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ANNUAL REPORT 2006

LERÖY

ANNUAL REPORT 2006

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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 a corf behind Ole Mikkel Lerøen's rowing boat, a journey that could take between six and twelve 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 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 always been on developing markets for fresh and frozen fish products, and the company has frequently led the way into new markets or been the first to commercialise new species. The pioneering spirit is still very much alive in the Group, which was the first to export fresh salmon to the USA and to establish direct air-borne deliveries of fresh salmon to Japan.

Since 1999, the Group has acquired substantial interests in various domestic and international enterprises. The Group acquired all the shares in Lerøy Midnor AS at the end of 2003 and bought Lerøy Aurora AS in 2005. The companies Lerøy Fossen AS and Lerøy Hydrotech AS were acquired in 2006. The investments in down-stream activities in 2006 have established the group as a nation-wide distributor of fresh fish. Through these acquisitions, the number of employees in Norway once again exceeds those in the Group's overseas companies.

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. In connection with this placing in 1997, the company was reorganised as a public limited company. The company was listed on the stock market in June 2002. Since then, the company has introduced several stock issues, most recently in March 2007. 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. This has facilitated considerable investments, which have significantly strengthened the Group.

At the beginning of 2007 the Group is well situated for continued profitable development and growth.

Photo: Astrid Hals

Principal figures and strategic events

Key figures

All figures in NOK 1 000

	2006	2005	2004
Sales revenues	5 616 592	4 014 454	3 559 399
Ordinary depreciation	84 707	48 214	39 598
Operating result before adjustment fish in sea	683 757	274 110	132 468
Operating result	769 695	352 400	134 115
Result before tax	858 383	412 362	140 923
Annual result	**652 445**	319 857	85 118
Earnings per share	15.86	8.65	2.42
Earnings per share before adjustment fish in sea	14.00	6.73	2.12

Important strategic events the last 10 years

1997	The current group model is established
1997	Private placement
1998	Sale of Portnor Lda.
1999	Investment in Hydrotech-Gruppen AS
2000	Private placement
2001	Investment in Egersund Fisk AS
2001	Investment in Scottish Sea Farms Ltd.
2001	Investment in distribution in Sweden (Lerøy Sverige AB)
2002	Private and public placement
2002	Listing on the stock exchange
2002	Investment in salmon smoking company in Sweden (Lerøy Smøgen Seafood AB)
2003	Acquisition of Lerøy Midnor AS
2003	Private placement
2004	Acquisition of 60% of shares in Portnor Lda.
2004	Acquisition of fish farming capacity in Mid-Norway
2005	Partnership with Alarko Holding in Turkey
2005	Private placement
2005	Acquisition of Lerøy Aurora AS
2005	Acquisition of Laksefjord AS
2005	Investment in distribution in Norway and Sweden
2005	Bulandet Fiskeindustri AS included in group structure
2006	Investments resulting in nation-wide distribution of fresh fish
2006	Acquisition of Lerøy Fossen AS
2006	Private placement
2006	Acquisition of Bjørsvik Settefisk AS
2006	Acquisition of 100% of shares in Lerøy Hydrotech AS

Corporate governance

Corporate Governance is an international concept which tentatively may be translated to Norwegian as Shareholder Management and Control. We understand the concept to be a collective term covering the company's behaviour and customary practices within several sectors, such as management practice, mechanisms for management and control, board of director ethics and shareholder policies. Several of these sectors are governed by company law representing a minimum of what the company's various partners may expect. Requirements from the Oslo Stock Exchange and the Group's own goals seen in conjunction with the demands from international and national partners for continuously profitable commercial activities imply that Lerøy Seafood Group shall be recognised for exercising Corporate Governance beyond the minimum requirements.

We share the view that Corporate Governance is not of recent date and that the concept still is in continuous development. For this reason our description of the company's Corporate Governance is also under development and has not yet found its final form and content. We will work to develop the Group's Corporate Governance and our presentation of it even further in coming years. For the sake of good order, we must point out that this chapter is not a complete description of the company's Corporate Governance. Rather, it is a review of some specific and central matters based on the particular part of the Corporate Governance concept that relates to the interface with the company's present and future owners.

We believe the recent focus on several areas encompassed by the term Corporate Governance will in time show the need for new roles and related responsibilities in the performance of commercial activity. This will enhance the ability of investors in all companies to form independent and accurate views as to which companies have the highest earnings potential. At the same time it is important to prevent a development where discussions of shareholder management and control becomes a subject for theoreticians and the especially interested through excessively detailed rules and regulations.

✱ ACTIVITIES

The company'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 activities are represented by the annual report as a whole, 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". The Lerøy Seafood Group the established goal of becoming the leading and most profitable Norwegian supplier of seafood.

✱ THE BOARD OF DIRECTORS AND ITS FUNCTION

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 by the owners already 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 for establishing so-called "board committees".

For several years, as well as in its ten meetings in 2006, the Board has maintained a particular focus on the connection between practical operations and strategic business development. The Board and company management has since 1997 worked purposefully to develop the Group into a wholly integrated leading and profitable seafood group. This work has for a considerable time been carried out in accordance with our public announcements. In this respect, reference is made to the "Purpose of Share Distribution" described in the prospectus issued for the registration on the Oslo Stock Exchange in June 2002: "With this distribution, the company wants to secure active future participation in the restructuring and internationalisation taking place in the industry. Consequently, in order to capitalise on past performance and to position itself for future earnings, the Lerøy Seafood Group will assess possible acquisition and merger alternatives as well as possible alliances that may enhance the basis for further profitable growth". The Board's work reflects this strategy and the results are shown through management implementation.

The Group's activities are varied, depending on each unit's position in the value chain, and consequently require differentiated forms of management and follow-up. Good internal management systems are essential for success, but these must be continuously developed in order to accommodate changing economic conditions. The Group's regional structure with independent units, also in respect of short term reporting, facilitates good control and powerful focussing. The internal control is based on daily and weekly reports that are summarised to monthly reports tailored to the individual company, while at the same time providing satisfactory reporting on group level.

When recruiting board members, the company's owners have already for many years considered the company's needs for varied competency, continuity, renewal and changes in ownership structure. It will always be in the owners' interest that the composition of the Board varies in line with the demands made on the company and with the Group's expectations. The Board's assessment of itself and of Group management must of necessity be seen in conjunction with the Group's development. So far the Board has not issued reports on its assessment of its own work; this is a conscious priority decision and must be viewed in conjunction with other announcements in the company's communications to the public. Moreover, external assessments of the Board's work will probably be of greater significance also in the future.

The current Board members are:
Chairman of the Board, Svein Milford, was first elected onto the Group's Board by the ordinary Shareholders' Meeting on 24.04.95. Milford was subsequently elected to the chairmanship by the ordinary Shareholders' Meeting on 12.05.00. Milford is 63 years old and has a degree in electronic engineering (1965), a BA in economics from the Norwegian School of Management - BI (1970) and an MBA from the University of Oregon (1971). Milford has considerable experience from leading positions in Norwegian and international business enterprises. In recent years, Milford has run his own consultancy business and is chairman of the boards of several companies. At 31.12.06, Svein Milford owned – directly or indirectly – 5 700 shares in the company.

Board Member Hallvard Lerøy jr first gained board membership in the Group in 1967. Lerøy jr is 70 years old and has university qualifying examinations in business studies from Bergen Business College - Bergens Handelsgymnasium (1955), visited France for work/study purposes in 1955 and 1957 and attended studies in business economics at the Norwegian School of Economics and Business Administration - NHH in Bergen. Lerøy jr has been employed in the Group for long periods of his working life and became Managing Director in 1967. Lerøy jr retired as Managing Director in 1992 when his son and current Group Managing Director and Chief Executive Ole-Eirik Lerøy took over. Throughout his career in the Lerøy Group, Lerøy jr has held positions on official committees, in fisheries organisations and on various company boards. Hallvard Lerøy jr indirectly owns shares in Lerøy Seafood Group ASA as a shareholder in the companies Profond AS and KOS Bergen AS. Hallvard Lerøy Jr. is the only Board member with ties to the Group's staff and major shareholders.

Board member Fons Brusselmans has been a member of the Board since the 1998 ordinary Shareholders' Meeting. Fons Brusselmans is 57 years old and a graduate in business economics from the Norwegian School of Management - BI (1978). Brusselmans is Group Managing Director of Kuoni Scandinavia and has held management positions in international service industries for a number of years. In addition, Brusselmans also has broad experience in working on the boards of international commercial enterprises. At 31.12.06, Fons Brusselmans owned 5 400 shares in the company.

Board member Joyce Falkenberg was elected to the Company's Board at the ordinary Shareholders' Meeting on 25.05.04. Falkenberg is 60 years old and has held varied positions in industry and education. She has worked as Professor of Business Strategy at the District College in Agder since 2003. Falkenberg has a PhD in Organizational Studies from the University of Oregon, USA. She held a position at the Norwegian School of Economics and Business Administration in Bergen from 1995 to 2003. Present research and teaching areas are: international strategy, strategic change and implementation. Falkenberg owned no shares in the Company on 31.12.06.

Board member Katrine Trovik was elected to the Company's Board of Directors at the ordinary Shareholders' Meeting on 25.05.05. Trovik is 44 years old and holds an MA in economics from Norwegian School of Economics and Business Administration and is also a lawyer with a practicing certificate from the year 2001. Trovik has a broad commercial background with emphasis on financing and business law. At present, Trovik is a partner in the law firm Wikborg, Rein & Co and is a board member in several listed companies. Trovik owned no shares in the Company on 31.12.06.

Board Member Hans Petter Vestre was elected to the Board as the employees' representative at the ordinary Shareholders' Meeting on 24.04.95. Vestre is 40 years old and a graduate of the Norwegian College of Fishery, University of Tromsø (1991). Vestre was employed by Hallvard Lerøy AS as sales manager in 1992 and is today departmental head in Hallvard Lerøy AS. Vestre is also a member of the Board of Directors of Hallvard Lerøy AS. Hans Petter Vestre owned no shares in the company on 31.12.06.

The Group structure, with autonomous units in different regions, is supervised through participation by Group staff in the administrative bodies in the various companies. also the employees, through

their representatives on the boards of the subsidiaries, 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.

Election committee

The ordinary Shareholders' Meeting on 25.05.05 voted to change Article 5 of the Company's articles of association to give the Company a permanent election committee consisting of three members elected by the Shareholders' Meeting for a period of two years. The Company's election committee is charged with preparing suggestions for the composition of an owner elected board of directors and to submit recommendations the Shareholders' Meeting for election of such board. At present the election committee members are Didric Munch (leader), Wenche Skorge and Svein Milford.

✻ DIVIDEND POLICY

Based on continued growth and improved profitability, Lerøy Seafood Group aims to create financial values for its shareholders, staff and the community 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 dividend and share price performance ought to reflect the company's value generation. Distributed dividend should develop in line with the company's financial strength, growth and profitability. The recommended dividend distribution for 2006 is NOK 4,- per share, which is in line with the company's traditional dividend policy.

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 throughout to ensure that the Group operates in line with good financial contingency planning as a guarantee 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 dividend.

✻ 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 a satisfactory financial preparedness. 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 25% over time. The Group's long term earnings goal is to maintain an annual yield on the Group's average employed capital 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 levels, but also in response to significant changes in the Group's spheres of activity.

✻ SHAREHOLDERS' MEETING

Negotiability and voting rights

As from 03.06.02, the shares in Lerøy Seafood Group ASA were quoted in the Oslo Stock Exchange main listings 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 Shareholders' Meeting. Shareholders rights are governed by the Public Limited Companies Act (Norway),

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cp. in particular Chapter 4 of the Public Limited Companies Act (Norway).

Attendance or proxy

Shareholders may cast their votes at the Shareholders' Meeting either by attending in person or by proxy.

Authorities granted to the Board of Directors

Authorities are granted to the Board of Directors in accordance with the Public Limited Companies Act (Norway), cp. 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 Shareholders' Meeting on 12.05.00. This authority has subsequently been renewed, most recently at the ordinary Shareholders' Meeting on 24.05.06, and is to remain valid for 18 months from the date on which the resolution was adopted. An extension of the authority will be recommended to the ordinary Shareholders' Meeting on 23.05.07. The authority has been exercised. At 31.12.06 the company owned 285 423 of its own shares.

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. The Board's authority must be seen in conjunction with the company's established option programme, see below. This type of authority was first established by the extraordinary Shareholders' Meeting on 10.12.97 and has subsequently been renewed, most recently by the ordinary Shareholders' Meeting on 24.05.06. This authority is valid for two years from the time the resolution was adopted. An extension of the authority will be recommended to the Shareholders' Meeting on 23.05.07. The authority has not been exercised.

The Board had 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 authority was first established by the ordinary Shareholders' Meeting of 04.05.99 and subsequently renewed by the ordinary Shareholders' Meeting on 24.05.06. The Board exercised this authority in 2006 when it issued a total of 3 400 000 shares. It will be recommended that an equivalent authority be approved by the ordinary Shareholders' Meeting on 23.05.07.

The Board's powers to distribute shares are limited in time, 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. In addition, the Board has established the practice of having the authorisations renewed at each ordinary Shareholders' Meeting.

Compensation including options

The Board's compensation is not performance based. The board members have no share options. The Board's total compensation is shown in a separate note to the accounts. If companies that board members are associated with perform work for the Company's Board, the question of independence is treated specifically by the Board. The Group's development is closely linked to the Group's ability to recruit and keep managerial staff and the Group employs various models for remuneration of management personnel at competitive terms. Such compensation may vary over time both in respect of level and form of payment. In addition to the annual salary, the Group uses a performance based bonus not exceeding the respective annual wage, lump sum non-recurring amounts, sign on fees, arranged leave of absence, education possibilities and option agreements (see below). The Group has collective pension schemes. For logical reasons, the Board by its chairman has until now handled all practical matters in respect of agreements with the Group's chief executive and assistant chief executive. The compensation is reviewed annually, but is assessed over several years in order to secure continuity. The Board limits the use of so-called post resignation wages, but it has been practiced in a few cases and then limited to two years' salary. Post resignation wages may at times be a good alternative for all parties involved.

