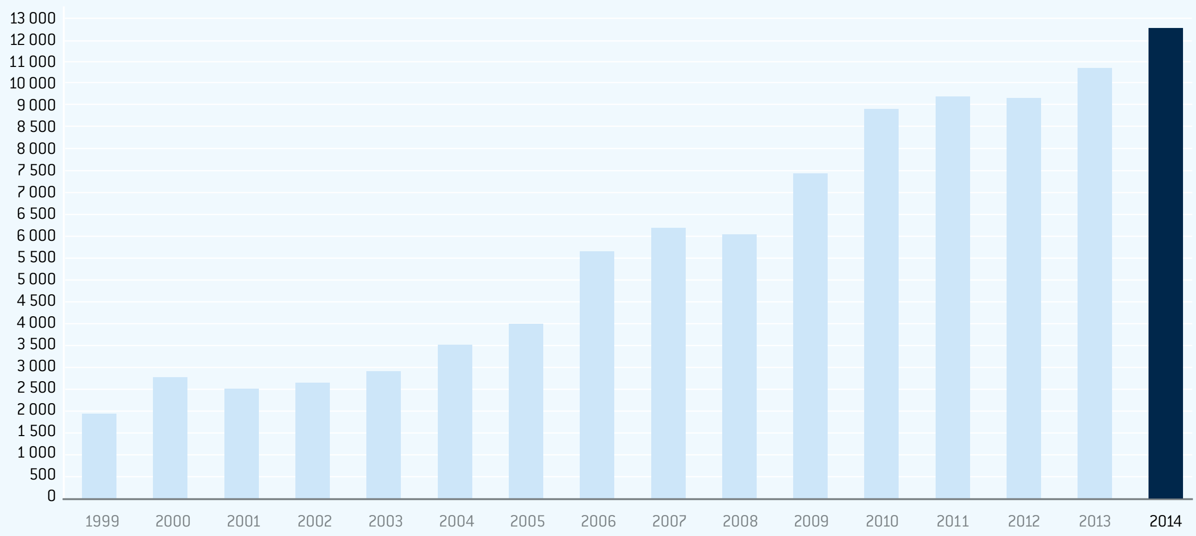
IMPORTANT STRATEGIC EVENTS SINCE YEAR 2000

2000	Infusion of capital
2001	Investment in Scottish Sea Farms Ltd
2001	Investments in distribution in Sweden
2002	Infusion of capital
2002	Listing on the Stock Exchange
2002	Investment in smoking company in Sweden
2003	Acquisition of Lerøy Midnor AS
2003	Infusion of capital
2004	Acquisition of 60% of shares in Portnor Lda
2005	Partnership with Alarko Holding in Turkey
2005	Infusion of capital
2005	Acquisition of Lerøy Aurora Group
2005	Acquisition of Laksefjord AS
2005	Investments in distribution in Norway and Sweden
2005	Bulandet Fiskeindustri AS included in Group structure
2006	Investments resulting in nationwide distribution of fresh fish
2006	Acquisition of Lerøy Fossen AS
2006	Infusion of capital
2006	Purchase of 100% of the shares in Lerøy Hydrotech AS
2007	Infusion of capital
2007	Purchase of 100% of the shares in Lerøy Vest AS
2008	Austevoll Seafood ASA increases ownership of Lerøy Seafood Group ASA from 33.34% to 74.93% through a mandatory offer
2009	Austevoll Seafood ASA reduces its ownership of Lerøy Seafood Group ASA from 74.93% to 63.73%
2010	Purchase of 50.71% of the shares in Sjøtroll Havbruk AS
2012	Purchase of 50.1% of the shares in the Dutch processing company Rode Beheer B.V.
2012	Strategic agreement with SalMar for harvesting and processing of fish at the Innovamar plant in Frøya and at LSG's plant at Skjervøy. Close down of Lerøy Hydrotech's slaughterhouse in Kristiansund
2013	Acquisition of 49.4% of the shares in the fish farming company Villa Organic AS
2013	Official opening of the new recirculation plant for smolt production in Belsvik, Sør Trøndelag
2013	Extension to Lerøy Fossen's production facilities in Hordaland and Lerøy Smøgen in Sweden
2013	Investments in new fish cut facilities in Norway (Sjømathuset), in France, in Spain and in Denmark
2014	Increased investments in cleaner fish, among these the purchase of 34% of the shares in Norsk Oppdrettsservice AS.
2014	8 licences from Villa Organic AS were merged into Lerøy Aurora

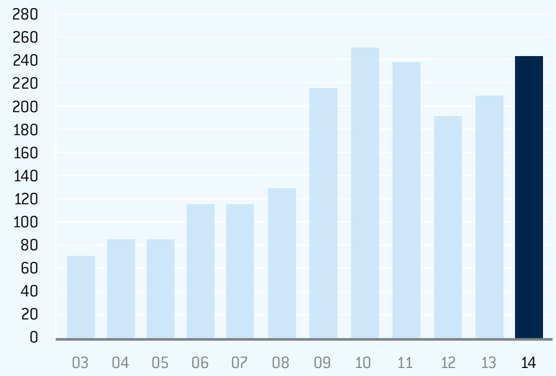
KEY FIGURES FOR THE GROUP

KEY FIGURES (ALL FIGURES IN NOK 1 000)	2014	2013	2012	2011	2010	2009
Operating revenues	**12 579 465**	10 764 714	9 102 941	9 176 873	8 887 671	7 473 807
EBITDA before FV adjustment on biological assets	**2 160 138**	1 938 474	774 866	1 484 797	1 805 874	1 154 163
EBIT before fair value adjustment on biological assets	**1 788 676**	1 625 799	450 098	1 212 898	1 586 249	950 156
Profit before tax and fair value adjustment on biological assets	**1 816 813**	1 630 011	379 913	1 183 314	1 623 307	926 615
Harvest volume (GWT)	**158 258**	144 784	153 403	136 672	116 824	108 400
EBIT/kg (before fair value adjustment)	**11.3**	11.2	2.9	8.9	13.6	8.8
LSG stock price last annual trading day	**273.00**	177 .00	129.50	84.00	192.00	105.00
Dividend paid per share (distribution year)	**10.00**	7.00	7.00	10.00	7.00	2.80
Profit margin before fair value adjustment on biological assets	**14.2 %**	15.1 %	4.9 %	13.2 %	17.8 %	12.7 %
Operating margin before fair value adjustment on biological assets	**14.4 %**	15.1 %	4.2 %	12.9 %	18.3 %	12.4 %
Earnings per share before fair value adjustment on biological assets	**24.04**	21.12	5.11	15.13	22.08	12.80
ROCE before fair value adjustment on biological assets (annualised)	**21.2 %**	20.7 %	6.2 %	17.9 %	27.5 %	18.1 %
Equity ratio	**54.4 %**	54.3 %	50.7 %	50.6 %	52.8 %	51.8 %
Net interest-bearing debt	**1 876 121**	2 116 865	2 231 860	1 592 914	1 298 726	1 442 823

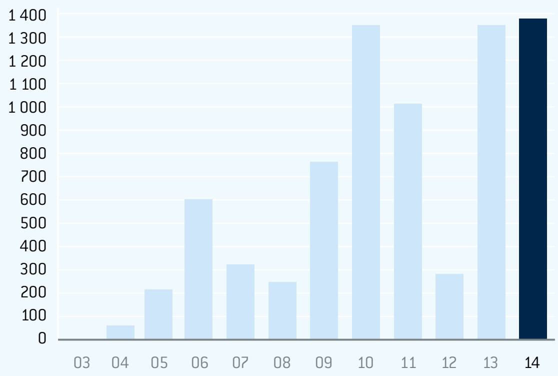
TURNOVER (NOK MILLION)



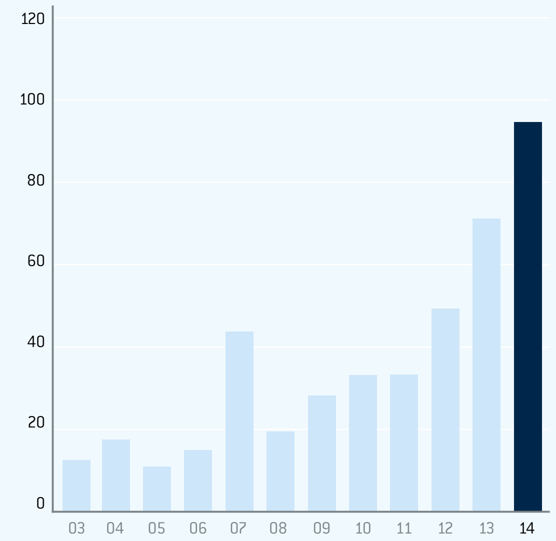
OPERATING PROFIT SALES & DISTRIBUTION SEGMENT (NOK MILLION)



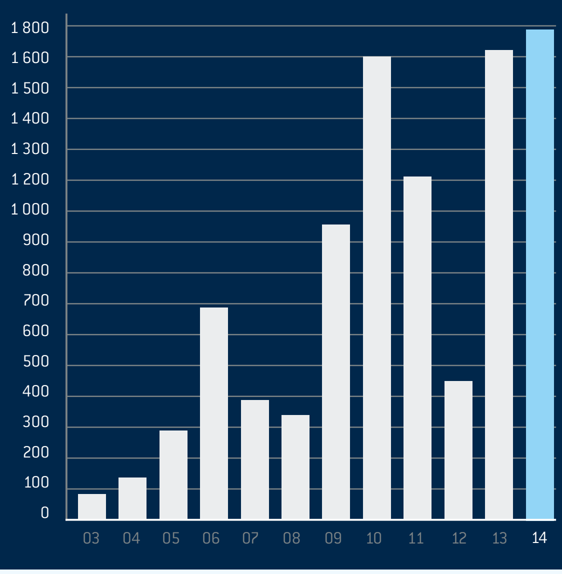
OPERATING PROFIT BEFORE BIOMASS ADJUSTMENT FARMING SEGMENT (NOK MILLION)



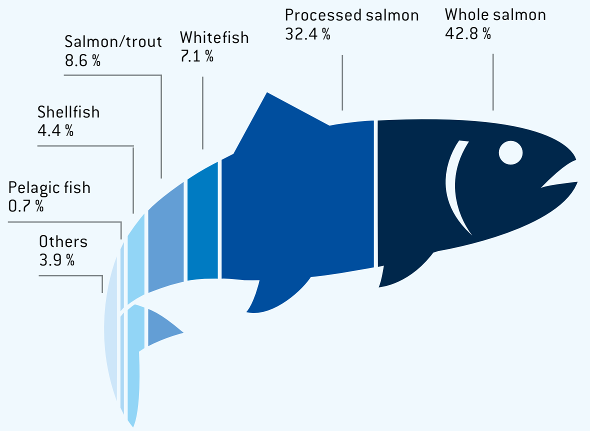
DEVELOPMENT OF OPERATING PROFIT VAP (NOK MILLION)



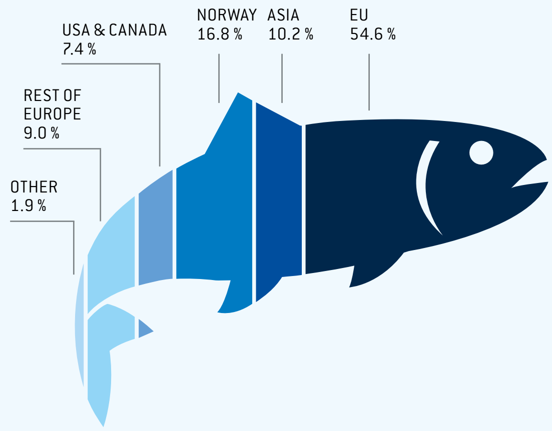
OPERATING PROFIT BEFORE BIOMASS ADJUSTMENT (NOK MILLION)



PRODUCT AREAS YTD 2014



GEOGRAPHIC MARKET YTD 2014



A CHALLENGING YEAR, BUT ALSO THE BEST IN THE GROUP'S HISTORY

We expected 2014 to be a good year, and we were not wrong. 2014 will go down in the history books as a record-breaking year for Lerøy Seafood Group ASA. Turnover was up NOK 1.8 billion, from NOK 10.8 billion to NOK 12.6 billion, and our operating profit totalled NOK 1.8 billion compared with NOK 1.6 billion in 2013. With such a solid result, our company can continue its wonderful rate of development sustained over the past two decades. It is incredibly inspiring to be part of a company and an organisation that constantly strives to reach new goals, and that is able time after time to achieve these goals. I am genuinely proud to be able to say that I have been employed by such a company for 22 years.

Over the past 15 years, we have made significant strategic investments both upstream and downstream, in our efforts to create the type of organisation we are today. Our work to further develop our company strategy, with a focus on continuous improvements throughout the value chain, has been a core activity during 2014 and will remain so in the years to come.

It has been Lerøy Seafood Group's strategic goal to be self-sufficient in terms of smolt in all regions. We have made substantial investments over the past years towards this goal. The most significant investments were made in Belsvik in 2012. To date, this facility has shown satisfactory results with regard to the quality of the smolt, fish health and growth. In 2014, we invested NOK 150 million in expanding our smolt facility in Laksefjord in Finnmark. This company is now a state-of-the-art recirculation plant with a total capacity of 12 million smolt.

As a result of the expansion, Lerøy Seafood Group can now boast a total production capacity of 57 million smolt, comprising 23 million in the region of Hordaland, 22 million in Central Norway and 12 million smolt in North Norway. This provides us with a strong position for the future.

Aquaculture represents a major share of value creation for Lerøy Seafood Group. In 2014, we had a total production of 158,258 tons of salmon and trout. This is an increase of close to 13,500 tons (9.3% growth) from 2013. Bearing in mind the biological challenges faced, and the fact that Norway in total reported growth of 4%, we are satisfied with our development. In 2013, we purchased a significant percentage of the shares in Villa Organic AS. This company was split up in 2014, with 8 licenses allocated to Lerøy in Finnmark. We have gained positive experience during our first year of operations in Finnmark, and we are confident that we can make significant developments in this region in the years to come. We were also very gratified to confirm the licence for demonstration and training granted to Lerøy Aurora in the autumn of 2014. We feel it is important to help disseminate information and knowledge about aquaculture to groups and persons not involved in our industry.

2014 was a challenging year biologically, with high temperatures during the summer and subsequent complexities. Although 2014 was a challenging biological year for the Norwegian aquaculture, I would emphasize that the production of salmonids in Norway over time has been, and still is, the most sustainable production of salmonids in the world. Norway has the strictest environmental regulations. I think it's sad that an efficient Norwegian food production, which both nationally and globally is environmental and economical competitive, is frequently subjected to non-serious or strategic attacks aiming to prevent further development in Norway.

In our quest for optimal environmental and economical sustainable production, we have made significant investments in the production of the cleaner fish lumpfish. In 2014 we bought 34% of the company Norsk Oppdrettsservice AS, which is a leader in the production of this species. The company has production facilities both in Central Norway and South Norway. In addition, we have built two separate plants for the production of lumpfish, and early in 2015 we purchased another producer in Northern Norway. Lerøy will in the future be self-sufficient in all regions. Experience so far shows that lumpfish is a very efficient cleaner fish. In 2014, Lerøy produced 0.6 million lumpfish, in 2015 we fivefold to 3 million and in 2016 we will double again to 6 million lumpfish.

Our value-added processing (VAP) segment can report a successful year in 2014, with a total improvement in profit of 28%. The segment made substantial investments in 2013 in Norway, Sweden and the Netherlands in order to increase capacity. Since then, we have worked hard to gradually exploit our increased capacity, and can confirm impressive growth in both turnover and profit in 2014. Moreover, we still have vast potential for further growth in the years to come. Lerøy Seafood Group aims to further develop this segment and is seeking strategic investments in new and interesting markets in the future.

2014 was also a positive year for our Sales & Distribution segment (S&D), with an increase in turnover from NOK 10.3 billion in 2013 to NOK 12.0 billion in 2014. I would like to highlight Hallvard Lerøy AS in particular, which for the first time has passed the milestone of NOK 10 billion in turnover, reporting a total of NOK 10.7 billion. This is an impressive result! Keep in mind however that the prices realised in 2014 were record high for the Group.

On 7 August 2014, Russia introduced a full ban on the import of all salmon and trout from Norway. Russia has been a very important market for Lerøy Seafood Group, representing 10% of our total sales of salmon and trout. It therefore goes without saying that we faced an extremely difficult situation, having to reallocate large volumes of fish to new markets practically overnight. At the time of writing, both Russia and China have an embargo on imports from Norway, and these bans are evidence of how vulnerable we are, and how important it is to develop new markets, products and segments in the future

After several years of important, strategic investments, 2014 has been a very exciting year. In 2013, we started work on the construction of Sjømathuset in Kalbakken, Oslo, in cooperation with NorgesGruppen. Our objective for Sjømathuset was to build an ultra-modern processing and distribution plant for fresh seafood, targeting NorgesGruppen's grocery stores. Production at Sjømathuset started on 17 February 2014. The start-up phase has been very challenging, but we have learned so many important lessons and now, at the start of 2015, we are confident that our new facility will help us take our category for fresh seafood to a whole new level. This project has been exciting both for me personally and for everyone else involved. We hope that the year to come will be even more successful for S&D, as we are able to exploit our full potential thanks to the investments made in recent years.

My heartfelt thanks go to all our employees and partners for their hard work in 2014. I am sure that together we can sustain our fantastic rate of development to date. I know we can do it – but, if we are to succeed, we all have to work together towards a common goal:
To do everything a little better than before.

Henning Kolbjørn Beltestad
Chief Executive Officer
Lerøy Seafood Group

Merlina Gonzaga from Lerøy Smøgen

BUSINESS OVERVIEW

LERØY – IN EVERY KITCHEN

LERØY SEAFOOD GROUP, VISION

Lerøy Seafood Group's vision is to be the leading and most profitable global supplier of sustainable quality seafood.

The seafood market exacts ever-increasing demands on food safety, quality, cost-efficiency, sustainability, continuity of supply and a higher level of processing. To meet these demands, and to drive development forwards, Lerøy Seafood Group actively targets increased coordination of the value chain, production and sales units, increased sales expertise and investments to ensure the ability to supply the right product at the right time. The Group maintains a strong focus on the market. By actively developing new markets and new products from fisheries and aquaculture based on sustainable principles, the Group aims to develop profitable, efficient and binding alliances both nationally and internationally for both supply and marketing.

Historically, the Group's growth has been based on good operations, acquisitions, development of acquired companies and building of alliances. The corporate management and the Board of Directors continuously target forward-looking solutions for the Group's activities, and these will include mergers and acquisitions; both Upstream and Downstream.

Traditionally, the Norwegian fish farming industry has been severely undercapitalised and this is not compatible with the cyclical nature of the industry. It has always been, and will remain, a key focus point within Lerøy's strategy to have a healthy, flexible and sustainable source of financing. The corporate management and Board of Directors are actively involved in securing financial and structural relationships which allow the Group to achieve its long-term financial goals.

Sustainability is an increasingly important part of the Group's strategy. As one of the world's largest companies in the seafood sector, the Group is very aware of its responsibility to choose and develop sustainable solutions throughout its value chain. Lerøy Seafood Group's operations are based on what is produced in the sea, and the Group is highly dependent on the sustainable management of these resources, allowing for growth for the industry and the supply of products of an equally high quality also in the future. Lerøy Seafood Group strives to ensure that the products manufactured and purchased comply as a minimum with the industry's prevailing rules and regulations.

Lerøy Seafood Group also continuously seeks improvements which may reduce pollution and help protect the environment. Such sustainable solutions often materialise from the Group's own operations, but also in close cooperation with the Group's suppliers and customers. The Group has a long list of environmental goals with indicators measured at least every month. These are described in the chapter entitled "Environment/ Sustainability" in this report.

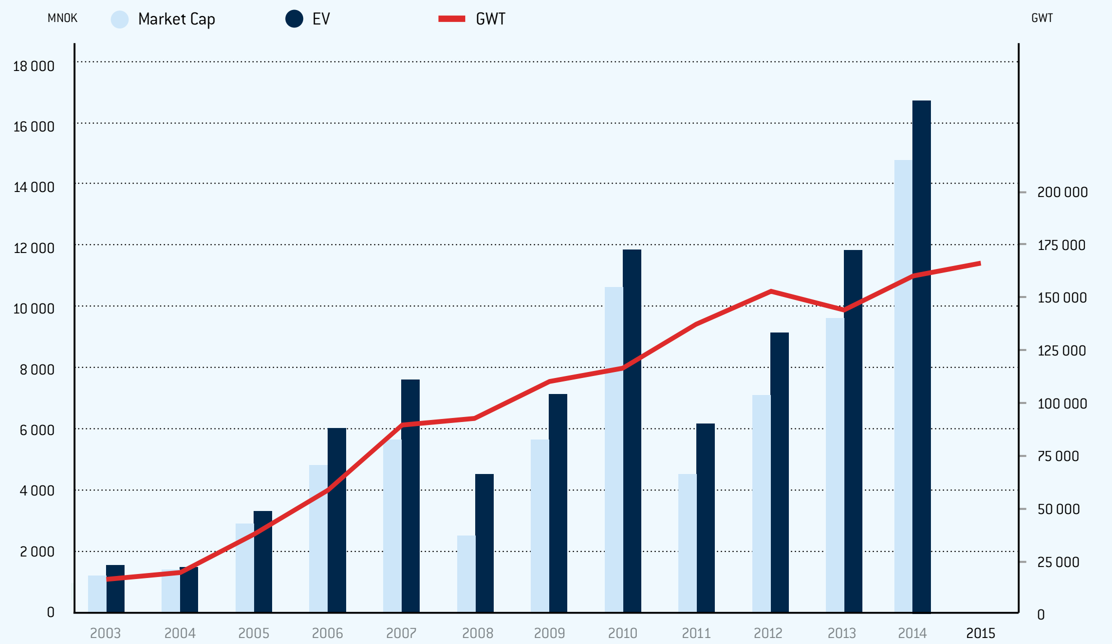
HISTORY AND KEY FOCUS POINTS

Lerøy Seafood Group has experienced significant growth, both organic and through acquisitions, over the past fifteen years. As of today, the Group is the world's second largest producer of Atlantic salmon and trout, and one of the world's largest seafood exporters. The seafood industry, and particularly aquaculture, is a young industry with substantial potential for development and growth.

The Board of Directors and corporate management are in no doubt that former acquisitions have created substantial value for the company and its shareholders. One central criterion to be included in both past and future evaluations of merger and acquisition opportunities is whether the foundations exist for successful operations and profitability. This criterion includes a special focus on management expertise and, of equal importance, the expertise within the organisation as a whole.

The Group's core activities demand various forms of expertise and a high degree of adaptability. For this reason, our organisation is made up of people from different sectors of trade and industry with a wide range of formal backgrounds and practical experience. As the Group is involved in a global industry which experiences continuous fluctuations in general conditions, it is paramount that our employees remain up to date and expand their knowledge and areas of expertise. The Group is made up of a young yet highly experienced organisation. With the constant

TEN YEARS WITH SUSTAINABLE GROWTH



rate of change in general conditions for the Group, we rely on employees who are dynamic, willing to learn and flexible. The Group has employees who meet these requirements. Our employees work hard to improve the Group's competitive edge and earnings, and display a burning desire to see the individual companies fulfil future requirements and thereby achieve the Group's long-term strategic goals and performance requirements.

In order to meet future challenges in the world's food markets, the Group will continue to develop its organisation through projects linked to the Group's strategic goals. The Group's rapid development in recent years has been made possible by capable people who have found the Group to be an attractive place of work. One of several important prerequisites for the Group's continued positive development is its ability to offer attractive jobs to as many talented employees as possible. The Group must maintain a strong focus on leading the competition for result-oriented and skilled personnel with a high capacity for work and change.

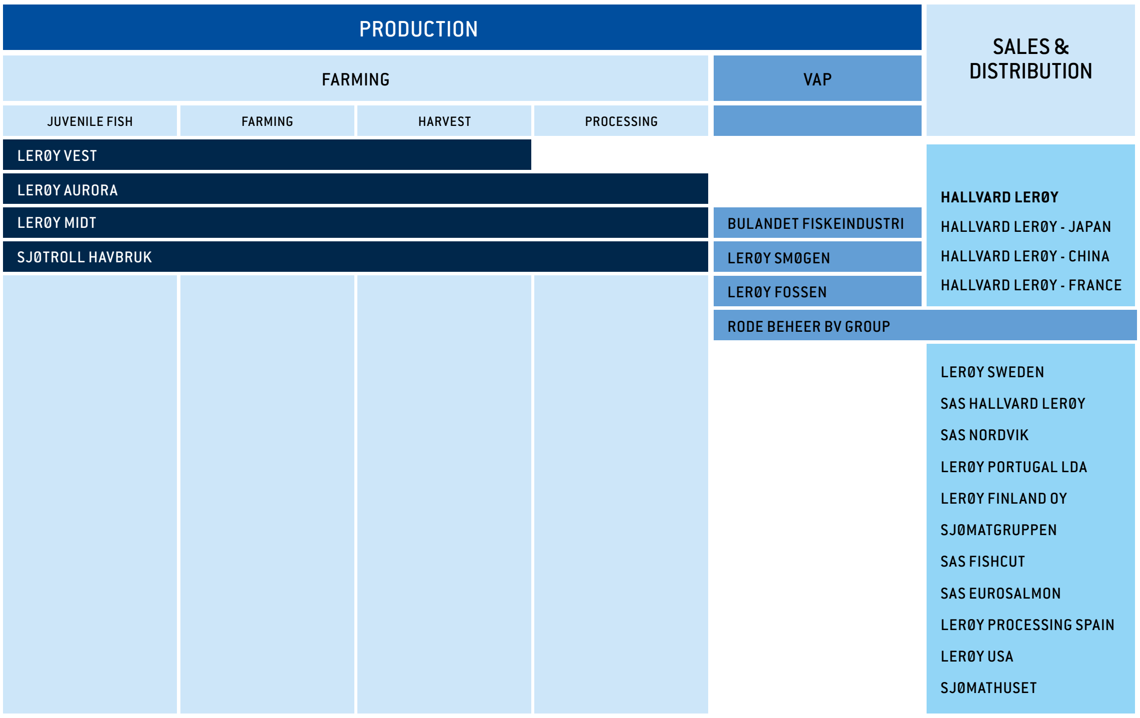
The growth of Lerøy Seafood Group generates an increasing demand for business systems, risk management and capital. The Group maintains a continuous focus on developing business systems which may grow with the company and which provide a competitive edge on the marketplace. Risk management is key and involves all parts of the company's operations. The Group's production companies face a substantial biological risk, and there is also substantial risk associated with the Sales and Distribution activities. Lerøy Seafood Group has a very strong focus on risk management both for its own operations, as well as ensuring that potential acquisitions or alliances match the company's risk profile.

The farming of salmonids is very capital-intensive. The industry has historically been undercapitalised, with an ensuing high level of financial risk. This is not compatible with the cyclical nature of the industry. Lerøy Seafood Group has always emphasised and will continue to emphasise the need to secure the confidence of its financial partners, thereby gaining access to necessary external financing on good terms. The company's financial contingency planning, both present and future, will allow the Group to take part in the current process of value generating structural reorganisation of the industry.

LERØY SEAFOOD GROUP – VALUE CHAIN AND THE DIFFERENT SEGMENTS

One paramount element in Lerøy Seafood Group's strategy is to be a fully-integrated supplier of the Group's key products, Atlantic salmon and trout. The Group currently reports within three main segments; Farming, VAP (Value-added-processing) and Sales & Distribution. The Group views its operations as regional with a global perspective. The Sales and Distribution activities are global, while the Production processes are largely regional.

The Farming segment includes the Group's activities within production of Atlantic salmon and trout, including harvesting and an increasing share of filleting. The



subsidiaries in this segment in total represent a major employer along the Norwegian coastline and other areas, and strive to be visible and supportive in all operating regions.

The VAP segment is a core activity for the Group and involves high-value processing of mostly salmon and trout, but also other species. The different operations in this segment have a strong local foothold in their respective communities, while sales are increasingly to the global market.

The Sales & Distribution segment has a global reach, comprising sales, marketing, product development, distribution and simple processing of both the Group's own produced products as well as for external suppliers.

FARMING

In order to consolidate its position in relation to the increasingly strict requirements on food safety, quality, cost efficiency, sustainability and continuity of supply within the Group's main areas of Atlantic salmon and trout, it is decisive in the Group's opinion to aim for a position as a fully-integrated supplier. Following significant investments over the last 15 years, the Group is now a fully-integrated supplier, defined as maintaining control and having ownership of all processes involved in the value chain for the production of the Group's main products, Atlantic salmon and trout.

Since 2002, the segment's production of salmon and trout has enjoyed a tremendous development and now comprises units that in total harvested 158,000 tons of salmon and trout from 141 licenses in Norway in 2014. The Group is the second largest producer of salmonoid species in the world. Production takes place in three regions in Norway. The northernmost region comprises Troms and Finnmark counties where Atlantic salmon is produced from 26 licenses. In Central Norway, Lerøy Midt AS produces Atlantic salmon from 55 licenses. The last and largest region is West Norway where the companies Lerøy Vest AS and Sjøtroll Havbruk AS produce Atlantic salmon and trout from 60 licenses. The Group's production of salmon in Scotland is organised via the associated company, Norskott Havbruk AS.

One central aspect of the company's strategy for growth has been to maintain a well-balanced growth rate for all parts of the production process. The Group follows a principal strategy to remain self-sufficient when it comes to quality smolt. It is also important for the Group to avoid transporting smolt over long distances. This strategy is behind the NOK 350 million investment in the new smolt facility in Central Norway, completed in 2013, as well as the NOK 150 million investment in 2014 in expanding the smolt facility in the region for North Norway. The Group expects to see a significant effect from these investments.

The winter sea temperatures in 2014 were significantly higher than in 2013, which had a positive impact on growth conditions. However, the summer of 2014 was exceptionally warm, which caused increased biological

1. **LERØY AURORA AS**
   NUMBER OF LICENCES: 18 • 2014 GWT : 23 515

2. **LERØY FINNMARK AS**
   (MERGED WITH LERØY AURORA AS IN 2015)
   NUMBER OF LICENCES: 8 • 2014 GWT : 3255

3. **LERØY MIDT AS** (LERØY HYDROTECH AS AND LERØY MIDNOR AS)
   NUMBER OF LICENCES: 55 • 2014 GWT : 68 284

4. **LERØY VEST AS**
   NUMBER OF LICENCES: 34 • 2014 GWT : 36 876

4. **SJØTROLL HAVBRUK AS**
   NUMBER OF LICENCES: 26 • 2014 GWT : 26 328

challenges and poorer growth conditions over the summer. In sum, the Group's production of Atlantic salmon and trout increased from 145,000 tons in 2013 to 158,000 tons in 2014. This is the highest production figure in the history of the Group.

It is worth mentioning that the winter of 2013 was exceptionally cold, with a negative impact on growing conditions. In 2012, the Group produced 153,000 tons, and without the acquisition of Villa Organic in 2013, the Group's production rate in 2014 would be about the same as in 2012. This development corresponds with the rate of growth within the Norwegian salmon farming industry as a whole, and is confirmation that more license capacity is needed for significant growth in Norway's salmonid production.

Going into 2014, the Group had a positive outlook on prices and entered the year with a low share of contracts. The contract share increased during the year, and for the year as a whole the contract share was 37 %. The level of contract prices in 2014 was significantly higher than in 2013, but still not as high as the spot prices in 2014. The prices achieved by the Group were up by 7% compared to 2013. By comparison, the spot price was up by 1.9 % in the same period.

The spot prices for salmonids were significantly impacted by Russia's import ban imposed on 7 August 2014. Before this ban, about 10% of Norwegian salmon production and about 50% of Norwegian trout production was exported to this market. The ban had a significant impact on prices for salmon, but an even higher impact on trout prices. As the world's largest producer of trout, the prices achieved by the Group saw a significant downwards trend after 7 August 2014.

For the Farming segment, the higher production volume with higher price achievement resulted in a revenue increase – from NOK 5,376 million in 2013 to NOK 6,243 million in 2014. The higher production volume was the key driver behind an increase in operating profit before biomass adjustment for this segment, from NOK 1,327 million in 2013 to NOK 1,380 million in 2014. Despite the higher price achievement per kilogram, the EBIT/kg figure was down from NOK 9.2 in 2013 to NOK 8.7 in 2014. This was due to the higher cost level per produced kilogram in 2014 compared with 2013.

Release-from-stock cost increased significantly in 2014 compared to previous year. In total, these cost where up by 11% compared to 2013. Higher feed cost was a key driver, but also increased cost in treatment for sea lice. The increase in cost for treatment against sea lice is not related to fish health, but to being below government, set limits where Norway has by far the strictest limits in any salmon producing country in the world. The Group has initiated a number of efforts to reduce cost, where significant investment in increased use of cleaner fish is the most important. Through acquisitions, and developing own production, the Group will have three times more lumpfish available in 2015 compared to 2014, and plans for another doubling from 2015 to 2016. Start of 2015 feed cost are up compared to 2014, but the Group has a clear ambition of a lower cost level per produced kilo salmonid in 2015 compared to 2014.

NORTH NORWAY

In 2013, the Group purchased a significant shareholding in Villa Organic AS, and this company was split between the two main owners, Lerøy Seafood Group ASA and SalMar ASA, in July 2014. The Group's share of the company was merged with Lerøy Aurora at the start of 2015. The acquisition gave Lerøy Finnmark access to eight new licenses in Finnmark county.

Lerøy Aurora AS is the backbone for production in the region of North Norway and is located in Tromsø. Lerøy Aurora AS is a fully-integrated producer of Atlantic salmon. Of the 17 licences, the company had access to in all of 2014, it harvested 23,500 tons which is in line with the figure of 24,000 tons in 2013. The eight licenses consolidated in July 2014 contributed to a total volume in the region of North Norway of 27,000 tons. Estimated production in 2015 is 30,000 tons, with further growth into 2016 when the acquired licenses will be fully utilised.

In 2014, the Group invested NOK 150 million in expanding smolt capacity at the facility in Laksefjorden, Finnmark. This investment will increase capacity to about 11.5 million smolt, while also making it possible to take seawater on land and significantly increase the size of smolt. The Group has high expectations for this investment, and expects it to produce further improvements to the already excellent operations at Lerøy Aurora.

The region of North Norway also has one of Norway's most modern processing facilities for salmon on the island of Skjervøy. In addition to harvesting its own fish, the facility is a significant supplier to external customers. Due to higher feed prices, Lerøy Aurora experienced an increase in the release-from-stock (RFS) cost in 2014 compared to 2013.

Company	Licences	Smolt cap.	2011 GWT	2012 GWT	2013 GWT	2014 GWT	2015E GWT
Lerøy Aurora AS*	26	12	18 100	20 000	24 200	26 800	31 000
Lerøy Midt AS	55	22	62 300	61 900	58 900	68 300	70 000
Lerøy Sjøtroll	60	23	56 200	71 600	61 700	63 200	65 000
Total Norway	141	57	136 600	153 400	144 800	158 300	166 000
Villa Organic AS**						6 000	
Norskott Havbruk (UK)***			10 900	13 600	13 400	13 800	15 500
Total			**147 500**	**167 100**	**158 200**	**178 100**	**181 500**

Associated companies

* Included volume from Lerøy Finnmark AS from 01.07.2014

** LSG's share of Villa Organic's volume in H1 2014, not consolidated

*** LSG's share, not consolidated

In addition, the RFS cost level from acquired businesses in Finnmark is higher than the cost of operations in Troms. In total, the region of North Norway achieved an EBIT/kg of NOK 13.8, which is down from NOK 14.8 in 2013. The reduction is attributed to the acquired businesses. The Group is very satisfied with developments at Lerøy Aurora and looks forward to the continued development of the company together with its expert management and staff. Lerøy Aurora will continue to grow in coming years.

CENTRAL NORWAY

Lerøy Midt AS owns 55 licences and has substantial processing capacity. In 2014, the company harvested 68,000 tons of Atlantic salmon, up from 59,000 tons in 2013. Lerøy Midt reported an EBIT per kg of NOK 9.8 in 2014, up from NOK 8.6 in 2013. Biological challenges in Central Norway increased in 2014 with more problems with sea lice as well as the first occurrence of amoebic gill disease (AGD). This caused an increase in production costs. The region will increase its use of cleaner fish significantly in 2015.

Lerøy Midt has a skilled and motivated staff. The company reported excellent growth in sea in 2014 and the organisation is fully motivated to reduce costs in 2015.

The first results of the NOK 350 million investment in the recirculation smolt facility emerged in 2014. The new recirculation plant for smolt in Belsvik was completed in 2013. The plant has production capacity of approximately 14 million smolt and cost NOK 350 million. Lerøy Midt and the Group have high expectations for how the new plant will optimise operations, in addition to supplying smolt of an very high quality.

WEST NORWAY

Lerøy Seafood Group is represented in West Norway by **Lerøy Vest AS**, a wholly-owned subsidiary, and **Sjøtroll Havbruk AS**, of which Lerøy Seafood Group owns 50.71% subsequent to an acquisition in November 2010.

Lerøy Vest AS has 34 licences and harvested 37,000 tons of Atlantic salmon and trout in 2014. The summer of 2014 was extremely warm in Hordaland, and this was a key driver for increased challenges and cost for beeing below government set limits for sea lice. Release-from-stock (RFS) costs in West Norway were significantly higher than in 2013. As a major producer of trout, the company was also significantly impacted by the ban on imports to Russia. EBIT/kg in 2014 was NOK 6.2 compared to NOK 5.8 in 2013.

Sjøtroll Havbruk AS has 25 licences and harvested 26,000 tons in 2014, down from 27,000 tons in 2013. This company is involved in the production of fry and smolt, fish for consumption, slaughtering and processing. In December 2014, Sjøtroll Havbruk sold its 27.5% share of the breeding company, SalmoBreed AS. The warm summer in the region had the same impact as for Lerøy Vest, and the company reported a higher RFS cost in 2014. This increase was also higher than that reported by Lerøy Vest. EBIT/kg in 2014 was NOK 4.3 which is down from NOK 9.5 in 2013.

The region has skilled and motivated employees, but the regulatory framework through the operating year 2014 has been exceptionally difficult. The Group invested and increased the use of cleaner fish significantly in 2015. Efforts are also taken to better the cooperation between aquaculture operators in the region.

VAP

Lerøy Seafood Group has and will continue to invest considerable sums of money in the processing of Atlantic salmon and trout. The Group believes that new product development is a key factor for sustaining growth in demand for Atlantic salmon and trout. This segment supplies a wide range of products such as portion sizes, smoked and cured salmon, sandwich fillings and ready-to-cook products. The majority of the Group's processing capacity is dedicated to processing Atlantic salmon and trout.

Lerøy Fossen AS was acquired in 2006 and is located in Valestrandsfossen in Hordaland county. The company's aquaculture business was merged with Lerøy Vest AS in 2008. Today, Lerøy Fossen is a processing company for salmon and trout and has the largest fish smoking facility in Norway. The company's products are sold all over the world, fitting exceptionally well into Lerøy Seafood Group's marketing strategy, which calls for increasing levels of processing. In 2014, an investment totalling NOK 50 million was made to double capacity at Lerøy Fossen. This investment paves the way for a significant increase in activity for Lerøy Fossen in 2015.

Lerøy Smøgen Seafood AB is a Swedish seafood company involved in the production of various types of smoked seafood products. It also produces and distributes seafood salads and products based on shellfish in brine. Its products are marketed in a number of countries. Lerøy Smøgen AB acts as an important incubator for new products for Lerøy Seafood Group ASA. In 2013, the Group invested SEK 75 million in doubling capacity at Lerøy Smøgen. The company now has one of the world's most modern and efficient facilities for production of highly processed salmon. The increased capacity has given a significant boost to the activities of Lerøy Smøgen in 2014, which are expected to see a further increase in 2015.