Since the spring of 1999, the Board has used options as an important instrument in the Group's development (see also the treatment of options in a separate note to the accounts). In its meeting on 20.06.06 the Board established a new option scheme limited to 700 000 options at NOK 125.- each. These options have as yet not been distributed.

The Board allocated 320 000 options in the spring of 2001 and the spring of 2002. These options may be exercised in stages, with one third at each stage, the first time after the ordinary Shareholders' Meeting in 2002. The exercise price is NOK 27.50 per share. At 31.12.06 the number of this type of option still outstanding was 260 000. These options were exercised in the beginning of 2007, reported by separate note to the stock exchange on 28.02.07. Over the years, exercised options have been settled either by shares purchased by the company in the market with reference to the Board's authority to acquire own shares, or by cash payments.

On 23.02.05 the Board approved an option scheme for 600 000 options at NOK 40.- each that were later allocated. These options may be exercised over time and reference is made to descriptions of option schemes and their consequences elsewhere in the annual report.

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

Auditing

The company's auditor works in accordance with an annual schedule known to the Board and the administration. The auditor is available for questions and comments to the annual accounts and other matters at the Board's discretion. The auditor reports on his work in writing to the company administration and the Board by its chairman. The Board is informed of the general nature of the services the administration buys from the auditor. Apart from normal auditing, the Board has until now found no need to request detailed descriptions of services delivered to the company. Moreover, the auditor has not been requested to submit an annual statement of independence, in as much as the company's auditor practices internal rotation and the Auditing Company is quite large.

Share issues with discount

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

✻ INFORMATION

Lerøy Seafood Group ASA strongly emphasises correct and open information to shareholders, potential shareholders and other interested parties. Since 1997, the company has presented quarterly reports with financial information. 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 will also present such information directly to investors and analysts. Lerøy Seafood Group will inform its shareholders through the annual report, quarterly reports and at presentations when this is appropriate. In addition, press releases will be sent regarding important events in the company's markets, or concerning other circumstances that may be relevant. The company has been awarded the so-called "Information Badge" and the "English Badge" by the Oslo Stock Exchange.

The company's Internet home page will also be updated with relevant information. The company's Internet address is: www.leroy.no.

✻ TECHNICAL INFORMATION

At 31.12.06, Lerøy Seafood Group ASA had 42 777 368 shares, each with a face value of NOK 1.-. A share issue for cash in April 2006 increased the number of shares by 3 400 000 to a total of 42 777 368 shares. At 31.12.06, the company had 4 884 shareholders. The company's register of shareholders, cp. S. 4-4 of the Public Limited Companies Act (Norway), was registered with the Norwegian Central Securities Depository (Verdipapirsentralen – VPS) on 28.11.97 and carries the VPS registration number ISIN NO-000-3096208. DnBNOR Bank ASA, Oslo, is the account manager. The share's so-called Ticker Code on the Oslo Stock Exchange's main list is LSG.
The company's enterprise number in the Register of Business Enterprises is 975 350 940.

The overview below shows the so-called RISK values for the company's shares:

01 January 1996	NOK 0.0
01 January 1997	NOK 1,592.60
01 January 1998	NOK 3.50
01 January 1999	NOK 1.14
01 January 2000	NOK 0.83
01 January 2001	NOK 0.89
01 January 2002	NOK 1.69
01 January 2003	NOK –0.02
01 January 2004	NOK –0.59
01 January 2005	NOK –0.88
01 January 2006	NOK –1.80

Adjustment factors used when redistributing RISK amounts after share splits:
Share split on 11.05.1998, factor 0.10000
Share split on 30.06.1997, factor 0.00100

Actual distributed dividend for the accounting year 2004 was 0.80 per share. Each shareholder can therefore demand RISK per 01.01.05 adjusted from -0.88 per share to -0.80 per share.

✻ FINANCIAL CALENDAR

The company reserves the right to alter the financial calendar during the year.

26 February 2007: Preliminary result for the year 2006
15 May 2007: Presentation of result for 1st Quarter 2007
23 May 2007: Ordinary Shareholders' Meeting

The Shareholders' Meeting will be on 23 May 2007 at 10:00 a.m. in the company's office at Bontelabo 2, 5003 Bergen. Shareholders wishing to attend are asked to notify the company via the meeting slip or the proxy form attached to the summons, no later than Monday, 21 May 2007.

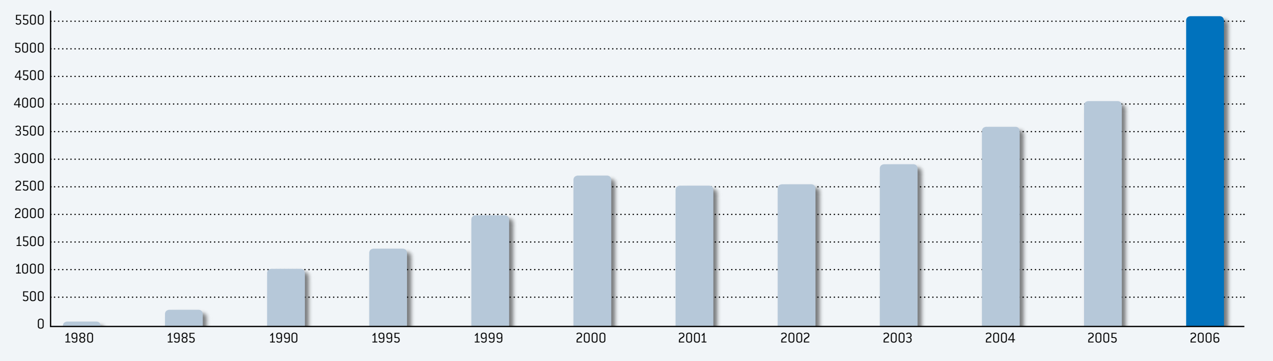
The Board has recommended a dividend of NOK 4,- per share. If the Shareholders' Meeting approves the recommended distribution, it will be paid to the shareholders on 5 June 2007.
The shares are quoted exclusive of dividend on 24 May 2006.

16 August 2007: Presentation of the result for 2nd Quarter 2007
31 October 2007: Presentation of the result for 3rd Quarter 2007
26 February 2008: Presentation of preliminary result for the year 2007

Key figures and graphs

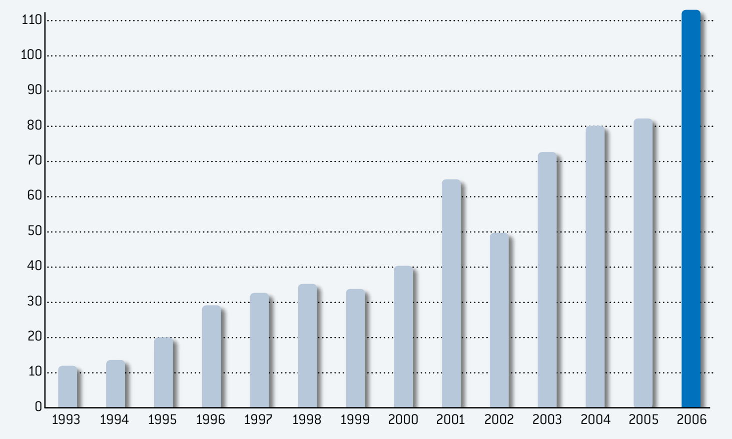
TURNOVER

(mill. NOK)



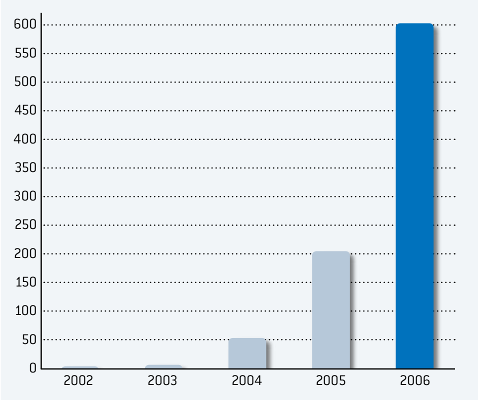
OPERATING PROFIT, SALES & DISTRIBUTION

(mill. NOK)



OPERATING PROFIT BEFORE BIOMASS ADJUSTMENTS, PRODUCTION

(mill. NOK)



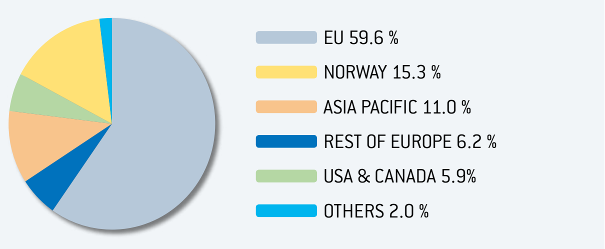
FINANCIAL KEY FIGURES

All figures in NOK 1 000

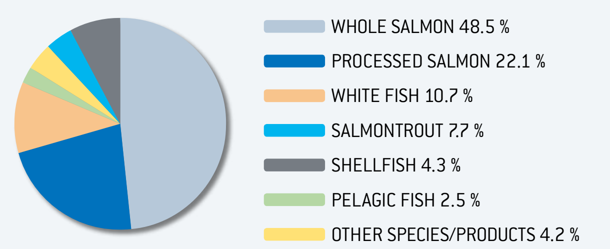
	2006	2005	2004	2003	2002
Profit margin [1]	**15.28 %**	10.27 %	3.96 %	1.88 %	1.57 %
Operating margin [2]	**13.70 %**	8.78 %	3.77 %	2.89 %	2.15 %
Operatin margin before adj. fish in sea	**12.17 %**	6.83 %	3.72 %	2.89 %	2.15 %
Earnings per share [3]	**15.86**	8.65	2.42	1.15	1.13
Earnings per share before adj. fish in sea	**14.00**	6.73	2.12	1.15	1.13
ROCE [4]	**32.94 %**	31.08 %	14.15 %	9.55 %	8.75 %
ROCE before adj. fish in sea	**31.06 %**	25.43 %	13.40 %	9.55 %	8.75 %
Equity ratio [5]	**41.75 %**	50.51 %	45.12 %	44.01 %	53.50 %
Cash-flow per share [6]	**13.31**	4.13	4.87	1.73	0.77

Years 2006,2005 and 2004 are based on IFRS accounts, while 2003 and 2002 are based on NGAAP accounts. 1) Profit margin = Result before tax/sales revenues, 2) Operatin margin = Operatin profit/revenues, 3) Earnings per share = Majority interests/Average number of shares, 4) ROCE = [Profit before tax + net financial items]/[average interest bearing debt + average equity], 5) Eqity ratio = Total equity/Total assets 6) Cash-flow per share = Cash-flow from operations/average number of shares

SALES PER MARKET IN 2006



SALES PER PRODUCT IN 2006



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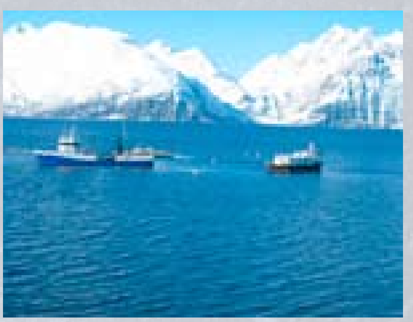
Farming Norway



Management report 2006

CONSOLIDATED ACTIVITIES

Lerøy Seafood Group is in the business of meeting the demand for food and culinary experiences in Norway and internationally by supplying seafood products through selected distributors to producers, institutional households and consumers. Lerøy Seafood Group has a clear focus on delivering products of high quality and on developing binding, long-term, profitable and cost effective collaborations both with suppliers and in the market. Lerøy Seafood Group's vision is to be the leading and most profitable Norwegian supplier of quality seafood. To attain this goal it is important that the Group works to achieve profitability in all its activities.

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. The Group operates through subsidiaries in Norway, Sweden, France and Portugal and through a network of sales offices that ensure its presence in the most important markets. The Group's task is to satisfy the customer's requirements for cost-effective and continuous supplies of a wide range of high-quality seafood products. The Group's global sales network allows it to act as an efficient supplier with good **product range dispersal**, thus reducing risks for the Group and its partners. Lerøy Seafood Group will continue to maintain strategic geographical market dispersal, but will also use its resources to focus on selected markets with a view to maintaining or developing significant market shares.

Developments on the world's food markets demonstrate that the marketing work is becoming increasingly demanding and requires differentiated approaches, depending on the respective market area and on the products being marketed. Lerøy Seafood Group will therefore also in the future strive to provide its customers with cost-effective, individual and forward-looking solutions, thus providing the Group and its partners with the best possible opportunities for growth. It is vital that the interaction between businesses in the value chain comprising this network, takes its point of departure in the requirements and wishes of the end user. Lerøy Seafood Group and its collaborators form a commercial network, which must strive to ensure the mutual exchange of expertise between performers. Businesses within the network, regardless of ownership, must be given ample opportunities to focus on their own core activities and to capitalise on scale advantages and reduced risks.

«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.»

The Group divides its products into the main sectors of salmon products, whitefish, pelagic fish and shellfish. The distinction between farmed species and wild fish is significant and requires different logistic solutions and work methods. These products are distributed on the Norwegian market and more than 40 other markets worldwide. The **broad range of products** offered by the company provides sales advantages in most market areas. The company's strategy is to meet the market's ever-increasing demands for food safety, quality, product range, cost efficiency and continuous supply. This is achieved by coordinating the various elements in the value chain - the Group's sales network with established strategic alliances and the sea farms, fishing vessels and fish processing plants primarily along the coast of Norway.

The Group's business systems are under constant review.

The Group works actively to ensure that systems and routines safeguard profitability requirements. As the industry is in such rapid growth, the demands for **risk management** are particularly stringent in several areas. Traditionally, the Norwegian and large parts of the international seafood industry have been seriously undercapitalised, with an ensuing high level of financial risk. This is not compatible with the cyclical natured of the industry. Lerøy Seafood Group has always emphasised the need to secure the confidence of its financial partners, thereby gaining access to necessary outside capital on good terms. The company's **financial contingency planning**, both now and in the future, will allow the Group to take part in the value-generating structural reorganisation that is now taking place.

The seafood industry harbours a considerable potential, but if this potential is to be realised and exploited to the full, new products will have to be created and developed in line with the evolution of new markets. Lerøy Seafood Group is active in the development of new products and markets under the motto: "what can be sold will be produced". The need for new markets is underscored by the political **trade barriers** imposed on the Norwegian fish farming industry by superior political forces represented by the EU. The company was confident that Russian and Norwegian authorities would find satisfactory solutions leading to the removal of the total import ban on fresh Norwegian seafood. It is important that trade between Norway and other nations can be carried out under international rules. Lerøy Seafood Group and its partners and colleagues will therefore work systematically to improve the acceptance of Norwegian seafood both nationally and internationally.

In 1996, action taken by Scottish and Irish fish farmers with a view to setting up trade barriers against Norwegian fish farmers led to the EU's Fisheries Commission opening an enquiry into dumping allegations levelled at the Norwegian fish farming industry. The outcome of this enquiry was an agreement signed by the European Commission and the various Norwegian export companies in 1997. This agreement was wound up in the summer of 2003. The same actors have continued their process, and today there are, unbelievably, penalty measures imposed upon Norwegian actors for delivery of salmon and trout to the EU.

The European Commissions resolution to introduce a penal tariff on trout produced in Norway demonstrates the superior political force represented by the EU. If the Norwegian fish farming industry is to continue value generation in line with its inherent potential, the Norwegian authorities too will have to take firm steps to ensure that conditions are favourable in the long-term perspective. In the long run, the fish farming industry in Norway will not be able to survive with such costly one-sided conditions. Norway as a producing nation has lost market shares for several years now and is constantly being challenged by countries that provide a much better political framework. Political authorities and others determining the conditions under which we work must accept that the industry is global and that we all have to act accordingly. Improving the framework conditions for the seafood industry will be of central importance in the years ahead. The company supports the battle waged by Norwegian authorities against the injustice perpetrated by the EU against Norwegian actors in the global aquaculture industry. EU's use of political power over many years against Norwegian interests in seafood production illustrates the need for a change of strategy in the industry's work for better market access. LSG is pleased to observe that work has now been started to improve the climate for goal-oriented work in this area.

In its product range Lerøy Seafood Group has a large portion of fresh fish products. At present the **fresh fish product** share is more than 80% and will be maintained in coming years. In addition, there is a clear trend towards a rising level of processing throughout our range of products. Through many years with systematic marketing of **processed salmon**, Lerøy Seafood Group has built up a sound position for itself within this product area. As the degree of processing rises, regardless of the type of raw material, more and more stringent demands are made on the actors involved. Standards of **food safety**, cost efficiency, quality and long-term commitment through continuity of supplies will increase in both the production and marketing sectors. Moreover, a high level of processing also requires closeness to the market and good logistic solutions. The Group works with stringent demands to cost efficiency and continuous product development.

«In the long run, the fish farming industry in Norway will not be able to survive with such costly one-sided conditions.»

As in the Norwegian market, the Group's position on the Swedish market is particularly strong since the Group through its subsidiaries in Stockholm, Gothenburg and Malmø has established a good base for cost-effective distribution of seafood. Moreover, the Group's production unit in Smøgen, Lerøy Smøgen Seafood, represents a very exciting element within the Group. The work of organising the Group's activities in Sweden efficiently, including acquisition of the company Nordhav AB through Lerøy Allt i Fisk AB, has proceeded well, and it is expected that the Swedish structure will create interesting opportunities in coming years. Through Portnor Lda the Group is well positioned in the Portuguese market and Portnor Lda also ensures our representation on the Iberian Peninsula, which is an important market for Norwegian fish.

The Group's strategic investments in 2006 have made it into a **nation-wide distributor of fresh fish** through its own companies in Bergen, Oslo, Stavanger and Trondheim in collaboration with other partners in the rest of the country. This strategy is long-term and will, in the company's opinion, generate good opportunities for increased earnings in the years to come.

The Group's partnership with the listed company Alarko Holding in Turkey (cp. the investment in Alfarm Alarko Lerøy in 2005), represents a continuation of many years of collaboration with this very sound and well-reputed company. The collaboration with this very able partner has more than satisfied the administration's expectations and appears to be developing into a very interesting venture.

In recent years the Group has invested significantly in aquaculture activities in order to support its strategic development into a supplier of high quality seafood products to **quality-conscious customers** in the global seafood market. The subsidiary Lerøy Midnor AS is located in one of the pioneer districts for farming of Norwegian salmon and trout. The performance in 2006 clearly reflects the underlying productivity improvements implemented after the acquisition of the enterprise in December of 2003. The company Lerøy Aurora has developed exceptionally well and will in the current year show that the positive development since the acquisition in the summer of 2005 continues.

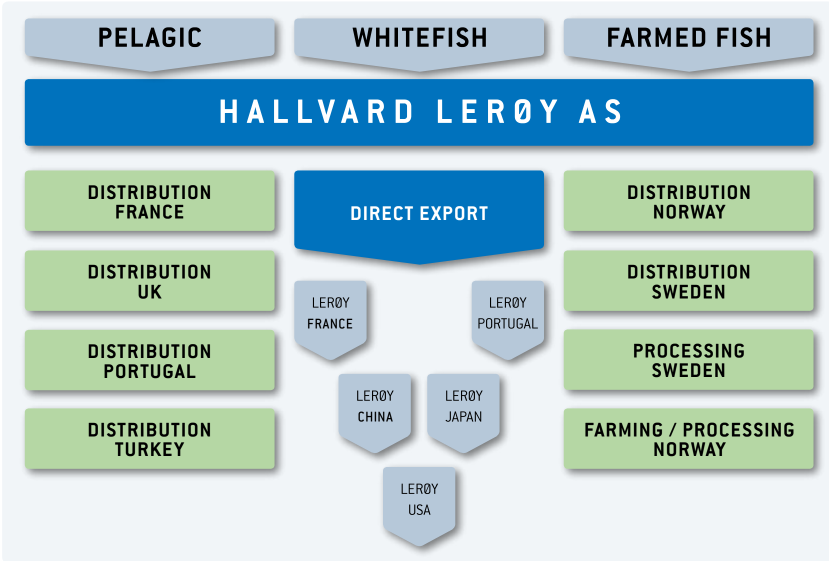
The acquisitions in 2006 of the group Lerøy Fossen AS and Lerøy Hydrotech AS, serve to consolidate the Group's strategy. The Group has high expectations for these companies and looks forward to develop them further in close collaboration with their managerial staffs and employees.

After Atlantic salmon, **whitefish** is the second largest product area for Lerøy Seafood Group. In recent years, this product group has developed favourably through cooperation with a number of small and medium-sized companies. Our association with these businesses will continue to expand and is expected to give us many interesting opportunities in the future. Whitefish farming continues to be a relatively modest business area, but one that is expected to show positive growth in coming years thanks to the industry's innovative skills and determination. The Group believes that in the long run, the production volumes of farmed cod and halibut will be substantial. In future, the increased demand for whitefish will to a large extent have to be satisfied by the aquaculture industry.

The Group foresees good prospects for stable and acceptable earnings from pelagic fish products provided solvency continues to improve in the main markets for pelagic fish. In the long-term, the company envisions that there will be opportunities to improve on the utilisation of pelagic products by focusing more strongly on product development combined with improved market diversification. This work will have to take place over several years.

Lerøy Seafood Group is a leading supplier of **fresh pelagic fish** to Norwegian and European markets. This sale of fresh pelagic fish represents a small but interesting niche product.

Throughout the year 2006, Norway succeeded in sustaining its position as the world's leading producer nation of the company's main product, farmed Atlantic salmon. Even when the figures include



wild salmon, Norway remains the largest supplier of Atlantic salmon and it appears as if the country may be able to defend this position in the next few years.

Measured in value, the Group remained the largest exporter of Norwegian fish shipped from Norway also in 2006.

«Constant changes in the company's business environment require dynamic and flexible co-workers who are willing to learn.»

The Group is exposed to the risks inherent in its core activities. In addition to the familiar risk categories like credit risk, financial risk and commercial risk, etc., there are also biological risk and political (regulatory) risk associated with the Group's activities. The political risk includes everything from market access (in particular for production in Norway), changes in operational permits, discharge permits and licensing schemes, etc. Even if there always is risk associated with the development of the world market for Atlantic salmon and trout, we anticipate satisfactory prices also in 2007. The trend may, however, turn down as a consequence of trade barriers introduced by EU authorities. Also, the competition from Chilean aquaculture has been strong in recent years and is expected to continue. However, signals from operators with significant activity in Chile indicate that the growth rate in supply of Atlantic salmon from Chile may be somewhat lower the next few years than previously assumed.

The Group has several criteria for the selection of possible alliance partners/investment objects, some of which will be commented on here. The Group always considers what qualifications the alliance partner has that will ensure satisfactory operations. These are considered in terms of management expertise, but equally important is the expertise within the organisation in general. It is important that the object's balance sheet with adjustments is acceptable in terms of the Group's risk profile. Similarly, any alliance partners must show an awareness of the significance of continuous, quality-assured, market-oriented production.

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

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industry with a wide range of formal backgrounds and practical experience from different fields. As the company is engaged in a global industry in which framework conditions are constantly changing and developing, it is important that our staff maintain and extend their skills and competence. Our organisation may be described as young but experienced. Constant changes in the company's business environment require dynamic and flexible co-workers who are willing to learn, and the Group has employees who meet these requirements. The employees are dedicated to improving the Group's competitive ability and results and to making sure that each company will be able to satisfy future demands and thus also the Group's long-term strategies and profit targets. In order to meet future challenges in the world's food markets, the Group will continue to develop its organisation through development projects linked to the Group's strategic goals.

The rapid development in recent years has been possible because the Group has been an attractive place of work for **capable people**. One of several important prerequisites for the Group's continued positive development is its ability to offer **attractive jobs** to as many capable employees as possible. The Group must be strongly focussed on being a winner in the competition for result-oriented and competent personnel with higher than average capacities for work and change.

In Norway the Group had activities in 8 districts and 29 municipalities at year's end. The Group is a major employer in several of these municipalities and is grateful for the good support given by both local and central public authorities. In countries outside Norway the Group has most activities in Sweden and is well established in Stockholm, Gothenburg, Malmø and Smøgen on the west coast. In other countries the Group is established with activities in France, Portugal and Turkey. Finally, the Group has sales offices in several important seafood markets such as Japan, USA and China.

Business segments

The Group's primary business segments are Sale & Distribution and Production. This segmentation is chosen due to type of organisation and commercial risk. The production segment consists of the companies Lerøy Midnor AS, Lerøy Aurora AS (group), Lerøy Hydrotech AS (group), Lerøy Fossen AS, Sigerfjord Aqua AS (group), SAS Fish Cut, Bulandet Fiskeindustri AS and Lerøy Smøgen Seafood AB (group). Sale & Distribution consists of all other subsidiaries except Lerøy Seafood Group ASA (parent company). Lerøy Seafood Group ASA is not assigned to any of the segments.

«In Norway the Group had activities in 8 districts and 29 municipalities at year's end.»

Lerøy Seafood Group is experiencing rapid growth and has already established significant activities in many countries. The Headquartered in Bergen, the Group's global sales and distribution activities are established in the most important seafood markets in the world. Together with the Group's production activities this constitutes an efficiently operated and profitable seafood group with considerable growth potential. The production clusters in the various regions will be further developed through harvesting of synergies in several areas. In addition, the various production environments will draw on each other's competence through extensive exchange of know-how. The Group's decentralised operation model in the production segment makes such exchange possible. The Group's regional focus creates, in our opinion, a basis for interesting industrial developments in that it form alliances and collaborations beyond those of direct ownership. The Group's market orientation with a well-run sales and distribution activity makes it possible to benefit from economies of scale in logistics and distribution in collaboration with our future customers. The wholly integrated operation comprises the totality that is of decisive importance in handling the Group's central customers with a view to competitive ability, quality and continuity in supply of quality products of fresh seafood.

Sale and Distribution

In 2006 the activity segment Sale and Distribution generated an operating profit of NOK 112.2 million against NOK 81.6 million in 2005. The increase in operating profit is 37.5%. Total assets in the activity segment at 31.12.06 were NOK 1 066 million against NOK 822.7 million at 31.12.05. The Group's investment in nation-wide distribution of fresh fish generated a loss in 2006, but over time it is expected that alliances with good customers will generate a profit.

Hallvard Lerøy AS

Measured in sales, Hallvard Lerøy AS is the largest company in the Group, registering a turnover of NOK 4 676 million in 2006. Despite difficult market conditions with very volatile salmon prices, value generation in the company was satisfactory in 2006. For several years political trade barriers have been a serious impediment for the company, but in this respect the year 2006 can be seen as an exception in that the market price for salmon on average was higher than the politically determined minimum price for salmon. The current EU regimen with so-called "minimum" prices for import of Norwegian Atlantic salmon to the EU is no problem as long as the market price exceeds the politically motivated minimum price established by the EU bureaucracy. Hallvard Lerøy AS, located at the Group's head office in Bergen, has had a market oriented organisation since 01.01.96.