In October 2011, Lerøy Seafood Group ASA signed an agreement for the purchase of 50.1% of the shares in **Rode Beheer BV** at a price of EUR 15 million. Rode from the Netherlands is a leading producer of processed seafood and has a wide product range comprising smoked, marinated, freshly packaged and frozen products. The acquisition of the shares was concluded in 2012. Rode enjoys an excellent geographical position for supplying high-quality seafood to customers in markets such as the Benelux countries, Germany and France. Lerøy Seafood Group ASA is very satisfied with the development of Rode Beheer BV and is confident that the company will show great potential in the future.

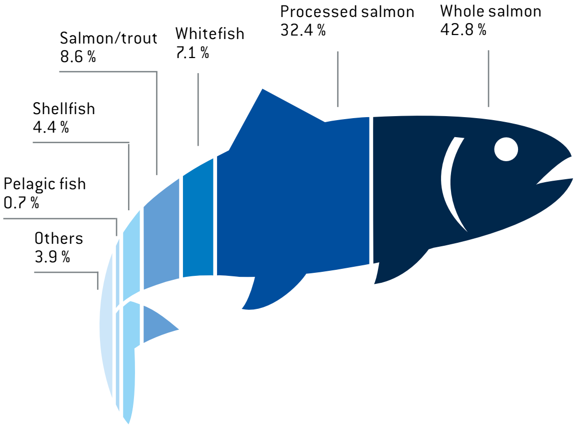
Bulandet Fiskeindustri AS is a modern Norwegian processing company of white fish for the Norwegian grocery market. The most important raw material basis is saithe, and the company's products play an important role in completing the Group's product range.

SALES & DISTRIBUTION

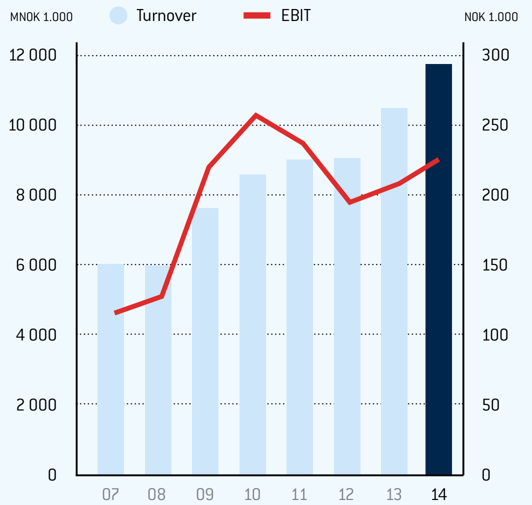
A central aspect of Lerøy Seafood Group's strategy for growth is to offer new products to new markets. This requires knowledge of and proximity to both customer and market. Lerøy Seafood Group has a long, proud history within the sale and distribution of seafood. Today, the Group sells its products to more than 70 markets and has a vast network of customers on the majority of these markets. Not only does this major customer portfolio afford unique knowledge of market trends, it also allows for a significant diversification of risk.

The Group divides its products into the main sectors of salmon products, white fish, pelagic fish and shellfish. On the market for salmon products, the Group sells and distributes its own production volume but also has alliances with a number of other companies involved in sales and distribution. The market for white fish also shows significant potential. In recent years, this product area has developed favourably through cooperation with a number of small and medium-sized companies, and the Group intends to develop these partnerships for the future. Lerøy Seafood Group is also a supplier of shellfish and fresh

PRODUCT AREAS YTD 2014



TURNOVER AND EBIT SALES & DISTRIBUTION



pelagic fish to Norwegian and European markets, although this represents a small but interesting niche product area.

The Sales & Distribution segment operates with a clear distinction between farmed species and wild fish, and these require different logistics and working methods. In addition, more than 80% of products distributed are fresh produce, placing extremely high requirements on market proximity and efficient logistics.

Lerøy Seafood Group has a long-term goal for growth of the Sales & Distribution segment so that it can in time generate an operating margin of between 2.5 and 3.0% per year. In 2014, the segment reported turnover of NOK 12.0 billion, a significant increase from the figure of NOK 10.3 billion reported in 2013. The operating margin in 2014 was 2.0%, in line with 2013. The significant increase in revenue provided an increase in operating profit from NOK 204 million in 2013 to NOK 241 million in 2014.

In recent years, the Group has made significant investments in so called “fish-cuts”. These are factories/ facilities in the end market with relatively simple processing, large volumes and where proximity to the consumer is key. In many ways, these “fish-cuts” represent a revolution in the distribution of fresh fish. New consumer-oriented packaging and short and efficient logistics systems make it possible for many more retailers to sell fresh fish. This development is a very important driver for demand for both salmonids and fresh fish in general. The Group started a number of new fish-cuts in 2013 and 2014, and expects to experience related start-up costs. The Group believes it has an excellent position in many markets, and has a clear ambition to increase its operating margin in the years to come.

Hallvard Lerøy AS has the highest turnover of all the Group companies and reported both record-high turnover and profit in 2014. For the first time in history, turnover surpassed NOK 10 billion, with a total figure of NOK 10.7 billion and an increase from 9.1 billion in 2013. Hallvard Lerøy AS, located at the Group’s head office in Bergen, has a market-oriented organisation. The organisation focuses on customer needs and on cost-efficient handling of the individual client. The Group’s wide product range is structured to meet the market’s need for a broad selection of seafood products.

In view of Hallvard Lerøy AS’ central position in the value chain, developing and maintaining the interaction between the company’s partners is a priority area. The Group’s global sales network comprises Hallvard Lerøy AS’ sales offices in a number of countries, as well as associated Group companies in Sweden, Finland, France, Spain and Portugal. The company has sales offices in China, Japan and the USA. The sales offices and the associated companies therefore cover different parts of the Group’s international markets. The Group’s presence in central markets allows for close follow-up of key customers and for establishing new customer relationships. The Group will work to establish representation on new markets in the years ahead.

In addition to international sales and marketing, the Group is also engaged in nationwide distribution of fresh fish on the Norwegian market through Lerøy Sjømatgruppen AS. The business is based upon establishing regional foundations and expertise in the customer’s geographical operating area. At the same time, the Group’s network offers economies of scale from nationwide marketing and distribution of seafood. Experience gained from this network and other businesses allowed the Group to sign a very long-term agreement with Norway’s largest grocery chain in 2013. Based on this, a large new production plant for fish was established, named Sjømathuset AS.

The new plant was opened in 2014. The agreement and the new facility have opened the door to a revolution in the distribution of freshly packaged fish and sushi in Norway. The production volume at the plant is high and still increasing, and the Group look forward to develop the seafood category i Norway together with the largest grocery chain in Norway.

Lerøy Sverige AB is a holding company for the three Swedish companies Lerøy Allt i Fisk AB, Lerøy Stockholm AB and Lerøy Nordhav AB. These companies have been owned by the Group since 2001. Lerøy Allt i Fisk AB in Gothenburg is a full-range seafood company holding a particularly strong position in the Swedish catering and institutional households market. Lerøy Stockholm AB is located in Stockholm and is the city's largest distributor of seafood, with a particularly high level of expertise in the grocery trade. Following on from 2012, the market in Sweden remained difficult in 2013 and in 2014. Nonetheless, Sweden is an important market for the Lerøy Group. The Group and the Swedish businesses have implemented several major initiatives in 2013 and 2014 to streamline operations. Lerøy Allt i Fisk AB and Lerøy Nordhav AB are now major wholesalers while Lerøy Stockholm AB has been reorganised following the model applied for Sjømathuset AS in Oslo. The Group expects these amendments to have a positive impact on activities in Sweden in 2015.

The sales and distribution activities in France are of vital importance and consist today of **SAS Hallvard Lerøy** located in Boulogne, France. France represents an important market for Lerøy. Subsequent to the construction of a new facility completed in 2013, the Group now has two major plants for processing and distribution of fresh seafood in France. Further development of the Group's enterprises in France continues in cooperation with their very able local management and their motivated and competent staff.

Lerøy Portugal Lda is located in Portugal and is 60% owned by Lerøy Seafood Group ASA. The company enjoys a good position on the Iberian Peninsula, which is a large and important market for Norwegian seafood. The company works diligently to improve its position as a distributor of fresh seafood. The company's motivated management and minority shareholder possess considerable expertise and will, together with the company's professional organisation, make important contributions to this operating segment.

Lerøy Finland OY was consolidated into Lerøy Seafood Group in 2011. Lerøy Finland OY is located in Åbo/Turku in Finland, and enjoys a strong position within the sale and distribution of seafood on its domestic market.

In 2013, the Group purchased a modern facility in Madrid, Spain and the company **Lerøy Processing Spain** was founded. Utilisation of the facility will be based on the same model as Sjømathuset in Oslo, and there has been a significant increase in activity in 2014.

ASSOCIATED COMPANIES

Lerøy Seafood Group ASA has ownership interests in

GLOBAL PRESENCE

several associated companies, of which Norskott Havbruk AS and Alfarm Alarko in Turkey are the two largest. **Norskott Havbruk AS** is 50% owned by Lerøy Seafood Group ASA and the fish farming company SalMar ASA respectively. Norskott Havbruk was founded in 2001 with the sole purpose of acquiring the company currently named Scottish Sea Farms Ltd, which is the second largest sea farming company in Scotland, with a harvest volume of 27,000 tons of salmon in 2014, and which will grow its production in 2015. The company also produces smolt and largely covers its own need for smolt. In addition, the company runs two modern land-based plants for processing salmon in Scotland and on the Shetlands. The company's highly skilled management and staff are actively involved in consolidating the company's position as the leading and most cost-efficient producer of high-quality Atlantic salmon within the EU. The company already holds a strong position in several high-quality market segments, for instance under the respected brand name Label Rouge. Expected harvest volume in 2015 is 31,000 tons.

Lerøy Seafood Group purchased a significant shareholding in Villa Organic AS in April 2013, and the company was an associated company until it was split between the main owners (Lerøy Seafood Group ASA and SalMar ASA) in July 2014. After the split, the Group's share will be integrated in the farming segment; Region North.

Alfarm Alarko Lerøy has operations based in Turkey. In close collaboration with Hallvard Lerøy AS, the company has developed the Turkish market for Atlantic salmon. The company is continuously developing its sales to forward-looking and demanding customers in an exciting market for fresh fish. In addition to importing and distributing fresh fish, the company is also engaged in the processing and smoking of fish. In beginning of 2015 LSG acquired the remaining shares in the company. The Group management looks forward to further develop the company together with the company's talented and committed organization.

For some time now, the Group has had a working relationship with Brødrene Schlie in Denmark. In 2013, both parties entered into a joint venture. The new company, of which both parties each own 50%, has been named **Lerøy Schlie AS**. Lerøy Schlie has purchased and built a new facility for fresh distribution of fish, primarily in Denmark. In 2014, the company has significantly increased activities, and the Group has high expectations for the future development of this new company.

LERØY SEAFOOD GROUP ASA

PRODUCTION	VAP	SALES & DISTRIBUTION
LERØY AURORA AS	LERØY FOSSEN AS	HALLVARD LERØY AS
LERØY MIDT AS	LERØY SMØGEN SEAFOOD AB	SJØMATHUSET AS
LERØY SJØTROLL	RODE BEHEER BV GROUP (50.1%)	LERØY SVERIGE AB GROUP
NORSKOTT HAVBRUK AS (50%)*	BULANDET FISKEINDUSTRI AS (76%)	SAS HALLVARD LERØY
		LERØY PORTUGAL LDA (60%)
		LERØY SJØMATGRUPPEN
		LERØY FINLAND OY
		LERØY PROCESSING SPAIN
		LERØY SCHLIE (50%)*
		ALFARM ALARKO LERØY (50%)*

** Associated companies*

PRIORITY TASKS

Lerøy Seafood Group's vision is to be the leading and most profitable global supplier of sustainable quality seafood. To achieve this, the company must continue to focus particularly on the following:

Alliances
Values are generated by businesses forming a network in the value chain. Businesses in the network must have good opportunities to focus on own core activities and to capitalise on economies of scale and reduced risk. We must constantly improve the Group's core operations including the development of long-term and committed alliances with both suppliers and customers. Over time this will ensure that our solutions are cost-efficient and adapted to the various markets and therefore also profitable.

Market orientation
Emphasising development in new and existing markets based on forward-looking solutions that will ensure profitability and increased market share. Being among the leading companies within product development to ensure costomer satisfaction and thus also profitability.

Environment and quality
Maintain a strong focus on quality- and environmental attitudes among employees and managerial staff and further develop our processes and routines through the entire value chain from breeding to smolt, fish production, harvesting, processing, sale and distribution.

Risk management
Continuing to develop systems for identifying risks in order to avoid imbalances between commercial risks and the quest for profitability. The Group's risk profile and its strategies for value generation shall be reconciled with the Group's available resources.

Know-how
Giving priority to the development of expertise in all sectors and at all levels. Profitable growth requires improved expertise in the fields of management, improved operations, development of incentive systems, financial management, exploitation of new technology, product and market knowledge and systematic marketing.

Strategic business development
The Group has for many years made significant acquisitions. Strategic business development is also of decisive importance for the continued development of the Group.

This will ensure the best possible utilisation of the Group's resources in order to provide optimum value generation for the company's shareholders, employees and major partners

GROUP MANAGEMENT

Sjur S. Malm
Chief Financial Officer
Lerøy Seafood Group

Henning Beltestad
Chief Executive Officer
Lerøy Seafood Group

Stig Nilsen
Executive Vice President Farming
Lerøy Seafood Group

CORPORATE GOVERNANCE

Corporate Governance is an international concept which could be defined as Shareholder Management and Control. In this chapter, the Board of Directors provides a description of Corporate Governance within the Group.

The Group's Corporate Governance is based on the updated recommendations of the Norwegian Code of Practice for Corporate Governance (NUES), dated 30 October 2014. The structure of this chapter has been amended to reflect this Code of Practice and, for the sake of order, each topic in the Code of Practice has been included here. Any differences have been explained.

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

The Board of Directors for Lerøy Seafood Group underlines the importance of having sound corporate governance that clearly states the distribution of roles between shareholders, the Board of Directors and the company management. The goal for Lerøy Seafood Group ASA is for all parts of the Group's value chain to operate and achieve growth and development according to the Group's strategy for a long-term and sustainable value creation over time for shareholders, employees, customers, suppliers and society at large.

The company's basic corporate values, ethical guidelines and guidelines for corporate social responsibility

The Group's basic corporate values are based on the Group's vision to be the leading and most profitable global supplier of sustainable quality seafood. The Group's core activities are distribution, sale and marketing of seafood, processing of seafood, production of salmon, trout and other species in addition to product development.

Lerøy Seafood Group ASA takes a very conscious approach to its responsibility regarding ethical conduct, society at large and the environment. Lerøy Seafood Group ASA has prepared a set of ethical guidelines for Group employees, aiming to establish common principles and regulations which govern all employees within Lerøy Seafood Group ASA and subsidiaries. The Group's ethical guidelines for conduct reflect the values represented by the Group and guide the employees to make use of the correct principles for business conduct, impartiality, conflicts of interest, political activity, entertaining customers, processing information and duty of confidentiality, relationships with business partners, corruption, whistle-blowing, bribes etc. Each employee is individually responsible for practising the ethical guidelines. The Group has prepared an Ethics Test for employees which will help them make the right decisions whenever needed. The corporate management is responsible for ensuring compliance with the regulations.

Furthermore, Lerøy Seafood Group has a general rule that the Group, along with all business partners, shall comply with legislation in the Group's respective locations, and with the company's own/Lerøy Seafood Group's quality system and procedures. The Group has a principal rule that the strictest requirements shall be met.

In the event of nonconformities, measures shall be implemented to improve the situation. The Group's goal is to contribute towards improving human rights, labour rights and environmental protection, both within the Group, in relation to suppliers and subcontractors and in relation to trading partners.

Every year, the Group publishes an Environmental Report which indicates the status of and provides an overview of all environmental aspects within the Group's value chain. The Group has stipulated target areas, key performance indicators and environmental goals. A short preview of the main content of the Environmental Report can be found in the chapter entitled "Environmental Report" in the financial statements. Go to www.lsg.no to read the entire Environmental Report.

2. BUSINESS

Lerøy Seafood Group's Articles of Association define its commercial activities as follows: "The Company's purpose is acquisition and management of shares and activities associated with this". The parent company's Articles of Association reflect that the parent company is a holding company established exclusively for the purpose of owning other companies. The Group's goals and main strategies are presented in total in the financial statements, but can be summarised as follows: "The Group's core activities are distribution, sale and marketing of seafood, processing of seafood, production of salmon, trout and other species, as well as product development". Lerøy Seafood Group's goal is to become the leading and most profitable global supplier of sustainable quality seafood.

3. EQUITY AND DIVIDENDS

Technical information

As of 31 December 2014, Lerøy Seafood Group ASA had 54,577,368 shares, each with a face value of NOK 1. The number of shareholders as per 31 December 2014 was 2,738 of whom 301 were foreign shareholders. The company's register of shareholders, cf. section 4-4 of the Public Limited Companies Act (Norway), was registered with the Norwegian Central Securities Depository (Verdipapirsentralen – VPS) on 28 November 1997 and carries the VPS registration number ISIN NO-000-3096208. DnB ASA, Oslo, is the account manager. The share's Ticker code on the Oslo Stock Exchange's main list is LSG. The company's business register number in the Register of Business Enterprises is 975 350 940.

Equity

The Group is financially sound with book equity of NOK 8,080 million as of 31 December 2014, which corresponds to an equity ratio of 54.4 %. At the end of 2014, the company had 54,577,368 shares outstanding. All shares carry the same rights in the company. As of 31 December 2014, the company owned 329,776 of its own shares.

Financial goals

On-going structural changes in the global industry in which the company operates, seen in conjunction with the cyclical nature of the industry, demand that the company at all times must maintain satisfactory financial contingency. This in turn requires a close relationship with the company's shareholders and equity capital markets. The company has always stressed the importance of maintaining the confidence of its financial partners and thus also access to necessary loan capital on favourable terms. The Group's financial goals as established by the Board and management must be reflected in quantified parameters for financial strength and yield. The established requirement for financial adequacy stipulates that the Group's equity ratio should be at least 30% over time. The Group's long-term goal for earnings is to maintain an annual yield on the Group's average capital employed of 18% before tax. It will be necessary to assess and adjust the Group's financial goals from time to time in response to changes in significant external parameters such as interest rates, but also in response to significant changes in the Group's spheres of activity.

Dividends

Based on continued growth and improved profitability, Lerøy Seafood Group aims to create financial values for its shareholders, employees and society in general.

Lerøy Seafood Group aims to provide a satisfactory rate of return from all its activities. The yield to shareholders in the form of dividends and share price performance shall reflect the company's value generation. Distributed dividends should develop in line with the company's financial strength, growth and profit performance.

The company's dividend policy implies that, over time, dividends should lie in the region of 30% to 40% of net profits after tax. However, care must be taken at all times to ensure that the Group operates in line with good financial contingency for new and profitable investments. In the long run, value generation will increasingly be in the form of higher share prices rather than in declared dividends.

The Group's results can largely be evaluated in connection with the development in prices for Atlantic salmon and trout. Price developments in recent years have been positive, as has the growth in global supply. Despite the variation in salmon prices, the Group firmly intends to follow its strategy for sustained value creation by improving operations and achieving strategic business development. The Board has recommended a dividend of NOK 12.00 per share which is in line with the Group's long-standing dividend policy.

Mandates granted to the Board of Directors

Mandates are granted to the Board of Directors in accordance with the Public Limited Companies Act (Norway), cf. in particular chapters 9 and 10 of the Act.

Mandate for the Board to purchase own shares

The first time the Board was authorised to acquire the company's own shares was at the ordinary general meeting on 12 May 2000. This mandate was exercised in 2011 with the acquisition of 100,000 own shares. It was subsequently renewed at the ordinary general meeting on 22 May 2014 and authorises the acquisition of up to 5,000,000 shares over a period of 18 months from the date on which the resolution was adopted. An extension of the mandate will be recommended to the ordinary general

meeting on 21 May 2015. As of 31 December 2014, the company owned 329,776 of its own shares.

Mandate to increase share capital by one or more private placings for shareholders and/or external investors:
The Board has a mandate to increase the share capital by up to NOK 5,000,000 by issuing up to 5,000,000 shares in Lerøy Seafood Group ASA, each with a face value of NOK 1, through one or more private placings with the company's shareholders and/or external investors. This type of mandate was first established by the ordinary general meeting of 4 May 1999 and subsequently renewed by the ordinary general meeting on 22 May 2014. The Board has not exercised this mandate in 2014. It will be recommended that an equivalent mandate be approved by the ordinary general meeting on 21 May 2015.

The Board's mandate is valid for a period exceeding one year and is not limited to specifically defined objectives as recommended by the NUES. This is principally for operational reasons, but also in order to clearly show that the company is growth-oriented and that shares are regarded as potential means of payment. This practice is established to ensure an optimum strategic business development for the company. However, the company has established the practice of having the mandates renewed at each ordinary general meeting.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

The company has only one class of shares and each share carries one vote at the general meeting. Shareholders' rights are governed by the Public Limited Companies Act (Norway), cf. in particular section 4. Equal treatment of Lerøy Seafood Group's shareholders is provided for in the company's Articles of Association and agreements.
Lerøy Seafood Group ASA strongly emphasises correct and open information to shareholders, potential shareholders and other interested parties.

Not immaterial transactions between the company and shareholders, a shareholder's parent company, members of the Board of Directors, executive personnel or close associates of any such parties
Should such transactions occur, they shall be documented and executed according to the arm's length principle.
The company has prepared guidelines for notification by board members and executive personnel to the Board of Directors of any significant interest in an agreement signed by the company. If enterprises with associations to board members perform work for Lerøy Seafood Group ASA's Board of Directors, the question of independence is treated specifically by the Board.

5. FREELY NEGOTIABLE SHARES

According to the company's Articles of Association, there are no restrictions on the negotiability of LSG's shares.

6. GENERAL MEETINGS

Notice of and holding ordinary general meetings
Lerøy Seafood Group ASA held its ordinary general meeting in the company's main office at Bontelabo, Bergen on Thursday 22 May 2014. The notice of the meeting with a proposed agenda, meeting slip and proxy form were distributed to all shareholders with a registered address

three weeks prior to the date of the general meeting. The notice of the general meeting was formatted in accordance with the requirements of the Public Companies Act in Norway and the regulation relating to general meetings which governs the requirements for content and availability of supporting information.

Pursuant to the company's Articles of Association, all documents to be discussed during the general meeting were made available on the company's website www.lsg.no. This information was published on the website 21 days prior to the date of the general meeting.

The supporting information was sufficiently detailed and comprehensive to allow the shareholders to form a view on all matters to be considered at the meeting. The deadline for registration of participation was set for the day prior to the general meeting. Prior to distribution of the notice of the general meeting, the Board of Directors and meeting chairperson had performed a quality control of the procedures for registration and voting, and the proxy form for participation and voting on behalf of other shareholders.

The Chairman of the Board represented the Board of Directors at the general meeting. In addition, the company auditor was present, along with the CEO and other members of the corporate management. On agreement with the Chairperson of the Nomination Committee, the Chairman of the Board presented the committee's recommendation.

Independent chairing of the general meeting is ensured in that the general meeting appoints a chairperson for the meeting and one person to co-sign the minutes of the meeting.

The notice of and holding of the ordinary general meeting in 2014 complied with the practice established by Lerøy Seafood Group ASA in recent years.

Participation by proxy
The Public Companies Act in Norway and the regulation relating to general meetings allows for several methods whereby shareholders can participate at the general meeting, without actually being present. In the notice of the general meeting, Lerøy Seafood Group has allowed shareholders to vote by proxy at the general meeting. The proxy was such that votes could be made for each individual item discussed, and for candidates up for election. The company has procedures which ensure full control and overview of participation and voting at general meetings.

The company publishes the signed set of minutes immediately after the general meeting has been closed. No extraordinary general meetings were held in 2014.

At general meetings, the Board of Directors is normally represented by the Chairman of the Board, who also represents the majority shareholder in LSG. Due to the fact that the capacity for other shareholders to physically participate at general meetings is very limited, it has not been deemed necessary for all board members to take part in the general meeting.

7. NOMINATION COMMITTEE

The ordinary general meeting on 25 May 2005 voted to change Article 5 of the company's Articles of Association to allow the company a permanent nomination committee consisting of three members elected by the general meeting for a period of two years.

The company's nomination committee is charged with preparing recommendations for the composition of an owner-elected Board of Directors and to submit to the general meeting such recommendations for appointments to the Board. At present, the members of the Nomination Committee are Helge Møgster (Chairman), Benedicte Schilbred Fasmer and Aksel Linchausen. The company has not established specific guidelines for the nomination committee. However, the composition of the nomination committee is such that the interests of the shareholders in general are taken into account in that the majority within the committee is independent of the Board and other executive personnel.

The nomination committee makes a recommendation regarding remuneration to the members of the Board. The general meeting makes the final decision regarding fees to be paid to the members of the company's Board and nomination committee.

Information on the members of the nomination committee is published at www.lsg.no. The nomination committee will be facilitated contact with the shareholders, the board members and the CEO when working on the recommendation of candidates, and to allow the shareholders to recommend candidates to the committee.

The recommendation of the nomination committee is included in the supporting documentation for the general meeting, which is published within the 21-day deadline for notice of the general meeting.

No specific guidelines have been prepared for the nomination committee, mainly due to the fact that the Articles of Association already specify the framework for the work of the committee.

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

Corporate assembly

Lerøy Seafood Group ASA does not have a corporate assembly.

Composition and independence of the Board of Directors

In its central position between owners and management, it is the Board of Directors' function to safeguard the shareholders' need for strategic governance and operational control. The function and focus of the Board will always vary somewhat depending on circumstances within the company and on developments in the external business environment.

The transformation of the Lerøy Group from a family company to a listed public limited company has been guided by the owners' clear awareness of the type of Board the company needs. The process to establish a Board with members from various fields of expertise and independent of the Group's management team and largest shareholders was initiated at an early stage by the owners, at the end of the 1980s. Since the early 1990s, the majority of the members of the Lerøy Group Board have been independent of the Group's management team precisely in order to protect the Board's ability to challenge management practices. In part because of the Board's composition (size and independence from management and main owners, etc.), there has so far been no need to establish board committees.

Pursuant to the Norwegian Public Companies Act, the Chief Executive Officer is not permitted to be a board member. The Norwegian Code of Practice is also very clear in its recommendation that neither the CEO nor other executive personnel in the company should be board members. In Lerøy Seafood Group ASA, neither the CEO nor other executive personnel are members of the Board of Directors.

Nomination period and term of office

Both the Chairman of the Board and other board members are nominated for a period of two years at a time. The nomination committee submits its recommendation to the general meeting, which appoints the Chairman of the Board and other board members.

Information on the members of the board

Chairman of the Board, **Helge Singelstad** (1963), was appointed to the Board by the extraordinary general meeting on 26 November 2009. Helge Singelstad holds a degree in computer engineering, a degree in Business Administration from the Norwegian School of Economics (NHH) and a 1st degree of law from the University of Bergen. Helge Singelstad has previously held positions as CEO, Vice CEO and CFO of Lerøy Seafood Group over a number of years. Consequently, he has broad knowledge of the Group and the industry. Helge Singelstad is Chairman of the Board for Austevoll Seafood ASA and Vice Chairman of the Board for DOF ASA. He is the Managing Director of Laco AS. Laco AS is a majority shareholder of Austevoll Seafood ASA. Helge Singelstad owns no shares or options in Lerøy Seafood Group ASA as per 31 December 2014, but as a shareholder in Austevoll Seafood ASA he indirectly owns shares in the Group.

Board member **Arne Møgster** (1975) was appointed to the Board by the ordinary general meeting on 26 May 2009. Arne Møgster holds a Bachelor degree in Business Administration and an MSc in International Shipping. Arne Møgster is the CEO of Austevoll Seafood ASA and board member in a number of companies. As a shareholder in Laco AS, Arne Møgster indirectly owns shares in Lerøy Seafood Group ASA.

Board member **Britt Kathrine Drivenes** (1963) was appointed to the Board by the ordinary general meeting on 20 May 2008. Britt Kathrine Drivenes has a Bachelor of Business Administration from the Norwegian School of Management (BI) and has a Master of Business Administration in Strategic Management from the Norwegian School of Economics (NHH). She is the CFO of Austevoll Seafood ASA and is also a board member in a number of companies. She indirectly owns shares in Lerøy Seafood Group ASA as a shareholder in Austevoll Seafood ASA.

Board member **Hege Charlotte Bakken** (1973) was appointed to the Board by the extraordinary general meeting on 12 December 2008. Hege Charlotte Bakken has an MSc degree from the Norwegian University of Life Sciences and an Executive MBA from ESCP EAP European School of Management in Paris. Hege Charlotte Bakken is an independent strategy and management consultant at Stella Polaris and the former COO of Marvesa Holding NV, previously Managing Director of Marvesa Rotterdam N.V. She also has experience from companies such as Pronova

BioPharma Norge AS, FishMarket International AS, FrioNor AS and Norway Seafoods ASA. Hege Charlotte Bakken has also served as board member for Pronova Biopharma Norge AS and Pronova BioPharma ASA. She owns no shares in the company as per 31 December 2014.

Board member **Didrik Munch** (1956) was appointed to the Board by the ordinary shareholders' general meeting on 23 May 2012. Didrik Munch graduated as Legal Advisor from the University of Bergen and as a police officer from the Norwegian Police University College in Oslo. He has worked in a number of positions within the Norwegian police force (1977-1986). From 1986 to 1997, he worked within finance, primarily for DNB. Towards the end of this period, he was part of DNB's corporate management, as Director for the Corporate Customer division. From 1997 to 2008, Didrik Munch was CEO for Bergens Tidende AS (Norwegian newspaper). In 2008, he took on the role of CEO for Media Norge AS which changed its name to Schibsted Norge AS with effect from April 2012. Didrik Munch has been board member for a number of companies, both as Chairman and ordinary member. He is currently a board member for Nye Warmlands Tidningen AB and Grieg Star AS. By virtue of this position, Didrik Munch is also Chairman of the Board for a number of companies, including Aftenposten, VG, Bergens Tidende and Finn.no. He owns no shares in the company as per 31 December 2014.

Board member **Marianne Møgster** (1974) was appointed to the Board by the ordinary shareholders' general meeting on 23 May 2012. She graduated with a degree in Business Administration from the Norwegian School of Economics (NHH) and as a nurse from NLHC Colleges (Diakonissehjemmets høyskole). She is currently responsible for Investor Relations and financial reports for DOF ASA. Marianne Møgster has experience from positions with companies such as DOF Subsea, StatoilHydro and Norsk Hydro. She has experience as a board member with companies in the DOF Subsea Group and Capital Corporate. Marianne Møgster indirectly owns shares in Lerøy Seafood Group ASA as a shareholder of Laco AS.

Board Member **Hans Petter Vestre** (1966) was appointed to the Board as the employees' representative at the ordinary general meeting on 24 April 1995. Hans Petter Vestre is a graduate of the Norwegian College of Fishery, University of Tromsø. He was employed by Hallvard Lerøy AS as sales manager in 1992 and is today departmental head in Hallvard Lerøy AS. Hans Petter Vestre owned 120 shares in the company as of 31 December 2014.

The Group structure, with autonomous entities in different regions, is supervised through participation by Group staff in the administrative bodies in the various companies. Through their representatives on the boards of the subsidiaries, the employees also contribute to satisfactory operational development. The Board has not elected a vice chairman and so far the Board chairman has always been present. In case of his absence, the Board will make satisfactory arrangements for chairing the meeting.

Encouraging the board members to own shares in the company

The majority of board members in Lerøy Seafood Group ASA own shares in the company, either directly or indirectly.

9. THE WORK OF THE BOARD OF DIRECTORS

The work of the Board of Directors

The Board of Directors shall establish an annual plan for its work, with a focus on goals, strategy and execution, in order to ensure continuous follow-up and further development of the company. For several years, as well as in its eight meetings in 2014, the Board has maintained a particular focus on the connection between practical operations and strategic business development. The Board works purposefully together with the company management to make the Group the most profitable, fully-integrated global seafood company. This work has for a considerable time been carried out in accordance with our public announcements. The Board's work reflects this strategy and the results are shown through management implementation. Although the strategic development of the company is a continuous process and part of the work of the Board of Directors, the company also holds strategy meetings. Strategy meetings were held in 2014.

Instructions for the Board of Directors and management

A set of instructions has been prepared for the work of the Board of Directors. The scope of the work of the CEO is laid down in a separate set of instructions, and the CEO maintains close dialogue with the company's Chairman of the Board.

Independent treatment of cases of a significant character, where the Chairman of the Board plays an active role

The Chairman of the Board does not play an active role in discussing cases where he/she has a personal interest. Such cases are treated by one of the other board members. There have been no cases of this nature during the year.

Board committees

Audit committee

Pursuant to section 6-41 (1) of the Norwegian Public

Sushi ready to serve, from Lerøy Sjømathuset in Oslo.

Companies Act, companies listed on the stock exchange are obliged to establish an audit committee which prepares cases for and submits recommendations to the Board of Directors. Lerøy Seafood Group ASA's audit committee consists of Didrik Munch (Chairman) and Britt Kathrine Drivenes. The audit committee reports to the Chairman of the Board. The audit committee conducts quality assurance of internal control and reporting. It is also responsible for the Board of Directors' dialogue with and monitoring of the external auditor. The audit committee held three meetings in 2014.
The auditor reports on his work in writing to the company administration and the Board through the audit committee. The company does not have a so-called remuneration committee.

Assessment of the Board's work

When recruiting board members, the company's owners follow a long-standing strategy of assessing the company's need for varied competency, continuity, renewal and changes in ownership structure. It will always be in the company's interest to ensure that the composition of the Board varies in line with the demands made on the company and with expectations regarding Group performance. The Board's assessment of itself and of Group management must of necessity be seen in conjunction with the Group's performance. To date, the Board has not issued reports on its assessment of its own work; this is a conscious priority decision and must be viewed in connection with other announcements in the company's communications to the public. Moreover, external assessments of the Board's work are probably the most influential and are likely to remain so in the future.

10. RISK MANAGEMENT AND INTERNAL CONTROL

Risk management and internal control

The Group's activities are varied, depending on each entity's position in the value chain, and consequently require differentiated forms of management and follow-up. Good internal management systems are essential for success, and these must be continuously developed in order to accommodate changing economic conditions. The Group's regional structure with independent entities, also in respect of short-term reporting, facilitates good control and a powerful focus. The internal control is based on daily and weekly reports that are summarised into monthly reports tailored to the individual company, while at the same time providing satisfactory reporting at Group level. There is an emphasis on the importance of uniform reporting procedures and formats in order to ensure correct reporting from all entities and up to an aggregate level.

As Lerøy Seafood Group is an international seafood corporation with decentralised operations and a significant volume of biological production, the company is exposed to a number of risk factors. The Board of Directors therefore works hard to ensure that the Group implements all measures required to control risk, limit individual risk and keep risk as a whole within acceptable constraints.

Operating risk

The Group's fish farms are located in relatively open seas which provide the best conditions for fish farming in terms of the environment and the health of the fish. However, this places significant demands on both personnel and equipment. The production plants are continuously subjected to the forces of nature, representing a certain risk of damage to equipment which, in turn, may result in accidental release of fish. The company reported accidental release of fish in 2014. For a more detailed description, please see the Group's Environmental Report. Keeping animals in intensive cultures will always represent the risk of illness. Fish are particularly vulnerable to illness when they start life at sea, as they are exposed to stress during this period and have to adapt to a completely new environment. The risk of illness can be reduced by ensuring high quality smolt, vaccinations, good conditions and the correct locations for the fish. The Group has increased its focus on sustainable fish feed.

For more detailed comments on biological production, please refer to the Group's Environmental Report.

Market risk

The developments in global salmon and trout prices have a considerable impact on the results achieved by the Group. In order to reduce this risk factor, attempts are made to ensure that a certain proportion of sales constitutes so-called contract sales.

In addition, Norwegian fish farming and the fish processing industry in Norway and the EU have a history of exposure to the risk represented by the constant threat of long-term political trade barriers imposed by the EU Commission. In 2008, the EU Commission abolished the program which involved so-called minimum prices for Norwegian salmon and punitive duties on Norwegian trout. In 2011, punitive duties on whole salmon exported to the USA were also lifted. Russia introduced a ban on imports of Norwegian salmon and trout from Norway on 7 August 2014. As Russia is normally a major market for Norwegian salmon and trout, the import ban had a negative impact on realised prices during the second half of 2014.

Currency risk

The Group has international operations requiring a number of currencies, and is thus exposed to currency risk. The Group makes use of currency derivatives combined with withdrawals/deposits in multi-currency accounts in order to minimise currency risk on outstanding accounts receivable, signed sales contracts and ongoing contractual negotiations. The Group's long-term liabilities are mainly in Norwegian kroner.

Credit risk

Pursuant to the Group's strategy for managing credit risk, the Group's accounts receivable are mainly covered by credit insurance or other forms of security. All new customers are subjected to a credit rating.

Interest rate risk

The Group's long-term liabilities are mainly based upon agreements for floating rates of interest, representing exposure to increases in the market interest rate. Interest rate swap agreements are signed to reduce interest rate risk.

Liquidity risk

The most significant individual factor related to liquidity risk is fluctuations in salmon prices. Liquidity is also affected by fluctuations in production and slaughter volumes and changes in feed prices, which is the most prominent single factor on the cost side. Feed costs are impacted by the developments in prices for marine raw materials and agricultural products.

Review by the Board of Directors

One of the main tasks for the Board of Directors is to ensure that the company management is familiar with and understands the Group's risk areas and that risk is managed by means of appropriate internal control. Frequent valuations and assessments are conducted of both the management's and Board's understanding of risk and internal control. The audit committee plays an important role in these valuations and assessments.

Description of the main elements of risk management and internal control related to financial reports

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

Control environment

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

Guidelines for financial reporting

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

Organisation and responsibility

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

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

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

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

Risk assessment

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

Control activities

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

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

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

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

Review by the Group management

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

Reviews by the audit committee, Board and general meeting

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

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

Information and communication

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

Monitoring

Reporting entities

Those persons responsible for reporting entities shall ensure appropriate and efficient internal control in

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accordance with requirements, and are responsible for compliance with such requirements.

Group level

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

External auditor

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

The Board of Directors

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

11. REMUNERATION OF THE BOARD OF DIRECTORS

Board remuneration is not performance based. The Board members elected by the shareholders have no share options. If enterprises that board members are associated with perform work for the company's Board, the question of independence is treated specifically by the Board.

Remuneration of the Chairman of the Board and other board members is proposed by the nomination committee and adopted by the general meeting. During the general meeting on 21 May 2014, remuneration to the Board of Directors was adopted as follows: Annual remuneration of the Chairman of the Board, NOK 375,000. Annual remuneration of the other board members, NOK 200,000. However, no remuneration is paid to the Chairman of the Board in the form of board remuneration that represents a duty to report. Lerøy Seafood Group ASA is invoiced for the services of the Chairman, and for consultancy fees related to the role as working Chairman of the Board from the Group's leading company, Laco AS, where the Chairman of the Board is an employee.

It is recommended that remuneration for any additional work carried out by members of the Board of Directors' sub-committees be paid separately in addition to the basic rate for board members of NOK 40,000 per year.

Annual remuneration of the members of the nomination committee totalled NOK 35,000 per member.

12. REMUNERATION OF EXECUTIVE PERSONNEL

This item is referred to in the Chapter regarding the Board of Directors' Statement on Salaries and other Remuneration of Senior Staff.

The general meeting will vote individually on the recommended and binding guidelines.

13. INFORMATION AND COMMUNICATIONS

Lerøy Seafood Group ASA strongly emphasises correct and open information to shareholders, potential shareholders and other interested parties. The company has presented quarterly reports with financial information since 1997. Timely, relevant, consistent and current information is the basis upon which all interested parties will assess the value of the company's shares. The company's most important medium for distributing information will be the Oslo Stock Exchange reporting system, but the company also aims to present such information directly to investors and analysts. Lerøy Seafood Group aims to keep its shareholders informed via financial statements, quarterly reports and at appropriate presentations. In addition, press releases will be sent out regarding important events on the company's markets, or about other relevant circumstances.