Company	Ownership share	Licences	Mill. smolt individuals	2006 Total	Volume Total	gwt 2007E LSG share
Lerøy Midnor AS	100 %	28	7.0	27 200	27 000	27 000
Lerøy Aurora AS	100 %	16	3.5	13 700	17 500	17 500
Lerøy Fossen AS*	100 %	7	2.7	4 900	7 000	7 000
Lerøy Hydrotech AS**	100 %	22.5	7.0	17 600	23 000	23 000
Total Norway		73.5	20.2	63 400	74 500	74 500
Norskott Havbruk AS (UK)	50 %		6.0	20 100	25 000	12 500
Total			26.2	83 500	99 500	87 000

Consolidated, farming   Affiliated, farming   *)Consolidated from 1 April 2006   **)Consolidated from 1 September 2006

The organisation focuses on customer needs and on cost-effective handling of the individual client. The Group's wide product range is structured to meet the market's need for a broad selection of fish food products.

Against the background of the company's central position in the value chain, development and maintenance of interaction between its partners is a priority area.

The Group's global sales network is represented by Hallvard Lerøy AS sales offices in a number of countries, as well as established Group companies in Sweden, France and Portugal. The company has sales offices in China, Japan and the USA. The sales offices and the Group companies therefore cover different parts of the Group's international markets. The Group's presence in central markets allows it to follow up its key customers closely and to establish new customer relationships. The Group will work to establish a presence in new markets in the years ahead.

Apart from international sales and marketing, the Group is also engaged in nation-wide distribution of fresh fish in the Norwegian market through its subsidiaries in Bergen, Oslo, Stavanger and Trondheim. The administration expects that the company's investments in nation-wide distribution of fresh fish will generate additional activity in the company in coming years. Acquisitions implemented in 2005 and 2006 support this strategy.

Lerøy Sverige AB is a holding company for the two Swedish companies Lerøy Allt i Fisk AB and Lerøy Fiskgrossisterna AB with their respective subsidiaries. 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. The company Lerøy Fiskgrossisterna AB is located in Stockholm and is Stockholm's largest distributor of seafood, with a particularly high level of expertise in the grocery trade. Sweden is an important market for the Lerøy Group, and these two companies have for several years been close partners of Hallvard Lerøy AS. Further development of the two companies continues in close cooperation with their very able local management and the companies' motivated and competent staff.

«Against the background of the company's central position in the value chain, development and maintenance of interaction between its partners is a priority area.»

The sale and distribution activities in France is of vital importance and consists of several companies, notably **SAS Hallvard Lerøy** and **Nordvik SA**, both located in Bolougne, France.

SAS Hallvard Lerøy is a pivotal enterprise with close ties to the activities in Norway. The unit gives the Group a suitable interface with customers in France. France is an important market for the Lerøy Group. The two companies are being continuously developed in collaboration with their able local managerial staffs and competent employees. Nordvik SA is one of the largest importers of fresh fish in France.

Portnor Lda is located in Portugal and is 60% owned by Lerøy Seafood Group ASA. The company is in a good position on the Iberian Peninsula, which is a large and important market for Norwegian seafood. The company is working diligently to improve its position as a distributor of fresh seafood. The company's motivated management and minority shareholder has considerable competency and together with a professional organisation, the company will contribute importantly to this operational segment.

Production

In the year 2006 the Production activity segment generated an operating profit of NOK 687.4 million against NOK 286.8 million in 2005. The growth in the operating profit is 139.7%. Total assets in this operational segment at 31.12.06 was NOK 4 523 million compared with NOK 1 726 million at 31.12.05. The Group's engagement in production of Atlantic salmon and trout is the most significant activity in this segment. In addition there are various types of processing of salmon and trout, as well as production of marinated products of shellfish and a number of seafood salads, etc. The business segment has activities in Norway, Sweden and France. The Group's production of salmon in the UK is done through the affiliated company Norskott Havbruk AS.

Since December 2003 the activity segment's production of salmon and trout has been built up to where it now consists of units that in 2007 will harvest a total of approx. 90 000 tons including the volume from Veststar Holding AS, which was acquired in March of 2007. **The production takes place in three regions in Norway.** The northernmost region is Troms County where Atlantic salmon is produced from 16 licences. The largest region is located on the central Norwegian coast where the companies Lerøy Midnor AS and Lerøy Hydrotech AS produce salmon and trout from 51 licences. The last region is western Norway and consists of Lerøy Fossen AS and the newly acquired company Veststar Holding AS, which will be renamed Lerøy Austevoll AS. These two companies produce salmon and trout from 34 licenses.

In addition, the Group has its own production of roe and smolt. The Group's strategy of being self-sufficient in quality smolt has generated good results. The Group produces smolt in several plants with adequate supply of fresh water and these facilities are located along the coast from Finnmark in the north to Rogaland in the south.

The Group's strategy of building up efficient units in several regions has been successful and generates good results. The strategy will be continued.

If continued growth is to be secured in the Norwegian aquaculture industry, it is of critical importance that political authorities remove all cost-increasing trade measures against Norwegian seafood. The company may be adversely affected by the EU's penalty tariffs against producers of Atlantic salmon and trout located in Norway.

Lerøy Midnor AS is the Group's largest production unit and is situated on Hitra on the central Norwegian coast. The organisation consists of motivated and competent employees. Lerøy Midnor AS is one of Norway's largest fish farming companies with a total of 28 wholly owned concessions for sea-based production. The company also has licences for production of smolt for its own fish farming activities. The company processes practically all its own biomass in its slaughtering facilities. Lerøy Midnor AS also has a division for the processing of salmon.

«The Group's strategy of being self-sufficient in quality smolt has generated good results.»

In 2006 the company harvested 27 000 tons of salmon and expects to harvest at least that much in the current year. The earnings trend in 2006 shows that the company is among the most profitable aquaculture enterprises in the world. The plan for Lerøy Midnor AS calls for growth within the home region in the years to come.

Lerøy Hydrotech AS is located in Kristiansund (N) and with its competent and committed employees it is the Group's second largest fish farming company. Lerøy Seafood Group ASA first became a shareholder in the company through a private placing (23%) in 1999. Later Lerøy Seafood Group ASA acquired shares that brought the ownership up to 39% and the company became 100% owned by Lerøy Seafood Group ASA in September 2006. After the acquisition of Aakvik Settefisk AS in August 2006, Lerøy Hydrotech AS has a total of 23 licences for farming of salmon and trout at sea. In addition, the company has concessions for the production of smolt and supplies smolt to other fish farming companies in Norway. The company's plant for processing salmon and trout in Kristiansund is a modern plant capable of handling the company's total volume. Lerøy Hydrotech AS has for some years been one of Norway's largest producers of trout, but in line with its strategy the trout production is now reduced. As a shareholder and in collaboration with the company's management and employees, Lerøy Seafood Group will do its best to ensure that Lerøy Hydrotech AS continues its positive development.

Lerøy Aurora AS is located in Tromsø and grows Atlantic salmon on 16 licenses in Troms County. The company is well supplied with smolt from its own subsidiary Laksefjord AS in Finnmark. Lerøy Seafood Group ASA acquired all shares in the company in June 2005. The acquisition of Laksefjord AS, a subsidiary of Lerøy Aurora AS, was implemented in the summer of 2005. The year 2006 will therefore be the first full operational year as part of Lerøy Seafood Group. We had high expectations for Lerøy Aurora AS (group), but the company's actual performance far exceeds all such expectations. The Board and administration in Lerøy Seafood Group ASA look forward to the continued development of the Lerøy Aurora group together with the company's competent management and staff. Lerøy Aurora AS will grow within its home region in the years to come.

Lerøy Fossen AS is located in Hordaland County and farms trout from 7 licenses. Lerøy Fossen AS is also Norway's largest producer of smoked salmon and trout. The company's products are sold all over the world, fitting exceptionally well in the Lerøy Seafood Group's market strategy which calls for increasing levels of processing. The company became a part of the Group in the spring of 2006. As a shareholder and in collaboration with the company's management and employees, Lerøy Seafood Group

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will do its best to ensure that Lerøy Fossen AS continues its positive development.

Sigerfjord Aqua AS is Norway's largest producer of Arctic char. The company's production this year will exceed 200 tons of Arctic char, while total production of Arctic char in Norway will probably be less than 400 tons. The company is still in the process of building up its resources, but substantial benefits from economies of scale are expected from the production of portion-sized Arctic char. The company's own production has risen sharply in recent years, and production efficiency has improved substantially. Close cooperation with Hallvard Lerøy AS on the marketing side provides good opportunities for steady and cost-effective distribution of the company's still modest volumes. Arctic char is an important article on the Swedish market and will therefore provide the Group's Swedish companies with additional sales arguments.

«The Group's strategy of building up efficient units in several regions has been successful and generates good results.»

Lerøy Smøgen Seafood is a Swedish seafood group involved in production of various types of smoked seafood products (Strannes Røkeri AB). It also produces and distributes seafood salads and marinated products based on shellfish in brine. The subsidiary Strannes Røkeri AB was one of Lerøy Seafood Group's important alliance partners long before the purchase of the shares in Lerøy Smøgen Seafood AB. Together these companies have developed a range of hot and cold-smoked seafood products sold on the catering market in a range of countries. Further development of Lerøy Smøgen Seafood AB continues in close cooperation with its very competent management and the company's motivated and competent staff. The new production facility will be a driving force in the further development of this exiting company. All told, the development of the Swedish part of the Group has been exceedingly inspirational and shows good opportunities for further development in the years to come.

* AFFILIATED BUSINESSES

After the acquisition of all shares in the former affiliate Lerøy Hydrotech AS, Lerøy Seafood Group ASA has ownership interests in three so-called affiliated companies; Norskott Havbruk AS, Egersund Fisk AS and Alfarm Alarko Lerøy in Turkey. Total investments in affiliates at 31.12.06 were NOK 308.6 million. As expected, these investments generated a satisfactory return in 2006 and the total profit share was positive at NOK 128.9 million. As envisioned, the year 2006 shows a very good development compared with 2005 when the corresponding profit was NOK 77.0 million. The company's cost price for these fixed assets indicates that a satisfactory yield will be achieved, provided the company can obtain what in an historic perspective may be considered "standard prices" for Atlantic salmon.

The most significant share of the capital invested in affiliates is allocated to the farming of salmon and trout in the UK through Scottish Sea Farms Ltd. (Scottish Sea Farms Ltd. is 100% owned by the company Norskott Havbruk AS). Affiliated companies are exposed to the risks naturally inherent in this type of operation. In addition to commercial risks there will also be biological risk and political (regulatory) risk associated with the production of salmon. The political risks include everything from access to markets (particularly for producers in Norway) to changes in operating and emission permits and license regulations, etc. There will always be uncertainty about market developments, but the Group's market and demand expectations for 2007, give reason to believe that the affiliates will improve their results in 2007 compared with 2006.

Norskott Havbruk AS is 50% owned by Lerøy Seafood Group ASA together with the fish farming company SalMar AS. Norskott Havbruk AS was set up in 2001 for the sole purpose of acquiring the company today bearing the name Scottish Sea Farms Ltd. Norskott Havbruk AS today owns 100% of Scottish Sea Farms Ltd, the second largest fish farming company in the UK. Scottish Sea Farms Ltd has operations in Scotland and on the Shetlands. The company has a production capacity for Atlantic salmon of more than 25 000 tons gutted weight (GWT). In 2006 the company harvested 21 000 tons GWT and expects to harvest 25 000 tons GWT in the current year. The company also produces smolt and largely covers its own needs after acquisition of a new enterprise in 2004. In addition, the company runs two modern land-based plants for processing salmon in Scotland and on the Shetlands. Scottish Sea Farms Ltd will together with the company's highly skilled management and staff be developed into a leading and cost-effective producer of 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. Scottish Sea Farms Ltd will grow in its region in the years ahead. In January 2006 the company finalised acquisitions which will increase its capacity by approx. 10% from the end of 2007 or beginning of 2008.

Given the right circumstances, pelagic activity may also support an interesting product range. The ownership interest in **Egersund Fisk AS** entails that the Group is also represented on the production side in this product area. As a result of share purchases in early 2007, the Group's ownership increased from 26.8% to 38.3% at present.

This investment underlines the Group's desire to be involved also in the field of pelagic fish. Egersund Fisk AS is located in Egersund, one of Norway's foremost fisheries ports. The main companies in Egersund Fisk AS are Egersund Seafood AS and Egersund Sildoljefabrikk AS. The group also has activities in Troms. Egersund Seafood AS is mainly a receiver of pelagic fish for the consumer market. The plants are well run and receive more than 30 000 tons of herring and mackerel per year.

Companies engaged in receiving and distributing pelagic fish face some significant challenges. First there is a significant overcapacity in the industrial/receiving elements in the chain and secondly, there is a high credit risk associated with deliveries to the main markets for herring, i.e. Russia, the Ukraine land other East European countries. As expected, the Industrial/receiving elements have commenced the necessary restructuring with the relevant actors adjusting to prevailing operating conditions. As in the rest of the seafood industry, the necessary restructuring takes longer than at first envisioned.

Egersund Sildoljefabrikk AS produces meal and oil used mainly as raw materials for farmed fish feeds. The company receives between 130 000 and 150 000 tonnes of marine raw materials every year.

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 demanding customers in an exiting market for fresh fish. In addition to importing and distributing fresh fish, the company is also engaged in processing and smoking of fish. The Group administration looks forward to continued development of relations with our respected partner and the company's competent and committed staff and organisation.

✱ PRIORITY TASKS

Lerøy Seafood Group's vision is to be the leading, most profitable Norwegian supplier of 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 risks. 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 effective and adapted to the various markets and therefore also profitable.

Market orientation

• Emphasising market orientation and forward-looking solutions that will ensure profitability.

Quality

• Cooperating with and being among the leading companies within product development and quality assurance to ensure customer satisfaction and thus also profitability.

Risk management

• Continuing to develop systems for identifying risks in order to avoid an imbalance between commercial risks and the demand for profitability. The Group's risk profile and its strategies for value generation shall be coordinated 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 competence in the fields of management, 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, also in 2006. Strategic business development is also of decisive importance in the continued development of the Group. The acquisition of Vestar Holding AS in March 2007, contributes significantly to the Group's strategic business development.

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

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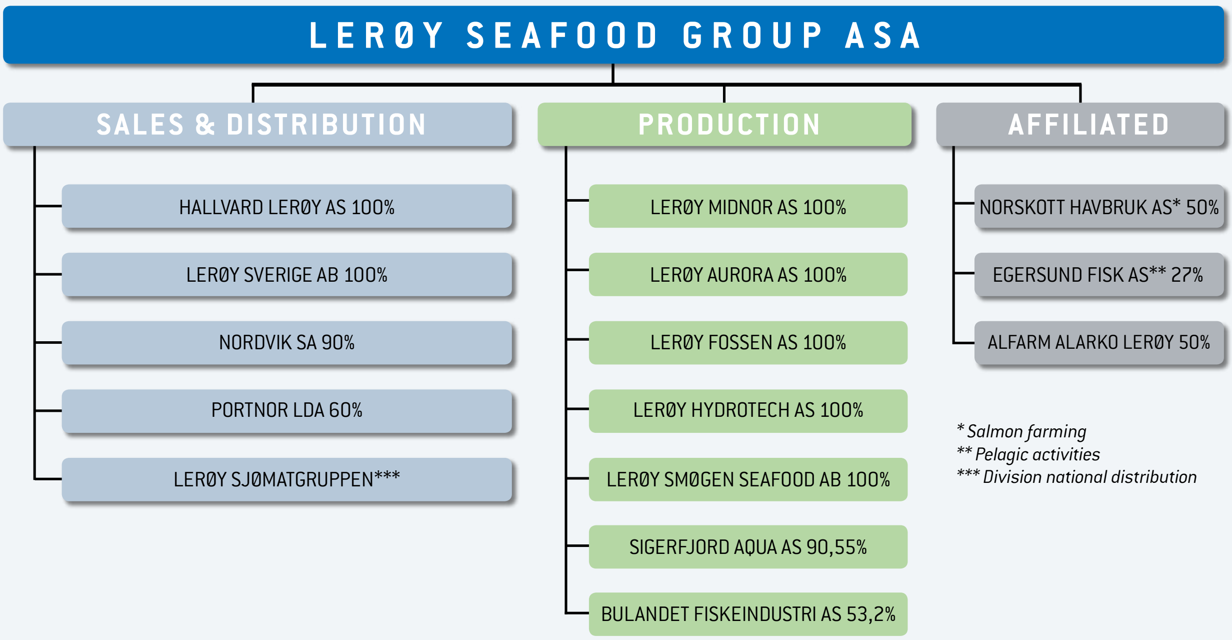
CORPORATE STRUCTURE 31.12.2006



** Salmon farming*
*** Pelagic activities*
**** Division national distribution*

Group management

Øyvind Fossøy
Managing Director
Hallvard Lerøy AS

Ole-Eirik Lerøy
Group CEO
Lerøy Seafood Group

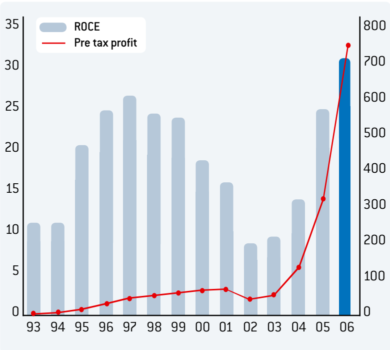
Helge Singelstad
Vice Group CEO
Lerøy Seafood Group

The Board of Directors' Report for 2006

FINANCIAL SITUATION

In 2006 the Lerøy Seafood Group had operating revenues of NOK 5 617 million, increasing from NOK 4 014 million in 2005. Pre-tax profit in 2006 was NOK 858.4 million in 2006 against NOK 412.4 million in 2005. The Board is pleased to observe that the Group continues to show positive productivity developments and is satisfied with the 2006 result, which is the best in the Group's history. The Group's operating

DEVELOPMENT ROCE AND PROFIT BEFORE TAX AND BEFORE VALUE ADJUSTMENT BIOMASS (%)



result before value adjustment of biomass was NOK 683.8 million in 2006 compared with NOK 274.1 million in 2005. Correspondingly, the Group achieved an operating result of NOK 769.7 million in 2006 against NOK 352.4 million the year before. The Group's operating margin in 2006 was 13.7% compared with 8.78% in 2005. The positive earnings development is seen as a result of the employees' competency, capacity for change and impressive work effort, good market conditions for Atlantic salmon, strategic business development and significant productivity improvements in the Group. The Board still sees a considerable potential for productivity improvements in individual Group companies, but also through additional realisation of synergies among the units. The Board takes this opportunity to thank all employees for their impressive effort in 2006.

The affiliated company Norskott Havbruk AS is also performing well and improved its margins compared with 2005. Affiliated companies' share of Group earnings was NOK 129.0 million in 2006 against NOK 77.1 million in 2005. The group's net financial items in 2006 amounted to NOK –40.3 million compared with NOK –17.1 million in 2005.

The 2006 result corresponds to earnings per share of NOK 14.0 against NOK 6.73 per share in 2005. The Board will recommend that the company's ordinary Shareholders' Meeting approves a dividend distribution of NOK 4.- per share. On an annual basis the yield on the Group's employed capital in 2006 was 31.06% against 25.43% in 2005. The Group is financially sound with accounting-related shareholders' funds of NOK 2 340.7 million, which corresponds to an equity ratio of 41.75%. At 31.12.06 the company had 42 777 368 outstanding shares. The Group's net interest-bearing debt at the end of the year was NOK 1 450 million compared with NOK 398.5 million the year before. The Group's total balance sheet figure is NOK 5 606 million against NOK 2 577 million as per 31.12.05. The increase in the Group's total balance sheet figure is a result of acquisitions and associated new financing through infusion of new equity and new loans. The largest acquisition in 2006 was the transaction that changed the Group's ownership from approx. 40% in Hydrotech-Gruppen AS, now Lerøy Hydrotech AS, to 100% of the shares. The balance sheet figure also increased because of a very satisfactory development in the Group's production of salmon and trout. The Group's financial position is good, and will be used to secure increased value generation through organic growth, alliances and acquisitions.

As previously reported, the activity area Sale and Distribution including the Group's processing activities in Norway and the EU experienced adverse working conditions in significant periods of 2006. The seafood marked was marked by very volatile prices for salmon and trout. In spite of this, the activity area has provided satisfactory results. The Group's fish farming companies in Norway and the UK can look at significant earnings improvement. The result in 2006 was good and the underlying operation in the Group's production is satisfactory. The Group's long term industrial market strategy, including processing and contract based trade, of course prevented the Group from achieving optimal pricing in the spot market in 2006.

The Group submit reports in accordance with the international accounting rules known by the acronym IFRS. The transition from Norwegian accounting rules and the consequences of this are described in the company's annual report for 2005. Also, the Norwegian Ministry of Finance has ordered the seafood companies listed on the Oslo Stock Exchange to change the method for assessment of biological material from and including the 4th quarter of 2006. This has been done and reworked figures are available on the company's web site.

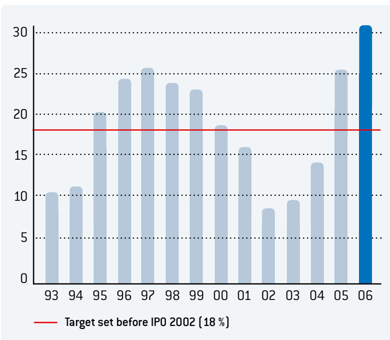
Political trade barriers and operating environment

The future operating environment will sharpen the requirements to financial management, productivity, quality, food safety and market oriented production. It is vital that Norwegian authorities create an environment where the Norwegian aquaculture industry can maintain and further develop its international competitive ability. This becomes increasingly important since the EU adopted a commercial policy with penalty measures leading to increased costs for Norwegian producers of Atlantic salmon and trout.

✱ STRUCTURAL CONDITIONS

The Group aims to generate lasting value through its activities. For this

RETURN ON CAPITAL EMPLOYED (ROCE) BEFORE BIOMASS ADJUSTMENTS



reason there are stringent requirements imposed on risk management and the ability to plan for the long term in the development of sustainable strategic business processes. The seafood industry has a considerable potential for long term value generation, but realisation of this potential will require a significantly stronger market orientation than in the past. In 2006 the Group consolidated its position as a principal actor in distribution of seafood in Norway. With a combination of acquisitions and alliances, the Group made it possible to give its major Norwegian customers a cost effective nation-wide distribution of fresh seafood. The Group's focus on sale, distribution and processing will be increasingly emphasised in the years ahead. The acquisition of the seafood company Vestar Holding AS, headquartered in Austevoll, supports the Group's industrial strategy of regional development of cost-effective autonomous production units (see also the stock exchange message regarding the acquisition of Vestar Holding AS). The Board is of the view that the Group's strategic and financial latitude in conjunction with long-term earnings allows the Group to be an active participant in the coming global and national value-generating structural changes within the seafood industry. For these reasons Lerøy Seafood Group will continuously assess potential investment and merger alternatives and alliances that can strengthen our platform for further profitable growth and lasting value generation. Lerøy Seafood Group will continue to grow and improve through regional development in a global perspective.

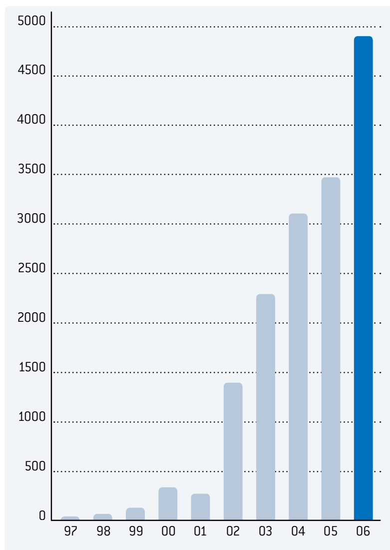
Seen against the background of the Group's many years of work in quality assurance and in the development of network cooperation, quality products, markets and brands, the Board feels that the outlook for generating increased value for the company's shareholders and the Group's important partners is good. In coming years, the Group will continue to work for long-term value generation by focusing on strategic commercial development combined with improving the Group's operational efficiency. Based on customers' requirements, this work will ensure continuity of deliveries, quality and cost efficiency and, consequently, increased profitability. Improving operational efficiency is an on-going process that will further develop and improve the efficiency of the Group's international market apparatus and production interests.

Being listed on the stock exchange gives 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 mergers. As per 31.12.06 the company had 4 884 shareholders against a total of 3 484 shareholders at the end of 2005. In April 2006 the company effectuated a private placing for cash. As a result of this issue, the number of shares issued in Lerøy Seafood Group ASA increased by 3 400 000 to 42 777 368 shares as per 31.12.06. The group's financial leverage has been allocated and will be used for investments within the Group's core activities, which are distribution, sale and marketing of seafood, seafood processing and production of salmon, trout and other species, as well product development.

Employees

The parent company Lerøy Seafood Group ASA has its main offices in Bergen, Norway. In addition to the Group's managing director the parent company has four employees. Administratively, all personnel functions are handled by the wholly owned subsidiary Hallvard Lerøy AS. At the end of the year there were 1 149 employees

SHAREHOLDERS In thousands

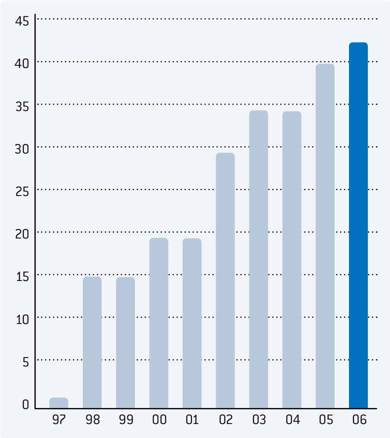


in the Group including 334 women and 815 men. At the same time in 2005 the total number of employees was 718. Of the Group's total number of employees, 888 work in Norway and 261 abroad. Independently of the demand for equal opportunities for men and women, the Group has always placed decisive emphasis on the skills, performance and responsibility of the individual in its recruitment policy and salary systems. As in earlier years, the Board wishes to express its appreciation of the

◀ Index ▶

contributions made by the Group's employees throughout 2006. Individual flexibility and effort when adjusting to new situations have been vital throughout the year.