Every year, Lerøy Seafood Group ASA publishes the company's financial calendar, showing the dates for presentation of the interim financial statements and the date of the annual general meeting. The date for payment of dividends is decided by the company's ordinary general meeting.

The company's website is updated constantly with information distributed to shareholders. The company's website is at: www.lsg.no.

No specific guidelines have been compiled for the company's contact with shareholders outside the general meeting. This is due to the fact that the current integrated practice within this area is deemed satisfactory.

14. TAKE-OVERS

Lerøy Seafood Group ASA has no restrictions in its Articles of Association regarding company take-overs. As of 3 June 2002, the shares in Lerøy Seafood Group ASA have been quoted on the main listing of the Oslo Stock Exchange and are freely negotiable within the provisions of Norwegian law. The company has only one class of shares and each share carries one vote at the general meeting.

If a take-over bid is made for the company, the Board of Directors will make a statement prior to the expiry of the bid. The Board of Director's statement will also include a recommendation as to whether the shareholders should accept the bid or not. The Board of Directors will emphasise equal treatment of the shareholders and no unnecessary disturbance of the company's business activities.

15. AUDITOR

Auditing - annual plan

For a number of years, Lerøy Seafood Group ASA has engaged the services of PriceWaterhouseCoopers AS as Group auditor. The company's auditor follows an auditing plan which has been reviewed in advance together with the audit committee and management. The auditor and audit committee perform an annual audit of the company's internal control, including identified weaknesses and recommended improvements. The Board is informed of the general nature of the services the administration buys from the auditor.

Treatment of the financial statements

The auditor attends meetings together with the audit committee and management subsequent to the interim audit and in connection with the company's presentation of interim reports for the fourth quarter. The auditor attends board meetings where the financial statements are to be approved, and also holds a meeting to discuss the financial statements with the Board of Directors, at which the management does not attend. During these meetings, the auditor reviews any significant changes in the company's accounting principles, evaluations of significant accounting estimates and all significant factors on which the auditor and management disagree. To date, there has been no such disagreement on any factors.

Auditor – other services

The auditor prepares a written confirmation of independence for the audit committee, providing written disclosure to the audit committee of all other services provided in addition to mandatory auditing. The auditing company utilised is a large company and practices internal rotation, in compliance with the requirement for independence.

Moreover, the auditor is available for questions and comments to the financial statements and other matters at the Board's discretion.

Remuneration of the auditor

Invoiced fees from the auditor are presented in a separate note to the financial statements. The company's general meeting is also notified of remuneration of the auditor.

No specific guidelines have been established for the CEO's mandate to make use of the auditor for other services than auditing. The Board of Directors is continuously informed of the main aspects of the services the administration buys from the auditor.

BOARD OF DIRECTORS' STATEMENT

Regarding salary and other remuneration of executive personnel.

Statement regarding stipulation of salaries and other remuneration of executive personnel in Lerøy Seafood Group ASA. The guidelines for financial year 2014 have been followed. Application of the same guidelines is recommended for the upcoming financial year.

The guidelines are of an instructive nature for the Board of Directors, with the exception of the item related to options, which is binding.

MAIN PRINCIPLES IN THE COMPANY'S SALARY POLICY

The Group's development is closely linked to the Group's ability to recruit and retain executive personnel and the Group employs various models for remuneration of executive personnel at competitive terms. Executive personnel receive salary according to market terms. Remuneration varies over time both in respect of level and form of payment. In addition to the annual salary, the Group also pays performance-based bonuses limited to one year's salary, lump sum payments, sign-on fees, arranged leave of absence, educational opportunities and option agreements. The Group does not currently have an option programme. The Group has collective pension schemes.

For logical reasons and to date, the Chairman of the Board has on behalf of the Board handled all practical matters in respect of agreements with the Group CEO. Remuneration of other senior group executives is determined by the CEO in consultation with the Chairman of the Board.

Remuneration is reviewed annually, but is assessed over several years in order to secure continuity.

PRINCIPLES FOR COMPENSATION IN ADDITION TO BASE SALARY

Basis: Base salary

Salaries to executive personnel must be competitive – Lerøy Seafood Group aims to attract and retain the most talented management.

The base salary is normally the main element of executive personnel salaries. There is at present no particular limit on the total compensation senior staff members may earn.

Additional compensation: Bonus scheme

The compensation earned by executive personnel must inspire high performance and must be structured to motivate extra efforts towards continuous improvement of operations and the company's performance.

The Group utilises performance-based bonuses of maximum one year's salary.

Options

The Group does not currently have an option programme.

Pension schemes

All companies in the Group satisfy the requirements in the Act relating to mandatory occupational pensions (Norwegian: OTP). At the time of writing, the Group only practices defined contribution pension plans.

The Group's executive personnel participate in the company's collective pension schemes.

Severance pay

The Board limits the use of so-called severance pay agreements, but these have been practised in a few cases, albeit limited to two years' salary. Severance pay may at times be a good alternative for all parties involved.

Non-pecuniary benefits

Executive personnel will normally receive non-pecuniary benefits commensurate with their positions. There are no particular limitations on the type of non-pecuniary benefits that can be agreed.

Other benefits

In connection with public share issues, the first of which took place in 1998, the company's employees have been granted the right to subscribe to a limited number of shares at a discounted price (20%).

PROCEDURE FOR STIPULATION OF EXECUTIVE PERSONNEL SALARIES

Introduction

Please see the note to the accounts for information on

Panko-breaded fish nuggets - a new product from Lerøy . Tasteful and healthy.

remuneration of individual executive personnel.

Stipulation of salary for Group CEO

Remuneration for the Group CEO is determined annually by the Chairman of the Board with authority from the Board.

Stipulation of salary for Group management

Remuneration of each person within the Group management is determined by the CEO in consultation with the Chairman of the Board. The Board of Directors shall be subsequently informed of the decision.

Establishment of incentive schemes

General schemes for payment of variable benefits, including bonus schemes, are established by the Board of Directors. The Group CEO allocates such incentive schemes and other benefits to the Group's executive personnel within the boundaries established by the Board.

Remuneration of the Board of Directors

Board remuneration is not performance based. The Board members have no share options. The Board's remuneration is determined annually by the ordinary general meeting.

STIPULATION OF SALARY FOR EXECUTIVE PERSONNEL IN OTHER GROUP COMPANIES

Other companies in Lerøy Seafood Group shall adhere to the main principles in the Group's executive personnel salary policy as they are described in item one above.

Bergen, 27 March 2015
The Board of Directors of Lerøy Seafood Group ASA

ENVIRONMENT «TAKE ACTION TODAY FOR A DIFFERENCE TOMORROW»

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

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

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

An important tool in efforts to ensure achievement of environmental work in the aquaculture business is certification to international environmental standards, including GlobalGAP and the ASC standard.

It allows us to guarantee and document that our fish farming activities are the foremost in the world in terms of environmentally sustainable production and that we possess both the competencies and capacity to make progress in such an important field.
Lerøy Seafood Group was the first fish farming corporation worldwide to gain ASC certification for the entire value chain, from production to consumer. The Group is experiencing substantial demand for ASC certified salmon, and has made investments in 2014 to ensure continuity of supply of ASC certified products.

The following areas related to environmental work receive special emphasis within fish farming activities:

- Work to prevent accidental release of fish
- Measures to reduce salmon lice

- Fish health and fish welfare
- Efficient utilisation of land and sea areas
- Reduction of discharge of nutrient salt from premises

Of the above, the efforts to minimise challenges related to salmon lice have received particular focus in 2014. Lerøy Seafood Group has fish farming facilities in three regions – North Norway, Central Norway and West Norway. Lerøy Seafood Group has successfully sustained a low level of salmon lice in North Norway. However, the Group companies in Central and West Norway have experienced more difficulties with salmon lice in 2014 than before in terms of ensuring compliance with the limits stipulated in the regulation relating to salmon lice. This is a problem experienced by the industry in general in these regions. Subsequent to tests and documented positive results with the use of lumpfish as a species that eats salmon lice, Lerøy Seafood Group has decided to make substantial investments in the production of lumpfish to be exploited as cleaner fish in the Group's facilities. The Group aims to be self-sufficient in the supply of lumpfish by the end of 2015. The strategy for exploitation of lumpfish shall provide a significant reduction in the use of chemical treatments in 2015 and shall ensure close to zero use of these substances in 2016 for all our fish farming facilities.

Moreover, the Group has invested significant capacity in development projects which aim to enhance sustainability for fish farming activities, and these include:

- Raw materials for fish feed
  - Ensuring compliance with our requirements for sustainable and regulated fishing
  - Ensuring that fish health, fish welfare and the environment are taken into account when developing and producing new raw materials for fish feed
  - Contributing to the production of new marine raw materials for fish feed
- Development of new technology for fish farming in both fresh water and at sea.
- Paving the way for improvements in bio-safety throughout the value chain, from parent fish to harvesting.

The Group's fish farming companies have established a clearly defined set of goals for each operating segment and have developed operating procedures specifically to ensure that they can reach the goals set for such important environmental work. The Group also carries out regular internal and external audits to ensure full compliance between operating procedures and proper conduct. The Group has implemented advanced technology to secure and monitor operations and has developed requirement specifications for our suppliers which shall contribute towards active participation by the suppliers in our efforts to achieve our environmental goals.

However, sustainable fish farming requires much more than simply environmental sustainability. Lerøy Seafood Group shall take a more comprehensive approach to the entire concept of sustainability, which includes other important factors such as economic and social sustainability. The industry as a whole plays an extremely important role in society, and Lerøy Seafood Group, via its companies in Norway, aims to take this social responsibility very seriously and to ensure that our activities continue to benefit society by securing financially strong and profitable businesses, spin-off effects for local communities and clear environmental management within fish farming.

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

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

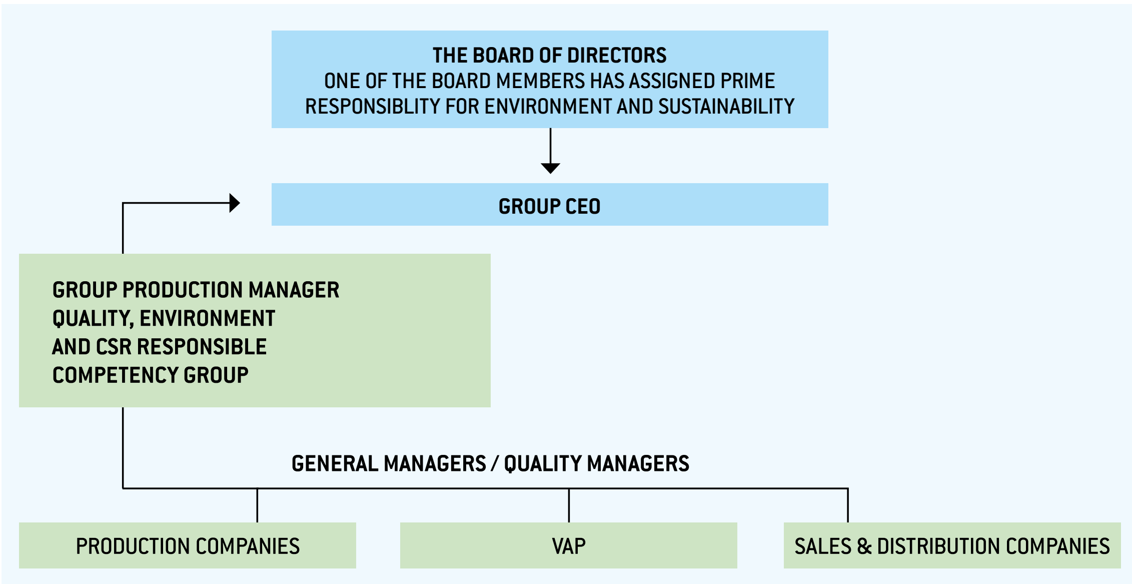
Stig Nilsen
COO Farming
Lerøy Seafood Group

ORGANISATION OF ENVIRONMENTAL AND SUSTAINABILITY FACTORS

The Board of Directors for Lerøy Seafood Group ASA has one member assigned prime responsibility for the environment and sustainability in the Group. The CEO has prime responsibility for the Group. The Quality, Environment and CSR, Corporate Social Responsible, is responsible for coordinating work for all companies within the Group. Responsibility is also delegated to the Managing Director of each subsidiary, while the Quality Manager is responsible for daily follow-up within the companies. A number of competency groups have been set up in Lerøy Seafood Group. The different Quality Managers make up a competency group for quality and the environment, as illustrated below. This is led by the Quality, Environment and CSR. The Quality, Environment and CSR holds regular meetings with representatives from the other competency groups, where quality and the environment are on the agenda.

Lerøy Seafood Group has established competency groups within:

- Quality and the environment
- Production of fish for consumption
- Production of young fish
- Fish health
- Industry
- Economy



THE VALUE CHAIN

What are our focus areas?

For Lerøy Seafood Group as a corporation, it is essential to maintain a constant focus on areas where we have the greatest influence in terms of sustainability. Based on a critical evaluation of the value chain and our processes, we have reached the conclusion that we currently have the greatest influence within our work on the different areas related to our fish farming activities. A major share of our efforts related to the environment and sustainability will therefore focus on fish farming.

Lerøy Midt

VISION
Lerøy Seafood Group's vision is to be the leading and most profitable global supplier of sustainable, high quality seafood.

ENVIRONMENTAL POLICY
Lerøy Seafood Group is one of the largest seafood corporations in the world. We live off the natural resources produced in the sea and rely on these resources being properly managed so that we can continue to sell seafood in the future. The management of Lerøy Seafood Group will do their utmost to ensure that the products manufactured and purchased comply with the prevailing regulations and requirements of our industry.

We will furthermore strive to find the most environmentally friendly and sustainable systems for our products via a close cooperation with our customers and suppliers of fish feed and transport.

Lerøy Seafood Group will continuously seek to introduce improvements which will reduce pollution and help protect the environment.

Our employees will focus on the company's environmental targets set. In fact, Lerøy Seafood Group will include the environment as one of its main focus areas in the future, in terms of both employees and our products.

ENVIRONMENTAL VISION
Take action today – for a difference tomorrow

ENVIRONMENTAL GOALS
As previously mentioned, Lerøy Seafood Group is actively involved in every part of the value chain. Environmental goals are established for every target area in the entire value chain. All key performance indicators are measured on a monthly basis and utilised internally in order to achieve improvements within individual companies and for benchmarking between comparable companies.

The following KPIs have been established:
- LSG KPI 1: Accidental release
- LSG KPI 2: Lice
- LSG KPI 3: Mortality
- LSG KPI 4: Density
- LSG KPI 5: Location status
- LSG KPI 6: Use of medicines
- LSG KPI 7: Biological feed factor
- LSG KPI 8: Complaints from stakeholders
- LSG KPI 9: Fish feed
- LSG KPI 10: Reduction of discharge of nutrient salts
- Energy consumption kwt/ton produce
- Water consumption m3/ton produce
- Utilisation of packaging

LICE

2014 has been a difficult year in terms of salmon lice. While there were practically zero salmon lice in our facilities in North Norway, the high sea temperatures and increasing numbers of salmon lice with reduced sensitivity to traditional anti-lice agents have created difficulties for our facilities in Central and West Norway when it comes to complying with the limits stipulated in the regulation relating to salmon lice. As a result of these difficulties, the Group has had to increase the volume of input factors exploited to combat and control salmon lice.

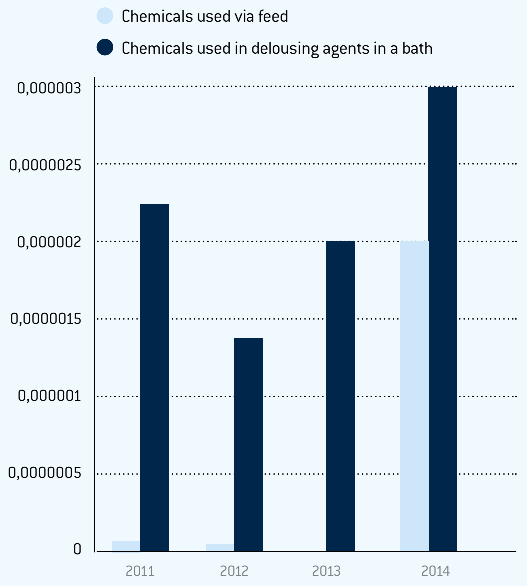
Chitin inhibitors are a group of delousing agents utilised both in Norway and other parts of the world to combat salmon lice. There are currently suspicions that the use of chitin inhibitors may cause damage to individual species during ecdysis (when invertebrates shed their shell). However, there is no unambiguous documentation of the scope of this problem, making it difficult to reach a conclusion with regard to the use of chitin inhibitors. These agents have been approved by Norwegian authorities for use to combat salmon lice. Despite this, Lerøy Seafood Group prefers to exercise caution in the use of chitin inhibitors against salmon lice. The unnecessary use of chitin inhibitors shall therefore be eliminated due to resistance problems. Any use of chitin inhibitors requires special approval.

Since 2011, the Group has utilised chitin inhibitors only once in one facility.

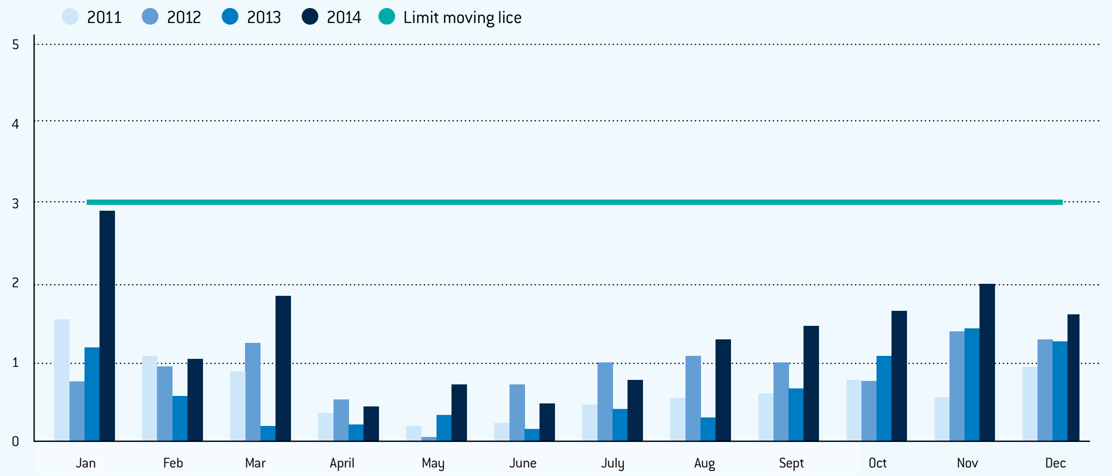
The number of moving salmon lice and fully grown female lice with eggs is measured and reported to the Food Safety Authorities on a regular basis.
Lerøy Seafood Group is working hard to achieve its objective to eliminate the use of chemicals to combat salmon lice, if justifiable in relation to regulations and factors relating to fish health. The Group has therefore invested substantially to facilitate increased use of cleaner fish in its facilities in 2014. These investments will allow us to be self-sufficient in terms of own produced cleaner fish in the years to come. The use of cleaner fish is at the very core of our efforts to combat salmon lice and we want to avoid the use of chemicals in the treatment against salmon lice.

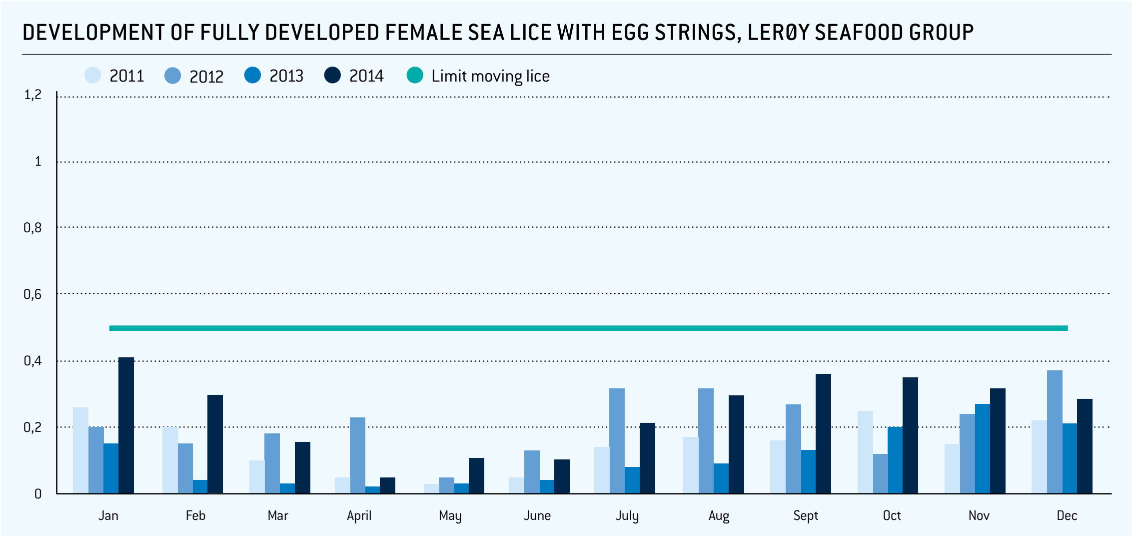
Main goal:
"We aim to avoid salmon lice of reproductive age and we want to avoid the use of chemicals in the treatment against salmon lice.".

CHEMICALS USED FOR DELICING (KG/KG FISH GROSS GROWTH)



DEVELOPMENT OF MOVING SALMON LICE, LERØY SEAFOOD GROUP





ACCIDENTAL RELEASE

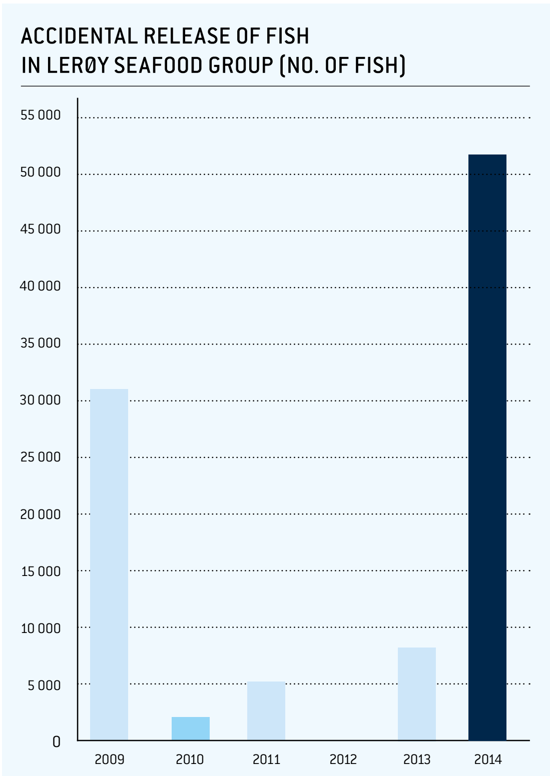
Prevention of accidental release of fish is an important and high priority area for Lerøy Seafood Group. Lerøy Seafood Group invests a considerable amount of work in optimising equipment and routines to avoid accidental release of fish. Actual incidents of accidental release and all events that can lead to accidental release are reported to the Fisheries Authorities. Securing against accidental release is a question of maintaining a focus on execution/action, good planning of all operations in order to ensure safe execution and efficient re-examination of operations. Key elements are: ATTITUDE, ACTION and RESPONSIBILITY. However, these have no impact if not clearly defined by management. Moreover, it is essential that all employees are made aware of their responsibility to ensure zero accidental release of fish within our company.

Five incidents involving accidental release of fish were recorded by Lerøy Seafood Group in 2014. The total number of fish involved was 52,098, representing 0.05% of the total number of fish in the sea in 2014.

Date	Company	Location	Species	Number
25.04.14	Lerøy Vest	12139	Salmon	3174
10.08.14	Lerøy Vest	12108	Salmon	48319
04.11.14	Lerøy Midt	10229	Salmon	5
10.11.14	Lerøy Midt	10229	Salmon	100
18.11.14	Lerøy Aurora	13518	Salmon	500

25.04.14 Accidental release during loading to well boat
10.08.14 Accidental release caused by bad weather
04.11.14 Accidental release during sorting in well boat
10.11.14 Accidental release during work in well boat
18.11.14 Accidental release caused by hole in net
None of our young fish facilities reported accidental release in 2014. Following accidents that could have caused, or actually did cause, accidental release of fish, it is of utmost importance that all circumstances surrounding the episode are made known to everybody in the organisation. Such events are used actively in personnel training and for optimising routines and equipment. An increased focus on accidental release in recent years has already resulted in several amendments to our facilities in order to prevent similar incidents in the future.

Main goal: "Zero accidental release".



Preline - Lerøy Sjøtroll

PRELINE

In a Preline facility, smolt will be produced in a closed containment facility at sea. The smolt will remain in the facility until they weigh approx. 1 kg, when they will be transferred to open cages. This will reduce the amount of time in open sea. Our first Preline facility has now been launched and the first generation of large smolt will be produced in the new facility in 2015.

RESEARCH, DEVELOPMENT AND INNOVATION

Research, development and innovation are central factors in the work to further develop the entire value chain in Lerøy Seafood Group. The Group has a history of active participation in R&D&I projects either directly or via our subsidiaries in order to ensure proximity to and ownership of the projects and maximum exploitation of the input factors. Competencies related to ordering and implementation are central aspects of Lerøy Seafood Group's R&D&I work. We shall have the ability to formulate our challenges and goals as precisely as possible, and to implement results at a rapid rate throughout the organisation. We are more than willing to carry out R&D&I work in cooperation with national and international R&D groups. Our R&D&I projects are fully comprehensive, covering a number of innovation projects in cooperation with internal and external enterprises and participation in major research projects such as the Research Council of Norway's SFI scheme (SFI – centre for research-based innovation).

The Group's R&D&I efforts in 2014 have focused on four main subjects.

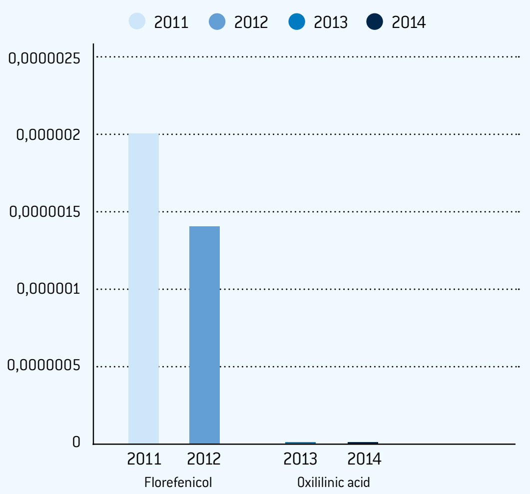
1) Combating salmon lice
2) Feed/Feed utilisation/Feeding strategies
3) Fish health
4) Technology

TREATMENT

Salmon is by far the healthiest "farmed animal" among the species from which food is produced here in Norway. No antibiotics have been administered for fish in the sea in recent years. Any antibiotics utilised were administered to young fish to prevent disease. In 2014, Lerøy Seafood Group utilised a total 24,470 tons of fish feed and 1.8 kg of antibiotics, active substances. This represents a 0.00000074% proportion of antibiotics in our fish feed.

Lerøy Seafood Group's goal is to restrict the use of medicines.

MEDICATION USED IN FARMING (KG/KG FISH GROSS GROWTH)



LOCATIONS

All the locations utilised by Lerøy Seafood Group are approved for fish farming by a number of Norwegian bodies.

Furthermore, approval requires compliance with numerous analyses, requirements and local conditions.

A MOM-B evaluation is carried out by a third party enterprise and involves extraction of samples from the seabed under cages and around the cages in a facility. All the parameters from the evaluation are allocated points according to how much sediment is impacted by organic materials. The difference between acceptable and unacceptable sediment conditions is established as the largest accumulation which allows for survival of digging bottom fauna in the sediment. The evaluation is carried out when the biomass at the facility is at peak. On the basis of these investigations, the individual location receives a score from 1 to 4, where 1 is the most positive.

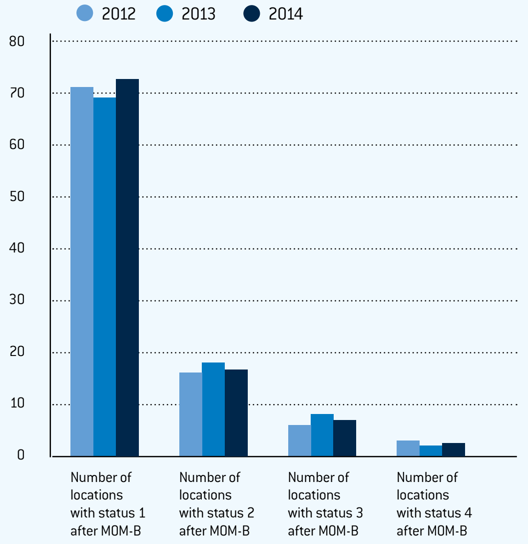
MOM-B stands for:

M - matfiskanlegg (production facility)

O - overvåkning (monitoring)

M - modellering (models)

STATUS OF LOCATIONS, LERØY SEAFOOD GROUP, 2012 - 2014



Lerøy Midt

FISH FEED

EXPLOITATION

Lerøy Seafood Group plays an active role together with fish feed suppliers in ensuring that the raw materials used in our feed are:

- Fished/harvested in an ethically sound manner
- Fished/harvested in compliance with legal frameworks
- Based on sustainable fishing/harvesting

Lerøy Seafood Group has established requirements for its suppliers of fish feed to make sure that raw materials for the fish feed are managed in a satisfactory manner. Lerøy Seafood Group requires all suppliers to closely monitor the stipulation of and compliance with quotas, and the utilisation of catches. Lerøy Seafood Group requires that the raw materials in its fish feed must come from geographic areas regulated by national quotas for the respective species, and where the quotas are allocated as far as possible in conformance with accepted scientific recommendations. We require that all our feed suppliers prioritise use of raw materials which have been certified in accordance with the IFFO's (International Fishmeal and Fish Oil Organisation) standard for sustainability or raw materials with Marine Stewardship Council, MSC certification.

Certification schemes shall be members of ISEAL and have guidelines which comply with the requirement for sustainability, including for small pelagic fishing. Palm oil should not be used. Raw materials based on Soya require "Roundtable for Responsible Soy" or similar.

FISH FEED

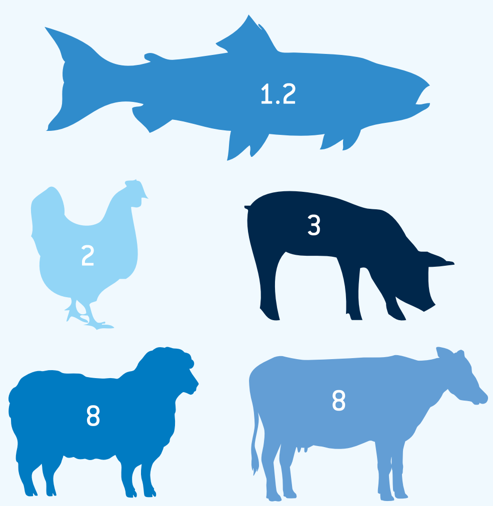
Fish feed is the most important input factor for production, and quality assurance of feed and feed raw materials is absolutely essential. In 2014, Lerøy Seafood Group purchased most of its fish feed from EWOS and Skretting. Lerøy Seafood Group works closely together with our feed suppliers and takes an active and influential role in the further development of feed composition in order to ensure that it is as highly adapted as possible to our fish farming environment, fish material and market strategy. In order to facilitate these efforts, the Group has developed highly modern R&D facilities where feed tests can be carried out. In 2014, several trials were performed on both the use of new raw materials in feed and in benchmarking existing feed concepts. Lerøy Seafood Group has a particular focus on product quality for the end customer. Throughout the year, the Group has intensified its efforts on sustainability and certification schemes for individual raw materials. Salmon from the Group shall have a high level of Omega-3 fatty acids, and we currently produce salmon with one of the highest contents of Omega-3 on the market. Lerøy Seafood Group has introduced a comprehensive sampling programme for re-examination of feed in terms of chemical content, dust, presence of foreign agents etc. The feed suppliers carry out audits of own suppliers and Lerøy Seafood Group executes annual audits of the feed companies. These measures, combined with internal control activities of feed suppliers and traceability, allow us to maintain control of feed content and quality.

Access to raw materials for fish feed is good, despite a number of external factors which impact on supply. There are no special requirements on the raw material content of feed for fish (for example fishmeal), but fish require feed with a high nutritional content. In 2014, there has been an increasing demand for raw materials from wild fish and this is expected to continue in 2015.

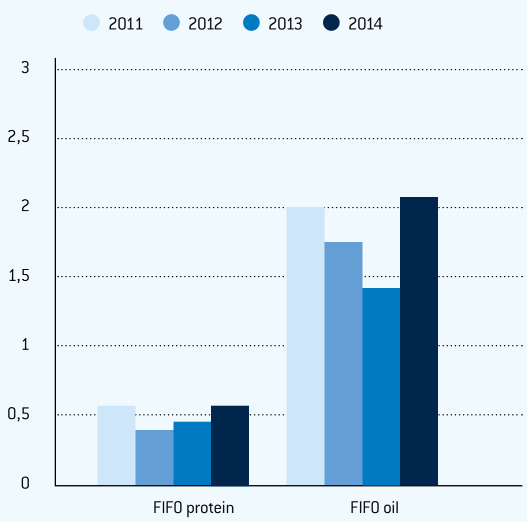
MARINE RAW INGREDIENTS IN FISH FEED, LERØY SEAFOOD GROUP 2013

English	Latin	Norwegian	% Fish meal	% Fish oil
Blue whiting	*Micromesistius poutassou*	Kolmule	30,23	3,23
Boar fish	*Capros aper*	Villsvinfisk	0,97	0,51
Capelin	*Mallotus villosus*	Lodde	3,42	2,51
Capelin	*Mallotus villosus*	Lodde	0,36	0,43
Capelin trimmings	*Mallotus villosus*	Loddeavskjær	1,83	0,80
Herring	*Clupea harengus*	Sild	1,87	1,66
Herring trimmings	*Clupea harengus*	Sildeavskjær	18,96	10,31
Horse mackerel	*Trachurus trachurus*	Hestmakrell		0,06
Mackerel trimmings	*Scomber scombrus*	Makrellavskjær	2,44	1,94
Menhaden	*Brevoortia patronus*	Beinfisk		21,64
Norway pout	*Trisopterus esmarkii*	Øyepål	2,51	1,60
Peruvian anchoveta	*Engraulis ringens*	Ansjos	20,21	21,81
Pilchard	*Sardina pilchardius*	Sardin		11,16
Sardine	*Strangomera bentincki*	Sardin		1,29
Sandeel	*Ammodytes marinus*	Tobis	6,04	6,47
Sprat	*Sprattus sprattus sprattus*	Brisling Nordsjøen	3,33	8,11
Sprat	*Sprattus sprattus balticus*	Brisling Østersjøen	1,61	0,23
Whitefish trimmings		Hvitfiskavskjær	6,28	5,88
Total			**100,00**	**100,00**

AMOUNT OF FEED TO GROW 1 KG (KG)



FISH IN - FISH OUT • LERØY SEAFOOD GROUP



RAW MATERIALS FOR FISH FEED

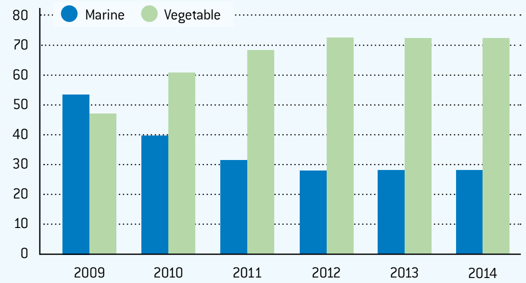
In the future, the fish farming industry will require alternative sources of raw materials for fish feed. Originally, fish feed had a 70% content of marine raw materials. In recent years, this percentage has been gradually reduced and replaced by vegetable raw materials. Today, the fish feed we utilise contains approx. 70% vegetable raw materials and approx. 30% marine raw materials.

This change was mainly brought about due to the supply of raw materials, but also because of an increased focus on sustainable production. Fish for fishmeal and fish oil will provide much more sustainable utilisation if supplied directly for human consumption than for feed for farm animals. Today, we prefer to produce fish feed from cuttings from the wild fish industry and to supply wild fish directly to consumption, where possible. Raw material from wild fish is utilised as an ingredient for numerous different types of animal feed. Raw material from salmon is the simplest to process into consumable goods.

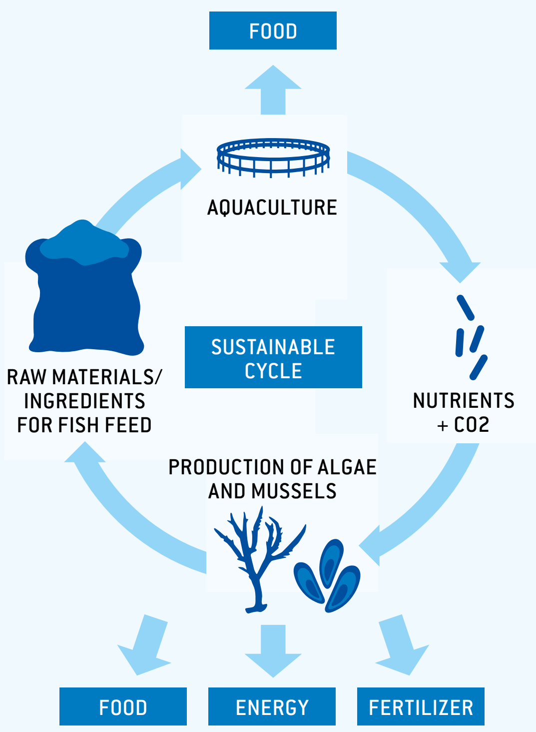
The volume of wild fish caught and utilised for fishmeal and oil remains relatively stable and is most likely to increase in the near future.

The steady growth of the fish farming industry, particularly in Asia, and the vast increase in direct consumption by humans, for example Omega 3 capsules, have resulted in higher prices and a reduced supply of marine raw materials for other markets such as fish feed. New raw materials for fish feed is one of the focal areas in Ocean Forest.Here we want to use nutrients to produce new materials for fish feed. Flour from mussels are an example of this.

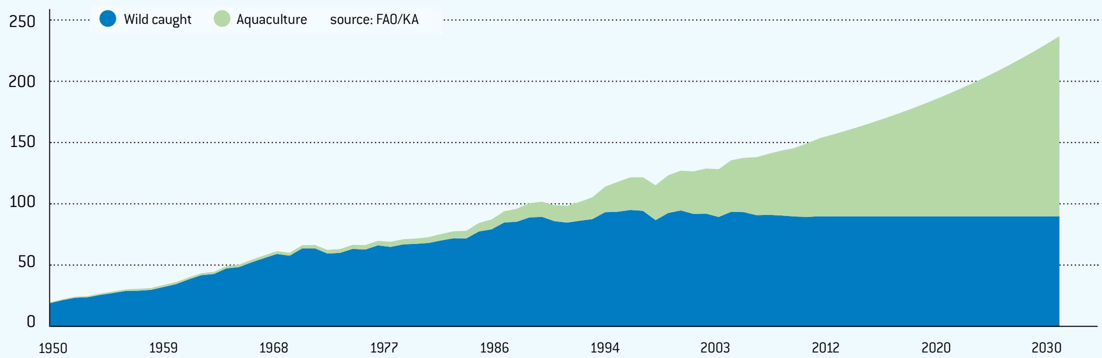
DEVELOPMENT OF RAW MATERIALS IN FEED



MTA-PRODUCTION - MULTI-TROPHIC AQUACULTURE



DEVELOPMENT AND ESTIMATES - WILD CAUGHT AND AQUACULTURE PRODUCTION 1950 - 2030 (MILLION TONS)



Flour from blue mussels from the Ocean Forest project.

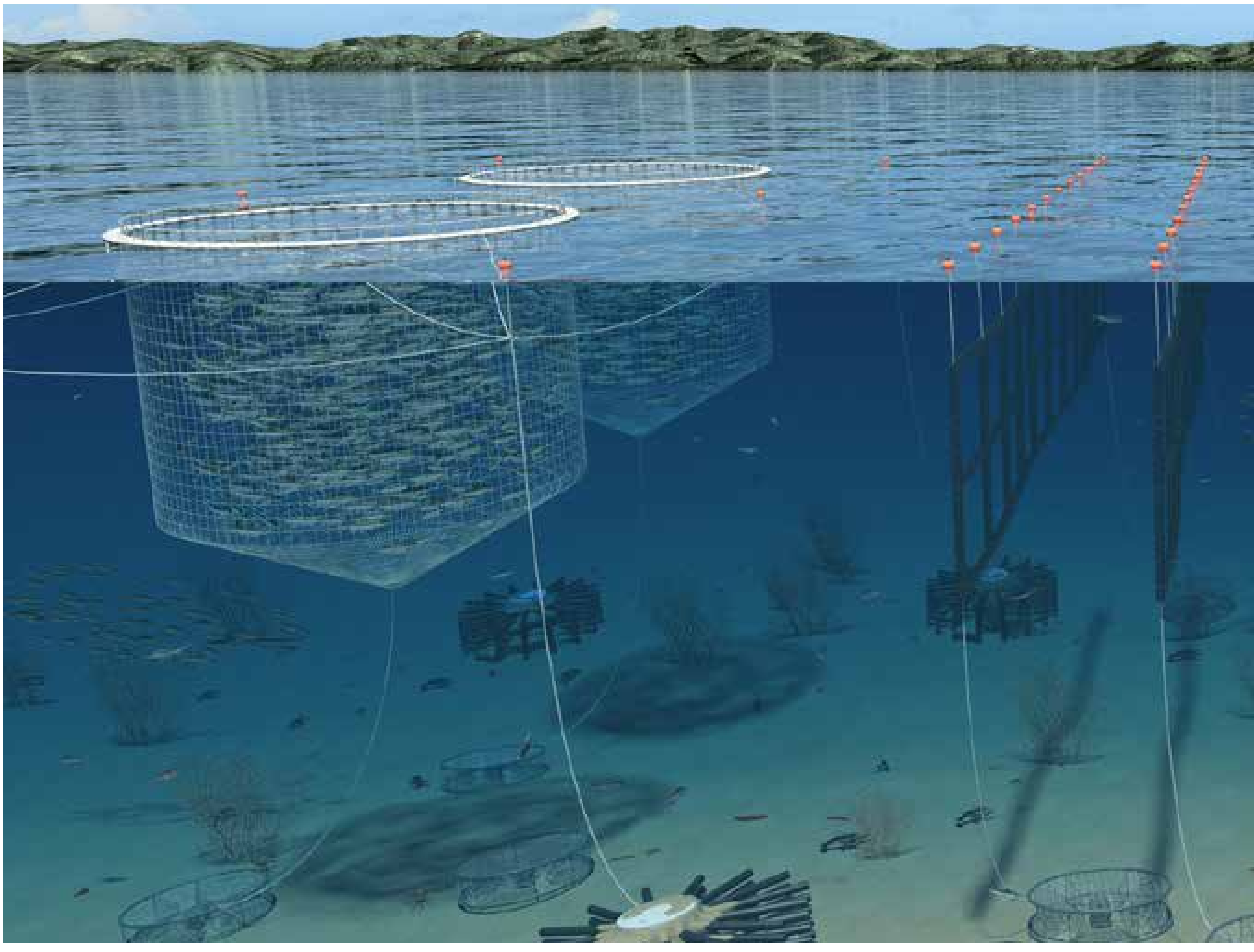
OCEAN FOREST

Sustainable fish farming is a high priority for Lerøy Seafood Group. New enterprising projects and innovation play a decisive role in identifying good sources of marine raw materials for the ever-increasing fish farming industry, and in order to feed the growing population. In 2013, Lerøy cooperated with Bellona, an environmental organisation, to implement an ambitious project principally targeting exploitation of those products we have in excess in order to produce those products we are lacking.

The vision of the company is: The Ocean - future majorsource of new production of sea food, feed ingredients and energy /biomass, through the capture of CO_2.

Lerøy Seafood Group and Bellona together with national and international R&D groups aim to research how the organic interaction between different species can help solve the environmental problems created by fish farming, while at the same time attempting to achieve a significant value creation by taking a leading role in finding new sources of biomass for human consumption, fish feed and bio-energy.

The cultivation of kelp, shellfish and invertebrates together with fish is a new concept within the history of Norwegian fish farming. Waste produced by one species becomes a resource for another species, generating an eco-system of value generating species interacting in harmony with their environment. Mussels, kelp and other invertebrates filter large organic particles from fish feed and small lice larvae from fish farming plants. At the same time, these organisms absorb excess nutrient salts along with vast volumes of CO_2. An increased production of these valuable new species may generate increased value and at the same time provide valuable quality ingredients that can be exploited to produce good quality marine sources for fish feed, food production and bio-energy.



Ocean Forest AS is a joint venture between Lerøy Seafood Group ASA and Bellona Holding AS, and had its first entire year of operations in 2014. The company's personnel are all employees of different Lerøy Seafood Group companies. The new company has focused on establishing a knowledge base for production of oligotrophic species such as mussels and different macro-algae based on recycling of nutrient salts. The company has applied for but has not yet been granted a licence for those species they aim to farm in connection with Lerøy Sjøtroll's location on the island of Rongøy,
currently a salmon farm. While the company awaits approval, they have focused on a number of areas related to macro-algae, such as:

* Different cultivation technologies
* Absorption of nutrient salts
* Exploitation of macro-algae in different circumstances

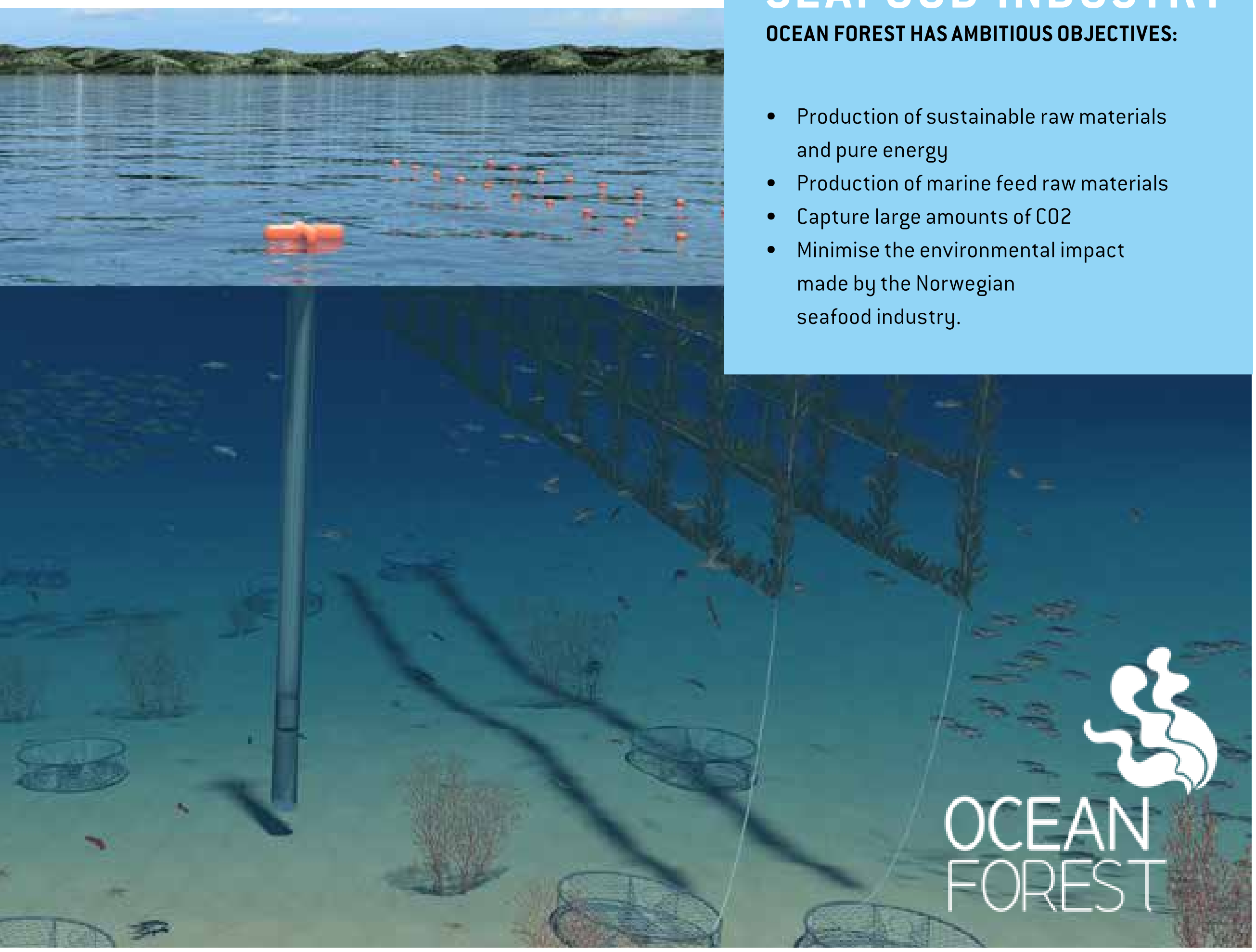
These processes have been carried out partly in cooperation with Bicotec AS in Rogaland and with Wageningen University.

Ocean Forest has also collaborated with Karmsund Fiskemel, Pelagia, to develop and carry out full-scale tests of production of flour from mussels, with a focus on separating the soft part from the shell fraction. The different types of flour produced will now be utilised in biological trials with salmon and subject to in-depth chemical characterisation. This field produces a world of opportunities and we are very much looking forward to continuing our research in the years to come.

A SUSTAINABLE SEAFOOD INDUSTRY

OCEAN FOREST HAS AMBITIOUS OBJECTIVES:

- Production of sustainable raw materials and pure energy
- Production of marine feed raw materials
- Capture large amounts of CO2
- Minimise the environmental impact made by the Norwegian seafood industry.



SALMON

– AN IMPORTANT SOURCE OF PROTEIN FOR THE FUTURE

The Food and Agriculture Organization of the United Nations estimates that the global population will reach approx. 9 billion by 2050. A population growth of approx. 30% will require increased food production of approx. 30%, based on current food production volumes. Unless we all decide to become vegetarians, we will need some source of protein in the future. Foods rich in protein include meat, eggs, milk and seafood.

The greatest challenges we face in the future when it comes to food production will be:

- Production areas / availability of land
- Fresh water
- Energy

Only 30% of the earth's surface is land, and land availability will be a struggle in the future. Shall available land be used for industry in order to provide jobs for future generations? Shall we use the land to build houses for future generations? The growing population also requires a good infrastructure, comprising schools, hospitals, kindergartens, roads etc. These are all requirements that have to be assessed in relation to the land required to produce food.

On the other hand, 70% of the earth's surface is covered by oceans, and we currently exploit far too little of the earth's waters for food production. Only 5% of the food we eat on a global scale comes from the sea. By comparison, 40% comes from farming and 55% from vegetable sources. With such limited land availability and limited access to fresh water and energy, the sea will have to provide for a large volume of the increased requirement for protein. We cannot count on sufficient volumes of wild fish in the future, so an increase in production of food from the sea must be derived from some type of aquaculture.

Salmon production may still involve certain challenges, but the positive aspects of this source of protein far outweigh the negative. If you eat salmon, then another foodstuff is saved. If we did not eat salmon, somebody else, somewhere in the world, would have to produce another source of food. No matter what type of food we produce, we leave a footprint. The question we have to ask ourselves for the future is how we can make this footprint as small as possible. Salmon production is one of the answers to this question. Salmon is the first fish to compete practically across the board with other proteins. It can compete with both white and red meat, and does so in every corner of the world. Not only is salmon an attractive and tasty product, it is also healthy and is acceptably priced. The increase in the middle class worldwide implies an increased demand for proteins.

The FAO or Food and Agriculture Organization of the United Nations has estimated that seafood production will increase to 40 million tons by 2030.

So why shall salmon be part of this increase?

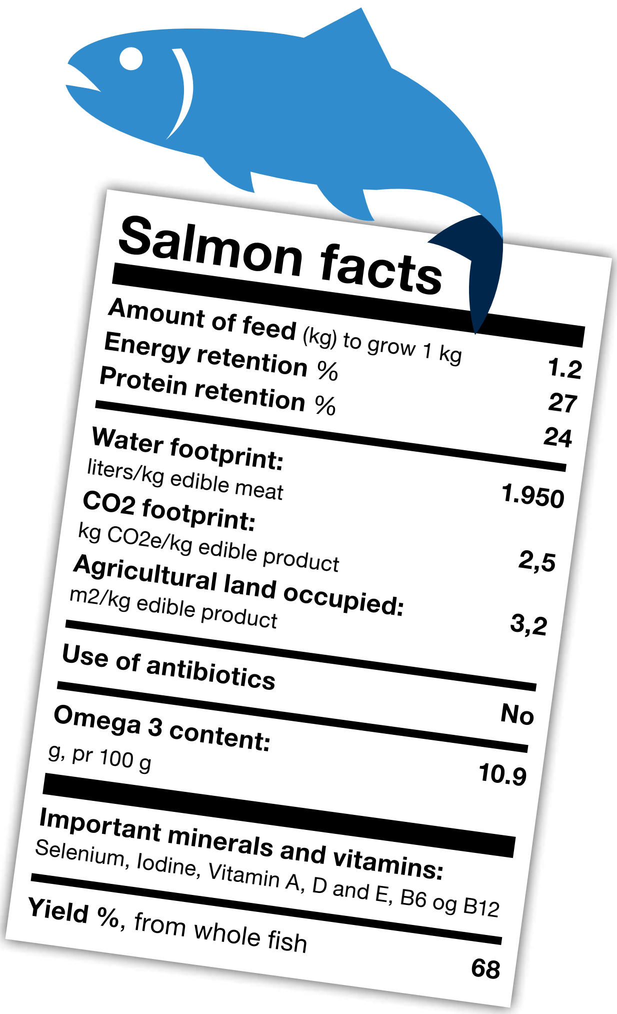
- Production of salmon is three-dimensional and does not require a lot of space. A salmon farm normally comprises eight rings. Each ring contains 97% water and 3% fish. One salmon farm alone can produce 8,000 tons of salmon. In order to produce a similar volume of beef, you require approx. 27,000 cows.
- Salmon is a poikilothermic animal, which means that it adapts to sea temperatures. It does not need a "roof over its head", eliminating the requirement to supply energy to keep the salmon warm. 27% of the energy utilised in fish feed is reproduced in the edible part of a salmon. By comparison, this figure is 10% for chicken and 14% for pork. In addition, salmon has a higher exploitation rate of protein and phosphorus from its feed.
- Salmon need approx. 1.2 kg of feed to grow 1 kg. Chickens need 2 kg, pigs 3 kg, sheep and cattle 8 kg.
- Salmon has a minimal requirement for fresh water when compared with land-based animals. The water footprint for production of salmon is 1.95 litres per kg of edible meat, compared with 4.325 litres per kg of edible meat for chicken. The same figure for pork is 5,988 litres/kg and for beef 15,415 litres/kg.
- Salmon has a low CO_2 footprint – approx. 2.5 kg CO_2e/kg protein. By comparison, chicken has a CO_2 footprint of 3.4, pork has 3.9 and beef has approx. 30.
- You get a high yield from salmon, i.e. you can eat 68%

Lerøy Handball school - Lerøy Midt

of a salmon. The comparative figure for chicken is 46%, pork 52% and beef approx. 38%.

- Salmon is healthy! Salmon has a high Omega-3 content and a low Omega-6 content. We tend to focus on Omega-3 in our diets and forget Omega-6. The World Health Organization, WHO, is concerned about the high consumption of Omega-6 in our diets, and recommends that we all reduce the amount of Omega-6 we take. In addition, salmon contains Vitamins A, E and D and is rich in the minerals zinc and iodine. The health authorities recommend that we eat more fish and reduce our consumption of red meat. An increase in our consumption of seafood will improve public health. It has been documented that salmon has a positive effect on cardiovascular diseases, and several trials have shown a positive impact on other lifestyle diseases such as dementia, diabetes, depression etc.

In addition to all the important factors above, the salmon industry generates significant income for Norway, creates high employment and improved infrastructure and lays the foundations for a major supplier industry in different parts of Norway.



GREENHOUSE GAS EMISSIONS

Below is a brief summary of the general framework and assumptions made when calculating greenhouse gas emissions for Lerøy Seafood Group in 2014.

The framework selected for calculating emissions includes emissions from combustion processes required for the operation of the Group's fish farming companies and the related processing activities. This is referred to in total as Direct Emissions. The Group also wanted to gain an overview of indirect influence on global warming from the company's activities and has therefore included CO2 emissions from the production of electricity consumed by the company's production units in Norway.

Significant sources of greenhouse gas emissions from Lerøy Seafood Group's core activities in Norway have been included in the calculations.

The purchase of products and services, of which fish feed and transport services make up a major share, have not been included in the calculations. Lerøy Seafood Group is currently working on obtaining a good basis for calculating the above. The table below provides a summary of consumption of fossil fuels, electricity and greenhouse gas emissions.

DIRECT EMISSIONS

Direct emissions of CO2, CH4, and N2O are calculated based on available data and information.

CO2 emissions are only calculated from combustion of diesel, heating oil and undefined fossil fuels. Undefined fossil fuels are defined as diesel/heating oil.

Emissions from combustion of petrol are assumed to come from passenger vehicles and this has allowed for calculation of CO2, CH4, and N2O-emissions.

Emissions from combustion of marine gas oil are assumed to come from boats and this has allowed for calculation of CO2, CH4, and N2O-emissions.

All CH4 and N2O emissions are converted to CO2 equivalents in order to allow total reporting. All factors utilised for the calculation of direct emissions of CO2, CH4 and N2O are taken from the overview of elements for the fish farming industry in IPCC-2006.

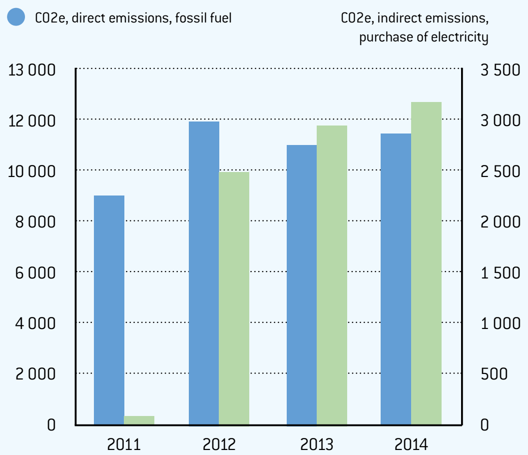
INDIRECT EMISSIONS

Consumption of electricity also results in the emission of greenhouse gases. We have calculated our emissions of CO2 based on a Norwegian mix of electricity. The consumption of electricity is classified as indirect emissions.

GLOBAL WARMING POTENTIAL (GWP)

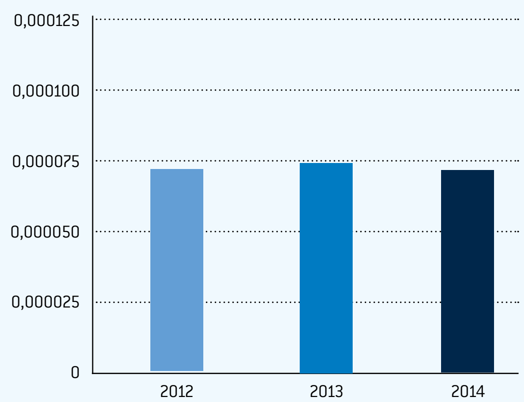
Different greenhouse gases have a different potential when it comes to global warming. GWP provides an indicator with which to weigh all greenhouse gas emissions in comparison with each other and to produce total potential CO2 equivalents. Taking a perspective of the next 100 years, for example, emissions of 1 ton CH4 will have an equal impact on global warming as emissions of 25 tons of CO2.

GREENHOUSE GAS EMISSIONS, USE OF FOSSILE FUEL AND PURCHASE OG ELECTRICITY, (TONS CO2E) FARMING DIV.



Calculations comply with ISO 14064/GHG protocol.

CO2 EMISSIONS TOTAL PER KG FISH PRODUCED GROSS INCREMENT



FOOD SAFETY

Lerøy Seafood Group is actively involved in all parts of the value chain in order to ensure supply of safe products to the consumer. Based on experience gained over many years, we have developed a quality system that contains routines and procedures to ensure supply of safe products. As a part of our quality assurance routines, we carry out control and monitoring of our manufacturers and partners. This involves specifying requirements on their quality systems and procedures, and carrying out analyses and monitoring operations. Our quality team carries out from 250 to 300 quality audits every year. Moreover, the products are controlled by Lerøy Seafood Group at different stages throughout the entire production process; from egg/processing plants to finished product in a box and, in certain cases, up to delivery to the customer.

For many years, Lerøy Seafood Group has followed a definitive strategy for quality assurance. The Group companies have developed different control systems based on their position in the value chain. These cover for example Global Gap, MSC, ASC, ISO 14001, HACCP, IFS, BRC and ISO 9001.

PREPAREDNESS

Recall

Lerøy Seafood Group has full traceability for all products from boat/cage to customer. Every year, recall tests are carried out in relation to our major manufacturers. In 2014, Hallvard Lerøy AS carried out six recall tests.

Preparedness group

The preparedness group comprises representatives from management, production, marketing, quality and environment. The Group has primary responsibility, both internally and externally, for communications, handling and execution of any relevant challenges/crises.

TRACEABILITY

Lerøy Seafood Group has full traceability for all products. For species related to fish farming, such as salmon, trout, cod etc. the customer can go to Lerøy Seafood Group's website, www.leroy.no, to download traceability information for products sold via Hallvard Lerøy AS.

Lerøy Midt

Lerøy Aurora

Lerøy support Tertnes - Photo: Knut Henrik Andersen

ETHICS AND SOCIAL RESPONSIBILITY

Lerøy Seafood Group is a corporation involved in global business and working relationships with suppliers and subcontractors worldwide. In order to safeguard all our activities, we have prepared a set of ground rules which apply to us and our partners on a daily basis. Our ethical guidelines have been reviewed by the Board of Directors and implemented in every Group company. The Group is responsible for ensuring practice of these ethical guidelines, but each employee also bears an individual responsibility to follow the guidelines when carrying out tasks for the Group. The company management is responsible for ensuring full practice of and compliance with the ethical guidelines.

The set of ground rules has been divided into two separate areas and comprises the following:
Part 1: Factors relating to the company, suppliers and subcontractors
Part 2: Factors relating to the individual employee.

Key words for the contents of the ethical guidelines:
- Ethical requirements on suppliers and subcontractors
- Requirements on regulation of working conditions for employees
- The rights of the company's employees, employees of suppliers and subcontractors
- HSE aspects
- Forced labour/discrimination
- Exploitation of resources and impact on local environment
- Corruption
- Notification of censurable conditions
- Ethical guides for employees representing the company outside the workplace

Lerøy Seafood Group is fully committed to developing the local communities where the Group's different facilities are located, and aims to generate increased earnings for these communities by purchasing the highest ratio possible of local goods, equipment and services. Lerøy Seafood Group's companies purchased goods, equipment and services in Norway totalling NOK 9.9 billion in 2014. The figures show that the Group purchased these goods, equipment and services from a total 272 different municipalities in Norway. In 2014, the Group had facilities located in 49 different Norwegian municipalities. Our employees paid income tax totalling NOK 190 million to 125 different municipalities. Based on activities over the past six years, Lerøy Seafood Group as a corporation has paid NOK 1,6 billion in tax. As such, we make an important contribution towards sustaining a number of local communities and workplaces in many different parts of Norway.

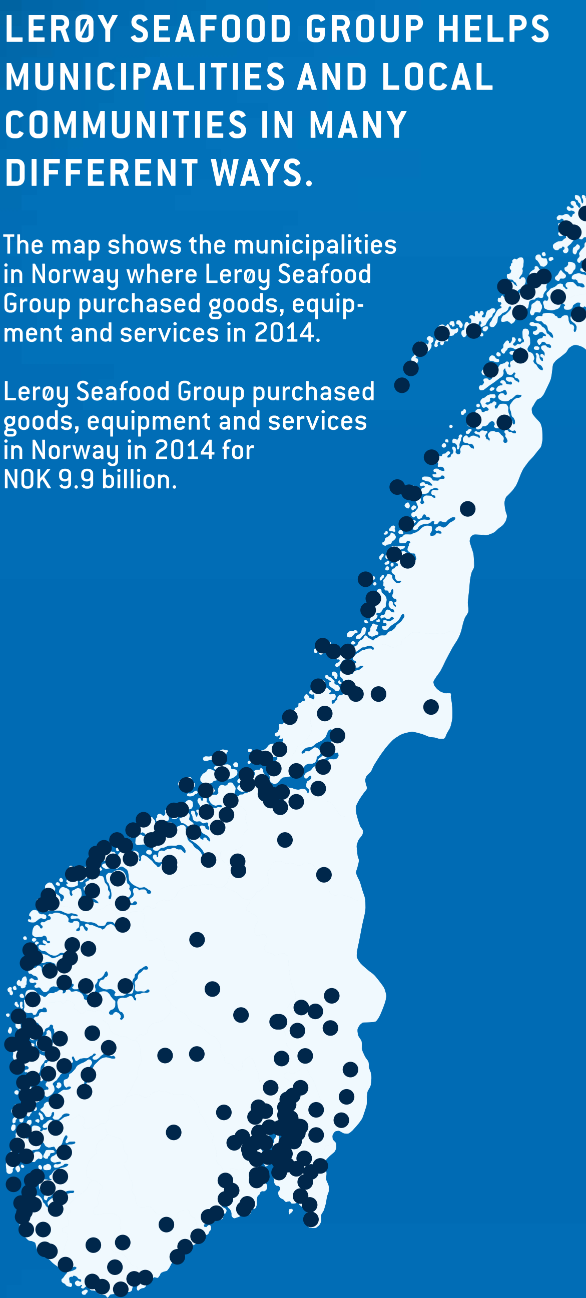
Lerøy Seafood Group compiles GRI reports, according to the Global Reporting Initiative. This report can be downloaded from the company's website, www.lsg.no.

As a corporation, Lerøy Seafood Group has decided to support activities related to children and young people in local communities. Diet, health and healthy eating are important elements in our efforts to help children and young people, and are essential for young people if they want to achieve their goals. It is therefore always a great pleasure to see children and young people enjoying healthy seafood at different events and in different contexts.

LERØY SEAFOOD GROUP HELPS MUNICIPALITIES AND LOCAL COMMUNITIES IN MANY DIFFERENT WAYS.

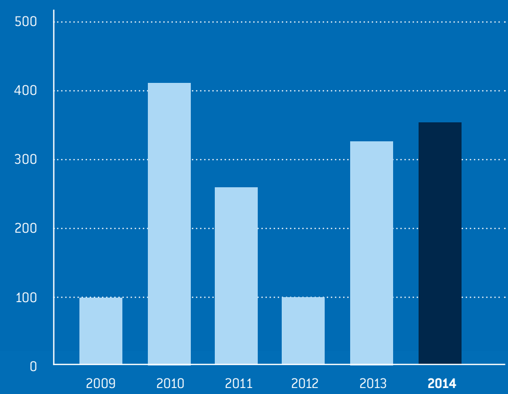
The map shows the municipalities in Norway where Lerøy Seafood Group purchased goods, equipment and services in 2014.

Lerøy Seafood Group purchased goods, equipment and services in Norway in 2014 for NOK 9.9 billion.




Lerøy support " Toppidrettsveka "

LERØY SEAFOOD GROUP HAS PAID A TOTAL OF NOK 1.6 BILLION IN TAX OVER THE PAST 6 YEARS (TAX PAYABLE 2009-2014)



ECONOMIC VALUE GENERATION AND DISTRIBUTION PER SECTOR IN 2014

FROM CUSTOMERS
NOK 12.6 BILLION

LERØY

TO PERSONNEL	TO SUBCONTRACTORS	TO PUBLIC SECTOR	TO FINANCIAL SECTOR	TO OWNERS
NOK 1.0 BILLION	NOK 9.9 BILLION	NOK 0.5 BILLION	NOK 0.1 BILLION	NOK 0.6 BILLION
Total payments to employees	Purchases of goods and services (including fixed assets)	Social security tax and Tax payable	Net interest expenses and fees to financial sector	Dividend paid to owners

BOARD OF DIRECTORS' REPORT 2014

FINANCIAL MATTERS

Lerøy Seafood Group ASA reported an annual turnover in 2014 of NOK 12,579 million, up from NOK 10,765 million in 2013. This is the highest turnover ever reported by the Group. The increase in turnover is attributed to higher prices realised for own produced salmon and trout and a higher level of activity both upstream and downstream. The volume of own produced salmon and trout rose by 9% from 2013. The level of activity in the Group is satisfactory and affords the Group good opportunities to improve its position as a leading exporter of seafood.

The Group's operating profit before biomass value adjustment was NOK 1,789 million in 2014 compared with NOK 1,626 million in 2013. The profit before tax and biomass adjustment was NOK 1,817 million in 2014 compared with NOK 1,630 million in 2013. Earnings per share when adjusted for biomass and minority interests totalled NOK 24.00 compared with NOK 21.10 in 2013. Taking into account biomass adjustments, this is the highest operating profit, pre-tax profit and profit per share in the history of the Group.

The Farming segment generated an operating profit of NOK 1,380 million in 2014 compared with NOK 1,327 million in 2013. Harvest volume was up 9% and prices realised for salmon and trout were up 7% when compared with 2013. Contracts and long-term customer relationships represent a predominant element of the Group's strategy. The Group had a 37% share of contracts in 2014. Realised prices for these contracts saw a significant increase in 2014 when compared with 2013. Release from stock costs also saw a substantial increase in 2014, up 11% from 2013. This was mainly due to increased feed costs and higher costs related to biological challenges in production.

The VAP segment generated an operating profit of NOK 95 million in 2014 compared with NOK 72 million in 2013. The investments made by the Group in recent years to increase capacity have now resulted in a higher level of activity. Turnover was up 30% compared with 2013, while the operating margin rose from 5.8% in 2013 to 5.9% in 2014.

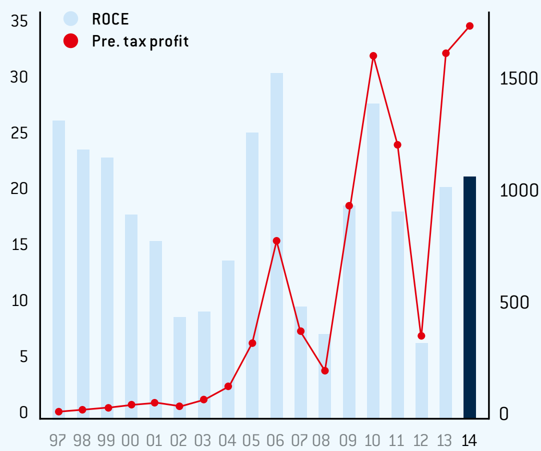
Sales & Distribution reported operating profit of NOK 241 million in 2014, compared with a corresponding figure of NOK 204 million in 2013. The Group has also invested in increased capacity for the S&D segment, opening so-called "fish-cuts" in the end markets and thereby gaining an increased level of activity. Turnover was up 17% compared with 2013, while the operating margin of 2.0% was on a par with the figure reported in 2013.

Prior to biomass adjustments, the Group's income from associates totalled NOK 148 million in 2014, compared with NOK 106 million in 2013. Norskott Havbruk and Villa Organic made the most significant contributions to the positive result from associates. In July 2014, Villa Organic was demerged, and the Group's share of Villa Organic was consolidated as a wholly-owned Group holding with effect from July 2014. With this transaction the number of fully-owned licences owned by the Group increases with eight, which gives room for a significant growth in production in Lerøy Aurora`s region.

The Group's net financial items for 2014 were negative at NOK 120 million compared with a negative figure of NOK 102 million in 2013.

Earnings per share achieved in 2014 correspond to a result before biomass value adjustment of NOK 24.00 per share, compared with NOK 21.10 per share in 2013. The Board of Directors intends to recommend a dividend payment of NOK 12.00 per share to the company's ordinary general meeting for 2014. The dividend payment in 2013 was NOK 10.00 per share. The Board of Directors' recommendation reflects the capital adequacy of the Group, its strong financial position and positive outlook to the Group's profit performance. The Board of Directors also underlines the importance of ensuring continuity and predictability for the company's

RETURN ON CAPITAL EMPLOYED AND EARNINGS BEFORE TAX AND BIOMASS ADJUSTMENT



shareholders.

The return on the Group's capital employed before biomass adjustment in 2014 was 21.2% compared with 20.7% in 2013. The Group is financially sound with a book value of equity of NOK 8,080 million, which corresponds to an equity ratio of 54%. At the end of 2014, the company had 54,577,368 shares outstanding. The Group's net interest-bearing debt at 31 December 2014 was NOK 1,876 million compared with NOK 2,117 million at year-end 2013.

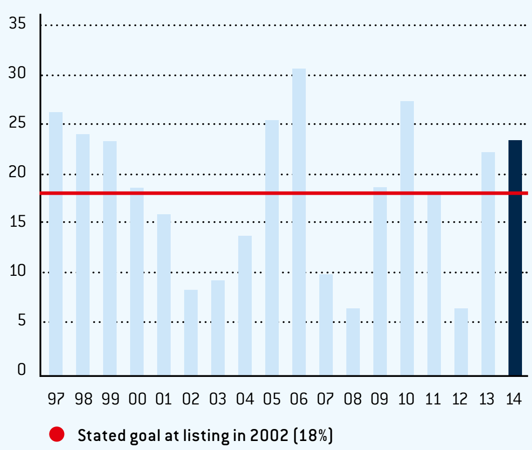
Higher feed prices and an increase in turnover have resulted in tied up working capital of NOK 286 million in 2104, and this has had a negative impact on cash flow from operating activities. Cash flow from operating activities in 2014 was NOK 1,415 million. A total of NOK 579 million has been paid in dividends, in addition to investments in fixed assets of NOK 583 million and tax payments totalling NOK 344 million. The Group has a balance sheet total of NOK 14,858 million as of 31 December 2014 compared with NOK 13,904 million as of year-end 2013. The Group has since 1st of January 2009 increased the production of salmon and trout with 71%, paid 55.80 per share in dividend (including the proposed dividend for present year) and contributed with 1.6 billion krones to the Norwegian Tax Authorities. The Group's financial position is strong and will be utilised to ensure increased value generation through organic growth, new alliances and acquisitions.

The Group compiles its financial reports in accordance with the international financial reporting standards, IFRS.

Risks and uncertainties

The Group's results are closely linked to developments in the markets for seafood, particularly the prices for Atlantic salmon and trout, which account for the largest part of the Group's total revenues. The development in prices over the past year has been very positive. With major marketing activities, the Group has significant knowledge of the end market, and believes that the significant growth in demand for seafood in general and fresh seafood in convenient packaging in particular gives grounds for optimism.

RETURN ON CAPITAL EMPLOYED (ROCE)

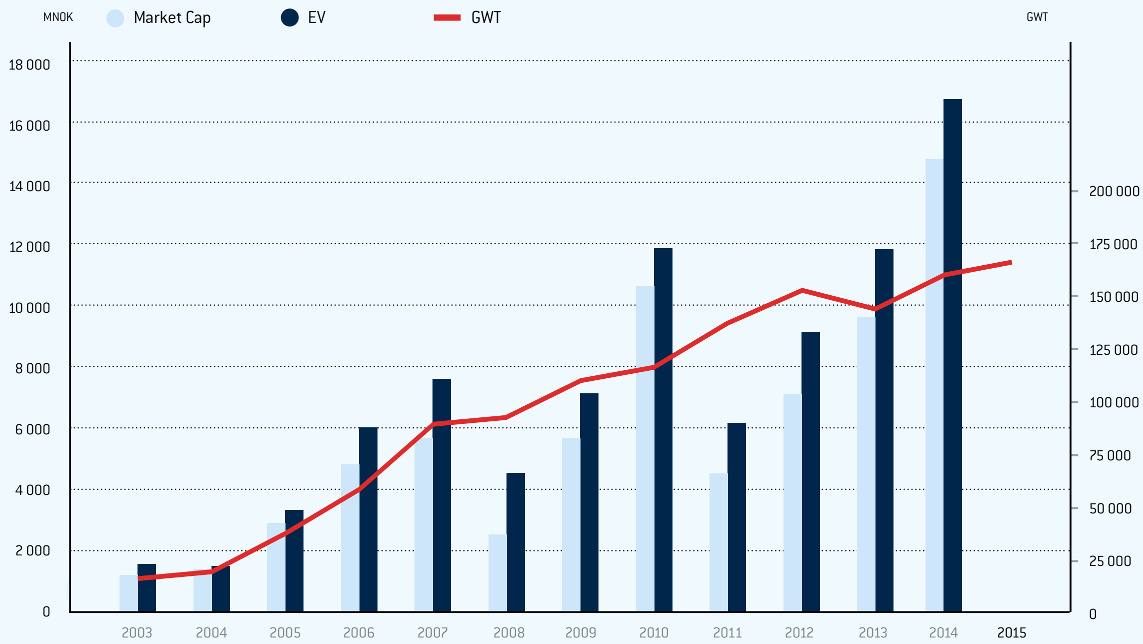


The future development of the Norwegian fish farming industry, including industrial development and employment, is as always entirely dependent upon environmentally and financially sustainable production methods, but also on competent and long-term decision-making regarding regulatory regimes. The introduction of the current MAB regime in 2005 is a prime example of astuteness exercised by the regulatory authorities. With this regime, the Minister of Fisheries at that time, Svein Ludvigsen, allowed the Norwegian fish farming industry to recover its position as the world leader. The Board of Directors and Group management are now concerned about the apparent belief emerging that zero growth within Norwegian fish farming is a forward-looking development. Nonetheless, the Board of Directors is still confident that the Norwegian authorities are able to recognise the amazing potential within the Norwegian fish farming industry to consolidate its globally dominant position via growth. Official reports indicate that the industry has an extremely high potential for long-term growth. This provides Norwegian politicians and industrial enterprises with the opportunity to facilitate increased value generation in something quite unique – a competitive Norwegian industry on the global food market. In order to exploit the full potential of the Norwegian fish farming industry, these parties have to be willing to adjust the production regime, allowing for the elimination of obvious flaws and opening the door to new opportunities. Despite the relatively young age of the fish farming industry, it has displayed a strong and positive capacity to solve temporary problems – and it should continue to do so.