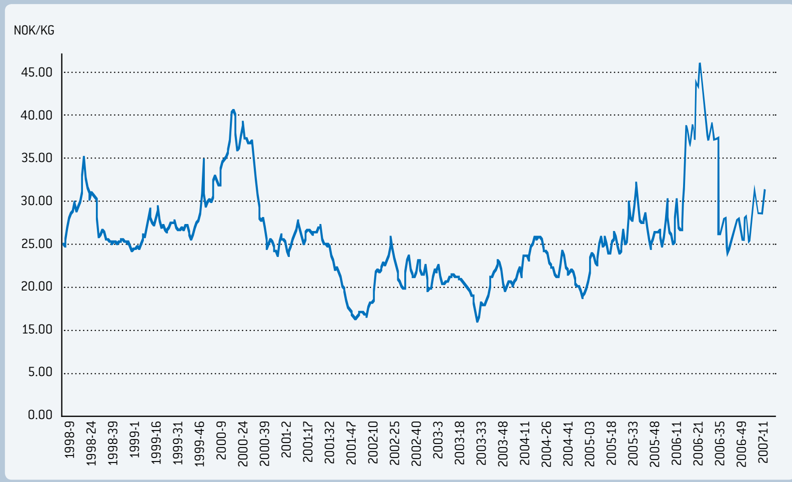
TOTAL NUMBER OF SHARES In millions



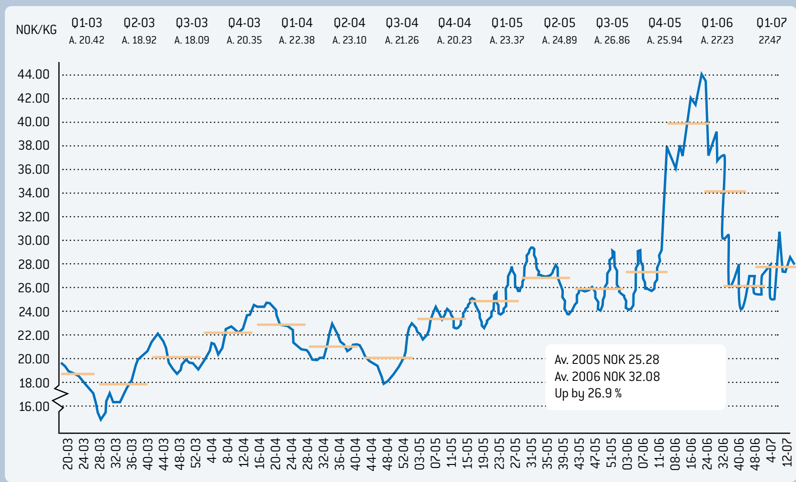
Health, safety and the environment
Only minor incidents were registered among the Group's employees in 2006. Total time lost due to illness in the Norwegian subsidiaries amounted to 4.2%, a reduction from 4.47% in 2005. Time lost due to illness is distributed on 2.4% long-term absences and 1.8% short-term absences. The Board is pleased to observe that sick-leave is declining. Sick-leave statistics are not available from the foreign subsidiaries. However, the organisations of the individual subsidiaries are subject to continuous review to ensure that they can deal with new challenges and changes in the framework conditions. The working environment and cooperative atmosphere is good.

External environment
In respect of environmental investments, the company works constantly to keep up with the changing requirements of its own activities and those of the authorities. The Group's operational procedures for the various links in the value chain are continuously developed to satisfy our own and our customers' requirements, as well as minimum requirements stipulated by the authorities.

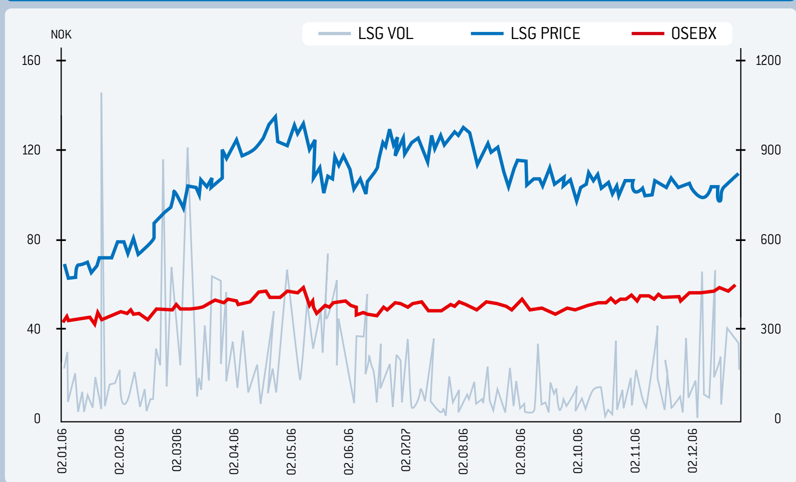
FRESH ATLANTIC SALMON NORWAY (4-5 KGS)
- PRICE DEVELOPMENT 1997-YTD (FHL/NSL)



QUARTERLY PRICE DEVELOPMENT WEEK 20 2003, TO WEEK 12 2007
FRESH ATLANTIC SALMON, CROSS-SECTION, FCA OSLO



LERØY SEAFOOD GROUP
AND OSEBX IN 2006



Programs are also implemented to enhance and maintain high environmental attitudes among management and other personnel. The Group's operations are closely linked to natural conditions in Norwegian and international fresh and salt waters.

Results and allocations in Lerøy Seafood Group ASA

In 2006 Lerøy Seafood Group ASA had a net result of NOK 243.1 million against a comparable result of NOK 49.5 million in 2005. Distributable reserves at 31.12.06 amounted to NOK 25.5 million. The company's accounts are submitted on assumption of continued operation.

The Board proposes that the profits for 2006 be distributed as follows:
Dividend, NOK 4.- per share
171 109 472.-
Dividend, new shares 43 200 000.-
Transferred to other equity capital
28 811 268.-
Total allocation 243 120 740.-

Dividend to new shares applies to the shares issued in March 2007 by authority of the extraordinary shareholders' meeting in Lerøy Seafood Group ASA on 19.03.07.

The company is financially sound with an equity ratio of 54.3% and has satisfactory financing compatible with the Group's strategy and operational plans.

Market situation / future prospects

The activity level in the Group is good and the Board of Directors considers the Group's future prospects to be favourable. Based on the international character of the Group's operations, the situation in the global economy will always have an impact on the Group's development. So far in the 1st Quarter of 2007 the price level for Atlantic salmon has been higher than in the fourth quarter of 2006 and higher than in the same period last year.

LERØY SEAFOOD GROUP ASA

production, this provides a good foundation for a continued positive earnings trend. Norwegian aquaculture and the processing industries in Norway and the EU are particularly exposed to the risk represented by the continued threats from the EU Commission of long-term trade barriers. The Commission's so-called minimum price for Norwegian salmon is no problem as long as the market price remains higher than the politically established minimum price. The company can only deplore the EU's on-going processes against Norwegian trout and salmon producers. The company is of the view that the processes initiated by the EU are unreasonable and the decision to impose penalty measures is clearly erroneous.

In 2006 the Group exported a broad range of seafood products from Norway to more than 40 countries, the largest being France, Japan and Sweden. The demand for the Group's products is good. Competition in the international food market demands that the Group constantly seeks 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 submits that the Group's strategic business development in recent years in conjunction with the underlying product development and in the years to come. Based on available information, the Board expects a strong result also in 2007.

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Bergen, 27 March 2007
The Board of Directors in Lerøy Seafood Group ASA

Svein Milford
Chairman

Hallvard Lerøy jr.

Fons Brusselmans

Joyce Falkenberg

Katrine Trovik

Hans Petter Vestre
Employee's representative

Ole-Eirik Lerøy
Group CEO
Lerøy Seafood Group ASA

Income statement

All figures in NOK 1,000 (period 01.01 - 31.12)

LERØY SEAFOOD GROUP ASA						LERØY SEAFOOD GROUP CONSOLIDATED		
NGAAP 2004	NGAAP 2005	NGAAP 2006	Notes		Notes	IFRS 2006	IFRS 2005	IFRS 2004
				OPERATING REVENUES AND COSTS				
2 278	2 366	**2 536**		Operating revenues	13	**5 616 592**	4 014 454	3 559 399
				Cost of materials		**4 105 186**	3 254 686	3 033 920
	4 126	**25 612**	7	Salaries and other personnel costs	11/14	**399 999**	245 819	201 211
2 279	3 159	**5 644**		Other operating costs		**342 943**	191 625	152 202
836	786	**840**	2	Ordinary depreciation	2/3	**84 707**	48 214	39 598
3 115	8 071	**32 096**		Total operating costs		**4 932 835**	3 740 344	3 426 931
-837	-5 705	**-29 560**		**Operating profit before adj. fish in sea**		**683 757**	274 110	132 468
				Adjustment fish in sea to fair value	7	**85 938**	78 290	1 647
-837	-5 705	**-29 560**		**Operating profit**		**769 695**	352 400	134 115
				AFFILIATED UNITS AND NET FINANCIAL COSTS				
73 500	70 000	**347 750**		Income from investments in subsidiaries				
		1 000		Income from affiliated companies	4	**128 982**	77 052	22 766
196	2 085	**-2 727**	8	Net financial items	15	**-40 294**	-17 090	-15 958
72 859	66 380	**316 463**		**Profit before tax**		**858 383**	412 362	140 923
-23 297	-16 929	**-73 343**	6	Taxation	12	**-205 938**	-92 505	-55 805
49 562	49 450	**243 120**		**PROFIT FOR THE YEAR**		**652 445**	319 857	85 118
49 562	49 450	**243 120**		Majority interests		**651 516**	319 312	83 402
				Minority interests		**929**	545	1 716
				Information regarding:				
19 254	-21 429	**28 811**		Allocation to other equity		**651 516**	319 312	83 402
30 308	70 879	**214 309**		Allocation to dividend payable				
				Earnings per share	16	**15.86**	8.65	2.42
				Diluted earnings per share	16	**15.70**	8.59	2.41

Balance sheet

All figures in NOK 1,000

LERØY SEAFOOD GROUP ASA					LERØY SEAFOOD GROUP CONSILIDATED	
NGAAP 31.12.05	NGAAP 31.12.06	Notes		Notes	IFRS 31.12.06	IFRS 31.12.05
			FIXED ASSETS			
664	**6 356**	6	Deferred tax assets			
			Licenses/rights	2	**764 587**	309 400
			Goodwill	2	**1 157 761**	134 508
664	**6 356**		Total intangible assets		**1 922 348**	443 908
			Operating equipment	3	**442 570**	190 947
16 851	**16 209**	2	Buildings and real estate	3	**252 492**	93 885
16 851	**16 209**		Total tangible fixed assets		**695 062**	284 832
590	**345**	3	Investment in shares	4	**5 737**	2 615
553 862	**1 573 623**	3	Shares in subsidiaries			
292 617	**192 098**	3	Shares in affiliated companies	4	**308 592**	336 144
44 583	**12 903**	5	Long term receivables		**244**	1 621
			Pension assets	11	**360**	245
891 652	**1 778 969**		Total financial assets		**314 933**	340 625
909 167	**1 801 534**		**TOTAL FIXED ASSETS**		**2 932 343**	1 069 365
			CURRENT ASSETS			
			Biological assets	7	**1 052 319**	542 829
			Other inventories	8	**189 326**	95 337
329	**94**		Accounts receivable	9	**752 676**	594 752
84 003	**382 286**	5	Accounts receivable, Group			
2 127	**1 625**		Other receivables	9	**169 539**	83 065
			Shares and securities			810
131 928	**242 193**		Cash and equivalents		**509 872**	191 157
218 387	**626 198**		**TOTAL CURRENT ASSETS**		**2 673 732**	1 507 950
1 127 554	**2 427 732**		**TOTAL ASSETS**		**5 606 075**	2 577 315

Balance sheet

All figures in NOK 1,000

LERØY SEAFOOD GROUP ASA				LERØY SEAFOOD GROUP CONSOLIDATED		
NGAAP 31.12.05	NGAAP 31.12.06	Notes		Notes	IFRS 31.12.06	IFRS 31.12.05
			EQUITY			
39 377	**42 777**	1	Share capital	10	**42 777**	39 377
-66	**-285**	1	Own shares		**-285**	-66
816 656	**1 243 830**	1	Share premium reserve		**1 243 830**	816 656
855 967	**1 286 322**		Total equity contributions		**1 286 322**	855 967
39 480	**31 806**	1	Other equity			
			Other consolidated capital		**1 034 225**	439 139
39 480	**31 806**		Total earned equity		**1 034 225**	439 139
			Minority interests		**20 172**	6 705
895 447	**1 318 128**		**TOTAL EQUITY**		**2 340 719**	1 301 811
			LIABILITIES			
			Pension liabilities	11	**8 869**	4 191
			Total accrued liabilities		**8 869**	4 191
			Deferred tax	12	**451 172**	158 354
113 356	**792 731**	4	Long term debt	6	**1 577 997**	458 545
113 356	**792 731**		Total other long-term liabilities		**2 029 169**	616 899
113 356	**792 731**		**Total long-term liabilities**		**2 038 038**	621 090
445	**762**		Accounts payable		**468 529**	373 030
			Short-term loans	6	**382 003**	131 082
29 953	**1 057**	5	Accounts payable, Group			
			Public duties payable		**32 963**	12 182
16 334	**70 573**	6	Taxes payable	12	**153 513**	19 206
70 879	**214 309**		Dividends payable	17		
1 140	**30 172**		Other short-term liabilities	14	**190 310**	118 914
118 751	**316 873**		**Total short-term liabilities**		**1 227 318**	654 414
1 127 554	**2 427 732**		**SUM EQUITY AND LIABILITIES**		**5 606 075**	2 577 315

Bergen, 27 March 2007
Board of Directors in Lerøy Seafood Group ASA

Svein Milford Chairman	Hallvard Lerøy jr.	Fons Brusselmans	Joyce Falkenberg	Katrine Trovik	Hans Petter Vestre Employees' representative	Ole-Eirik Lerøy Group CEO Lerøy Seafood Group ASA

Cash flow statement

All figures in NOK 1,000 (period 01.01 - 31.12)