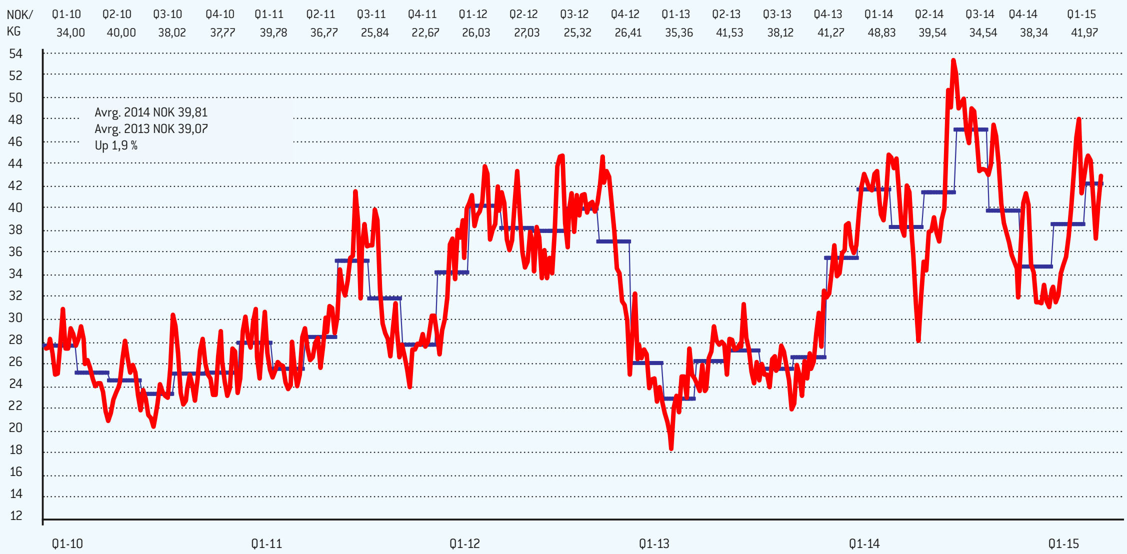
At the end of 2014, the Group has live fish on its balance sheet worth approximately NOK 3.5 billion. Biological risk has been and will continue to be a substantial risk for Group operations. The evaluation and management of biological risk must therefore be an integral part of the Group's expertise.

The industry also faces other financial and operational risks, including the development in prices for input factors. Norwegian fish farming and the fish processing industry in Norway and the EU have a history of exposure to the risk

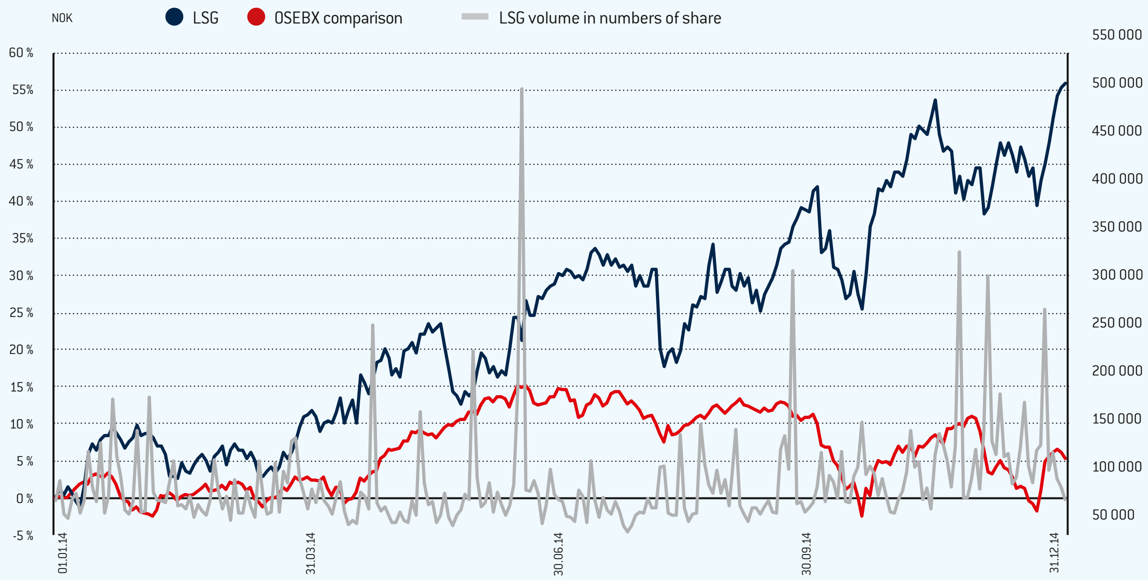
TEN YEARS WITH SUSTAINABLE GROWTH



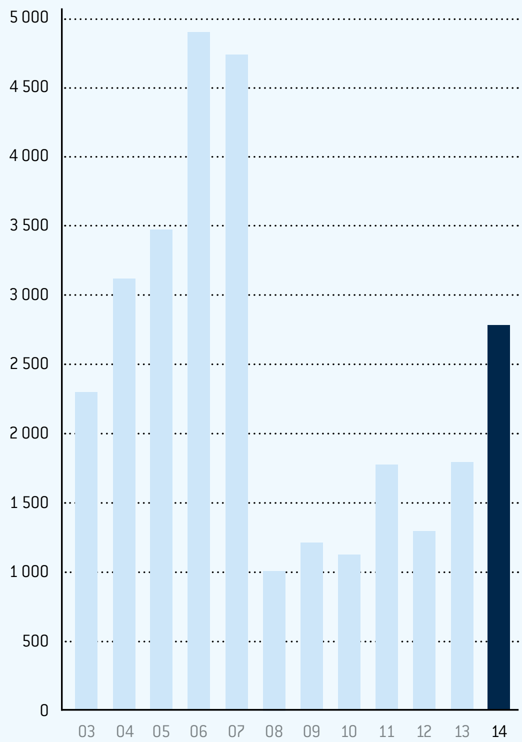
SPOT PRICES, FRESH ATLANTIC SALMON CROSS-SECTION, FCA OSLO AS OF WEEK 7-2015 (SUPERIOR QUALITY)



LERØY SEAFOOD GROUP AND OSEBX IN 2014



NUMBER OF SHAREHOLDERS (FIGURES IN 1 000)



represented by the constant threat of long-term political trade barriers imposed by the European Commission. It is also a fact that Russia has increasingly become a major market for Atlantic salmon and trout. The political trade barriers now imposed on Norwegian salmon and trout to both Russia and China are an embodiment of political risk in practice. This situation represents a short-term obstacle for the Group's marketing goals and value generation. However, the market for high-quality seafood is global and is experiencing strong growth, and this provides grounds for an optimistic outlook, indicating that the Group has the perfect position to sustain a positive development. The Board of Directors maintains a strong focus on purposeful and systematic management of all risk factors in all parts of the organisation. This policy is seen as essential in securing long-term value generation for the shareholders and employees, and for society in general. The Group's overall financial strategy is to balance and ensure financing, suitable financial covenants, liquidity, customer credit, currency and market risk. Considerable importance is also attached to having efficient and sustainable solutions in all parts of the Group's value chain.

Structural conditions

The Group aims to generate lasting value through its activities. For this reason, stringent requirements are imposed on risk management and the ability to plan for the long term in the development of sustainable strategic business processes.

Through organic growth and acquisitions carried out since the Group was listed on the Stock Exchange, the Group has become the world's second largest producer of Atlantic salmon and trout. The Group has consolidated its position as a central actor in the distribution of seafood in Norway and abroad.
The Group's financial position is very strong, and it remains important for the Board that the Group, through its operations, retains the confidence of participants in the various capital markets. The Group's strong balance sheet in conjunction with current earnings enables the Group to continue as a leading participant in the global and national value-generating structural changes within the seafood industry. Lerøy Seafood Group shall continue to selectively assess potential investment and merger alternatives and alliances that could strengthen our platform for further profitable growth and lasting value generation. This includes investment opportunities both upstream and downstream.

Viewed against the background of the Group's many years of developing alliances, quality products, markets, brands and quality assurance, the Board feels that the outlook for generating increased value for the company's shareholders and the Group's important partners is good. In coming years, the Group will continue to work towards long-term, sustainable value creation by focusing on strategic commercial developments combined with improvements to the Group's operational efficiency. Based on customer requirements, this work will ensure continuity of supply, quality and cost efficiency and, consequently, increased profitability. Improving operational efficiency is an on-going process that will further improve the Group's competitive strengths on the national and global markets.

Being listed on the Stock Exchange affords the company a marketplace for its shares, improved access to future venture capital as well as the opportunity to use the company's shares as a payment medium in future acquisitions or business combinations. As of 31 December 2014, the company had 2,738 shareholders against a comparison figure of 1,841 shareholders at the end of December 2013.

Employees

The parent company Lerøy Seafood Group ASA has its main offices in Bergen, Norway. In addition to the Group's CEO,

the parent company has eight employees. Administratively, all personnel functions are handled by the wholly-owned subsidiary Hallvard Lerøy AS. At year-end 2014, the Group had 2,306 employees including 727 women and 1,579 men, compared with a total of 2,067 employees at year-end 2013. Of the Group's total number of employees, 1,682 work in Norway and 624 abroad. Independently of the demand for equal opportunities for men and women, the Group has always placed decisive emphasis on individual skills, performance and responsibility in its recruitment policy and salary systems. Furthermore, the Group seeks to ensure at all times equal employment opportunities and rights for all employees and works hard to prevent discrimination based on national origin, ethnicity, colour, language, religion or personal philosophy. One of the company's goals is to provide a workplace without discrimination because of disabilities. For employees or work applicants with disabilities, the company will arrange for individually adapted work tasks and environments.

The company is a player in a global industry and the company's working environment changes continuously. This requires flexible employees who are dynamic, and willing to adapt and learn.

The Board of Directors would like to take this opportunity to praise the employees' efforts, their understanding of the need for an operational focus which targets results and for their willingness to adapt to change throughout the entire organisation. The Board of Directors would like to thank all employees for their hard work in 2014.

Health, safety and the environment

In 2014, the Group reported only minor injuries among the employees. Sick leave totalled 5.7%, up from 5.3% in 2013. Sick leave comprises 3.2% long-term sick leave and 2.5% short-term sick leave. The Board is pleased to observe that the Group works actively to keep sick-leave as low as possible. The organisations within the individual subsidiaries are continuously developed in order to ensure that they can deal with new challenges and changes in framework conditions. The working environment and cooperative atmosphere are good.

External environment

In a global perspective, the Board is of the opinion that its production of Atlantic salmon and trout is one of the most sustainable and environmentally-friendly forms of food production to be found. At the same time, the Board and Group maintain a high focus on potential challenges relating to point source pollution. The Group's activities are closely linked to natural conditions in Norwegian and international fresh water sources and sea areas, and the Group's operations rely on access to clean fresh and sea waters. The Board and Group are confident that operations in 2014 have been sustainable, and have compiled a comprehensive report on the environment as part of the consolidated financial statements, available at www.lsg.no. The Group continuously invests in minimising its impact on the external environment, and works hard to encourage both management and employees to maintain a proactive approach towards environmental protection.

Result and allocations, Lerøy Seafood Group ASA

In 2014, Lerøy Seafood Group ASA reported an annual result of NOK 911 million, against a comparative amount of NOK 747 million in 2013. The company's accounts are submitted on assumption of going concern.

The Board proposes the following allocation of the 2014 annual result (NOK 1,000):

Dividend (NOK 12.00 per share)	654,928
Transferred to other equity	256,555
Total allocation	911,483

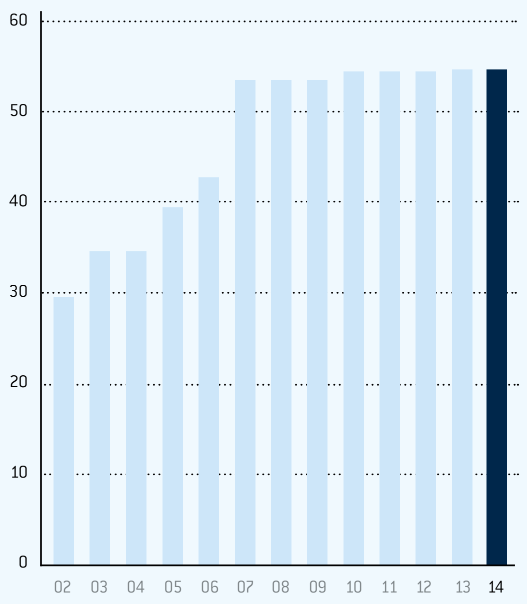
The company is financially sound with an equity ratio of 69% and has satisfactory financing compatible with the Group's strategy and operational plans.

Market and outlook

2014 saw a 9% growth in global supply of Atlantic salmon, substantially higher than the 2% growth in 2013. The growth in supply has varied greatly from region to region, ranging from 6% growth in Europe to a total 16% in North and South America. The prices for European salmon in Europe were at a record high and higher than in 2013 when valued in Norwegian kroner. At the same time, the prices for salmon from Chile were substantially lower. Over time, the market for Atlantic salmon has become global and it is probable that the global prices for salmon will gradually become more comparable in the year to come.

It is estimated that the global supply of Atlantic salmon will increase by 2.5% in 2015. At the same time, the growth in production in Chile in 2014 was substantially higher than projected, and there remains a considerable degree of uncertainty in this region regarding production. Developments in Europe are easier to forecast, and estimates are for a 3% growth in supply in 2015. Due to the significantly weakened Norwegian kroner, Norway will enjoy a much stronger competitive edge on the global market. The Board of Directors finds that there are reasonable grounds for continued optimism with regard to high prices for Atlantic salmon.

NUMBER OF SHARES (FIGURES IN MILLIONS)



At the same time, Russia introduced a ban on imports of Atlantic salmon and trout from Norway and other products on 7 August 2014. Over time, Russia has been a very important market for Norway, and the ban on imports represents a serious challenge in the short term for the Norwegian seafood industry, as it does for the industry in Russia. This is particularly so for trout, as the Group is the world's largest producer of trout. The Group has worked hard and continues in its efforts to increase sales to alternative markets. These efforts are bearing fruit, but are resulting in a higher growth in supply in alternative markets than would have been the case if Russia had remained a major importer. The ban on imports into Russia has had a substantial, negative impact on the Group's earnings in 2014, and will have a similarly negative impact in 2015.

In line with its market strategy, the Group exported a broad range of seafood products from Norway to a large number of countries in 2014, the most significant market being the EU. It is satisfying to observe the positive developments generated by our efforts related to distribution of fish in the Nordic countries and Europe, and how these strengthen our own and our customers' position in this important seafood market. There is a healthy demand for the Group's products. Competition on the international food market requires the Group to constantly seek more cost-efficient and market-oriented solutions in its efforts to satisfy its customers. This will in turn ensure profitable growth in the future. The Board of Directors is confident that the Group's strategic business development in recent years, together with underlying developments in productivity and market-oriented organisation, will help reinforce the platform for future earnings for the Group.

The Board of Directors is of the opinion that the level of uncertainty regarding future developments in the global macro-economic situation remains higher than the norm. High demand together with expectations for improved productivity in the Group's production facilities, including improved biology, provides justification for the Board's positive outlook as regards the Group's development.

The Group expects to see strong earnings and a good yield on capital invested in 2015.

Bergen, 27 March 2015

RESPONSIBILITY STATEMENT FROM THE BOARD OF DIRECTORS AND CEO

We declare, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2014 are prepared in conformance with current, applicable accounting standards, and give a good and fair view of the company's and the Group's assets, liabilities, financial position and profit or loss as a whole. We also declare that the annual report gives a fair view of the company's and the Group's development and position, together with a description of the principal risks and uncertainties facing the entity and the Group.

Bergen, 27 March 2015

Helge Singelstad
Chairman

Arne Møgster
Board Member

Britt Kathrine Drivenes
Board Member

Hege Charlotte Bakken
Board Member

Didrik Munch
Board Member

Marianne Møgster
Board Member

Henning Beltestad
Group CEO

Hans Petter Vestre
Employee's representative

INCOME STATEMENT

All figures in NOK 1 000 (period 1.1 - 31.12)

LERØY SEAFOOD GROUP CONSOLIDATED	Notes	2014	2013
OPERATING REVENUES AND COSTS			
Operating revenues	13	**12 579 465**	10 764 714
Other gains	13	**117 409**	53 805
Cost of materials		**8 450 392**	7 039 813
Change in inventories		**-447 053**	-258 380
Salaries and other personnel costs	11/14	**1 270 880**	1 094 464
Other operating costs		**1 262 518**	1 004 148
EBITDA		**2 160 138**	1 938 474
Depreciation	2/3	**369 480**	307 175
Impairment loss	3	**1 982**	5 500
Operating profit before biomass adjustment		**1 788 676**	1 625 799
Adjustment of biomass to fair value	7	**-327 414**	764 229
Operating profit		**1 461 262**	2 390 028
ASSOCIATED UNITS AND NET FINANCIAL COSTS			
Income from associates	4	**91 939**	192 188
Net financial items	15	**-119 790**	-101 840
Profit before tax		**1 433 411**	2 480 376
Taxation	12	**-328 939**	-593 981
Annual profit		**1 104 473**	1 886 395
Of which controlling interests		**1 055 916**	1 733 352
Of which non-controlling interests		**48 557**	153 043
Earnings per share	16	**19,35**	31,76
Diluted earnings per share	16	**19,35**	31,76

COMPREHENSIVE INCOME

All figures in NOK 1 000 (period 1.1 - 31.12)

LERØY SEAFOOD GROUP CONSOLIDATED		2014	2013
The year's result to equity		**1 104 473**	1 886 395
Conversion differences, etc.	22	**94 502**	85 118
Change in fair value of financial instruments (cash flow hedges)	5	**-72 200**	8 785
Change in fair value of shares available for sale		**0**	-487
Change in value from associates		**-16**	-75
Estimate differences pension plans	11	**-3 231**	2 477
Gain on shares for sale reclassified to income statement		**-12 871**	0
COMPREHENSIVE INCOME		**1 110 657**	1 982 213
Of which controlling interests		**1 049 590**	1 813 827
Of which non-controlling interests		**61 067**	168 386

Comprehensive income is after tax, and all items(with exception of gain on pension plan and gain on shares available for sales) are to be recycled to profit and loss.
Note regarding accounting principles and notes 1-23 are an integral part of the consolidated accounts

BALANCE SHEET

All figures in NOK 1 000

LERØY SEAFOOD GROUP CONSOLIDATED	Notes	31.12.14	31.12.13
PLANT, PROPERTY AND EQUIPMENT			
Deferred tax asset	12	**42 263**	11 807
Licences, rights and goodwill	2	**4 234 391**	3 987 141
Buildings, real estate, operating accessories	3	**2 676 716**	2 377 012
Shares in associates	4	**566 965**	735 071
Shares available for sale	4	**8 066**	5 553
Non-current receivables		**32 263**	26 171
TOTAL PLANT, PROPERTY AND EQUIPMENT		**7 560 664**	7 142 755
CURRENT ASSETS			
Biological assets	7	**3 681 993**	3 727 361
Other inventories	8	**524 947**	358 482
Trade receivables	9	**1 427 796**	1 486 428
Other receivables	5/9	**302 692**	316 192
Cash and cash equivalents	6	**1 360 272**	872 513
TOTAL CURRENT ASSETS		**7 297 700**	6 760 976
TOTAL ASSETS		**14 858 364**	13 903 731

Note regarding accounting principles and notes 1-23 are an integral part of the consolidated accounts

BALANCE SHEET

All figures in NOK 1 000

LERØY SEAFOOD GROUP CONSOLIDATED	Note	31.12.14	31.12.13
EQUITY			
Share capital	20	**54 577**	54 577
Own shares	20	**-330**	-330
Share premium reserve		**2 731 690**	2 731 690
Total paid-in capital		**2 785 937**	2 785 937
Other equity		**4 476 377**	3 969 263
Total retained earnings		**4 476 377**	3 969 263
Non-controlling interests		**817 282**	793 747
TOTAL EQUITY		**8 079 596**	7 548 947
NON-CURRENT LIABILITIES			
Long-term interest-bearing debt	6/18	**2 767 118**	2 356 803
Deferred tax	12	**1 531 262**	1 486 972
Pension liabilities	11	**6 878**	3 227
Other non-current liabilities	5	**131 980**	36 700
Total non-current liabilities		**4 437 238**	3 883 702
CURRENT LIABILITIES			
Trade payables		**1 053 524**	1 059 434
Short-term loans	6	**469 276**	682 574
Public duties payable		**70 073**	103 656
Taxes payable	12	**335 062**	320 344
Other current liabilities	10	**413 595**	305 074
TOTAL CURRENT LIABILITIES		**2 341 530**	2 471 082
TOTAL LIABILITIES		**6 778 768**	6 354 784
SUM EQUITY AND LIABILITIES		**14 858 364**	13 903 731

Note regarding accounting principles and notes 1-23 are an integral part of the consolidated accounts

Bergen, 27. March 2015
Board of Directors in Lerøy Seafood Group ASA

Helge Singelstad
Chairman

Marianne Møgster

Arne Møgster

Didrik Oskar Munch

Britt Kathrine Drivenes

Hege Charlotte Bakken

Hans Petter Vestre
Employees' representative

Henning Beltestad
CEO Lerøy Seafood Group ASA

CASH FLOW STATEMENT

All figures in NOK 1 000 (period 1.1 - 31.12)

LERØY SEAFOOD GROUP CONSOLIDATED	Notes	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**1 433 411**	2 480 376
Taxes paid during the period		**-344 473**	-99 726
Other gains		**-117 409**	-53 756
Depreciation	2/3	**369 480**	307 175
Impairment loss	3	**27 982**	5 500
Profit impact associates	4	**-91 939**	-192 188
Change in value adjustment in biological assets	7	**325 957**	-763 312
Change in inventories/biological assets	7/8	**-368 840**	-271 364
Changes in trade receivables	9	**64 242**	-491 139
Changes in trade payables		**-71 192**	232 757
Change in net pension liabilities/premium fund	11	**3 651**	-4 419
Net financial items classified as financing activities		**103 978**	103 284
Change in other accruals		**79 999**	5 520
Net cash flow from operating activities		**1 414 845**	1 258 707
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment	3	**18 278**	19 579
Payments for acquisitions of property, plant and equipment	3	**-601 035**	-583 393
Proceeds from sale of intangible assets	2	**0**	74 928
Payments for acquisitions of intangible assets	2	**-2 615**	-20 081
Proceeds from sale of shares in associates and other businesses	4	**44 891**	13 945
Payments for acquisitions of shares in associates and other businesses	4	**-8 340**	-208 987
Dividend payments received from associates	4	**36 250**	26 000
Payments for acquisition of Group companies	4	**-1 082**	-3 509
Proceeds/payments on other loans (short and long-term)		**-26 562**	-17 564
Net cash flow from investing activities		**-540 215**	-699 082
CASH FLOW FROM FINANCING ACTIVITIES			
Movement in short-term interest-bearing debt		**-130 476**	-253 169
Proceeds from establishing new long-term debt		**1 324 363**	1 054 181
Downpayments of long-term debt		**-1 037 336**	-1 081 253
Interest payments received		**21 006**	17 951
Interest paid		**-126 984**	-127 663
Dividends paid		**-578 926**	-393 712
Net cash flow from financing activities		**-528 353**	-783 665
Net cash flow in the accounting period		**346 277**	-224 040
Cash and cash equivalents at start of period		**872 513**	1 082 797
Cash and cash equivalents from business combinations		**133 557**	0
Currency translation differences		**7 925**	13 756
Cash and cash equivalents at end of period		**1 360 272**	872 513
This consists of:			
Bank deposits, etc.		**1 360 272**	872 513
Of which restricted funds		**50 899**	46 591
Unused overdraft facilities		**1 944 619**	1 073 777

CHANGE IN EQUITY

All figures in NOK 1 000

LERØY SEAFOOD GROUP CONSOLIDATED	Share capital	Own shares	Premium reserve	Currency conversion differences	Cash flow hedges	Other equity	Non-controlling interests	Total equity
Equity 01.01.13	**54 577**	**-330**	**2 731 690**	**-101 365**	**-32 247**	**2 662 250**	**649 381**	**5 963 956**
Profit for the period						1 733 352	153 043	1 886 395
Other comprehensive income				69 775	8 785	1 915	15 343	95 818
Total comprehensive income for 2013	**0**	**0**	**0**	**69 775**	**8 785**	**1 735 267**	**168 386**	**1 982 213**
TRANSACTIONS WITH SHAREHOLDERS								
Withdrawal non-controlling interests						6 532	-10 042	-3 510
Dividend payments						-382 042	-13 978	-396 020
Dividend paid on own shares						2 308		2 308
Total transactions with shareholders	**0**	**0**	**0**	**0**	**0**	**-373 202**	**-24 020**	**-397 222**
Equity 31.12.13	**54 577**	**-330**	**2 731 690**	**-31 590**	**-23 462**	**4 024 315**	**793 747**	**7 548 947**
Profit for the period						1 055 916	48 557	1 104 473
Other comprehensive income				81 992	-72 200	-16 118	12 510	6 184
Total comprehensive income for 2014	**0**	**0**	**0**	**81 992**	**-72 200**	**1 039 798**	**61 067**	**1 110 657**
TRANSACTIONS WITH SHAREHOLDERS								
Withdrawal non-controlling interests						2	-1 084	-1 082
Dividend payments						-545 774	-36 448	-582 222
Dividend paid on own shares						3 298		3 298
Total transactions with shareholders	**0**	**0**	**0**	**0**	**0**	**-542 475**	**-37 532**	**-580 007**
Equity 31.12.14	**54 577**	**-330**	**2 731 690**	**50 402**	**-95 662**	**4 521 638**	**817 282**	**8 079 596**

Own shares:

Seafood Group ASA owns 329 776 own shares of a total number of 54 577 368 shares. The portion of own shares is 0.6 %. The purchase price paid for own shares is split into two different categories in the table above , where face value of own shares is included in “paid in capital” (NOK -330 000), and purchase price exceeding face value of own shares (NOK -20 149 000) is included in “other equity”. Previously, the total purchase price paid for own shares was included in “paid-in capital” with the whole amount, together with supplementary information about average purchase price. Average purchase price of own shares is NOK 62.10 per share.

NOTES TO THE CONSOLIDATED ACCOUNTS, LERØY SEAFOOD GROUP ASA 2014

This section presents accounting principles and notes for the Lerøy Seafood Group. Accounting principles and notes for Lerøy Seafood Group ASA (parent company) are presented separately after the consolidated notes to the accounts. This separation is necessary as the Group submits accounts in accordance with IFRS (International Financial Reporting Standards), while the parent company's accounts are drawn up in accordance with NGAAP (Norwegian Generally Accepted Accounting Principles).

ACCOUNTING PRINCIPLES

Lerøy Seafood Group ASA is registered in Norway and is listed on the Oslo Stock Exchange. The company's consolidated accounts for the accounting year 2014 include the company and its subsidiaries (collectively referred to as "the Group") and the Group's share in associates. Lerøy Seafood Group is a subsidiary of Austevoll Seafood ASA (62.56%), which in turn is owned (55.55%) by Laco AS.

The financial statements were submitted by the Board of Directors on 27 March 2015.

(A) DECLARATION CONFIRMING THAT THE ACCOUNTS ARE DRAWN UP IN ACCORDANCE WITH IFRS

The consolidated accounts are submitted in accordance with international standards for financial reporting (IFRS) and interpretations established by the International Accounting Standards Board (IASB) and adopted by the EU. The accounts are based on all compulsory accounting standards (IFRS).

(B) BASIS FOR PREPARING THE ACCOUNTS

The accounts are presented in NOK and figures are rounded off to the nearest thousand. They are prepared on the basis of the historical cost principle, with the exception of the following assets and liabilities which appear in the balance sheet at fair value: Biological assets, share based remuneration (options), other shares, futures contracts and interest swap agreements.

Preparation of financial statements in accordance with IFRS demands that the administration makes assessments, estimates and assumptions that influence the application of accounting principles and the book values of assets and liabilities, revenues and costs. Estimates and their associated assumptions are based on historical experience and other factors seen as reasonable under the circumstances. These calculations form the basis for assessment of balance sheet values of assets and liabilities that do not readily emerge from other sources. The actual result may deviate from these estimates.

Estimates and underlying assumptions are under constant review. Changes in the accounting-related estimates are booked in the periods in which they accrue, provided they apply only to that period. If changes also apply to future periods, the effect is distributed over current and future periods.

Assessments made by the administration when applying the IFRS standards, which have a significant effect on the financial accounts, and estimates with a considerable risk of influencing significant adjustments in the next accounting year, are described in note 1.

The accounting principles discussed below are consistently applied for all periods presented in the consolidated accounts, as well as for the IFRS opening balance per 1 January 2004 prepared in connection with the transition to IFRS.

The consolidated accounts are drawn up in accordance with IFRS, while the accounts for the Norwegian subsidiaries are prepared according to Norwegian Generally Accepted Accounting Principles (NGAAP). Accounts for the foreign subsidiaries are prepared according to accepted accounting standards in the respective countries. Accounting principles for subsidiaries are changed whenever necessary to ensure consistency with principles used in the Group (IFRS).

The consolidated accounts are submitted on assumption of going concern.

(C) PRINCIPLES OF CONSOLIDATION

Subsidiaries

Subsidiaries are all units where the Group has decisive influence on the unit's financial and operational strategy, normally through ownership of more than half of all equity with voting rights. Subsidiaries are consolidated from the moment control is transferred to the Group, and are excluded from consolidation when such control ceases.

Each business combination is accounted for by applying the

acquisition method. The consideration is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer. The consideration the acquirer transfers in exchange for the acquiree also includes any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities assumed, including contingent liabilities, are recognised and accounted for at fair value as of acquisition date.
The part of the acquisition price that cannot be ascribed to specific assets represents goodwill. Acquisitions effectuated before 1 January 2004 are not corrected as a consequence of the transition to IFRS (use option is exercised).

IFRS 10 and IFRS 3 mainly apply a system of units when measuring assets and liabilities in connection with acquisitions whereby control is established. The exemption to this rule is for goodwill, where companies have a use option per acquisition, either to book only the share of the controlling owner or to book 100%.

For all acquisitions in the period from and including 2010, the Group has chosen to book all assets (including goodwill) at 100% of fair value identified at the time of acquisition. This implies that non-controlling interests are also attributed a share of goodwill.

The consolidated accounts comprise the parent company Lerøy Seafood Group ASA and the subsidiaries Hallvard Lerøy AS, Lerøy Midt AS (Group), Lerøy Aurora AS (Group), Lerøy Finnmark AS, Lerøy Vest AS, Sjøtroll Havbruk AS, Lerøy Fossen AS, Lerøy Alfheim AS, Lerøy Delico AS (Group), Lerøy Trondheim AS, Sjømathuset AS, Bulandet Fiskeindustri AS (subsidiary of Hallvard Lerøy AS), Lerøy & Strudshavn AS, Sandvikstomt 1 AS, Lerøy Quality Group AS (subsidiary of Hallvard Lerøy AS), Lerøy Sjømatgruppen AS (subsidiary of Hallvard Lerøy AS) and the overseas subsidiaries Rode Beheer B.V (Group), Lerøy Processing Spain S.L, Lerøy Culinair B.V (joint venture owned by Rode Beheer B.V and Hallvard Lerøy AS), SAS Hallvard Lerøy Group (subsidiary of Hallvard Lerøy AS), Lerøy Portugal Lda, Lerøy Finland OY, Lerøy Sverige AB (Group) including Lerøy Smøgen Seafood AB.

Intragroup transactions, receivables and liabilities are eliminated.

Non-controlling interests

Non-controlling interests' share of the year's result after taxes is shown as a separate item in the consolidated accounts after the year's profit. The non-controlling interests' share of the Group's equity is shown as a separate item under consolidated equity. Transactions with non-controlling interests in subsidiaries are booked as equity transactions. In the event of purchases from non-controlling interests, the difference between the payment and the shares' proportional share of the figure recognised of the net assets in the subsidiary is booked against the parent company owners' equity. Gain or loss on sales to non-controlling interests is correspondingly charged to equity.

Associates

Associates are companies over which the Group has significant influence through a non-controlling interest, normally representing 20% and 50% of voting equity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Investments in associates and joint ventures are accounted for according to the equity method. The investment is capitalised at acquisition cost at the time of purchase. The Group's share of the result after tax, as well as depreciation and write-downs of any added value, are booked on the income statement and added to the capitalised value of the investment together with the respective share of changes in equity not booked in the income statement, such as dividend. In the income statement, the Group's respective share of profit is shown under Financial items, while the assets are shown in the Balance sheet under Financial fixed assets. The Group's share of unrealised profit on transactions between the Group and the respective company, is eliminated. Accounting principles for associates and joint ventures are changed whenever necessary to ensure consistency with the principles applied for the Group (IFRS).

(D) OPERATING REVENUES

Operating revenues from sale of goods are booked when a decisive part of risk and ownership benefits have been transferred to the buyer, which normally is at the time of delivery. Operating revenues from services performed, are booked in the income statement according to the transactions' degree of completion on the balance sheet day. Degree of completion is assessed by means of a review of work completed.

Operating revenues are not booked if there is significant uncertainty associated with the actual payment of overdue receivables, if the goods in all likelihood will be returned, or in cases where the Group has the right of disposition of delivered goods. Fees, discounts, bonuses and other sales costs are deducted from operating revenues.

(E) REPORTING BY SEGMENT

The operating segments are defined in the same way as regularly reviewed by Management. The Group's operating segments are Farming, VAP and Sales & Distribution. This segmentation is chosen according to type of organisation and commercial risk. Production consists of the companies Lerøy Midt AS (Group), Lerøy Aurora AS (Group), Lerøy Finnmark AS, Lerøy Vest AS and Sjøtroll Havbruk AS. VAP consists of Rode Beheer B.V (Group), Lerøy Fossen AS, Lerøy Smøgen Seafood AB and Bulandet Fiskeindustri AS. "Sale & Distribution" comprises Hallvard Lerøy AS, Lerøy Sverige AB (Group) excluding Lerøy Smøgen Seafood AB, Lerøy Alfheim AS, Lerøy Portugal Lda, Lerøy & Strudshavn AS, SAS Hallvard Lerøy, SAS Fish Cut, SAS Eurosalmon, Lerøy Processing Spain S.L and Lerøy Quality Group AS, Lerøy Trondheim AS, Lerøy Delico AS (Group), Sjømathuset AS, Lerøy Sjømatgruppen AS and Lerøy Finland OY. Lerøy Culinair B.V is allocated with one half in each segment. Lerøy Seafood Group ASA and Sandvikstomt 1 AS are not assigned to any of these segments.

(F) CURRENCY AND DERIVATIVES

The consolidated accounts are presented in NOK, the functional currency for the parent company and the Norwegian subsidiaries. Cash items in foreign currency are valued at the respective rates of exchange at the end of the accounting year. Ref. item (X) regarding derivatives, including forward exchange contracts, which are utilised to control currency risk.

(G) INTANGIBLE ASSETS

Goodwill

Goodwill represents the residual value that cannot be assigned to other assets or liabilities when a company or other assets are acquired. Goodwill in respect of the acquisition of subsidiaries is included in intangible assets, while goodwill in connection with the purchase of associates is included in the item "Shares in associates". Goodwill is not depreciated (after 1 January 2004), but is reviewed annually for any impairment and booked in the balance sheet at cost price less accumulated write-downs. Deferred tax in connection with licenses is charged against goodwill.

When assessing the need to write down the value of goodwill, this is allocated to applicable cash-generating units. The allocation goes to the cash-generating units or groups that are expected to benefit from the acquisition.

Licences/rights

Licences are booked in the balance sheet at cost price less accumulated write-downs. Licences are not amortised, but are reviewed annually for impairment. Water licences granted for specified periods of time are amortised over the licence period. Water licences without time limits are not amortised, but are reviewed annually for impairment.

(H) PROPERTY, PLANT AND EQUIPMENT

Fixed assets are booked in the accounts at acquisition costs less accumulated depreciation. This depreciation is distributed linearly over estimated useful life. Significant parts of fixed assets that have different depreciation periods, are decomposed and depreciated separately.

The estimated useful life of operating assets is estimated as:

* Buildings and real estate	20 - 25 years
* Machinery, furnishings, equipment, etc	2.5 - 15 years
* Land	Permanent value

(I) BIOLOGICAL ASSETS

Accounting of live fish in companies listed on the stock exchange is regulated by IAS 41 Agriculture. The main rule is that such assets, including live fish, shall be valued at fair value less estimated sales costs.

LSG recognises and assesses biological assets (fish in sea) at fair value. The price is then adjusted to cater for quality differences (superior, ordinary and production) and logistic costs. The volume is adjusted to account for loss during gutting. The fair value of fish in the sea with an average weight of under 4 kg is adjusted in relation to the phase of the growth cycle for the fish. The value will not be adjusted to lower than historic cost, unless the Group expects to generate a loss from future sales.

Other biological assets (roe, fry and smolt) are valued at cost price since little biological transformation has occurred (IAS 41.24).

(J) INVENTORY

Inventories of other bought or produced goods are valued at either acquisition cost or assumed sales value less sales costs, whichever is lowest. In-house produced finished goods and semi-finished goods are valued at full production cost. Write-downs are made for quantifiable obsolescence.

(K) TRADE RECEIVABLES AND TRADE PAYABLES

Accounts receivable are recognised on the balance sheet at nominal amount after deduction of provision for bad debts. Provision for bad debts is made according to individual assessments of the individual receivables. Loans and receivables are classified as current assets unless they mature more than 12 months after the balance sheet date. In that case they are classified as property, plant and equipment or non-current liabilities. Receivables and payables in foreign currency are converted at the respective rates of exchange on the balance sheet date.

(L) LIQUID ASSETS

Liquid assets consist of cash in hand and bank deposits and are valued at the exchange rates on the balance sheet date.

(M) SHARES

Shares are booked at fair value on balance sheet day. Shares held for trading purposes are classified as current assets. Changes in the values of these shares are recognised on the income statement. For shares in associates and joint ventures, the equity method is applied, ref (C). Shares classified as available for sale are either reclassified from other categories or do not naturally belong to any other category. Changes in fair value of these shares are charged against comprehensive income.

(N) PENSIONS

In the Group there are mainly defined contribution pension shemes, but also a few remaining defined benefit pension schemes that are closed. The Group companies have different pension schemes, which in general are financed by payments to an insurance company or pension fund. The payments are determined by periodic actuarial calculations.

In a defined contribution pension scheme, the Group pays fixed contributions to a separate legal entity. The Group has no statutory or other obligation to pay additional contributions if the entity does not have sufficient means to pay all employees their pension benefits associated with earned pensions in the current or earlier periods.

A defined benefit pension scheme is one that is not contributory. A typical defined benefit pension scheme defines a pension payment that the employee will receive upon retirement. The payment is typically dependent on factors such as age, number of years in the company and wage level.

The capitalised commitment associated with defined benefit schemes is the present value of the defined benefits on the balance sheet date less fair value of the pension funds as adjusted for non-recognised estimate deviations and non-recognised costs associated with pension benefits earned in earlier periods. Pension liabilities are calculated annually by an independent actuary according to the straight line accrual method. The present value of defined benefits is found by discounting estimated future payments by the interest rate on a bond issued by a company with a high credit rating in the same currency as that in which the benefits will be paid, and with a maturity approximately equal to the duration of the associated pension liability. In countries where there is no liquid market for long-term bonds issued by companies with a high credit rating, the market interest rate for government bonds is applied.

(O) TAX

Tax payable in the income statement includes both the tax payable during the period and changes in deferred tax. Deferred tax is calculated at a rate of 27% (or at local rates in other countries) on the basis of the temporary differences that exist between accounting and taxable values, as well as the assessed deficit to be carried forward at the end of the financial year. Temporary tax-increasing and tax-decreasing differences which reverse or may reverse the figures in the same period and within the same tax regime, are reconciled and booked at net value.

Deferred tax has been calculated on the difference between temporary taxable and accounting values of licenses. For licenses acquired prior to 1 January 2004, the effect of deferred tax is charged against equity. For licenses acquired through business combinations after 1 January 2004, the effect of deferred tax is included in goodwill. Deferred tax is calculated at the nominal tax rate.

(P) INTEREST-BEARING LOANS AND OVERDRAFT FACILITIES

Loans are booked at fair value when the loan is paid out, less transaction costs. In subsequent periods, loans are booked at amortised cost calculated by applying the effective interest rate, and any differences between acquisition cost and redemption value are incorporated over the loan period by using the effective interest rate method.

Next year's instalments are classified as current liabilities (short-term credits).

(Q) DIVIDENDS

Dividends are booked when they have been adopted by the general meeting.

(R) SHARE-BASED REMUNERATION

The Group has had a share-based remuneration scheme with settlement in the form of shares which, at the financial year-end, has not been replaced with a new scheme. Under the scheme which has now been terminated, the fair value of services performed by employees for the Group in return for the allocated options was entered as a cost. The total amount charged to cost over the qualification period was based on the fair value of the allocated options at the time of allocation, estimated using the Black & Scholes/ Hull &

White option pricing model.