LERØY SEAFOOD GROUP ASA			LERØY SEAFOOD GROUP CONSOLIDATED	
NGAAP 2005	NGAAP 2006		IFRS 2006	IFRS 2005
		CASH FLOWS FROM OPERATING ACTIVITIES		
66 380	**316 463**	Profit before tax	**858 382**	412 362
-9	**-16 334**	Taxes paid during the period	**-26 777**	-7 838
		Profit/loss from sale of fixed assets	**-2 921**	-250
-877	**-15**	Profit/loss from sale of shares		
786	**840**	Ordinary depreciation and amortisation	**84 707**	48 214
		Changes in inventories / biological assets	**-175 182**	-129 408
-106	**235**	Changes in accounts receivable	**-32 783**	-149 513
-1 141	**317**	Changes in accounts payable	**29 958**	62 543
2 860	**16 668**	Changes in other accruals	**-56 423**	-7 252
		Changes in net pension commitment / premium fund	**-3 105**	633
-70 000	**-347 600**	Income from investment in subsidiaries		
		Changes in results of affiliated companies	**-128 982**	-77 052
-2 107	**-29 426**	**Net cash flows from operating activities**	**546 874**	152 439
		CASH FLOWS FROM INVESTING ACTIVITIES		
		Payments received from sale of fixed assets	**21 281**	3 470
-65	**-198**	Payments made for acquisition of fixed assets	**-245 309**	-78 256
		Payments made for acquisition of intangible assets		-2 000
2 044	**215**	Payments received from sale of shares in other businesses	**8 183**	
-8 910		Payments made for acquisition of shares in other businesses		-9 050
-78 102	**-919 195**	Acquisition of Group companies/contributions to subsidiaries	**-933 933**	-62 841
4 034	**31 680**	Payments received on other loans outstanding	**1 377**	
-44 583	**-20 683**	Payments made on other loans outstanding		-841
-125 582	**-908 181**	**Net cash flow from investing activities**	**-1 148 401**	-149 518
		CASH FLOWS FROM FINANCING ACTIVITIES		
		Net payments to overdraft facilities	**149 984**	-132 339
	700 000	Cash received from new long-term loans	**517 733**	18 812
-57 209	**-28 896**	Payments made/received from short-term Group liabilities		
-20 625	**-20 625**	Payments made for reduction of long-term liabilities	**-78 650**	-51 352
126 839	**426 791**	Paid in equity	**430 573**	126 839
	-22 399	Payments made/received on acquisition of own shares	**-22 399**	
-30 308	**-76 999**	Dividend payments	**-76 999**	-33 960
73 500	**70 000**	Group contributions received		
92 197	**1 047 872**	**Net cash flows from financing activities**	**920 242**	-72 000
-35 492	**110 265**	**Net cash flow in the accounting period**	**318 715**	-69 079
167 420	**131 928**	Cash position at beginning of period	**191 157**	260 236
131 928	**242 193**	**Cash position at end of period**	**509 872**	191 157
		This consists of:		
131 928	**242 193**	Bank deposits, etc.	**509 872**	191 157
		Of which committed funds	**13 529**	6 568

Change in equity

All figures in NOK 1,000

2005	Share capital	Own shares	Premium reserve	Other equity	Minority interests	Total equity
Equity at 01.01.05	**34 441**	**-66**	**621 728**	**159 012**	**4 106**	**819 220**
The year's profit to equity				319 312	545	319 857
Share issue	4 937		198 961			203 898
Share issue costs			-4 033			-4 033
Acquisition of minority interests					2 054	2 054
Dividend paid out				-33 960		-33 960
Conversion differences, etc				-5 225		-5 225
Equity at 31.12.05	**39 377**	**-66**	**816 656**	**439 139**	**6 705**	**1 301 811**

2006	Share capital	Own shares	Premium reserve	Other equity	Minority interests	Total equity
Equity at 01.01.06	**39 377**	**-66**	**816 656**	**439 139**	**6 705**	**1 301 811**
The year's profit to equity				651 516	929	652 445
Share issue	3 400		436 900			440 300
Share issue costs			-9 726			-9 726
Purchase of minority interests					12 538	12 538
Purchase of own shares		-219		-22 298		-22 517
Dividend paid out				-76 999		-76 999
Effect of option programme				3 874		3 874
Effect of phased purchases				33 235		33 235
Conversion differences, etc.				5 758		5 758
Equity at 31.12.06	**42 777**	**-285**	**1 243 830**	**1 034 225**	**20 172**	**2 340 719**

Own shares

At 31.12.06 there were 285 423 own shares at an average balance sheet price of NOK 83.90 per share.

Notes Lerøy Seafood Group consolidated 2006

This section presents accounting principles and notes for the concern Lerøy Seafood Group. Accounting principles and notes for Lerøy Seafood Group ASA (parent company) are presented separately following the notes for the concern. This separation is necessary in that the concern 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 2006 include the company and its subsidiaries (collectively referred to as the "Group") and the concern's share in affiliated companies (affiliates).

The annual accounts were submitted by the Board of Directors on 27 March 2007.

(A) A DECLARATION CONFIRMING THAT THE FINANCIAL 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). The accounts are based on all compulsory accounting standards (IFRS), but on no voluntary ones.

We believe that the following standards, interpretations and changes introduced in 2006, are of no relevance to the Group:

- IAS 1 (Amendment) Notes pertaining to equity matters
- IAS 21 (Amendment) Effects of changes in currency ratios
- IAS 39 (Amendment) Cash flow assurance, fair value option, financial guarantee agreements
- IFRS 6, Exploration and assessment of mineral resources
- IFRS 1 (Amendment) First time application of international standards for financial reporting
- IFRS 7, Financial instruments: Presentation
- IFRIC 4, 5 and 6

(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 real values: Biological assets, share based remuneration (options), other shares and futures contracts.

Preparation of financial accounts 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 the 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 accounts for the concern 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).

(C) PRINCIPLES OF CONSOLIDATION

Subsidiaries

Subsidiaries are all units where the concern 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 concern, and are excluded from consolidation when such control ceases.

Upon acquisition of subsidiaries, the acquisition price of shares in the parent company is eliminated against the equity in the subsidiaries at the time of acquisition. The difference between acquisition price and net book value of the assets in the subsidiaries at the time of acquisition is assigned to the assets to which the premium is linked within the market value of these assets. The part of the acquisition price that cannot be ascribed to specific assets, represents goodwill. Acquisitions effectuated before 01.01.2004 are not corrected as a consequence of the transition to IFRS (use option is exercised).

The consolidated accounts comprise the parent company Lerøy Seafood Group ASA and the subsidiaries Hallvard Lerøy AS, Lerøy Midnor AS, Lerøy Aurora AS (group), Lerøy Hydrotech AS (group), Lerøy Fossen AS, Lerøy Alfheim AS, Lerøy Delicio AS (group), Lerøy Haarberg AS, Lerøy Fisker'n AS, Bulandet Fiskeindustri AS (subsidiary of Hallvard Lerøy AS), Lerøy & Strudshavn AS, Lerøy Quality Group AS (subsidiary of Hallvard Lerøy AS), Sjømatgruppen AS (subsidiary of Hallvard Lerøy AS), Sigerfjord Aqua AS (group) and the overseas subsidiaries Nordvik SA, SAS Fish Cut, SAS Hallvard Lerøy (subsidiary of Hallvard Lerøy AS), Portnor Lda, Lerøy Sverige AB (group) and Lerøy Smøgen Seafood AB (group). Lerøy Fossen AS and Lerøy Delico AS were consolidated as subsidiaries as of 01.04.2006, with effect on the consolidated income statement from 01.04.2006. Lerøy Fisker'n AS and Lerøy Haarberg AS were consolidated as subsidiaries as of 30.06.2006, with effect on the consolidated income statement from 01.07.2006. Lerøy Hydrotech AS was consolidated as a subsidiary as of 01.09.2006, with effect on the consolidated income statement from 01.09.2006.

Inter-company transactions, claims and liabilities are eliminated.

Minority interests

Minority interests' share of the year's result after taxes is shown as a separate item in the consolidated accounts after the year's profits. The minority share of the group's equity capital is shown as a separate item under the consolidated equity capital.

Affiliates

Affiliates are companies in which the Group holds an interest of between 20% and 50% and where investment is long-term and of a strategic nature. In the consolidated accounts, affiliates are valued according to the equity method . The consolidated account share of the results is based on the profits of the companies after tax, less internal profits and any depreciations on premium due to the fact that the acquisition price of the shares was higher than the acquired proportion of the booked equity. In the Income Statement, this profit is shown under Financial Items, while the assets are shown in the Balance Sheet under Financial fixed assets. Accounting principles for affiliates are changed whenever necessary to ensure consistency with the principles used in the concern (IFRS).

(D) OPERATING REVENUES

Operating revenues from sale of goods are booked when a decisive part of risk and ownership advantages 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, or 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 the operating revenues.

(E) SEGMENT REPORTING

The Group's primary business segments are "Sale & Distribution" and "Production". This segmentation is chosen due to type of organisation and commercial risk. "Production" consists of the companies Lerøy Midnor AS, Lerøy Aurora AS (group), Lerøy Hydrotech AS (group), Lerøy Fossen AS, Sigerfjord Aqua AS (group), SAS Fish Cut, Bulandet Fiskeindustri AS and Lerøy Smøgen Seafood AB (group). "Sale & Distribution" consists of Hallvard Lerøy AS, Lerøy Sverige AB (group), Lerøy Alfheim AS, Portnor Lda, Nordvik SA, Lerøy & Strudshavn AS, SAS Hallvard Lerøy, Lerøy Quality Group AS, Lerøy Haarberg AS, Lerøy Delico AS (group), Lerøy Fisker'n AS and Sjømatgruppen AS. Lerøy Seafood Group ASA is not assigned to any of the segments.

The Group's secondary segmentation is a geographical distribution based on Group's main markets.

(F) FOREIGN CURRENCY

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. The company seeks to protect itself against currency fluctuations by means of various instruments, mainly forward contracts. These are also converted at their respective exchange rates on the accounting day and are charged against customer receivables in the balance sheet.

Transactions with profit impact in foreign subsidiaries are converted at the average exchange rate for each quarter in the consolidation period. The balance sheets of the foreign subsidiaries are converted at the respective day-rates on 31.12. Conversion differences are booked against the Group's equity.

(G) INTANGIBLE ASSETS

Goodwill

Goodwill represents the remaining value that cannot be assigned to other assets or liabilities when a company or other assets are acquired. Goodwill in respect of acquisition of subsidiaries is included in intangible assets, while goodwill in connection with purchase of affiliates is included in the item "Shares in affiliated companies". Goodwill is not amortised (after 01.01.2004), but is reviewed annually for any decline in value and booked in the balance sheet at cost price less accumulated impairment charges. Deferred tax in connection with licenses is charged against goodwill.

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

Licences

Licences are booked in the balance sheet at cost price less accumulated impairment charges. Licences are not amortised, but are reviewed annually for any decline in value. 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 annual for any decline in value.

(H) FIXED ASSETS

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

Economic life of fixed assets are estimated as follows:

- Buildings and other real estate 20 - 25 years
- Machinery, furnishings, equipment, etc. 2.5 - 15 years
- Building sites Lasting value

(I) BIOLOGICAL ASSETS

Accounting of live fish in companies listed on the stock exchange is regulated by IAS 41 Agriculture. IAS 41 contains a methodological hierarchy for accounting-related valuation of biological assets. The main rule is that such assets, including live fish, shall be valued at market price less estimated sales costs.

On 20 December 2006 the Ministry of Finance ordered Lerøy Seafood Group ASA and other listed Norwegian seafood companies to change their accounting practice in respect of IAS 41 - Agriculture. The decision has effect from and including the report for the fourth quarter of 2006. Comparable figures are to be adjusted accordingly.

Lerøy Seafood Group ASA respects the decision from the Ministry of Finance and estimates real value of biological assets (fish in sea) based on the market prices of gutted salmon and trout on the balance sheet day. The prices are adjusted for quality differences (superior, ordinary and production) and for logistical costs. The volume is adjusted for gutting wastage. Valuation of fish in sea with an average weight under 4 kg is based on the same principles, but the price is adjusted for progress in the growth cycle. The price is not adjusted below cost price unless a loss is anticipated in future sales.

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

(J) INVENTORIES

Inventories of other bought or produced goods are valued at either acquisition cost or assumed sales value less sales costs, whichever is lowest. Home produced finished goods and semi-finished goods are valued at full production cost. Full production cost does not include finance costs. Write-downs are made for quantifiable obsolescence.

(K) ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

Accounts receivable and other receivables are booked in the balance sheet at face value less allocations for anticipated loss. Loss allocations are made on the basis of individual assessments of the various items. 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 fixed assets or long-term debt. 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 or bank deposits and are valued at the exchange rates on the balance sheet date.

(M) SHARES

Shares are booked at market value on the accounting day. Shares not anticipated to be sold within 12 months from the accounting day, are classified as fixed assets (shares available for sale). Changes in the values of these shares are charged directly against equity. Shares held for trading purposes and that are expected to be sold within 12 months of the accounting day, are classified as current assets. Changes in the values of these shares are entered in the income statement.

(N) PENSIONS

Contributory pension schemes are entered directly in the income statement. The schemes are managed by insurance companies and the Group has no further payment obligation after the contributions are paid.

The accounting of contractual early retirement schemes is based on a linear accrual profile and anticipated final salary. If estimate deviations exceed 10% of the pension commitment or pension funds, whichever is largest, they are amortised over the anticipated accrual period. Employer's contribution is included in the figures. Pension commitments are calculated by an actuary.

(O) TAXATION

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 28% (or on 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 have been assessed 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 01.01.04, the effect of deferred tax is charged against equity. For licenses acquired after 01.01.04, deferred tax is charged against goodwill. Deferred tax is calculated at the nominal tax rate.

(P) INTEREST-CARRYING LOANS AND OVERDRAFT FACILITIES

Loans are booked at real value when the loan is paid out, less transaction costs. In subsequent periods loans are booked at amortized 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 short term liabilities (short-term credits).

(Q) DIVIDEND

Dividend is booked when it has been decided by the Shareholders' Meeting.

(R) SHARE-BASED REMUNERATION

The Group has a share-based remuneration scheme with settlement in the form of shares. Actual value of services performed by employees for the Group to balance the allocated options, is entered as a cost. The total amount to be charged to cost over the earning period, is based on the market value of the options at the time of allocation (Black & Scholes). Options that can be redeemed with cash payments, are booked at actual value on the accounting day based on stock exchange prices.

(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 it is expected to require a flow of economic advantages 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 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 with deducted 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, investment and financing activities. Acquisitions of subsidiaries are considered an investment 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 reserves. For cash flows in foreign currency, the average rate of exchange is used in the statement. To the extent that 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.