(S) PROVISIONS AND OTHER COMMITMENTS

Provisions are reflected in the balance sheet when the Group has an existing legal obligation or implied duty in consequence of an earlier event and this is expected to require a flow of economic assets from the Group in order to fulfil such obligation. If the effect is significant, the provision is determined by discounting anticipated future cash flows by a discounting rate before tax, which reflects market pricing of the time value of money and, if relevant, the risks specifically associated with the obligation.

(T) SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares are classified as equity. Expenses directly associated with issuing new shares or options, less tax, are booked under equity as reductions in proceeds received.

When buying back own shares, the purchase amount, inclusive of directly ascribable costs, is entered as a change in equity. Own shares are represented as a reduction in equity.

(U) CASH FLOW STATEMENT

The consolidated cash flow statement shows the total consolidated cash flow broken down by operating, investing and financing activities. Acquisitions of subsidiaries are considered an investing activity for the Group and are shown separately with the deduction of cash reserves in the company acquired. The statement shows how the various activities affect cash and cash equivalents. For cash flows in foreign currency, the average rate of exchange is used in the statement. Where changes in the balance sheet figures between accounting years do not match the corresponding figures in the cash flow statement, this is a result of conversion differences linked to changes in rates of exchange.

(V) FINANCIAL RISK MANAGEMENT

Through its activities, the Group is exposed to different types of financial risk: market risk (including currency risk, interest risk, price risk and liquidity risk) and credit risk.

Currency risk

The Group has international operations requiring a number of currencies, and is thus exposed to currency risk. Forward exchange contracts together with negative and positive balances on multi-currency accounts, are used to hedge, as far as possible, against the currency risk in trade receivables and executed sales contracts, as well as on-going contract negotiations. Claims, debts, deposits, futures and sales contracts are booked at the exchange rate on the accounting day. The company seeks to keep the net exposure associated with monetary assets and liabilities in foreign currency on an acceptable level by buying and selling foreign currency at day-rates whenever necessary to counter any short-term imbalances. Currency derivatives are traded to hedge future income payments in accordance with the Group's strategy for currency risk management. An overview of currency derivatives as per 31.12. is shown in the note about financial instruments.

Interest risk

The Group's non-current liabilities are mainly based upon agreements for floating rates of interest, representing exposure to increases in the market interest rate. In November 2011 and January 2012 the Group entered into two 10-year interest rate swap agreements each totalling NOK 500 million. The purpose of these agreements was to eliminate interest risk for a share of the Group's non-current liabilities. The agreements are booked as cash flow hedges.

Price risk

The developments in global salmon and trout prices have a considerable impact on the results achieved by the Group. In order to reduce this risk factor, attempts are made to ensure that a certain quota of sales is so-called contract sales.

Liquidity risk

Cash flow prognoses are established for the different operating segments in the Group and are aggregated by the Group's Financial Department. The Financial Department monitors the prognoses of the Group's liquidity requirements in order to ensure that the Group has sufficient cash equivalents to fulfil operating commitments while sustaining a sufficient level of flexibility in the form of unused, binding loan facilities at all times so that the Group is not in breach of the limits or specified terms and conditions for the Group's loans. Such prognoses take in to account the Group's scheduled new loans, compliance with terms and conditions of loans, compliance with in-house objectives for balance sheet figures and, if relevant, external regulatory or legal requirements.

Any excess cash in the Group companies, in addition to what constitutes necessary working capital, is transferred annually to the parent company via Group contributions and dividends. The Group's Financial Department deposits excess cash mainly as bank deposits at special terms with appropriate maturities in order to provide sufficient security and flexibility in relation to the company's growth strategy and dividend policy. For information on cash and cash equivalents available to the Group as liquidity buffers to manage liquidity risk, please refer to the balance sheet.

The note about loans, mortgages and guarantees specifies the Group's financial covenants which are not derivatives, and derivative covenants with net settlement, classified in relation to the downpayment schedule. This classification is made in accordance with the contractual maturity date. Derivative covenants are included in the analysis when the contractual maturity date is significant for an understanding of the accrual of cash flows. The figures in the table are non-discounted contractual cash flows.

Credit risk

Credit risk is managed at corporate level. Credit risk occurs in transactions involving derivatives, deposits with banks and financial institutions in addition to transactions with wholesalers and customers, including outstanding receivables and fixed agreements. Procedures have been established to ensure that the Group companies only sell products to customers with satisfactory credit rating. A credit assessment is performed based on the customer's financial position, history and any other factors of relevance. Individual limits are set for risk exposure, based on internal and external assessments of creditworthiness and guidelines from the Board of Directors. The Group has established procedures for the use of credit limits and compliance with procedures is regularly monitored. All but an insignificant part of the Group's trade receivables are covered by credit insurance or other forms of surety. Sales to end users are paid for in cash. The counterparts to derivative contracts and financial placements may only be financial institutions with a high credit rating and other parties who can provide reliable security. See note about receivables for further information on credit risk.

(W) NEW AND AMENDED STANDARDS IMPLEMENTED BY THE GROUP

(a) New standards, amendments and interpretations adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2014 and have a material impact on the Group: Amendment to IAS 32, 'Financial instruments: Presentation', on offsetting financial assets and financial liabilities. The amendment did not have a significant effect on the Group financial statements. Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. Amendment to IAS 39, 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting. There has been no significant impact on the Group financial statements as a result of this amendment. IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation did not have a significant effect on the Group financial statements.

(b) New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statement. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below: IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess IFRS 9's full impact. IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group is assessing the impact of IFRS 15. There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

(X) DERIVATIVES

The company seeks to protect itself against currency fluctuations and changes in interest rate by means of derivatives, namely futures contracts and interest swap agreements respectively.

Derivatives are carried at fair value at the time of contract and are subsequently adjusted to fair value. The recognition of the associated losses and gains depends on whether the derivative is meant to be a hedging instrument and, if so, the type of hedging. Derivatives which are not allocated as hedging instruments are recognised at fair value over result.

Fair value of derivatives is shown in note about financial instruments.. Fair values of derivatives are classified as non-current assets or non-current liabilities if the hedging object matures in more than 12 months, and as current assets or current liabilities if the hedging object matures in less than 12 months.

Changes in fair value of derivatives qualifying for fair value hedging, are booked in the income statement together with the change in fair value of the associated hedged asset or liability. The Group uses fair value hedging for securing net receivables in foreign currency, net deposits on currency accounts and signed sales contracts in foreign currency. The Group uses fair value hedging of delivery contracts at agreed prices in foreign currencies.
Gains and losses on foreign exchange are included in the item "Purchases".

The effective share of change in fair value of derivatives which qualify as hedging instruments for cash flow hedging are recognised in comprehensive income. Gains or losses from hedging recognised in comprehensive income and accumulated in equity are re-classified and entered in the income statement during the period in which the hedging object has an impact on the income statement. The Group makes use of cash flow hedging related to interest swap agreements. Gains or losses related to the effective share of interest swap agreements which are used to secure loans with a floating rate of interest are recognised under Financial Items.

(Y) CAPITAL MANAGEMENT

The Group's objectives for capital management are to secure continued operations for the Group in order to guarantee yield for the owners and other interested parties and to sustain an optimal capital structure to allow the Group to reduce capital expenditure. On-going structural changes in the global industry in which the company operates, seen in conjunction with the cyclical nature of the industry, demand that the company at all times must maintain a satisfactory financial preparedness. This in turn requires a close relationship with the company's shareholders and equity capital markets. The Group has always stressed the importance of maintaining the confidence of its financial partners and thus also access to necessary loan capital on favourable terms. The Group's financial goals are reflected in quantified parameters for financial strength and yield. The established requirement for financial adequacy stipulates that the Group's equity ratio, defined as equity/total assets, should be at least 30% over time. Information on the Group's equity is presented in the balance sheet. The Group's long-term goal is to maintain an annual yield on the Group's average capital employed of 18% before tax. The company's dividend policy implies that, over time, dividends should lie in the region of 30% to 40% of net profits after tax. However, care must be taken at all times to ensure that the Group has sufficient financial contingency planning in preparedness for new and profitable investments. In the long run, value generation will increasingly be in the form of higher share prices rather than in declared dividends. See note about dividend per share for more information.

(Z) INDEFINITE USEFUL LIFE (NO AMORTISATION) FOR LICENCES

Below is a detailed description of the Group's assessments in situations where the Group has established that an asset has an indefinite useful life, cf. IAS 38.122. Intangible assets with an indefinite useful life are not amortised, but tested for impairment once a year as a minimum. Reference is made to the Note on intangible assets for information on impairment tests.

Licence scheme in Norway

The licence scheme for production of salmon and trout in Norway has been implemented by the Storting (the Norwegian Parliament) and adopted in the Norwegian Act relating to aquaculture (Aquaculture Act). The Ministry of Trade, Industry and Fisheries is responsible for allocation of aquaculture permits (licences). All activities involving aquaculture require a licence. It is prohibited to farm salmon/trout without a licence from the authorities, cf. section 4 of the Aquaculture Act. All licences are governed by the same regulations (current Aquaculture Act with provisions) irrespective of when the licence was allocated

LSG's aquaculture permit entitles the Group to produce salmon and trout in a delimited geographic area (locations), subject to the prevailing limitations established at any given time regarding the scope of the permit. The Ministry may prescribe detailed provisions relating to the content of the aquaculture licences by administrative decision or regulations.

The Aquaculture Act is administered centrally by the Ministry of Trade, Industry and Fisheries, and the Directorate of Fisheries is the supervisory authority. Regionally, there are a number of sector authorities that as one group represent the total administrative and supervisory authority within the area governed by the Aquaculture Act. The individual county is the regional administrative body, and the Directorate of Fisheries is the appellate body for issues involving locations and licences.

Principal terms for different types of licences

Since January 2005, the limitations on production established for aquaculture licences for salmon and trout have been governed according to a scheme known as Maximum Allowable Biomass (MAB). This specifies the maximum biomass in the sea that a licence holder can have at any given time

The following regulations regarding production limitations apply to the different types of licences held by the Group:

Grow out licences are limited in number, i.e. the enterprises are only granted new licences (more production volume) subsequent to politically adopted allocation rounds. The current Maximum Allowable Biomass is 780 tons of salmon or trout per licence. For Troms and Finnmark counties (region of North Norway) however, the Maximum Allowable Biomass is 945 tons of salmon or trout per licence. There are also some licences that, for historical reasons, have a different MAB limit than 780 tons. LSG with its subsidiaries has a sufficient number of locations (location MAB) in the different regions to achieve a satisfactory exploitation of the Group's total MAB. All commercial licences are currently operational.

Demonstration licences are licences defined as for special purposes. Demonstration licences are granted to enterprises in order to spread knowledge of the aquaculture industry. Such licences are often operated in cooperation with a non-commercial entity.

Slaughter cage licences are allocated for the use of sea cages for live fish ready for slaughter. These licences are attached to a specific location, which is the Group's slaughtering plant for salmon and trout.

Brood stock licences are also licences defined as for special purposes. Brood stock licences are granted for the production of salmon roe utilised to produce juvenile fish.

Juvenile fish licences are licences to produce juvenile salmon and trout in fresh water that in total authorise the licence holder to produce a specific number of juvenile salmon and trout. There are certain limitations on the size of juvenile fish produced according to the individual licence. If the licence holder does not have an exemption from the regulations in force, the largest permitted average weight is 250 grams on an individual level. Licences are granted on the basis of a discharge permit for a certain number of fish/biomass with a maximum allowable feed consumption per year. In situations where the water source is owned by a third party, an agreement is also required governing the right to utilise the water source.

Duration and renewal

Section 5, second paragraph of the Aquaculture Act reads: "The Ministry may prescribe detailed provisions relating to the content of the aquaculture licences, including the scope, time limitations, etc., by administrative decision or regulations."

In the legislative background to the Aquaculture Act, White Paper no. 61 2004-2005, the following statement can be found on page 59: "It will remain the case that licences are normally allocated without any specific time limitation. Implementation of such limitations should be reserved for those issues where a time limitation, based on the specific situation, provides for a more complete fulfilment of the Act than if the licence were to be allocated without a time limitation."

The duration of licences is also specified by the Aquaculture Act, which in its most recent revision underlined ownership of licences by allowing the licences to be mortgaged to the benefit of the lender.

There are no time limitations specified in LSG's terms for grow out and juvenile licences, and they are therefore deemed to be time-indefinite production rights according to the prevailing regulations.

As the licences are not bound by a time-limited period, there is no need to apply for their renewal. The licences are deemed to be valid pursuant to the Aquaculture Act, unless they are revoked in accordance with the Act. Section 9 of the Aquaculture Act describes the grounds for revocation of a licence. Section 9 states that licences may be revoked due to gross contravention of the provisions of the Act. We can confirm that no operative licences for salmon and trout have been revoked in Norway.

The brood stock licences are granted for 15 years at a time, and applications have to be submitted for their renewal – provided that the licence holder is still involved in production of brood stock for salmon or trout. Brood stock production is an integral part of LSG's value chain (brood stock production takes place before production of roe and juvenile fish in the value chain), and is therefore closely linked to the breeding system for salmon and trout. The Group's applications for renewal of brood stock licences have always been approved, in line with the prevailing practice in the industry.

The licences for slaughter cages are allocated for 10 years at a time. Applications can be submitted for renewal of such licences provided that they are attached to an approved slaughtering plant and only utilised to keep fish ready for slaughter in immediate proximity to the slaughtering plant.

The Group's demonstration licences are granted with a duration of 10 years. Applications can be submitted for renewal of demonstration licences provided that the terms for the licence are met pursuant to the Aquaculture Act.

Regulations relating to right of use; transfer, lease, moving etc.

All licences can be transferred and mortgaged pursuant to section 19 and 20 of the Aquaculture Act. An aquaculture register is kept of all aquaculture licences where transfers and mortgaging are registered. The leasing of aquaculture licences or licence capacity is not permitted. Grow out licences and brood stock licences can be attached to different locations, but there are certain limitations on moving of licences between the regions defined by the Directorate of Fisheries. In practice, this means that licences cannot be moved between defined regions, typically following county borders. Juvenile fish licences are attached to one location – the location for which the licence applies.

Costs related to licences

Payment has been required for new licences granted during more recent allocation rounds. The amount of the payment depends on the allocation criteria, including for example a fixed price versus the auction principle. Given that there is no requirement to apply for renewal of licences, there are no costs involved in licence renewal.

The costs of maintaining aquaculture licences in Norway are insignificant. There are no annual fees or other types of duties attached to the actual licence. However, there are certain fees to be paid for inspection and control of the licences. Fees also have to be paid to establish new locations and/or to extend/amend locations. As a main rule, an amount of NOK 12,000 is paid per licence involved in an application for amendment at location level, cf. section 2 of the Regulation relating to fees and duties for aquaculture activities. All fees and costs are immediately recognised as an operating expense.

Assessment of economic life

According to past and present legislation and the general interpretation and practice in the industry, Norwegian fish farming licences are not a time-limited right, and licences should therefore not be subject to amortisation.

Grow out licences and juvenile fish licences

The following factors played a key role in the assessment of whether licences have an indefinite useful life, with reference to the description of licence types above:

(1) No time limitation on the licences
(2) Extremely low expenditure involved in maintaining the licences
(3) High threshold for revocation of the licences; this has never happened in Norway

It has also been noted that the licences are registered in the public aquaculture register as without time limitation.

On this basis, the economic life is assessed as indefinite for the grow out licences and juvenile fish licences, in accordance with IAS 38.90.

Brood stock licences

As mentioned above, these licences are granted for 15 years at a time, and applications can be submitted for renewal. In 2007, the duration of brood stock licences was amended from 10 years to 15 years (amendment to regulation dated 14 August 2007 no. 986). In the consultation document dated 7 June 2007, the Ministry stated the following regarding time limitation for brood stock licences in item 3.3: "The recommendation implies that the licences shall be time-limited for a period (...) with clearly defined predictability for extension of new periods. Time-limited licences may however result in less predictability for the entities than licences without time limitations. Predictability is key as breeding and brood stock production is a time-consuming and resource-intensive activity, but this is provided for by (...) fixed term period with clearly defined predictability for extension."

IAS 38.94 states that if the contractual or legal rights can be renewed for a limited period of time, the useful life of the intangible asset should include the renewal period(s) only if there is documented evidence to support that the cost of the renewal for the entity is not significant. IAS 38.96 provides guidelines describing factors that can be included in this assessment. The following factors have been central to LSG's assessment of indefinite useful life for the brood stock licences:

a) The entity's licences have always been renewed. Renewal

does not require third-party consent, but is based on factors that are under the control of the entity, i.e. the terms of the licence are met and an application for renewal has been submitted before the expiry of the 15-year period. The main condition for renewal is that brood stock production is carried out in connection with a breeding system. Brood stock production will continue to be an integral part of LSG's value chain, and as such this requirement is met.
b) the entity can document fulfilment of the licence conditions,
c) the cost to the entity for renewal is not significant, when compared with the future economic benefits expected to flow to the entity from renewal.

Demonstration licences
The Group's demonstration licences are allocated for a period of 10 years. Applications can be submitted for renewal of demonstration licences provided that the terms for the licence are met pursuant to the Aquaculture Act. As with brood stock licences, this type of licence is defined as being for special purposes. Both brood stock and demonstration licences are a type of activity without any definite time limitation. In principle, the same factors as for brood stock licences will apply to demonstration licences.

NOTE 1 IMPORTANT ACCOUNTING ESTIMATES AND ASSESSMENTS

Estimates and assessments are reviewed continuously and are based on historical experience and other factors, including expectations of future events that seem probable in view of present circumstances.

The Group develops estimates and makes assumptions regarding future events. The accounting-related estimates from this process will, by definition, rarely be in exact agreement with the final results. Estimates and assumptions with a high risk of significant changes in capitalised values of assets and liabilities during the next accounting year, are discussed below.

(a) Value adjustment of biological assets
Accounting of live fish in companies listed on the stock exchange is regulated by IAS 41 Agriculture. The main rule is that such assets, including live fish, shall be valued at market price less estimated sales costs.

LSG recognises and assesses biological assets (fish in sea) at fair value. The price is then adjusted to cater for quality differences (superior, ordinary and production) and logistic costs. The volume is adjusted to account for loss during gutting. The fair value of fish in the sea with an average weight of under 4 kg is adjusted in relation to the phase of the growth cycle for the fish. The value will not be adjusted to lower than historic cost, unless the Group expects to generate a loss from future sales.

Other biological assets (roe, fry and smolt) are valued at cost price since little biological transformation has occurred (IAS 41.24).

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

A sensitivity analysis for the prices of Atlantic salmon and trout at 31.12.2014, shows the following impact on the Group's operating result (NOK 1 000):

Price reduction per kilo	**NOK/kg 1,00**	**NOK/kg 2,00**	**NOK/kg 5,00**
Reduced operating result	-62 987	-125 554	-310 916

Price increase per kilo	**NOK/kg 1,00**	**NOK/kg 2,00**	**NOK/kg 5,00**
Increased operating result	63 787	128 328	322 949

Reference is also made to the information in note 7.

(b) Estimated impairment of goodwill and other intangibles
The Group performs tests to assess possible impairment in the value of goodwill and other intangibles, see note 2. The tests are based on the Group's expected future earnings as a cash-generating unit, as well as on the synergies that may be realised in the Group. Negative changes in market conditions may lead to reduced estimates of future earnings, and may therefore generate a need for write-downs.

NOTE 2 INTANGIBLE ASSETS

(All figures in NOK 1 000)

RECONCILIATION CARRYING VALUE, GROSS VALUE AND LIFE

2013	Goodwill	Licences	Rights	Total
AS OF 1 JANUARY 2013				
Acquisition cost	1 993 129	1 942 016	57 700	3 992 845
Accumulated amortisation			-20 792	-20 792
Balance sheet value as of 01.01.13	**1 993 129**	**1 942 016**	**36 908**	**3 972 053**
FINANCIAL YEAR 2013				
Balance sheet value as of 01.01.13	1 993 129	1 942 016	36 908	3 972 053
Conversion difference	16 282	810	981	18 073
Disposal of subsidiaries	-926			-926
Acquisition of intangible assets			20 081	20 081
Disposal of intangible assets		-10 032	-10 165	-20 197
Amortisation for the year			-1 943	-1 943
Balance sheet value as of 31.12.13	**2 008 485**	**1 932 794**	**45 862**	**3 987 141**
AS OF 31 DECEMBER 2013				
Acquisition cost	2 008 485	1 932 794	68 619	4 009 898
Accumulated amortisation			-22 757	-22 757
Balance sheet value as of 31.12.13	**2 008 485**	**1 932 794**	**45 862**	**3 987 141**
Assets with unlimited useful life	2 008 485	1 932 794	2 000	3 943 279
Assets with limited useful life			43 862	43 862
Balance sheet value as of 31.12.13	**2 008 485**	**1 932 794**	**45 862**	**3 987 141**

2014	Goodwill	Konsesjoner	Rettigheter	Sum
FINANCIAL YEAR 2014				
Balance sheet value as of 01.01.2014	2 008 485	1 932 794	45 862	3 987 141
Conversion difference	10 451		101	10 552
Additions from business combinations	62 870	176 208		239 078
Correction, incorrect grouping 2013	900	-900		0
Acquisition of intangible assets			2 615	2 615
Amortisation for the year			-4 994	-4 994
Balance sheet value as of 31.12.2014	**2 082 705**	**2 108 102**	**43 584**	**4 234 391**
AS OF 31 DECEMBER 2014				
Acquisition cost	2 082 705	2 108 102	71 361	4 262 168
Accumulated amortisation			-27 777	-27 777
Balance sheet value as of 31.12.2014	**2 082 705**	**2 108 102**	**43 584**	**4 234 391**
ASSETS WITH UNLIMITED USEFUL LIFE				
Assets with limited useful life	2 082 705	2 108 102	2 000	4 192 807
Balance sheet value as of 31.12.2014			41 584	41 584
Balance sheet value as of 31.12.2014	**2 082 705**	**2 108 102**	**43 584**	**4 234 391**

SPECIFICATION OF INTANGIBLE ASSETS PER ACQUISITION, PER SEGMENT

31.12.13	Region	Acquisition year	Goodwill	Licences	Rights	Total
FARMING						
Lerøy Midt AS (Lerøy Midnor)	Central	2003	50 418	285 000		335 418
Lerøy Aurora (Group)	North	2005	71 697	116 563	2 000	190 260
Lerøy Midt AS (Lerøy Hydrotech)	Central	2006	906 091	360 000	-	1 266 091
Lerøy Vest AS	West	2007	535 001	497 718	22 468 [1]	1 055 187
Sjøtroll Havbruk AS	West	2010	205 954	673 513		879 467
Sum for Farming segment			**1 769 161**	**1 932 794**	**24 468**	**3 726 423**
VAP						
Lerøy Smøgen Seafood AB		2002, 2003	15 612			15 612
Lerøy Fossen AS		2006	23 976			23 976
Rode Beheer BV Group		2012	118 551			118 551
Sum for VAP segment			**158 139**	**0**	**0**	**158 139**
SALES & DISTRIBUTION						
Sum for S&D segment			**81 185**	**0**	**21 394**	**102 579**
Total			**2 008 485**	**1 932 794**	**45 862**	**3 987 141**

31.12.14	Region	Acquisition year	Goodwill	Licences	Rights	Total
FARMING						
Lerøy Midt AS	Central	2003, 2006	956 509	644 100		1 600 609
Lerøy Aurora (Group)	North	2005	71 697	116 563	2 000	190 260
Lerøy Vest AS	West	2007	535 001	497 718	20 596[1]	1 053 315
Sjøtroll Havbruk AS	West	2010	205 954	673 513		879 467
Lerøy Finnmark AS	North	2014	62 870	176 208		239 078
Sum for Farming segment			**1 832 031**	**2 108 102**	**22 596**	**3 962 728**
VAP						
Lerøy Smøgen Seafood AB		2002, 2003	15 612			15 612
Lerøy Fossen AS		2006	23 976			23 976
Rode Beheer BV Group		2012	127 702			127 702
Sum for VAP segment			**167 290**	**0**	**0**	**167 290**
SALES & DISTRIBUTION						
Sum for S&D segment			**83 385**	**0**	**20 988[1]**	**104 373**
Total			**2 082 706**	**2 108 102**	**43 584**	**4 234 391**

[1] These assets have an definite useful life and are subject to amortisation. The other assets listed are not amortised.

Licences

Below is a list of the licences owned by LSG at the end of the financial year according to type, number and volume. The list is based on data registered in the Aquaculture Register.

	Grow out fish						Brood stock		Total	
	Commercial		Demonstration		Slaughter cage		Commercial		All types	
Licences in the sea:	**Volume (MAB)**	**No.**	**Volume (MTB)**	**No.**	**Volume (MAB)**	**No.**	**Volume (MAB)**	**No.**	**Volume (MAB)**	**No.**
Lerøy Aurora (North)	23 625	25	945	1	900	1	0	0	25 470	27
Lerøy Midt (Central)	41 340	53	780	1	780	1	780	1	43 680	56
Lerøy Sjøtroll (West)	44 980	57	0	0	1 030	2	1 560	2	47 570	61
Total	**109 945**	**135**	**1 725**	**2**	**2 710**	**4**	**2 340**	**3**	**116 720**	**144**

LSG also has the following commercial juvenile fish licences for production of salmon and trout:

Lerøy Aurora (North Norway): 1 licence covering 7,500 individuals.
Lerøy Midt (Central Norway): 7 licences totalling 27,500 individuals.
Lerøy Sjøtroll (West Norway): 15 licences covering 44,440 individuals.

The Group also has two licences for juvenile fish production covering the two species, lumpfish and ballan wrasse (Wrasse).

For a more detailed explanation of why licences are deemed to have an indefinite useful life and are therefore not subject to amortisation, see note Z on accounting principles.

Rights

In addition to goodwill and licences, intangible assets also comprise other rights.
These rights comprise the following subcategories:

	Water rights				
	Time indefinite	**Limited**	**Delivery contracts**	**Other assets**	**Total**
Book value as of 31.12.2014					
Farming	2 000	20 596			**22 596**
VAP					**0**
Sales & Distribution			17 750	3 238	**20 988**
Total	2 000	20 596	17 750	3 238	**43 584**
Accumulated acquisition cost	2 000	44 973	20 000	4 388	**71 361**
Accumulated amortisation	0	-24 377	-2 250	-1 150	**-27 777**
	2 000	20 596	17 750	3 238	**43 584**
Life	No time limit	25 years	7 - 10 years	3-5 years	
Amortisation method	none	straight line	straight line	straight line	

Cash-generating units (CGU)

With each acquisition or purchase of assets, goodwill, licences and rights are allocated to the different cash-generating units. Each legal unit in the Group in principle comprises one cash-generating unit. Goodwill and intangible assets with an indefinite useful life are not amortised, but shall be tested for impairment at least once a year and written down if their value can no longer be justified. The management assesses the carrying value of goodwill and intangible assets with an indefinite useful life per CGU at least once a year, and more frequently if there are indications of impairment. Useful life is utilised when establishing recoverable amount.

The table below displays the distribution of goodwill and intangible assets with an indefinite useful life per CGU.

Farming

Impairment tests of goodwill and intangible assets with an indefinite useful life have been summarised below for each CGU in the segment.

The region for North Norway has two units – Lerøy Finnmark AS and Lerøy Aurora AS Group – which have been combined to one CGU subsequent to their merger in February 2015. This cash-generating unit is referred to as "Lerøy Aurora".

The two units in the region of Central Norway – Lerøy Midnor AS and Lerøy Hydrotech AS – were merged to form Lerøy Midt AS in 2013, and have been combined into one cash-generating unit that comprises Lerøy Midt AS Group. The Group operates as one unit. This cash-generating unit is referred to as "Lerøy Midt".

The region for West Norway has two units – Lerøy Vest AS and Sjøtroll Havbruk AS – which have been combined to one CGU subsequent to their joint operation agreement entered into in 2014. The two companies have joint management and operate in practice as one unit. This cash-generating unit is referred to as "Lerøy Sjøtroll".

VAP

As described above, the significant amount of goodwill in this segment is allocated to the Rode subgroup. In order to simplify matters and by requirement, the impairment test of goodwill is summarised below for Rode and the other CGUs in the segment respectively.

Sales & Distribution

In order to simplify matters and by requirement, the impairment test of goodwill is summarised for the segment in total.

Book value of intangible assets per CGU	Goodwill	Licences	Rights	Total
Lerøy Aurora	134 567	292 771	2 000	429 338
Lerøy Midt	956 509	644 100	-	1 600 609
Lerøy Sjøtroll	740 955	1 171 231	20 596[1)]	1 932 782
Rode Beheer BV Group	127 702	-	-	127 702
Other VAP companies	39 588	-	-	39 588
Sales & Distribution	83 385	-	20 988[1)]	104 373
Total	**2 082 706**	**2 108 102**	**43 584**	**4 234 391**

[1)] Definite useful life and subject to amortisation. Other assets are not amortised.

Impairment tests

The impairment test for cash-generating units is based on estimated present values of future cash flows. The present value is compared with the book value per cash-generating unit. The present value is calculated on the basis of discounted cash flows over the next five years. The analysis is based on the budget for the next year and the estimated profit/loss over the next four years. A terminal value is estimated for the period following the next five years. The Gordon growth model is applied to estimate terminal value.

The impairment test did not produce grounds for write-down of goodwill or intangible assets with an indefinite useful life in 2014. The management's calculations show that this conclusion is robust in the face of reasonable changes in conditions in the future. Historically, the Group has experienced a significant production growth per licence in Norway. The model is based on an assumption of zero growth in volume which is a very conservative projection. It is probable that such a low growth rate would result in a margin expansion, a condition which is barely covered by the model.

The critical value for the required rate of return on total assets before tax is between 13 and 108 percent. For the VAP and Sales & Distribution segments, the book values are almost totally justified by the estimated profit/loss for the next five years – in other words, the book values for this segment are not critically reliant on the conditions related to the terminal element.

The Farming segment requires an EBIT in the terminal element of an amount from NOK 0.6 to NOK 2.1 per kg. This amount corresponds by a good margin with the historical figures reported.

The management has also carried out tests of sensitivity related to price, cost and volume. With the implemented WACC and best estimate for the terminal element, the tests show that this value is also robust in the face of changes in these parameters.

Key premises and sensitivity estimates

Key premises:	**2014**	**2013**
Discount rate (WACC) before tax	7,7 %	11,5 %
Discount rate (WACC) after tax	5,6 %	8,4 %
Nominal rate of growth	2,5 %	2,5 %
Projected inflation	2,5 %	2,5 %
Projected real growth	0,0 %	0,0 %

Sensitivity analysis per CGU	**Book value tested**	**Implemented WACC**	**Critical value in the terminal element (with WACC implemented)**		**Critical WACC**
Lerøy Aurora	429 338	7,7 %	0,6	2)	22,9 %
Lerøy Midt	1 600 609	7,7 %	1,1	2)	17,8 %
Lerøy Sjøtroll	1 912 186	7,7 %	2,1	2)	12,8 %
Total for Farming segment	**3 942 132**	**7,7 %**	**1,4 %**	2)	**16,6 %**
Rode Beheer BV Group	127 702	7,7 %	0,7 %	3)	22,5 %
Other VAP companies	39 588	7,7 %	0,7 %	3)	17,5 %
Total for VAP segment	**167 290**	7,7 %	**0,7 %**	3)	**19,9 %**
Sales and Distribution	**83 385**	**7,7 %**	**-0,3 %**	3)	**107,6 %**

2) The terminal value for Farming is estimated on the basis of EBIT/kg.

3) The terminal value for VAP and Sales & Distribution is estimated on the basis of the profit margin.

NOTE 3 TANGIBLE FIXED ASSETS

(All figures in NOK 1 000)

2013	Real estate	Buildings	Machines, furnish-ings, equip.,etc.	Total
1 JANUARY 2013				
Acquisition cost	41 938	974 189	2 578 689	3 594 816
Accumulated depreciation		-195 977	-1 271 300	-1 467 277
Accumulated impairment loss		-15 000	-18 000	-33 000
Balance sheet value 01.01.13	**41 938**	**763 212**	**1 289 389**	**2 094 539**
ACCOUNTING YEAR 2013				
Balance sheet value 01.01.13	41 938	763 212	1 289 389	2 094 539
Conversion differences	2 117	13 003	6 399	21 519
Tangible fixed assets acquired	30 712	137 480	423 073	591 265
Tangible fixed assets sold	-3 042	-4 177	-12 360	-19 579
Depreciation for the year	0	-39 211	-266 021	-305 232
Impairment loss		0	-5 500	-5 500
Balance sheet value 31.12.13	**71 725**	**870 307**	**1 434 980**	**2 377 012**
31 DECEMBER 2013				
Acquisition cost	71 725	1 118 366	2 993 257	4 183 348
Accumulated depreciation	0	-233 059	-1 534 777	-1 767 836
Accumulated impairment loss		-15 000	-23 500	-38 500
Balance sheet value 31.12.13	**71 725**	**870 307**	**1 434 980**	**2 377 012**

2014	Real estate	Buildings	Machines, furnish-ings, equip.,etc.	Total
ACCOUNTING YEAR 2014				
Balance sheet value 01.01.14	71 725	870 307	1 434 980	2 377 012
Conversion differences	1 071	8 400	3 579	13 050
Tangible fixed assets acquired	0	109 568	493 899	603 467
Effect of business combinations	1 463	22 774	39 387	63 624
Tangible fixed assets sold	-374	-9 129	-4 465	-13 968
Depreciation for the year	0	-56 917	-307 570	-364 487
Impairment loss	-1 103	-879	0	-1 982
Balance sheet value 31.12.14	**72 782**	**944 124**	**1 659 810**	**2 676 716**
31 DECEMBER 2014				
Acquisition cost	73 974	1 241 280	3 541 784	4 857 038
Accumulated depreciation	0	-281 406	-1 858 474	-2 139 880
Accumulated impairment loss	-1 192	-15 750	-23 500	-40 442
Balance sheet value 31.12.14	**72 782**	**944 124**	**1 659 810**	**2 676 716**

Fixed assets acquired includes capitalized interests of NOK 2.0 million in 2014 and NOK 7.9 million in 2013.
Impairment loss in 2014 relates to a minor location where normal business activity has ended.
Information on estimated useful life for fixed assets is provided in paragraph (H) in the description of accounting principles.
Information on leasing is provided in note 18. Information on mortgages for fixed assets is provided in note 6.

NOTE 4 SUBSIDIARIES, ASSOCIATES, ETC.

(All figures in NOK 1 000)

An overview of subsidiaries in Lerøy Seafood Group ASA is shown below. For additional information, see also note 3 in Lerøy Seafood Group ASA's financial statements.

Company	Segment	Location	Ownership / voting shares
Lerøy Aurora AS	Farming	Tromsø	100 %
Lerøy Finnmark AS	Farming	Tromsø	100 %
Lerøy Midt AS	Farming	Hitra	100 %
Lerøy Vest AS	Farming	Bergen	100 %
Sjøtroll Havbruk AS	Farming	Austevoll	50,71 %
Lerøy Fossen AS	VAP	Bergen	100 %
Rode Beheer BV	VAP	Urk, Netherlands	50,11 %
Hallvard Lerøy AS	S&D	Bergen	100 %
Lerøy Alfheim AS	S&D	Bergen	100 %
Lerøy Delico AS	S&D	Stavanger	100 %
Lerøy Trondheim AS	S&D	Trondheim	100 %
Sjømathuset AS	S&D	Oslo	100 %
Lerøy Sverige AB	S&D	Gothenburg, Sweden	100 %
Lerøy Finland OY	S&D	Finland	100 %
Lerøy Processing Spain S.L	S&D	Madrid, Spain	100 %
Lerøy Portugal Lda	S&D	Portugal	60 %
Lerøy & Strudshavn AS	S&D	Bergen	100 %
Sandvikstomt 1 AS	Elimination/ASA	Bergen	100 %

CHANGES IN THE GROUP IN 2014

Lerøy Finnmark AS

Villa Organic AS was per 30 June 2014 a Group associate (owned 49.5% by Lerøy Seafood Group ASA). In July 2014, the Villa group was restructured. As part of the restructuring, Villa Arctic AS was merged with the parent company Villa Organic AS. Villa Organic AS was then de-merged, and the assets and liabilities of Villa Organic AS were split between Lerøy Seafood Group ASA and SalMar ASA according to agreement between the parties, based on their respective ownership percentages in Villa Organic AS. Assets and liabilities in Villa Organic AS attributed to Lerøy Seafood Group ASA were placed in the company Lerøy Finnmark AS, which was owned 99.94% by Lerøy Seafood Group ASA at the date of the de-merger. The remaining non-controlling interests were thereafter acquired.The effect is further described in note 23 which is prepared in accordance with IFRS 3.

ASSOCIATES	Norskott Havbruk AS	Alfarm Alarko Lerøy	Villa Organic AS	Salmo-breed AS	Other companies	Total income from associates
Calculation of balance sheet value 31.12.13						
Opening balance 01.01.13	402 435	22 291	294 261	5 014	11 070	735 071
The year's purchases, disposals and capital paid in			-288 843	-5 014	7 622	-286 235
Share of the year's result	95 540	2 309	-5 418		-492	91 939
Dividend	-36 250					-36 250
Currency impacts, etc.	58 911	3 121			424	62 456
Other changes	-16					-16
Closing balance 31.12.13	**520 620**	**27 721**	**0**	**0**	**18 624**	**566 965**
Calculation of gain from business combination						
Fair value at date of business combination			364 198			364 198
Net book value on shares in Villa in LSG`s accounts			289 234			289 234
Gain from business combination			**74 964**			**74 964**
Calculation of gain from sale of shares						
Proceeds from sales of shares (after transaction costs)				42 941		42 941
Net book value on shares in Salmobreed AS				5 014		5 014
Gain from sale of shares				**37 927**		**37 927**
Gains included in the EBIT (other gains and losses):			**74 964**	**37 927**		**112 891**

Information on significant associates		
Company name	Norskott Havbruk AS konsern	Alfarm Alarko Lerøy
Place of business	Bergen	Istanbul, Tyrkia
Ownership/voting shares	50 %	50 %
Acquisition cost	163 273	11 546
Financial information 2014 (100%):		
Assets	1 684 802	65 670
Liabilities	643 562	10 225
Equity	1 041 240	55 445
Turnover	1 384 613	160 809
Annual profit/loss	191 079	4 616

The accounting figures for associates, as shown above, are prepared in accordance with IFRS.

Norskott Havbruk AS (Group) has fish farming activities in Scotland. Key figures for the company's inventory of fish in sea are as follows for 2014:

	Norskott Havbruk AS (Group)		Villa Organic AS (Group)		Sum LSG`s shares
Ownership:	100 %	50 %	100 %	49,4 %	
Total fish in sea (LWT)	17 374	8 687	0	0	8 687
Fair value adjustment biological assets					
Value adjustment 1.1.2014	65 978	32 989	179 000	88 488	121 477
Impact of adjustment on annual result	8 306	4 153	-163 547	-80 849	-76 696
Disposal of FV adjustments related to Villa			-15 453	-7 639	-7 639
Value adjustment 31.12.2014	74 284	37 142	0	0	37 142
Cost price of biological assets	735 046	367 523	0	0	367 523
Balance sheet value of biological assets 31.12.2014	**809 330**	**404 665**	**0**	**0**	**404 665**
Fair value adjustment from associates that are included in the calculation of key figures "before biomass adjustment"					
Profit and loss impact before tax		4 153		-80 849	-76 696
Tax (27%)		-1 121		21 829	20 708
Profit and loss impact after tax		**3 032**		**-59 020**	**-55 988**

Shares available for sale	**Location**	**Ownership / voting shares**	**Cost price**	**Fair value adjustment**	**Fair value 31.12**
DNB Private Equity II (IS) AS	Oslo	1,11 %	6 403	0	6 403
Bulandet Eiendom AS	Bulandet	12,67 %	625	0	625
Misc. minority shareholdings			1 038	0	1 038
Total shares available for sale			**8 066**	**0**	**8 066**
Fair value adjustment 01.01				0	
Change in fair value adjustment over other comprehensive income				**0**	

NOTE 5 FINANCIAL INSTRUMENTS

(All figures in NOK 1 000)

CURRENCY FORWARD CONTRACTS

The table below shows the company's currency forward contracts per 31.12.2014. They are for purchase or sale against NOK.

CURRENCY	Currency figure forward contract	Forward exchange rate	Forward contract total	Exchange rate 31.12.14	Estimated fair value currency forwards 31.12.14 NOK
EUR	89 390	8,66	773 719	9,03	-33 535
SEK	260 500	0,937	244 101	0,959	-5 719
JPY	3 940 000	0,0607	239 266	0,062	-5 436
USD	34 592	6,65	230 019	7,43	-26 996
GBP	10 130	11,719	118 716	11,56	1 614
DKK	58 800	118,53	69 695	121,28	-1 618
AUD	3 480	5,915	20 583	6,083	-586
CHF	1 430	7,080	10 124	7,508	-613
Total					**-72 888**

A significant share of Group turnover is earned in other currencies than NOK (ref. Note 13). The Group minimises currency risk on the accounts by hedging contractual sales one-to-one with forward exchange contracts, while weekly currency earnings from spot sales are sold on a continuous basis.

As illustrated in the table above, the impact of effectuated forward exchange contracts represents a net negative marked value of NOK 72.9 million as of 31.12.2014. The forward exchange contracts are carried at fair value and are classified as other current liabilities as of 31.12.2014.

The value of the Norwegian currency is one of many parameters to have an impact on the Group's competitive strength. The Group constantly has a substiantial volume of biomass in the sea which constitutes future sales. For information on the distribution of currency among outstanding trade receivables, ref. Note 9.

The impact on earnings of net gains and losses throughout the year from fair value hedging in 2014 is NOK -1.9 million, with a corresponding increase in cost of materials.

INTEREST SWAPS

The fair value of the interest swap agreement (gross liability) is carried in the item for "other long-term liabilities". The effective share of the change in value of the interest swap agreement is recognised in comprehensive income (cash flow hedging). The tax impact is also recognised in comprehensive income, and is therefore not included in the tax cost for the year in the income statement.

Interest swap agreements	Nominal value	Gross commitment carried / fair value	Related deferred tax	Impact on equity
1 January 2013				
Agreement of 17 November 2011, 10 years, 3.55%	500 000			
Agreement of 17 January 2012, 10 years, 3.29%	500 000			
Total nominal value on interest swap agreements (3.42%)	1 000 000			
Fair value adjustment 31.12		-44 788	12 541	-32 247
Status as of 31.12.2013	**1 000 000**	**-44 788**	**12 541**	**-32 247**
Accounting year 2013				
Net book value 01.01.2013	1 000 000	-44 788	12 541	-32 247
Change in fair value 2013		12 202	-3 416	8 785
Status as of 31.12.2013	**1 000 000**	**-32 586**	**9 124**	**-23 462**
31 December 2013				
Agreement of 17 November 2011, 10 years, 3.55%	500 000			
Agreement of 17 January 2012, 10 years, 3.29%	500 000			
Total nominal value on interest swap agreements (3.42%)	1 000 000			
Fair value adjustment 31.12		-32 586	9 124	-23 462
Status as of 31.12.2013	**1 000 000**	**-32 586**	**9 124**	**-23 462**

Interest swap cost in 2013 was NOK 16 474.

Accounting year 2014				
Net book value 01.01.2014	1 000 000	-32 586	9 124	-23 462
Change in fair value 2014		-98 904	26 704	-72 200
Status as of 31.12.2014	**1 000 000**	**-131 490**	**35 828**	**-95 662**
31 December 2014				
Agreement of 17 November 2011, 10 years, 3.55%	500 000			
Agreement of 17 January 2012, 10 years, 3.29%	500 000			
Total nominal value on interest swap agreements (3.42%)	1 000 000			
Fair value adjustment 31.12		-131 490	35 828	-95 662
Status as of 31.12.2014	**1 000 000**	**-131 490**	**35 828**	**-95 662**

Interest swap cost in 2014 was NOK 17 303.

FINANCIAL FISH POOL CONTRACTS

Lerøy Seafood Group has a very limited number of open financial Fish Pool contracts at the end of 2014
Such volume is signficantly less than 1% of expected own produced volume of Atlantic salmon and trout in 2015.
Estimated fair value on the contracts at the end of 2014 amounts to NOK -540.

FINANCIAL INSTRUMENTS BY CATEGORY

The following principles have been used for assessment of financial instruments in the balance sheet:

31.12.2013 - Assets	Claims, receivables and cash	Assets at fair value over result	Derivatives used for hedging	Available for sale	Total
Shares available for sale				5 553	5 553
Financial fishpool contracts			917		917
Trade and other receivables *	1 568 287				1 568 287
Cash and cash equivalents	872 513				872 513
Total	**2 440 800**	**0**	**917**	**5 553**	**2 447 270**

31.12.2013 - Liabilities	Financial liabilities at amortized cost	Liabilities at fair value over result	Derivatives used for hedging	Other financial liabilities	Total
Derivatives cash flow hedging (interest swap agreements)			32 586		32 586
Loans (excl. financial leasing)	2 409 392				2 409 392
Financial leasing	314 082				314 082
Overdraft facility	264 223				264 223
Trade payables and other debt **			8 712	1 068 092	1 076 804
Total	**2 987 697**	**0**	**41 298**	**1 068 092**	**4 097 087**

31.12.2014 - Assets	Claims, receivables and cash	Assets at fair value over result	Derivatives used for hedging	Available for sale	Total
Shares available for sale				8 066	8 066
Trade and other receivables *	1 474 254				1 547 142
Cash and cash equivalents	1 360 272				1 360 272
Total	**2 834 526**	**0**	**0**	**8 066**	**2 915 480**

31.12.2014 - Liabilities	Financial liabilities at amortized cost	Liabilities at fair value over result	Derivatives used for hedging	Other financial liabilities	Total
Derivatives cash flow hedging (interest swap agreements)			131 490		131 490
Financial fishpool contracts			540		540
Loans (excl. financial leasing)	2 641 491				2 641 491
Financial leasing	461 180				461 180
Overdraft facility	133 723				133 723
Trade payables and other debt **			72 888	1 240 928	1 313 816
Total	**3 236 394**	**0**	**204 918**	**1 240 928**	**4 682 240**

*) Trade and other receivables excl. pre-payments and reimbursable public duties

**) Trade payables and other debt, excl. statutory fees

FINANCIAL INSTRUMENTS AT FAIR VALUE BY LEVEL

The table below shows financial instruments as of 31.12 at fair value according to valuation method. The different levels are defined as follows:

Level 1: Price listed on an active market for an identical asset or liability
Level 2: Valuation based on other observable factors than price listed (used in level 1), either direct (price) or indirect (derived from prices) for the asset or liability
Level 3: Valuation based on factors not obtained from observable markets (non-observable premises)

31.12.2014 - Assets	**Level 1**	**Level 2**	**Level 3**
Financial assets available for sale			
– Shares			8 066
Total			**8 066**

31.12.2014 - Liabilities	**Level 1**	**Level 2**	**Level 3**
Derivatives used for hedging			
– Cash flow hedging		131 490	
- Value hedging		72 888	
Financial fishpool contracts		540	
Total		**204 918**	

NOTE 6 LOANS, MORTGAGES AND GUARANTEES

(All figures in NOK 1 000)

	2014	2013
LONG-TERM INTEREST-BEARING DEBT		
Debt to credit institutions, etc.	**2 641 491**	2 409 392
Leasing liabilities (see note 18)	**461 180**	365 763
Next year's instalments on long-term liabilities	**-335 553**	-418 351
Total long-term interest-bearing debt 31.12	**2 767 118**	2 356 803
SHORT-TERM INTEREST-BEARING DEBT		
Debt to credit institutions (multi-currency credit)	**133 723**	264 223
Next year's instalments on long-term liabilities	**335 553**	418 351
Total short-term interest-bearing debt 31.12	**469 276**	682 574
Total interest-bearing debt 31.12	**3 236 394**	3 039 377
Short term interest bearing receivables	**0**	50 000
Bank deposits	**1 360 272**	872 513
Net interest-bearing debt 31.12	**1 876 122**	2 116 864
LOANS SECURED BY MORTGAGES		
Long-term debt to credit institutions, etc.	**2 641 491**	2 409 392
Short-term debt to credit institutions (multi-currency credit)	**133 723**	264 223
Leasing liabilities	**461 180**	365 763
Total liabilities secured by mortgages 31.12	**3 236 394**	3 039 377
MORTGAGED ASSETS		
Trade and other receivables	**588 651**	397 623
Shares in associates (Norskott Havbruk AS)	**520 620**	402 434
Biological assets and other goods	**3 124 490**	3 175 298
Buildings and other fixed assets	**2 524 834**	2 243 790
Licences	**1 318 473**	1 318 473
Total	**8 077 068**	7 537 618
Long-term loans with maturities over 5 years		
Debt to credit institutions etc. and leasing liabilities	**946 516**	900 378
Total	**946 516**	900 378

Interest-bearing debt specified by currency	**2014**	2013
NOK	**3 030 015**	2 871 414
SEK	**125 332**	103 819
EUR	**81 047**	64 144
Total	**3 236 394**	3 039 377

(Continues on next page)

Payment profile financial liablities	2015	2016	2017	2018	2019	After 2019	Total
INSTALMENT PROFILE LONG-TERM DEBT							
Instalments on bank loans	238 396	536 596	235 044	232 958	559 501	838 996	2 641 491
Instalments on leasing debt	97 157	85 329	70 288	57 982	42 903	107 521	461 180
Total	**335 553**	**621 925**	**305 332**	**290 940**	**602 405**	**946 516**	**3 102 671**
INTEREST PAYMENT PROFILE LONG-TERM DEBT							
Interest on bank loans	102 604	89 791	77 033	69 295	56 193	98 231	493 147
Interest on leasing debt	14 021	10 921	8 277	6 097	4 383	9 400	53 099
Total	**116 625**	**100 712**	**85 310**	**75 392**	**60 576**	**107 631**	**546 246**
OTHER SHORT-TERM FINANCIAL LIABILITIES							
Overdraft	133 723						133 723
Accrued interests	9 733						9 733
Total	**143 456**	**0**	**0**	**0**	**0**	**0**	**143 456**
Total	**595 634**	**722 637**	**390 642**	**366 332**	**662 981**	**1 054 147**	**3 792 373**

Instalments in 2015 are classified as short-term debt in the balance sheet (short-term credits).

The Group's financial liabilities are classified according to payment profile. Classification is based on contractually agreed date of maturity. The financial liability from the interest swap agreement defined as cash flow hedge, is included in the estimated interest costs on the hedged item. All amounts in the table are undiscounted cash flows. The loans run at NIBOR plus margin.

Financial «covenants»

The Group's main borrowing conditions ("covenants") are to maintain an equity ratio of at least 30% and to ensure that net interest-bearing debt over EBITDA does not exceed 5.0. When calculating the equity ratio, the balance sheet value is adjusted for bank deposits and deferred tax associated with licences. There are also some capital adequacy requirements in some of the subsidiaries that are all 30% or lower.
Finally, there are requirements regarding a so-called "borrowing base" in Lerøy Midt AS, Lerøy Vest AS and Sjøtroll Havbruk AS for the short-term overdraft facilities.

None of the Group companies have been in breach of their covenants in 2014.

Fair value, borrowing costs etc

The book value of long-term debt approximates fair value. There are no significant new loan charges that are not amortised over the life of the loan. There are no significant loans with fixed interest in the Group.

An increase (reduction) in the interest level of 1% would have caused an increase (reduction) in interest costs of NOK 19 349 for 2015. Average interest-bearing debt in 2015 according to the payment profile above has been used as the base for this calculation. NOK 1 000 000 of total interest bearing debt will not be infuenced by any change in the interest level due to the interest swap agreements.

NOTE 7 BIOLOGICAL ASSETS

(All figures in NOK 1 000)

	2014	2013
Biological assets 01.01	**3 727 361**	2 724 941
Increase due to added costs during the year	**5 043 588**	4 568 005
Reduction due to sale / harvesting	**-4 835 552**	-4 328 897
Business combinations	**72 553**	0
Change in value adjustment of biological assets (earnings impact)	**-325 957**	763 312
Biological assets 31.12	**3 681 993**	3 727 361

LSG recognises and assesses biological assets (fish in sea) at fair value. The price is then adjusted to cater for quality differences (superior, ordinary and production) and logistic costs. The volume is adjusted to account for loss during gutting. The fair value of fish in the sea with an average weight of under 4 kg is adjusted in relation to the phase of the growth cycle for the fish. The value will not be adjusted to lower than historic cost, unless the Group expects to generate a loss from future sales. Other biological assets (roe, fry and smolt) are valued at cost price since little biological transformation has occurred (IAS 41.24).

The calculation of fair value is carried out using a valuation model (level 3 in the valuation hierarchy) whereby value is estimated on the basis of observable market prices at the end of each period. For information on the valuation hierarchy, ref. Note 5

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

Volume	**2014**	2013
Total fish in sea (LWT)	**107 505**	103 107
Harvestable fish (> 4kg LWT)	**37 871**	41 529

Capitalised value of biological assets	**2014**	2013
Value adjustment harvestable fish (> 4kg)	**445 291**	458 996
Value adjustment immature fish (< 4kg)	**339 254**	651 506
Total value adjustment of biological assets	**784 545**	1 110 502
Cost price of biological assets	**2 897 448**	2 616 859
Total	**3 681 993**	3 727 361

The change in inventory of biological assets is based on full cost. The change in cost price due to costs added, and decrease due to harvesting, amounts to NOK 280 589 (NOK 2 897 448 - NOK 2 616 859). In the income statement, this change is carried as a change in inventory.

Fair value adjustment of biological assets	**2014**	2013
Fair value adjustment at 01.01	**1 110 502**	347 190
Impact of value adjustment on year's earnings	**-325 957**	763 312
Fair value adjustment per 31.12	**784 545**	1 110 502

Fair value adjustment of biological assets in income statement	**2014**	2013
Fair value adjustment biological assets	**-325 957**	763 312
Fair value adjustment Fishpool contracts	**-1 457**	917
Total fair value adjustment	**-327 414**	764 229

NOTE 8 OTHER INVENTORIES

(All figures in NOK 1 000)

	2014	2013
Feed, packaging materials, auxiliary and other raw materials	**206 743**	151 403
Finished goods / goods for sale	**320 664**	207 741
Write-down of inventories	**-2 460**	-662
Total other inventories	**524 947**	358 482

NOTE 9 RECEIVABLES

(All figures in NOK 1 000)

Trade receivables	2014	2013
Face value	**1 457 949**	1 514 852
Provision for bad debts	**-30 153**	-28 424
Total trade receivables	**1 427 796**	1 486 428

All but an insignificant part of the Group's trade receivables are covered by credit insurance or other forms of surety. The loss deductable on credit insured trade receivables is 10-30%.

By end of February 2015, 96 % of trade receivables (face value) are collected, which is the same percentage as for previous year. This represents 98 % of book value, which also is the the same as for previous year.

Trade receivables 31.12 - overdue, no provision	2014	2013
0 to 3 months	**243 419**	314 808
3 to 6 months	**43 278**	17 195
More than 6 months	**20 863**	3 917
Total	**307 561**	335 920

Trade receivables 31.12 - overdue, provision	2014	2013
0 to 3 months	**1 626**	3 852
3 to 6 months	**9 965**	2 370
More than 6 months	**8 536**	13 488
Total	**20 127**	19 710

Bad debt, including change in provision for doubtful receivables, amounted to NOK 13 878 in 2014, compared with NOK 8 378 in 2013.

Trade receivables in currency	2014	2013
NOK	**377 692**	448 177
SEK	**198 753**	161 041
GBP	**38 277**	49 684
EUR	**602 806**	592 644
USD	**168 057**	194 922
JPY	**24 670**	29 662
Other currencies	**17 541**	10 298
Total trade receivables	**1 427 796**	1 486 428

The Group has international operations requiring a number of currencies, and is thus exposed to currency risk. Forward exchange contracts are used to hedge, as far as possible, against the currency risk in trade receivables. See also note 5.

Other receivables	2014	2013
VAT to be refunded	**148 851**	176 691
Pre-payments	**34 495**	58 764
Currency futures and impacts of fair value hedging	**72 888**	9 629
Other	**46 458**	71 108
Total other receivables	**302 692**	316 192

NOTE 10 OTHER CURRENT LIABILITIES

(All figures in NOK 1 000)

Other current liabilities	2014	2013
Accrued wages and holiday pay	**152 763**	140 070
Impacts of fair value hedging from currency forward contracts	**72 888**	8 712
Impacts of fair value hedging from fishpool forward contracts	**540**	0
Accrued interest costs	**9 733**	12 527
Accrued customer discounts	**70 286**	64 027
Other accruals	**105 650**	57 314
Other current liabilities	**1 735**	22 424
Total other current liabilities	**413 595**	305 074

(Continues on next page)

NOTE 11 PENSIONS

(All figures in NOK 1 000)

All companies in the Group satisfy the requirements in the Act relating to mandatory occupational pensions (Norwegian: OTP). The schemes are in the main established as defined contribution pension schemes.

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

Moreover, certain Group companies have defined benefit schemes, and other companies have unsecured schemes which are financed by operations. In line with IAS 19 Employee Benefits all estimate differences are reported in the comprehensive income as they occur (no corridor).

Information on the pension cost for the year is also provided in note 14.

Defined contribution scheme	**2014**	2013
Premium recognised for defined contribution scheme	**43 373**	40 992
Net pension cost, defined contribution scheme	**43 373**	40 992

Defined benefit scheme	**2014**	2013
Present value of future pension liabilities	**17 884**	11 969
Provision for undercoverage from old AFP scheme	**147**	326
Fair value of pension funds	**-11 153**	-9 069
Net pension liabilities	**6 878**	3 227

Net pension costs are determined as follows:	**2014**	2013
Present value of the year's earned pensions	**838**	1 155
Net interest effect	**62**	124
Employer's national insurance contribution	**115**	190
Administration costs, etc.	**143**	73
Net pension cost, defined benefit scheme	**1 158**	1 542

Change in capitalised liabilities	**2014**	2013
Balance sheet value as of 01.01	**3 227**	7 647
Costs booked during the year (incl. transition to new scheme)	**1 158**	1 542
Estimate differences recognised in the comprehensive income (before tax)	**4 424**	-3 443
Pension payments and payments of pension premiums	**-1 931**	-2 519
Balance sheet value at 31.12. defined benefit scheme	**6 878**	3 227

	2014	2013
Economical assumptions		
Average discounting rate	**2,3 %**	4,1 %
Regulation of National Insurance base rate (G)	**2,5 %**	3,5 %
Pension adjustment	**0,1 %**	0,6 %
Average wage increase (incl. career supplement)	**3,25 %**	3,5 - 5 %
Attrition	**0-20 %**	0 - 20 %
Utilisation percentage, Contractual Early Retirement Scheme	**0 %**	0 %

When it comes to the demograpic assumptions and attrition, the actuarial assumptions are based on common standard components from insurance.

Total pension cost	**2014**	2013
Net pension cost, defined contribution scheme	**43 373**	40 992
Net pension cost, defined benefit scheme	**1 158**	1 542
Total	**44 531**	42 534
Total pension cost - in comprehensive income		
Net pension cost (before tax) from benefit plans - comprehensive income	**4 424**	-3 443
Total pension cost in comprehensive income	**4 424**	-3 443

NOTE 12 TAXATION

(All figures in NOK 1 000)

	2014	2013
Tax payable	**357 998**	330 208
Change in deferred tax	**-29 061**	263 773
Total tax cost	**328 939**	593 981

Tax on the Group's pre-tax profit deviates from what it would have been if the Group's weighted average tax rate had been applied. The difference is determined as follows:

	2014	2013
Pre-tax result	**1 433 411**	2 480 376
Tax based on tax rates in the various countries	**387 021**	694 505
Effect from changed tax rate from 1.1.2014	**0**	-52 572
27% of net permanent differences, etc.	**1 915**	5 860
27% of gain from shares held for sale	**-3 475**	
27% of gain from disposal of associates	**-31 700**	
27% of share of profit in associates	**-24 824**	-53 813
Tax cost	**328 939**	593 981
Effective tax rate	**22,9 %**	23,9 %

(Continues on next pages)

Change in book value of deferred tax	**2014**	2013
Balance sheet value as of 01.01	**1 475 166**	1 208 914
Business combinations	**70 791**	0
Changes in deferred tax from comprehensive income (equity)	**-27 898**	2 479
Recognised in the income statement in the period	**-29 061**	263 773
Balance sheet value at 31.12.	**1 488 998**	1 475 166
Capitalised deferred tax asset	**-42 263**	-11 807
Capitalised deferred tax liability	**1 531 262**	1 486 972

*) Negative temporary differences that cannot be eliminated against positive temporary differences

Deferred tax liabilities	**Operating assets and leasing**	**Licences, rights and goodwill**	**Goods/ biol.assets**	**Total**
01.01.2013	62 178	434 236	757 337	1 253 751
Recognised in the period	11 386	-2 150	233 726	242 962
Currency conversion and other charges against equity	-938			-938
31.12.13	**72 626**	**432 086**	**991 063**	**1 495 775**
Recognised in the period	2 841	-505	-30 213	-27 877
Business combinations	-7 471	62 870	19 589	74 988
31.12.14	**67 996**	**494 451**	**980 439**	**1 542 886**

Deferred tax assets	**Receivables**	**Other differences**	**Loss carry forward**	**Total**
01.01.2013	-4 725	-21 423	-18 689	-44 837
Recognised in the period	-2 271	12 955	10 127	20 811
Deferred tax on items from comprehensive income		3 417		3 417
31.12.13	**-6 996**	**-5 051**	**-8 562**	**-20 609**
Recognised in the period	-10 440	-11 310	20 566	-1 184
Business combinations		11 156	-15 352	-4 196
Deferred tax on items from comprehensive income		-27 898		-27 898
31.12.14	**-17 436**	**-33 103**	**-3 348**	**-53 888**

	2014	**2013**
Deferred tax of positive temporary differences 31.12.	**1 542 886**	1 495 775
Deferred tax of negative temporary differences 31.12.	**-53 888**	-20 609
Net	**1 488 998**	**1 475 166**
Short-term tax positions	**963 003**	984 067
Long-term tax positions	**525 995**	491 099
Total	**1 488 998**	**1 475 166**

NOTE 13 OPERATING REVENUES/SEGMENT INFORMATION

(All figures in NOK 1 000)

Operating revenues	**2014**	2013
Sale of goods and services	12 562 265	10 736 948
Lease income	4 031	225
Damages received	2 400	3 924
Other operating revenues	10 769	23 617
Total operating revenues	**12 579 465**	10 764 714

Other gains and losses	**2014**	2013
Gain from business combination (Lerøy Finnmark)	74 964	0
Gain from sales of shares (Salmobreed)	37 929	0
Gain from disposal of fixed assets	4 516	0
Gain from disposal of licences in Chile	0	53 805
Total other gains	**117 409**	53 805

Operating segments

Changes have been implemented in the Group's reporting of segments from January 2014. From now on VAP is presented as a separate segment. In addition some minor entities have changed segment.

The Group has the following segments: (1) Farming, (2) VAP, (3) Sales & Distribution (S&D). Lerøy Seafood Group ASA and Sandvikstomt 1 AS are not allocated to any of these segments, and are inculuded in the elimination segment. The Group`s revenue is also split by geographic area and product. The split of revenue per geographic area is based on the customers localisation. Further details regarding the different companies in the groups and allocation to segment are presented in note 4.

About the change

The former segment "Production" has now been split into two different segments "Farming "and "VAP". Farming consists of all the Norwegian farming entities, including the processing activity performed internally in these. VAP consists of the proceessing entities which do not benefit from own production of raw material. In addition the three "fish cut" companies that until now were included in the segment Production (SAS Fishcut, SAS Eurosalmon og Lerøy Processing Spain Lda), have been moved to the segment Sales & Distribution. Comparable figures for 2013 have been prepared. In that respect the earlier Chilenian group company Inversiones Seafood Ltda has been moved to the elimination segment. This implies that the gain from the disposal in Q1 2013, which until now was included in the segment Production, now is included in the segment "Elimination / ASA / Others". The segment "Sales & Distribution" consists of the remaining entities that are not included in Farming, VAP or Elim./ASA/Others.

2013	Farming	VAP	S&D	Elimination / unallocated	Group
External operating revenues	300 892	574 096	9 889 340	386	10 764 714
Internal operating revenues	5 075 451	662 213	367 690	-6 105 354	0
Total operating revenues	**5 376 343**	**1 236 309**	**10 257 030**	**-6 104 968**	**10 764 714**
Other gains and losses			77	53 727	53 804
Operating costs	4 049 354	1 164 661	10 052 904	-6 128 003	9 138 915
Operating profit before value adj. biol. assets	**1 326 989**	**71 648**	**204 126**	**23 035**	**1 625 799**
Value adjustment of biological assets	764 229				764 229
Operating profit	**2 091 218**	**71 648**	**204 126**	**23 035**	**2 390 028**
Profit from associates	190 496		1 692		192 188
Net financial items	-69 868	-2 566	-5 659	-23 747	-101 840
Profit before tax	**2 211 846**	**69 082**	**200 159**	**-712**	**2 480 376**
Tax cost					-593 981
The year's result					1 886 395
Assets (excluding associates)	10 800 445	934 988	1 996 033	-562 806	13 168 660
Associates	708 987		26 084		735 071
Total assets	**11 509 432**	**934 988**	**2 022 117**	**-562 806**	**13 168 660**
Total liabilities	5 166 539	451 861	1 718 922	-982 537	6 354 785
Net investments	461 597	97 461	32 994	-21 369	570 683
Depreciation	268 014	25 114	13 207	840	307 175
Impairment loss	5 500				5 500

2014	Farming	VAP	S&D	Elimination / unallocated	Group
External operating revenues	376 538	733 636	11 469 007	284	12 579 465
Internal operating revenues	5 866 079	875 990	495 117	-7 237 186	0
Total operating revenues	**6 242 617**	**1 609 626**	**11 964 124**	**-7 236 902**	**12 579 465**
Other gains		4 908	-390	112 891	117 409
Operating costs	4 862 896	1 514 353	11 723 024	-7 309 483	10 790 789
Operating profit before value adj. biol. assets	**1 379 721**	**95 273**	**241 100**	**72 581**	**1 788 676**
Value adjustment of biological assets	-327 414				-327 414
Operating profit	**1 052 307**	**95 273**	**241 100**	**72 581**	**1 461 262**
Profit from associates	127 912	0	1 954	-37 927	91 939
Net financial items	-68 462	-4 685	-5 969	-40 674	-119 790
Profit before tax	**1 111 757**	**90 588**	**237 085**	**-6 020**	**1 433 411**
Tax cost					-328 938
The year's result					1 104 473
Assets (excluding associates)	11 476 061	955 452	2 157 946	-298 061	14 291 398
Associates	535 383	0	31 582	0	566 965
Total assets	**12 011 444**	**955 452**	**2 189 528**	**-298 061**	**14 858 363**
Total liabilities	5 447 642	432 857	1 868 389	-970 121	6 778 767
Net investments	510 435	53 054	21 252	0	584 741
Depreciation	308 181	31 493	28 998	808	369 480
Impairment loss		1 949	0	33	1 982

Product area	2014	%	2013	%
Whole salmon	5 388 161	42,8	4 737 179	44,0
Processed salmon	4 070 385	32,4	3 255 568	30,2
Whitefish	889 007	7,1	765 066	7,1
Trout	1 085 046	8,6	1 007 439	9,4
Shellfish	564 482	4,5	499 180	4,6
Pelagic	89 951	0,7	61 031	0,6
Other	492 433	3,9	439 252	4,1
Total operating revenues	**12 579 465**	**100,0**	**10 764 714**	**100,0**

Information about geographic areas

Turnover is allocated to the customers' home country. Assets and investments are distributed according to geographical location.

Operating revenues	2014	%	2013	%
EU	6 874 497	54,6	5 676 712	52,7
Norway	2 117 520	16,8	1 774 241	16,5
Asia	1 283 407	10,2	1 066 345	9,9
USA & Canada	934 263	7,4	707 614	6,6
Rest of Europe	1 129 554	9,0	1 404 325	13,0
Other	240 224	1,9	135 476	1,3
Total operating revenues	**12 579 465**	**100,0**	**10 764 714**	**100,0**

Assets	2014	%	2013	%
Norway *	13 367 447	90,0	12 832 231	92,3
EU	1 490 917	10,0	1 071 500	7,7
Other countries	0	0,0	0	0,0
Total assets	**14 858 364**	**100,0**	**13 903 731**	**100,0**

* Most of the trade receivables in the subsidiary Hallvard Lerøy AS as of 31.12.2014 are from customers abroad (NOK 652 560 out of NOK 846 314). Trade receivables are covered by credit insurance or other forms of surety.

Net investments	2014	%	2013	%
Norway	557 388	94,9	452 077	79,2
EU	30 207	5,1	141 693	24,8
Other countries	0	0,0	-23 087	-4,0
Total net investments	**587 595**	**100,0**	**570 683**	**100,0**

Net investment expenses are defined as the cost price for new operating accessories (including intangible assets) minus the book value of sold operating accessories.

Operating revenues in currency

Operating revenues in NOK allocated by currency.

Operating revenues	2014	%	2013	%
	2 115 685	16,8	3 087 131	28,7
NOK	1 457 179	11,6	918 214	8,5
SEK	431 757	3,4	358 629	3,3
GBP	4 413 122	35,1	3 900 331	36,2
EUR	934 190	7,4	2 063 470	19,2
USD	451 490	3,6	373 494	3,5
JPY	2 776 042	22,1	63 445	0,6
Other currencies	**12 579 465**	**100,0**	**10 764 714**	**100,0**
Total				

Sales in foreign currency from Group companies in Norway normally take place at an approximate transaction rate (week rates). Sales from foreign Group companies in foreign currency are in principle converted to NOK on the basis of the accumulated monthly average exchange rate in the accounting period. Significant individual transactions are converted at transaction date rate.

NOTE 14 PAYROLL COSTS, NUMBER OF EMPLOYEES, REMUNERATION, LOANS TO STAFF, ETC.

(All figures in NOK 1 000)

Payroll costs	2014	2013
Salary	**993 036**	843 691
Employer's national insurance contribution	**126 978**	114 834
Hired personnel	**75 645**	48 518
Pension costs	**44 531**	42 534
Other remuneration	**5 302**	10 417
Other personnel expenses	**25 387**	34 470
Total	**1 270 880**	1 094 464

Number of employees	2014	2013
Men	1 579	1 398
Women	727	669
Total	**2 306**	**2 067**
Percentage of women	32 %	32 %

	CEO		CFO		EVP Farming	
Remuneration of senior executives	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Salary	2 930	2 862	1 865	1 533	2 161	2 094
Bonus including extraordinary bonus	1 650	1 400	670	125	1 040	950
Premium recognised for defined contribution scheme	61	58	59	57	60	57
Other remuneration	45	57	18	10	129	124

No remuneration with mandatory reporting is paid to the Chairman of the Board. Lerøy Seafood Group ASA is invoiced for the services of the Chairman, and for consultancy fees from the Group's ultimate parent company, Laco AS, where the Chairman of the Board is an employee. Remuneration of other board members totalled NOK 1 200 in 2014 (equally distributed), compared with NOK 1 150 in 2013. The number of Board members is the same as it was previous year.

Remuneration of the nomination committee is unchanged compared to the previous year, and amounts to NOK 105 in 2014. As for the members of the Board, the remuneration is equally distributed.

Mandates granted to the Board of Directors

Mandates are granted to the Board of Directors in accordance with the Public Limited Companies Act (Norway), cf. in particular chapters 9 and 10 of the Act.

The first time the Board was authorised to acquire the company's own shares was at the ordinary general meeting on 12 May 2000. This mandate was exercised in 2011 with the acquisition of 100,000 own shares. This mandate has subsequently been renewed, most recently at the ordinary general meeting on 22 May 2014, and is to remain valid for 18 months from the date on which the resolution was adopted. The mandate has not been exercised in 2014. Renewal of the mandate will be recommended to the general meeting on 21 May 2015.

The Board is authorised to increase the share capital by up to NOK 1,200,000 by issuing up to 1,200,000 shares, each with a face value of NOK 1 through one or more private placings with employees of Lerøy Seafood Group ASA and its subsidiaries. This type of mandate was first established by the extraordinary shareholders' meeting on 10 December 1997 and has subsequently been renewed, most recently by general meeting on 23 May 2013. The mandate is valid for two years from the time the resolution was adopted. The mandate was not extended or exercised in 2014. An extension of the mandate will not be recommended to the general meeting on 21 May 2015.

The Board has authority to increase the share capital by up to NOK 5,000,000 by issuing up to 5,000,000 shares in Lerøy Seafood Group ASA , each with a face value of NOK 1, through one or more private placings with the company's shareholders and/or external investors. This type of mandate was first established by the ordinary general meeting of 4 May 1999 and subsequently renewed by the ordinary general meeting on 22 May 2014. The mandate has not been exercised in 2014. It will be recommended that an equivalent mandate be approved by the ordinary general meeting on 21 May 2015. The mandate will expire 22 May 2015.

The Board's powers to distribute shares are limited to a maximum validity, not only for operational reasons, but also in order to clearly show that the company is growth oriented and that shares are regarded as an important means of payment. This practice is established to ensure an optimum strategic business development for the company. Moreover, the Board has established the practice of having its mandates renewed at each ordinary general meeting.

Loans to employees

No loans have been given to the CEO, Chairman of the Board or other related parties. No single loan or guarantee has been granted for more than 5% of the company's equity.

Auditor

The Group auditor is PricewaterhouseCoopers AS. Fees invoiced from the Group auditor also include the law firm PricewaterhouseCoopers AS and other PricewaterhouseCoopers companies abroad. The auditing fee to Group auditor specified below is the agreed fee for the audit of the present year. Other fees concern services received during 2014, and have been as follows:

	2014	2013
Auditing fees Group auditor	**3 090**	3 029
Auditing fees other auditors	**815**	676
Tax advice Group auditor	**220**	133
Tax advice other auditors	**31**	67
Other certification services Group auditor	**119**	154
Other services Group auditor	**1 833**	1 213
Other services other auditors	**259**	24
Total	**6 367**	5 296

NOTE 15 ITEMS THAT ARE COMBINED IN THE ACCOUNTS

(All figures in NOK 1 000)

Financial revenues	**2014**	2013
Other interest revenues	**21 006**	17 951
Currency gain	**0**	1 422
Other financial revenues	**14 843**	2 883
Total financial revenues	**35 849**	22 256

Financial costs	**2014**	2013
Other interest costs	**124 229**	120 258
Currency loss	**200**	0
Impairment of long term financial assets	**26 000**	0
Other financial costs	**5 210**	3 838
Total financial costs	**155 639**	124 096
Net financial items	**-119 790**	-101 840

Capitalized interests	**2014**	2013
Capitalized interests related to production plants	**2 000**	7 871

[1)] Currency gains and losses related to purchases and sales are presented as a part of the accounting line cost of materials. Net currency gain in 2014 is NOK 35.9 million.
[2)] The impairment loss relates to a loan to Preline Fishfarming System AS.

NOTE 16 EARNINGS PER SHARE

	2014	2013
This year's earnings to LSG shareholders (in NOK 1 000)	**1 055 916**	1 733 352
No. of shares on the balance sheet date (in NOK 1 000)	**54 577**	54 577
Average number of shares (in NOK 1 000)	**54 577**	54 577
Average number of shares with dilution (in NOK 1 000)	**54 577**	54 577
Earnings per share	**19,35**	31,76
Diluted earnings per share	**19,35**	31,76

NOTE 17 DIVIDEND PER SHARE

Distributed dividend in 2014, based on 2013 profit, was NOK 10.00 per share. This amounts to NOK 545 744. Based on the 2014 profit a dividend of NOK 12.00 per share is recommended for distribution in 2015. This amounts to NOK 654 928. A final decision will be made by the general meeting on 21 May 2015.

Year	Profit for the year to LSG share-holders	Number of shares 31.12	Profit per share	Profit per share before fair value adjustment	Recom-mended dividend	Recom-mended dividend per share	Dividend relative to profit	Distributed dividend (from previous year)	Number of shares with dividend	Distrib-uted dividend per share
2014	**1 055 916**	**54 577**	**19,35**	**24,04**	**654 928**	**12,00**	**62 %**	**545 774**	**54 577**	**10,00**
2013	1 733 352	54 577	31,76	21,12	545 774	10,00	31 %	382 042	54 577	7,00
2012	480 797	54 577	8,81	5,11	382 042	7,00	79 %	382 042	54 577	7,00
2011	382 705	54 577	7,01	15,13	382 042	7,00	100 %	545 774	54 577	10,00
2010	1 419 507	54 577	26,25	22,08	545 774	10,00	38 %	375 042	53 577	7,00
2009	729 488	53 577	13,62	12,80	375 042	7,00	51 %	150 017	53 577	2,80
2008	124 730	53 577	2,33	2,83	150 017	2,80	120 %	96 439	53 577	1,80
2007	277 014	53 577	5,75	5,80	96 439	1,80	35 %	214 309	53 577	4,00
2006	651 516	42 777	15,86	14,00	214 309	5,01	33 %	76 999	42 777	1,80
2005	319 312	39 377	8,65	6,73	70 879	1,80	22 %	30 308	37 885	0,80
2004	83 402	34 441	2,42	2,42	30 308	0,88	36 %	20 665	34 441	0,60
2003	30 518	34 441	1,15	1,15	20 664	0,60	68 %	17 664	29 441	0,60
2002	25 650	29 441	1,13	1,13	17 664	0,60	69 %	11 664	19 441	0,60
Total	**7 313 907**				**3 485 882**	**66,49**	**48 %**	**2 848 737**		**54,00**

All figures with two decimals are in NOK 1.00. Other figures are in NOK 1 000.

NOTE 18 LEASING

(All figures in NOK 1 000)

Leased assets booked in the consolidated accounts as financial leasing:	**2014**	2013
Book value of leased assets (machines/furnishings)	**445 098**	338 286
Book value of leasing liabilities (present value)	**461 180**	365 763
MINIMUM RENT, FINANCIAL LEASING:		
0-1 year	**110 119**	83 551
1-5 years	**288 536**	234 614
5 years -	**119 391**	91 376
Total	**518 046**	409 540
INTEREST COSTS, FINANCIAL LEASING:		
0-1 year	**12 962**	6 374
1-5 years	**32 033**	24 224
5 years -	**11 870**	11 916
Total	**56 865**	42 514
FUTURE MINIMUM LEASE PAYMENTS		
0-1 year	**97 157**	76 324
1-5 years	**256 503**	212 634
5 years -	**107 521**	76 805
Total	**461 180**	365 763

The Group has no significant operational leases.

NOTE 19 RELATED PARTIES

(All figures in NOK 1 000)

Lerøy Seafood Group ASA is a subsidiary of Austevoll Seafood ASA (62.56 % ownership). Sales to the Austevoll Seafood Group in 2014 amounted to NOK 166 968 (NOK 80 686 in 2013), while purchases amounted to NOK 284 048 (NOK 179 347 in 2013). Receivables on companies in the Austevoll Group per 31.12.2014 amounted to NOK 24 494 (NOK 5 676 per 31.12.2013), while debt was NOK 30 634 (NOK 19 184 in 2013).

Laco AS owns 55.55% of the shares in Austevoll Seafood ASA, and is also regarded as a related party. Total purchase of services from Laco AS amounted to NOK 3 853 in 2014 (NOK 3 525 in 2013).

Trade between Group companies and corresponding trade with associates (see note 4) is carried out at market prices.

Transactions and accounts outstanding with associates to Lerøy Seafood Group ASA (group) are as follows:

2013	Ownership	Sales	Purchases	Receivables	Debt
Salmobreed AS	Sjøtroll Havbruk AS (27,5 %)	480	3 640	598	1 440
Lerrow AS	Lerøy Midnor AS (50 %)	28	4 837		
Hydral AS	Hydrotech AS (50 %)	185	168	257	
Sørsmolt AS	Lerøy Vest AS (49 %)	3 734	8 405		
Alfarm Alrako Lerøy	Lerøy Seafood Group ASA (50 %)	124 433		4 321	
Norskott Havbruk AS	Lerøy Seafood Group ASA (50 %)	123		310	
Villa Organic konsern	Lerøy Seafood Group ASA (49,4 %)			50 472	
Scottish Sea Farms Limited	Norskott Havbruk AS (100 %)	26 833	247 951	26 101	24 920
Preline AS	Co-ownership option (LSG)			7 650	
Minority owners of Rode Beheer BV				11 173	
Sum		**155 816**	**265 001**	**100 882**	**26 360**

Received dividend from Norskott Havbruk AS in 2013 was NOK 26 000.

2014	Ownership	Sales	Purchases	Receivables	Debt
Norskott Havbruk AS	Lerøy Seafood Group ASA (50 %)	39		73	
Scottish Seafarms	Norskott Havbruk AS (100 %)		246 725	316	11 709
Alfarm Alarko	Lerøy Seafood Group ASA (50 %)	133 716		2 902	
Villa Organic	Dissolved after de-merger 1.7.14	1 309			
Lerøy Schlie	Lerøy Seafood Group ASA (49.4 %)	16 209		2 760	
Kirkenes Processing AS	Lerøy Finnmark AS (50 %)		13 975	8 031	
Romsdal Processing AS	Lerøy Finnmark AS (50 %)			1 566	
Norsk Oppdrettsservice AS	Lerøy Seafood Group ASA (34 %)		3 509	856	
Ocean Forest AS	Lerøy Seafood Group ASA (50 %)	2 286	4 731	7 587	
Sørsmolt AS	Lerøy Vest AS (49 %)	2 621	7 880		
Salmobreed AS	Sold in Q4 2014	13 417	21 986	9 390	
Minority owners of Rode Beheer BV				12 932	
Preline Fishfarming System AS	Co-ownership option (LSG)		8 573	480	
Sum		**169 597**	**307 379**	**46 893**	**11 709**

Received dividend from Norskott Havbruk AS in 2014 was NOK 36 250. A long term loan to Preline Fishfarming System AS, totalling NOK 26 million, has been written off at 100% as of 31.12.2014.

NOTE 20 SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital consists of	Number	Face value	Book value
Ordinary shares	54 577 368	1,00	54 577 368
Total	**54 577 368**		**54 577 368**

Lerøy Seafood Group ASA had 2 738 shareholders at 31.12.14. The corresponding number at year end 2013 was 1 841. All shares confer the same rights in the company.

Overview of the 20 largest shareholders at 31.12	2014		2013	
	No. of shares	Ownership	No. of shares	Ownership
AUSTEVOLL SEAFOOD ASA	34 144 281	62,56 %	34 144 281	62,56 %
FOLKETRYGDFONDET	2 278 041	4,17 %	1 678 935	3,08 %
PARETO AKSJE NORGE	1 604 297	2,94 %	2 788 417	5,11 %
STATE STREET BANK & TRUST CO. OM80	773 664	1,42 %	170 468	0,31 %
PARETO AKTIV	676 060	1,24 %	1 178 351	2,16 %
DANSKE INVEST NORSKE INSTIT. II.	418 546	0,77 %	388 446	0,71 %
VERDIPAPIRFONDET DNB NORGE (IV)	381 009	0,70 %	192 919	0,35 %
JP MORGAN CHASE BANK, NA	338 800	0,62 %	318 800	0,58 %
PARETO VERDI	327 391	0,60 %	549 377	1,01 %
LERØY SEAFOOD GROUP ASA	326 776	0,60 %	329 776	0,60 %
SKANDINAVISKA ENSKILDA BANKEN AB	326 498	0,60 %		0,00 %
STATE STREET BANK & TRUST CO. OM06	293 297	0,54 %		0,00 %
VERDIPAPIRFONDET DNB NORGE SELEKTI	288 962	0,53 %	441 205	0,81 %
JP MORGAN CHASE BANK, NA. LONDON	271 441	0,50 %		0,00%
PICTET & CIE (EUROPE) S.A.	243 960	0,45 %	413 361	0,76 %
FORSVARETS PERSONELLSERVICE	240 200	0,44 %	317 000	0,58 %
DANSKE INVEST NORSKE AKSJER INST	229 692	0,42 %	227 192	0,42 %
THE BANK OF NEW YORK MELLON, NEW YORK	217 415	0,40 %		0,00 %
VERDIPAPIRFONDET ALFRED BERG NORGE	203 831	0,37 %		0,00 %
JP MORGAN CHASE BANK, NA. LONDON	190 177	0,35 %		0,00 %
THE BANK OF NEW YORK MELLON SA/NVT			295 290	0,54 %
VERDIPAPIRFONDET WARRENWICKLUND NO			262 427	0,48 %
CITIBANK NA NEW YORK BRANCH			235 943	0,43 %
VELU AS			207 300	0,38 %
VERDIPAPIRFONDET ALFRED BERG GAMBA			199 041	0,36 %
KLP AKSJE NORGE INDEKS VPF			182 533	0,33 %
Total 20 largest shareholders	**43 774 338**	**80,21 %**	**44 521 062**	**81,57 %**
Others	10 803 030	19,79 %	10 056 306	18,43 %
Total share capital	**54 577 368**	**100,00 %**	**54 577 368**	**100,00 %**

Chairman of the Board Helge Singelstad and Board members Britt Kathrine Drivenes, Arne Møgster and Marianne Møgster have indirect ownership in Lerøy Seafood Group ASA through the parent company Austevoll Seafood ASA. Arne Møgster and Marianne Møgster own their shares through the ultimate parent company Laco AS.

Board member (employees' representative) Hans Petter Vestre owns 120 shares in Lerøy Seafood Group ASA at year end, which is the same number as previous year.

NOTE 21 CURRENCY CONVERSION DIFFERENCES

(All figures in NOK 1 000)

Assets and liabilities in foreign enterprises are converted to Norwegian Kroner according to the exchange rate on balance sheet date. Revenues and expenses from foreign enterprises are converted to Norwegian Kroner according to the average exchange rate. Conversion differences are charged to comprehensive income.

In the event of a disposal of a foreign enterprise, the relevant accumulated conversion differences allocated to the parent company's owners are reversed over the income statement. The disposal of a foreign enterprise may take the form either of a whole or partial sale of a subsidiary, joint venture or associates. When selling shares in a subsidiary without losing control, the relative share of the conversion difference is transferred to non-controlling interests in the equity statement. For other sale of shares without the loss of joint control or significant influence, the relative share of the accumulated conversion difference is reversed over profit.

	LSG shareholders	Non-controlling interests	Total
Accumulated currency conversion differences as of 01.01.13	-101 365	1 275	-100 090
Currency conversion differences 2013	69 775	15 343	85 118
Accumulated currency conversion differences as of 31.12.13	**-31 590**	**16 618**	**-14 972**
Accumulated currency conversion differences as of 01.01.14	-31 590	16 618	-14 972
Currency conversion differences 2014	81 992	12 510	94 502
Accumulated currency conversion differences as of 31.12.14	**50 402**	**29 128**	**79 530**

NOTE 22 EVENTS AFTER BALANCE SHEET DATE

The two fish farming companies in the region of North Norway, Lerøy Aurora AS and Lerøy Finnmark AS, were merged to form one unit in 2015. With the merger, Lerøy Finnmark AS was absorbed by Lerøy Aurora AS. In terms of accounting, the merger was executed in accordance with the regulations for group continuity.

The remaining shares in the associate Alfarm Alarko Lerøy in Turkey were acquired in March 2015. With effect from the first quarter of 2015, the company will be included in the consolidated accounts. In correspondence with the accounting standards IFRS 3 and IFRS 10, the change from associate to subsidiary implies a re-measurement in the consolidated accounts of the value of assets and liabilities relating to the values in the former associate. The re-measurement produces a gain that has a total effect on the profit/loss figure reported for Q1 2015 of approx. NOK 7 million after tax.

The Group has also acquired a 50% shareholding in Seistar Holding AS, a company involved in well boats. The acquisition took place in February and the company will be reported as an associate with effect from Q1 2015.

NOTE 23 BUSINESS COMBINATIONS

Villa Organic AS was per 30 June 2014 an associates for the group (owned 49.5% by Lerøy Seafood Group ASA).

In July 2014, the Villa group was restructured. As part of the restructuring, Villa Arctic AS was merged with the parent company Villa Organic AS. Villa Organic AS was then de-merged, and the assets and liabilities of Villa Organic AS were split between Lerøy Seafood Group ASA and SalMar ASA according to agreement between the parties, based on their respective ownership percentages in Villa Organic AS. Assets and liabilities in Villa Organic AS attributed to Lerøy Seafood Group ASA were placed in the company Lerøy Finnmark AS, which was owned 99.94% by Lerøy Seafood Group ASA at the date of the de-merger. The remaining non-controlling interests were thereafter acquired.

This has had consequences for the Group accounts from Q3 2014. From Q3, Villa Organic AS is no longer an associate accounted for using the equity method. Instead, the wholly-owned subsidiary Lerøy Finnmark AS, which represents Lerøy Seafood Group's share of the de-merged Villa Organic AS, has been consolidated in the group accounts. This has increased the number of licenses in the group's balance by eight.

In correspondence with the accounting standards IFRS 3 and IFRS 10, the change from associates to subsidiary implies a renewed measurement in the Group accounts of assets and liabilities relating to the values in the now de-merged Villa Organic AS. This renewed measurement produces a gain on the income statement of approximately NOK 75 million after tax in 2014. The effect is further described in the purchase price allocation, which is prapared in accordance with IFRS 3.

Added value analysis	**Merged balance (Villa)**	**Added value**	**Demerger balance (Villa)**	**Lerøy Finn-mark AS (49,54%)**	**IFRS ad-justment (deferred tax)**	**Lerøy Finnmark AS (IFRS)**
Licences	22 315	330 101	352 416	176 208	0	176 208
Goodwill	0	0	0	0	62 870	62 870
Fixed assets	83 587	-7 000	76 587	61 090	0	61 090
Financial assets	48 476	-32 000	16 476	8 238	0	8 238
Inventory	175 205	0	175 205	78 214	0	78 214
Current receivables	25 001	-7 000	18 001	25 501	0	25 501
Cash in bank	250 335	0	250 335	133 372	0	133 372
Total assets	**604 920**	**284 101**	**889 021**	**482 623**	**62 870**	**545 493**
Equity	454 280	280 880	735 160	364 198	0	364 198
Deferred tax	31 986	-3 780	28 207	7 922	62 870	70 791
Other non-current liabilities	39 960	0	39 960	28 309	0	28 309
Current liabilities	78 694	7 000	85 694	82 194	0	82 194
Total equity and liabilities	**604 920**	**284 101**	**889 020**	**482 623**	**62 870**	**545 493**

Acquisition analysis	**100 %**	**49,54 %**
Recognised equity in Villa (after merger)	454 280	225 050
Net identified added value in Villa (after merger)	280 880	139 148
Identified value in Villa (after merger)	735 161	364 198

Calculation of gain from business combination	**2014**
Fair value at date of business combination	364 198
Net book value on shares in Villa in LSG accounts on transaction date	289 234
Gain from business combination	74 964

INCOME STATEMENT

All figures in NOK 1 000 (period 1.1 - 31.12)

LERØY SEAFOOD GROUP ASA	Notes	2014	2013
OPERATING REVENUES AND COSTS			
Operating revenues		**150**	225
Wages and other personnel costs	7	**27 695**	22 559
Other operating costs		**11 828**	6 431
Depreciation	2	**840**	840
Total operating costs		**40 363**	29 830
Operating profit		**-40 213**	-29 605
SUBSIDIARIES, ASSOCIATES AND NET FINANCIAL ITEMS			
Income from investments in subsidiaries	5	**1 283 773**	994 354
Income from associates	5	**36 250**	26 000
Impairment loss on financial assets	3	**-26 000**	0
Net financial items	8	**-29 790**	15 869
Profit before tax		**1 224 020**	1 006 618
Total tax cost	6	**-312 537**	-260 110
THE YEAR'S PROFIT		**911 483**	746 508
INFORMATION REGARDING:			
Transferred to (+) / from (-) other equity		**256 555**	200 734
Allocated to dividend		**654 928**	545 774

BALANCE SHEET

All figures in NOK 1 000

LERØY SEAFOOD GROUP ASA	Notes	31.12.14	31.12.13
FIXED ASSETS			
Deferred tax asset	6	**36 128**	9 863
Total intangible fixed assets		**36 128**	9 863
FIXED ASSETS			
Buildings and real estate	2	**15 833**	16 673
Total tangible fixed assets		**15 833**	16 673
Shares in subsidiaries	3	**3 725 422**	3 507 512
Shares in associates	3	**183 644**	382 320
Other long term investments	3	**6 690**	4 365
Other long-term receivables		**12 757**	13 939
Long-term Group receivables	5	**52 370**	44 389
Total financial fixed assets		**3 980 883**	3 952 525
TOTAL FIXED ASSETS		**4 032 844**	3 979 061
CURRENT ASSETS			
Receivables from Group companies and associates	5	**1 260 655**	1 045 934
Other receivables		**1 861**	1 706
Cash and cash equivalents	4	**389 264**	334 317
TOTAL CURRENT ASSETS		**1 651 780**	1 381 957
TOTAL ASSETS		**5 684 624**	5 361 018

BALANCE SHEET

All figures in NOK 1 000

LERØY SEAFOOD GROUP ASA	Notes	31.12.14	31.12.13
EQUITY			
Share capital	1	**54 577**	54 577
Own shares	1	**-330**	-330
Share premium reserve	1	**2 731 690**	2 731 690
Total equity contributions		**2 785 937**	2 785 937
Other equity	1	**1 138 900**	951 247
Total retained earnings		**1 138 900**	951 247
TOTAL EQUITY		**3 924 837**	3 737 184
NON-CURRENT LIABILITIES			
Other non-current liabilities	9	**131 044**	32 586
Total non-current liabilities		**131 044**	32 586
LONG-TERM DEBT			
Mortgage debt	4	**621 225**	764 075
Total long-term debt		**621 225**	764 075
CURRENT LIABILITIES			
Trade payable		**13 106**	5 617
Trade payable, Group and associates	5	**19 534**	227
Taxes payable	6	**307 466**	260 111
Public duties payable		**1 268**	740
Allocated to dividend	1	**654 928**	545 774
Other current liabilities		**11 216**	14 704
TOTAL CURRENT LIABILITIES		**1 007 518**	827 173
TOTAL LIABILITIES		**1 759 787**	1 623 834
TOTAL EQUITY AND LIABILITIES		**5 684 624**	5 361 018

Bergen, 27 March, 2015
The Board of Directors in Lerøy Seafood Group ASA

Helge Singelstad
Chairman

Marianne Møgster

Arne Møgster

Didrik Oskar Munch

Britt Kathrine Drivenes

Hege Charlotte Bakken

Hans Petter Vestre
Employees' representative

Henning Beltestad
CEO
Lerøy Seafood Group ASA

CASH FLOW STATEMENT

All figures in NOK 1 000 (period 1.1 - 31.12)

LERØY SEAFOOD GROUP ASA	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES		
Pre-tax result	**1 224 020**	1 006 618
Taxes paid during the period	**-260 082**	-86 101
Depreciation	**840**	840
Write-down of financial fixed assets	**26 000**	0
Change in accounts receivable	**237**	1 205
Change in accounts payable	**9 100**	-2 078
Change in other accruals	**48 249**	-47 588
Items classified as investment activeties	**-1 320 023**	-1 020 354
Items classified as financing activeties	**30 423**	-15 869
Net cash flow from operating activities	**-241 236**	-163 327
CASH FLOW FROM INVESTING ACTIVITIES		
Payments for acquisitions of fixed assets	**0**	-1 718
Payments for purchase of other shares	**-2 325**	-1 375
Dividend payments received from associated companies	**36 250**	26 000
Intragroup contributions/dividends received from subsidiaries	**1 016 897**	373 994
Proceeds from sale of Group companies/associated companies	**2 502**	41 758
Payments for acquisition of Group companies/associated companies	**-9 709**	-246 980
Proceeds/payments for long term intragroup receivables	**-7 981**	92 494
Proceeds/payments for other long term loans	**-24 818**	-6 195
Net cash flow from investing activities	**1 010 815**	277 978
CASH FLOW FROM FINANCING ACTIVITIES		
Instalments paid on long-term liabilities	**-142 850**	-142 850
Net interests paid	**-29 306**	-26 467
Payment of dividend	**-545 774**	-382 042
Proceeds from dividend on own shares	**3 298**	2 308
Net cash flow from financing activities	**-714 632**	-549 051
Net cash flow for the accounting period	**54 947**	-434 401
Cash and cash equivalents at the start of the period	**334 317**	768 718
Cash and cash equivalents at the end of the period	**389 264**	334 317
This consists of:		
Bank deposits etc.	**389 264**	334 317
Of which restricted funds	**814**	722

NOTES LERØY SEAFOOD GROUP ASA 2014

(A) COMMENTS ON ACCOUNTING PRINCIPLES
The annual accounts have been prepared according to the regulations of the Accounting Act of 1998 and good accounting practice. All figures in the notes to the accounts are in NOK 1,000.

(B) SALES REVENUES
Revenues are booked when earned. Sales of goods and services are therefore normally booked at the time of delivery. Fees, discounts, bonuses and other sales costs are deducted from operating revenues.

(C) CLASSIFICATION AND ASSESSMENT OF BALANCE SHEET ITEMS
Current assets and short-term liabilities comprise normal items due for payment within one year after balance sheet date, and items related to the circulation of goods. Other items are classified as fixed assets/long-term liabilities.

Current assets are valued at the lowest of acquisition cost and fair value. Short-term liabilities are carried at nominal amount at the time they are established.

Fixed assets are valued at acquisition cost, but are written down to fair value when the fall in value is not expected to be temporary. Long-term liabilities are carried at nominal amount at the time they are established.

(D) RECEIVABLES
Accounts receivable and other receivables are recognised on the balance sheet at nominal amount after deduction of provision for bad debts. Provision for bad debts is made according to individual assessments of the individual receivables.

(E) SHORT-TERM INVESTMENTS
Short-term investments (shares and units classified as current assets) are valued at the lower of average acquisition cost and fair value on the balance sheet date. Dividends and other distributions received from the companies are booked as Other financial revenues.

(F) LONG-TERM INVESTMENTS
Long-term investments (shares and units classified as fixed assets) are booked in the balance sheet at acquisition cost. The investments are written down to fair value if a decline in value is not considered to be temporary. Dividends and other distributions received from the companies, are booked as Other financial revenues.

(G) ASSOCIATED COMPANIES
Associated companies are companies in which the Group holds an interest of 20 - 50%, and where the investment is long-term and strategic. In the company accounts the associate is valued according to the cost method.

(H) FIXED ASSETS
Fixed assets are booked in the accounts at acquisition cost less accumulated depreciation. This depreciation is distributed linearly over assumed economic life. Similar principles apply to intangible assets.

(I) TAX
Tax payable in the income statement includes both the tax payable during the period and changes in deferred tax. Deferred tax is calculated at a rate of 27% on the basis of the provisional differences that exist between accounting and taxable values, as well as the assessed deficit to be carried forward at the end of the financial year. Temporary tax-increasing and tax-decreasing differences which reverse or may reverse the figures in the same period, have been balanced and booked at net value.

(J) SHARE-BASED REMUNERATION
In connection with reconciling the Norwegian accounting standards (NRS 15A) with IFRS 2 in respect of share-based remuneration, it is required that company accounts submitted under NGAAP show the share-based remuneration computed in accordance with IFRS rules. During the period from 2008 to 2011, the Group has had a share-based remuneration scheme with payment in the form of shares. The fair value of services performed by employees for the Group in return for the allocated options is entered as a cost. The total amount to be charged to cost over the qualification period, is based on the fair value of the allocated options at the time of allocation (Black & Scholes/ Hull & White). Fair value of options has been included in the LSG ASA accounts from 1 January 2006 and until May 2011. After this date the option programmed has not been renewed.

(K) INTEREST SWAP AGREEMENTS (DERIVATIVES)
The company seeks to hedge against fluctuations in interest rate by making use of interest swap agreements. Derivatives are carried at fair value at the time the derivative contract is signed, then subsequently at fair value. The company utilises cash flow hedging when recognising interest swap agreements. The effective share of the change in fair value of derivatives which qualify as hedging instruments for cash flow hedging is recognised in equity. Hedging gains or losses which are recognised in equity are re-classified to the income statement during the period in which the hedging object has an impact on the income statement. Gains or losses related to the effective share of the interest swap agreements which secure loans with a floating rate of interest are recognised under Financial Items.

The interest swap agreement is considered to be a derivative. The fair value of a derivative is classified as a fixed asset or long-term liability if the remaining maturity of the hedging object is more than 12 months, and as a current asset or short-term liability if the remaining maturity of the hedging object is less than 12 months.

NOTE 1 EQUITY

(All figures in NOK 1 000)

2013	Share capital	Own shares	Share premium reserve	Other equity	Total equity
Equity as of 01.01.2013	54 577	-330	2 731 690	739 420	3 525 357
The year's result to equity				746 508	746 508
Dividend received on own shares				2 308	2 308
Change in value on interest swap (cash flow hedge)				8 785	8 785
Provision for dividend				-545 774	-545 774
Equity as of 31.12.2013	**54 577**	**-330**	**2 731 690**	**951 247**	**3 737 184**

2014	Share capital	Own shares	Share premium reserve	Other equity	Total equity
Equity as of 01.01.2014	54 577	-330	2 731 690	951 247	3 737 184
The year's result to equity				911 483	911 483
Dividend received on own shares				3 298	3 298
Change in value on interest swap (cash flow hedge)				-72 200	-72 200
Group contribution given to subsidiaries				-12 918	-12 918
Change in value on shares in subsidiaries				12 918	12 918
Provision for dividend				-654 928	-654 928
Equity as of 31.12.2014	**54 577**	**-330**	**2 731 690**	**1 138 900**	**3 924 837**

Share capital	No. of units	Nominal value	Recognised
Ordinary shares	54 577 368	1,00	54 577 368
Total	**54 577 368**		**54 577 368**

Lerøy Seafood Group ASA had 2 738 shareholders as per 31.12.14. All shares confer the same rights in the company. There were 54 577 368 shares outstanding per 31.12.2014.

An overview of share capital and the 20 largest shareholders are shown in note 20 for the Group.

Own shares
The number of own shares has remained unchanged in 2014. As of 31.12.2014 Lerøy Seafood Group ASA owns 329,776 own shares with an average cost of NOK 62.10 per share.

NOTE 2 FIXED ASSETS

(All figures in NOK 1 000)

2013	Real estate	Buildings	Total fixed assets
Acquisition cost per 01.01.13	2 090	38 734	40 824
Addition of fixed assets		1 718	1 718
Disposal of fixed assets			0
Acquisition cost per 31.12.13	2 090	40 452	42 542
Accumulated depreciation per 31.12.13		-25 869	-25 869
Balance sheet value at 31.12.13	**2 090**	**14 583**	**16 673**
The year's depreciation		840	840

2014	Real estate	Buildings	Total fixed assets
Acquisition cost per 01.01.14	2 090	40 452	42 542
Addition of fixed assets			0
Disposal of fixed assets			0
Acquisition cost per 31.12.14	2 090	40 452	42 542
Accumulated depreciation per 31.12.14		-26 709	-26 709
Balance sheet value at 31.12.14	**2 090**	**13 743**	**15 833**
The year's depreciation		840	840

The company uses linear depreciation for all fixed assets. Economic life of fixed assets is determined to be:

* Buildings and other properties	20 - 25 years
* Real estate	Lasting value

NOTE 3 SHARES IN SUBSIDIARIES, ASSOCIATED COMPANIES, ETC.

(All figures in NOK 1 000)

Subsidiaries	Business location	Ownership / voting rights 31.12.2013	Cost price / book value 31.12.2013	Acquisitions and capital increases in 2014	Disposals in 2014	Cost price / book value 31.12.2014	Ownership / voting rights 31.12.2014
Lerøy Aurora AS	Tromsø	100 %	154 070			154 070	100 %
Lerøy Finnmark AS	Finnmark	0 %	0	211 267		211 283	100 %
Lerøy Midt AS	Hitra	100 %	1 135 230			1 135 230	100 %
Lerøy Vest AS	Bergen	100 %	1 262 132			1 262 132	100 %
Sjøtroll Havbruk AS	Austevoll	50,71 %	540 000			540 000	50,71 %
Rode Beheer BV	Netherlands	50,11 %	113 471			113 471	50,11 %
Lerøy Fossen AS	Bergen	100 %	53 092			53 092	100 %
Hallvard Lerøy AS	Bergen	100 %	57 889	15		57 904	100 %
Lerøy Alfheim AS	Bergen	100 %	13 155			13 155	100 %
Lerøy Fisker'n AS	Oslo	100 %	8 000	5 925		13 925	100 %
Lerøy Delico AS	Stavanger	100 %	22 070			22 070	100 %
Lerøy Trondheim AS	Trondheim	100 %	23 284			23 284	100 %
Lerøy Sverige AB	Gothenburg, Sweden	100 %	65 707			65 707	100 %
Lerøy Finland OY	Finland	100 %	30 524	4 289		34 813	100 %
Lerøy Portugal Lda	Portugal	60 %	4 600			4 600	60 %
Nordvik SA	Boulogne, France	100 %	3 618		-3 618	0	0 %
Lerøy Processing Spain SL	Madrid, Spain	100 %	20 151			20 151	100 %
Lerøy & Strudshavn AS	Bergen	100 %	405	24		429	100 %
Sandvikstomt 1 AS	Bergen	100 %	115	8		123	100 %
Total shares in subsidiaries			**3 507 512**	**221 543**	**-3 618**	**3 275 422**	

Lerøy Finnmark AS

Villa Organic AS was per 30 June 2014 an associated company for the group (owned 49.5% by Lerøy Seafood Group ASA). In July 2014, the Villa group was restructured. As part of the restructuring, Villa Arctic AS was merged with the parent company Villa Organic AS. Villa Organic AS was then de-merged, and the assets and liabilities of Villa Organic AS were split between Lerøy Seafood Group ASA and SalMar ASA according to agreement between the parties, based on their respective ownership percentages in Villa Organic AS. Assets and liabilities in Villa Organic AS attributed to Lerøy Seafood Group ASA were placed in the company Lerøy Finnmark AS, which was owned 99.94% by Lerøy Seafood Group ASA at the date of the de-merger.

Other minor changes:

Two capital increases have also been executed during the year in Lerøy Finland OY. In addition all the shares in the French subsidiary Nordvik SA were sold in 2014. Other changes consist of group contribution to subsidiaries for 2014, which increase the net book value with 73 % of gross group contribution. See note 5 for specification.

Associated companies	Business location	Ownership / voting rights 31.12.2013	Cost price / book value 31.12.2013	Acquisitions in 2014	Disposals in 2014	Cost price / book value 31.12.2014	Ownership / voting rights 31.12.2014
Norskott Havbruk AS	Bergen	50 %	163 273	-	-	163 273	50 %
Alfarm Alarko Lerøy	Istanbul, Turkey	50 %	11 548	-	-	11 548	50 %
Villa Organic AS	Kirkenes	49,4 %	203 707	391	-204 098	-	0 %
Lerøy Schlie A/S	Hirtshals, Denmark	50 %	3 793	-	-	3 793	50 %
Ocean Forest AS	Bergen	0 %	-	30		30	50 %
Norsk Oppdretts-service AS	Flekkefjord	0 %	-	5 000		5 000	34 %
Total shares in associated companies			**382 320**	**5 421**	**-204 098**	**183 644**	

Other shares	Business location	Ownership / voting rights 31.12.2013	Cost price / book value 31.12.2013	Acquisitions in 2014	Disposals in 2014	Cost price / book value 31.12.2014	Ownership / voting rights 31.12.2014
DnB Private Equity IS/AS	Oslo	1,11 %	4 327	2 075	-	6 402	1,11 %
CO2BIO AS	Lindås		0	250		250	
Miscellaneous minor share interests			37		-	37	
Total other shares			**4 365**	**2 325**	**-**	**6 690**	

Lerøy Seafood Group ASA has committed a total of NOK 10 million related to the investment in DnB Private Equity.

NOTE 4 DEBT, MORTGAGES AND GUARANTEES

(All figures in NOK 1 000)

	2014	2013
LONG-TERM INTEREST-BEARING DEBT		
Debt to credit institutions	**621 225**	764 075
Total interest-bearing debt at 31.12	**621 225**	764 075
Bank deposits	**389 264**	334 317
Interest bearing short term receivable	**-**	50 000
Net interest-bearing debt at 31.12	**231 961**	379 758
REPAYMENT PROFILE INTEREST BEARING DEBT		
2014		142 850
2015	**55 350**	55 350
2016	**355 350**	355 350
2017	**55 350**	55 350
2018	**55 350**	55 350
2019	**55 350**	55 350
Later	**44 475**	44 475
Total	**621 225**	764 075

Financial covenants

Loan terms ("covenants") are: The equity ratio must be minimum 30%, and net interest-bearing debt shall not exceed 5.0 in relation to EBITDA for the Group (consolidated accounts). When calculating the equity ratio, the balance sheet is adjusted for bank deposits and deferred tax in respect of licences.

	2014	2013
DEBT SECURED BY MORTGAGES		
Long-term debt to credit institutions	**621 225**	764 075
Total mortgage-secured debt at 31.12	**621 225**	764 075
MORTGAGED ASSETS		
Shares in subsidiaries	**1 413 585**	1 413 585
Customer receivables - cross-mortgaged (Hallvard Lerøy AS)	**280 000**	280 000
Shares in associated companies	**163 273**	163 273
Inventories - cross-mortgaged (Hallvard Lerøy AS)	**40 000**	40 000
Buildings	**13 743**	11 664
Total book value of mortgaged assets 31.12	**1 910 601**	1 908 522
Guarantees and sureties	**30 000**	30 000

Guarantee and surety liability

Lerøy Seafood Group ASA has posted a guarantee to the lenders of NOK 30 000 to Lerøy Aurora AS.

Lerøy Seafood Group ASA also has joint and several liability for a Group credit account with a maximum overdraft limit of NOK 400 000, in addition to joint and several liability for outstanding VAT together with Hallvard Lerøy AS, which is included in the joint VAT registration.

NOTE 5 GROUP INTER-COMPANY ACCOUNTS

(All figures in NOK 1 000)

Long-term intragroup receivables	2014	2013
Sjømathuset AS	**31 879**	19 248
Lerøy Sverige AB	**8 810**	11 744
Lerøy Processing Spain SL	**7 929**	5 869
Lerøy Alfheim AS	**3 416**	4 563
Lerøy Delico AS	**0**	2 514
SAS Eurosalmon	**336**	451
Total long-term intragroup receivables	**52 370**	44 389

Short-term receivables, intragroup/associates	2014	2013
Lerøy Midt AS	**468 132**	281 175
Hallvard Lerøy AS	**289 081**	223 938
Lerøy Aurora AS	**254 834**	315 555
Lerøy Vest AS	**220 571**	150 378
Lerøy Fossen AS	**10 923**	11 718
Ocean Forest AS (associate)	**5 849**	0
Lerøy Alfheim AS	**4 400**	478
Lerøy Delico AS	**3 412**	1 964
Lerøy Trondheim AS	**1 962**	373
Sjøtroll Havbruk AS	**1 157**	850
Lerøy Portugal Lda	**334**	327
Villa Organic AS (associate)	**0**	50 000
Sjømathuset AS	**0**	7 815
Lerøy Sjømatgruppen AS	**0**	1 042
Norskott Havbruk AS (associate)	**0**	309
Sandvikstomt 1 AS	**0**	12
Total short-term receivables, intragroup/associates	**1 260 655**	1 045 934

Of which intragroup contribution received	2014	2013
Lerøy Midt AS	**465 064**	277 631
Hallvard Lerøy AS	**289 000**	223 000
Lerøy Aurora AS	**253 826**	314 401
Lerøy Vest AS	**217 956**	147 474
Lerøy Fossen AS	**10 923**	11 718
Lerøy Alfheim AS	**4 400**	478
Lerøy Delico AS	**3 412**	1 964
Lerøy Trondheim AS	**1 962**	373
Sjømathuset AS	**0**	1 586
Lerøy Sjømatgruppen AS	**0**	1 042
Total	**1 246 543**	979 667

Income from investments in subsidiaries	2014	2013
Intragroup contributions received from subsidiaries	**1 246 543**	979 667
Dividend received from Sjøtroll Havbruk AS	**30 547**	10 182
Dividend received from Rode Beheer BV	**6 683**	4 178
Dividend received from Lerøy Portugal Lsa	**0**	327
Total income from investments in subsidiaries	**1 283 773**	994 354

Income from investments in associated companies	2014	2013
Norskott Havbruk AS (dividend received)	**36 250**	26 000
Total income from investments in associated companies	**36 250**	26 000

Short-term liabilities, intragroup/associates	2014	2013
Lerøy Finnmark AS	**9 515**	0
Sjømathuset AS	**8 116**	0
Hallvard Lerøy AS	**1 649**	35
Lerøy Alfheim AS	**100**	0
Lerøy Vest AS	**89**	0
Lerøy & Strudshavn AS	**33**	0
Lerøy Quality Group AS	**21**	0
Sandvikstomt 1 AS	**11**	0
Lerøy Midt AS	**0**	129
Lerøy Delico AS	**0**	63
Total short-term liabilities, intragroup/associates	**19 534**	227

Of which intragroup contribution given	2014	2013
Lerøy Finnmark AS	**9 515**	0
Sjømathuset AS	**8 116**	0
Lerøy & Strudshavn AS	**33**	0
Lerøy Quality Group AS	**21**	0
Sandvikstomt 1 AS	**11**	0
Total	**17 696**	0

(Fortsetter neste side)

NOTE 6 TAXATION

(All figures in NOK 1 000)

DISTRIBUTION OF THE YEAR'S TAX COST	2014	2013
Taxes payable	**312 243**	260 110
Too much or too little allocated to taxes	**327**	0
Change in deferred tax	**-34**	0
Total taxation	**312 537**	260 110

CALCULATION OF THE YEAR'S TAXATION BASE	2014	2013
Profit before tax	**1 224 020**	1 006 618
Dividend (adjusted for taxation)	**-72 192**	-39 772
Gain from disposal of shares (adjusted for taxation)	**0**	-37 704
Permanent differences incl. intragroup contributions without tax effect	**4 504**	-176
Change in temporary differences	**125**	0
The year's taxation base	**1 156 547**	928 966

OVERVIEW OF TEMPORARY DIFFERENCES AND DEFERRED TAX	2014	2013
Buildings and other fixed assets	**-2 764**	-2 639
Financial instruments (cash flow hedge) *	**-131 044**	-32 586
Total	**-133 808**	-35 225
Deferred tax (- tax asset)	**-36 128**	-9 863

* Change in deferred tax related to change in value of interest swap agreement is booked against equity.

WHY THE YEAR'S TAX COST IS NOT EQUAL TO 27% OF PRE-TAX PROFIT	2014	2013
27% of profit before tax	**330 485**	281 853
Permanent differences (27%)	**1 216**	-49
Tax-free dividend	**-19 492**	-21 693
Too much or too little allocated to tax	**327**	0
Estimated tax cost	**312 537**	260 110
Effective tax rate	**25,53 %**	25,84 %

TAX PAYABLE BOOKED IN THE BALANCE SHEET	2014	2013
Tax payable	**312 243**	260 110
Tax payable on intragroup contributions paid	**-4 778**	0
Tax payable booked in the balance sheet	**307 466**	260 110

NOTE 7 PAYROLL EXPENSES, NUMBER OF EMPLOYEES, REMUNERATION, LOANS TO STAFF, ETC

(All figures in NOK 1 000)

Payroll expenses	2014	2013
Wages and salaries	**24 455**	19 033
Employer's contribution	**2 526**	2 050
Pension costs 1)	**514**	450
Other remuneration and personnel costs	**200**	1 026
Total	**27 695**	22 559

[1)] Defined contribution pension scheme

Average number of man years:	**8**	7

For a specification of remuneration of executive personnel in Lerøy Seafood Group ASA and in the Group as a whole, see note 14 in the consolidated accounts.

Auditor

Invoiced fees from the Group auditor PricewaterhouseCoopers AS, the law firm PricewaterhouseCoopers AS and other foreign PriceWaterhouseCoopers firms, were as follows:

	2014	2013
Auditing fees Group auditor	**680**	665
Other services Group auditor	**1 178**	194
Total	**1 858**	859

NOTE 8 ITEMS COMBINED IN THE ACCOUNTS

(All figures in NOK 1 000)

Financial revenues	2014	2013
Gain from disposal of subsidiary	**0**	38 870
Interest income from Group companies	**2 318**	5 594
Other interest income	**9 798**	12 647
Currency exchange gain	**633**	3 225
Other financial revenues	**0**	0
Total financial revenues	**12 749**	60 336

Financial costs	2014	2013
Interest cost	**39 473**	43 773
Currency exchange loss	**0**	0
Other financial costs	**3 066**	694
Total financial costs	**42 539**	44 467
Net financial items	**-29 790**	15 869

NOTE 9 INTEREST SWAP AGREEMENTS

(All figures in NOK 1 000)

Lerøy Seafood Group ASA has two interest swap agreements, each with a fixed amount of NOK 500 million and a duration of 10 years.

The fair value of the interest swap agreement (gross commitment) is carried under the item for "Other long-term liabilities". The effective share of the change in value of the interest swap agreement is recognised directly in equity (cash flow hedging). The tax effect is also recognised directly in equity, and is therefore not included in the tax cost for the year in the income statement. Ref. notes on accounting principles for more detailed information on principles.

Interest swap agreements	Nominal contract amount	Gross commit-ment carried / fair value	Related deferred tax	Impact on equity
Interest swap agreements 31.12.2014				
Agreement of 17 November 2011, 10 years, 3.55%	500 000			
Agreement of 17 January 2012, 10 years, 3.29%	500 000			
Total nominal value on interest swap agreements (3.42%)	**1 000 000**			
Status 01.01.2013	1 000 000	-44 788	12 541	-32 247
Changes in 2013	0	12 202	-3 416	8 785
Status 31.12.2013	**1 000 000**	**-32 586**	**9 124**	**-23 462**

Interest swap cost in 2013 was NOK 16 474.

Status 01.01.2014	1 000 000	-32 586	9 124	-23 462
Changes in 2014	0	-98 458	26 258	-72 200
Status 31.12.2014	**1 000 000**	**-131 044**	**35 382**	**-95 662**

Interest swap cost in 2014 was NOK 17 303.

AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Lerøy Seafood Group ASA

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of Lerøy Seafood Group ASA, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at 31 December 2014, and the income statement and cash flow statement, for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the balance sheet at 31 December 2014, income statement, statement of comprehensive income, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by EU and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers AS, Postboks 3984 - Dreggen, NO-5835 Bergen
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Opinion on the financial statements of the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position for Lerøy Seafood Group ASA as at 31 December 2014, and its financial performance and its 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 are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of the group Lerøy Seafood Group ASA as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and 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 Board of Directors report and in the statement on Corporate Governance concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Bergen, 27 March 2015
PricewaterhouseCoopers AS

Sturle Døsen
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

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Photo: All food pictures by Øystein Klakegg, Tove Lise Mossestad p. 8, p. 10, p. 16.

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