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 with impact on the accounts. 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 fish in sea

After introducing IFRS on 01.01.05 and until and including the third quarter of 2006, the Group applied a principle where only fish over 4kg was assessed at assumed fair value, while other biological assets were valued at cost. In its letter of 20.12.06, the Ministry of Finance ordered Lerøy Seafood Group ASA to change its reporting in connection with IAS 41 - Agriculture. From and including the fourth quarter of 2006, the Group therefore has a new accounting practice regarding fish in sea. For 2006 (with comparable figures) fish in sea is valued at assumed fair value. The book value of inventories will probably vary more than it did with the earlier valuation principles. The variations will increase 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 31.12.06, shows the following impact on the Group's operating result (million NOK):

Price reduction	NOK 1.-	NOK 2.-	NOK 5.-
Reduced operating result LSG consolidated	-27	-53	-131

Reference is also made to note 7.

(b) Estimated impairment of goodwill

The Group performs tests to assess possible impairment in the value of goodwill, 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.

Notes Lerøy Seafood Group consolidated 2006

NOTE 2 INTANGIBLE ASSETS

(All figures in NOK 1,000)

2005	Goodwill	Licenses/ rights	Total
Per 1 January 2005			
Acquisition cost	82 237	205 000	287 237
Accumulated impairment charges			0
Balance sheet value at 01.01.05	**82 237**	**205 000**	**287 237**
Accounting year 2005			
Balance sheet value at 01.01.05	82 237	205 000	287 237
Accrual, purchase of subsidiaries	52 271	102 400	154 671
Accrual, purchase of intangible assets		2 000	2 000
The year's impairment charges/depreciation			0
Balance sheet value at 31.12.05	**134 508**	**309 400**	**443 908**
Per 31 December 2005			
Acquisition cost	134 508	309 400	443 908
Accumulated impairment charges/depreciation			0
Balance sheet value at 31.12.05	**134 508**	**309 400**	**443 908**

2006	Goodwill	Licenses/ rights	Total
Accounting year 2006			
Balance sheet value at 01.01.06	134 508	309 400	443 908
Conversion differences	339		339
Accrual, purchase of subsidiaries	1 000 514	477 813	1 478 327
Accrual, purchase of intangible assets			0
Reclassification deferred tax on licenses	22 400	-22 400	0
This year's impairment charges/depreciation		-226	-226
Balance sheet value at 31.12.06	**1 157 761**	**764 587**	**1 922 348**
Per 31 December 2006			
Acquisition cost	1 157 761	764 813	1 922 574
Accumulated impairment charges/depreciation		-226	-226
Balance sheet value at 31.12.06	**1 157 761**	**764 587**	**1 922 348**

Goodwill is associated with the last part of the purchase of the subsidiary Hallvard Lerøy AS in 1997, acquisition of Timar Seafood AS in 2000, phase 1 of the acquisition of Lerøy Sverige AB in 2001 and phase 2 in 2004, Sigerfjord Aqua AS, phase 1 of acquisition of Lerøy Smøgen Seafood AB in 2002 and phase 2 in 2003, acquisition of Lerøy Midnor AS in 2003 and acquisition of Portnor Lda (60%) in 2004. Goodwill accrued in 2005 pertains to the acquisitions of Lerøy Aurora AS, Lerøy Alfheim AS, Bulandet Fiskeindustri AS (53.2%) and the remaining 51% of SAS Fish Cut. Goodwill accrual in 2006 pertains to the acquisitions of Lerøy Fossen AS, Lerøy Delico AS (75%), Lerøy Fisker'n AS (70%), Lerøy Haarberg AS (60%) and the remaining 60.9% of Lerøy Hydrotech AS.

Licence values are associated with the acquisition of Lerøy Midnor in 2003, purchase of 2 licenses in 2004, acquisition of Lerøy Aurora AS in 2005, acquisition of Lerøy Fossen AS and Acquisition of Lerøy Hydrotech in 2006. Deferred taxes on licenses charged against goodwill amount to a total of KNOK 123 800. In 2005 deferred taxes on licences were charged against licenses. This item has been reclassified to goodwill in 2006. Depreciation in 2006 pertain to limited period water rights in Lerøy Fossen AS (40 years, depreciated 4 months in 2006).

The Group owns 73.5 wholly owned licenses for farming of Atlantic salmon or trout. In addition, the Group has licenses for production of smolt. The balance between the Group's smolt production and its requirements for smolt is satisfactory. Finally, the Group also holds a licence for production of char.

IMPAIRMENT TEST FOR GOODWILL

Goodwill is allocated to the Group's cash-generating units identified in each activity segment. A summary of the goodwill allocation on segment level is as follows:

	2006	2005
Production	1 113 224	110 923
Sales & Distribution	44 537	23 585
Total goodwill	**1 157 761**	**134 508**

The impairment test for cash-generating units is based on estimated present values of future cash flows. The analysis is based on the 2007 budget and on estimated results for the years 2008 to 2011. After 2011 a terminal value is calculated, based on the estimated result for 2011. Growth has not been considered in the calculation of the terminal value. A weighted yield requirement rate after tax (WACC) of 8,5% has been used in the calculation.

The impairment test did not give grounds for impairment charges on goodwill in 2006.

Notes Lerøy Seafood Group consolidated 2006

NOTE 3 TANGIBLE FIXED ASSETS

(All figures in NOK 1,000)

2005	Real estate	Buildings	Machines, furnishings, equipment, etc.	Total
Per 1 January 2005				
Acquisition cost	7 407	105 809	242 592	355 808
Accumulated depreciation and write-downs		-47 650	-115 019	-162 669
Balance sheet value at 01.01.05	**7 407**	**58 159**	**127 573**	**193 139**
Accounting year 2005				
Balance sheet value at 01.01.05	7 407	58 159	127 573	193 139
Conversion differencesr	-126	-103	-2 154	-2 382
Acquired subsidiaries	1 023	17 248	48 609	66 879
Tangible fixed assets acquired	100	20 447	57 709	78 256
Tangible fixed assets sold		-481	-450	-931
EU contribution		-1 915		-1 915
The year's depreciation and write-downs		-7 874	-40 340	-48 214
Balance sheet value at 31.12.05	**8 404**	**85 481**	**190 947**	**284 832**
Per 31 December 2005				
Acquisition cost	8 404	141 005	341 977	491 386
Accumulated depreciation and write-downs		-55 524	-151 030	-206 554
Balance sheet value at 31.12.05	**8 404**	**85 481**	**190 947**	**284 832**

2006	Real estate	Buildings	Machines, furnishings, equipment, etc.	Total
Accounting year 2006				
Balance sheet value at 01.01.06	8 404	85 481	190 947	284 832
Conversion differences	126	2 326	1 074	3 526
Acquired subsidiaries	5 170	105 758	159 529	270 457
Tangible fixed assets acquired	228	64 253	180 828	245 309
Tangible fixed assets sold	-33	-5 700	-16 902	-22 635
EU contribution		-1 946		-1 946
The year's depreciation and write-downs		-11 575	-72 906	-84 481
Balance sheet value at 31.12.06	**13 895**	**238 597**	**442 570**	**695 062**
Per 31 December 2006				
Acquisition cost	13 895	305 696	659 757	979 348
Accumulated depreciation and write-downs		-67 099	-217 187	-284 286
Balance sheet value at 31.12.06	**13 895**	**238 597**	**442 570**	**695 062**

NOTE 4 SUBSIDIARIES, AFFILIATED COMPANIES, ETC.

(All figures in NOK 1,000)

Company	Business location	Ownership / voting shares	Cost price/bal. sheet value
Lerøy Hydrotech AS	Kristiansund	100 %	773 585
Lerøy Midnor AS	Hitra	100 %	261 645
Lerøy Fossen AS	Bergen	100 %	230 300
Lerøy Aurora AS	Tromsø	100 %	133 870
Hallvard Lerøy AS	Bergen	100 %	57 871
Lerøy Smøgen Seafood AB	Smøgen, Sweden	100 %	36 017
Lerøy Sverige AB	Gothenburg, Sweden	100 %	29 690
Lerøy Alfheim AS	Bergen	100 %	13 100
Lerøy Delico AS	Stavanger	75 %	6 000
Lerøy Haarberg AS	Trondheim	60 %	5 700
Lerøy Fisker'n AS	Oslo	70 %	4 375
SAS Fish Cut	Arras, France	100 %	2 167
Lerøy & Strudshavn AS	Bergen	100 %	233
Sigerfjord Aqua AS	Sigerfjord	90,55 %	11 347
Nordvik SA	Boulogne, France	90 %	3 123
Portnor Lda	Portugal	60 %	4 600
Total Lerøy Seafood Group ASA			**1 573 623**
SAS Hallvard Leroy	Boulogne, France	70 %	109
Lerøy Quality Group AS	Bergen	55 %	557
Sjømatgruppen AS	Bergen	100 %	800
Bulandet Fiskeindustri AS	Bulandet	53 %	2 126
Total Lerøy Seafood Group consolidated			**1 577 215**

Year 2006 (see note 13)	Bal. Sheet value	Pre tax profit
Sales & Distribution	247 543	106 085
Affiliated companies	11 131	1 660
Total Sales & Distribution	**258 674**	**107 745**
Production	2 237 785	658 815
Affiliated companies	297 461	124 446
Total Production	**2 535 246**	**783 261**
Elimination/not allocated	-453 201	-32 623
Group	**2 340 719**	**858 383**

Acquisition of subsidiaries in 2006

In April 2006 Lerøy Seafood Group ASA acquired 100% of the shares in Lerøy Fossen AS (NOK 230.3 mill.). Lerøy Fossen AS acquired in August 2006 the remaining 90% of the shares in Bjørsvik Settefisk AS (NOK 28.5 mill). In August 2006 Lerøy Seafood Group ASA acquired the remaining 60.9% of the shares in Lerøy Hydrotech AS (NOK 672.8 mill.), also including Aakvik Settefisk AS.

In 2006 Lerøy Seafood Group ASA has in addition acquired 75% of the shares in Lerøy Delico AS, 60% of the shares in Lerøy Haarberg AS and 70% of the shares in Lerøy Fisker'n AS for a total of NOK 16.1 mill. Other purchases of shares in subsidiaries amount to NOK 7.6 mill.

(Continued on next page)

Notes Lerøy Seafood Group consolidated 2006

Acquisition of subsidiaries in 2006	Lerøy Hydrotech AS	Lerøy Fossen AS	Other	Total
Share issues / Settlement in shares				
Cash portion	672 820	230 300	52 162	955 282
Cost price for share purchases in 2006	**672 820**	**230 300**	**52 162**	**955 282**
Goodwill	464 147	83 976	12 300	560 423
Licenses/rights	122 440	78 232	27 085	227 757
Fixed assets		6 000		6 000
Inventories	59 406	12 871		72 277
Deferred tax	-69 022	-31 898	-4 010	-104 930
Total incorporated excess values at acquisition	**576 971**	**149 181**	**35 375**	**761 527**
Incorporated values at time of acquisition				
Intangible assets	1 240 725	189 690	48 557	1 478 972
Other fixed assets	189 303	70 662	14 379	274 344
Inventories	339 319	78 197	10 781	428 297
Cash and bank deposits	3 554	8 954	8 841	21 349
Other assets	91 945	21 454	22 412	135 811
Short-term liabilities	120 413	12 825	30 812	164 050
Long-term liabilities/commitments	871 380	125 832	17 040	1 014 252

Value added in acquisitions of subsidiaries
Value added associated with licences, fixed assets, inventories and other assets and liabilities is 100% included from the time the subsidiary is consolidated. Goodwill is calculated for each separate acquisition. The effect of phased purchases in Lerøy Hydrotech AS amounts to NOK 33.2 mill (gain). The gain represents the increase in the value of licences since the previous purchase, and the effect is booked against the Group's equity.

Affiliated companies	Hydrotech Gruppen AS	Egersund Fisk AS	Norskott Havbruk AS	Alfarm Alarko Leroy	Others	Total
Business location	Kristiansund	Egersund	Bergen	Istanbul, Turkey		
Ownership / voting share (until 01.09.06)	39 %	27 %	50 %	50 %		
Booked equity at acquisition / establishment	49 366	20 000	163 273	8 825		241 464
Intangible assets	51 153					51 153
Acquisition cost	100 519	20 000	163 273	8 825		292 617
Calculation of capitalised value at 31.12.06						
Opening balance at 01.01.06	115 535	30 144	180 994	9 471		336 144
The year's acquisitions					3 682	3 682
Reduction (transfer to Group companies)	-159 216					-159 216
Share in year's profit	43 681	2 734	78 032	1 660	2 875	128 982
Portion of profit Affiliated Companies		-1 000				-1 000
Closing balance at 31.12.06	**0**	**31 878**	**259 026**	**11 131**	**6 557**	**308 592**

In 2005 the Group acquired 50% of the shares in Alfarm Alarko Lerøy in Turkey. An agreement has been entered into for unequal distribution of dividend where Lerøy Seafood Group ASA only has a right to 25% of ordinary dividend for the accounting years 2005, 2006, 2007 and 2008. The profit portion from Alfarm Alarko Lerøy will therefore be only 25% of profit after tax until 01.01.09.

Other shares	Location	Ownership / voting shares	Cost price	Fair value
Finnøy Sjøhus AS	Finnøy	6,55 %	2 000	2 000
AquaGen AS	Trondheim	2,35 %	709	709
Bulandet Eiendom AS	Bulandet	12,67 %	625	625
Breivoll Marine Produkter AS	Hamnvik	42,27 %	330	330
Misc. minor share interests			2 209	2 073
Total shares in Lerøy Seafood Group Consolidated			**5 873**	**5 737**

NOTE 5 CURRENCY FUTURES

(All figures in NOK 1,000)

The table below shows the company's forward currency contracts at 31.12.2006. All contracts involve sale of the respective foreign currency against NOK.

Currency	Currency amount	Exchange rate at maturity	Contract amount in NOK
USD	29 500	6.394	188 626
EURO	63 500	8.257	524 300
JPY	520 000	0.056	29 036
GBP	2 100	12.402	26 044
SEK	34 000	0.908	30 865
AUD	300	4.876	1 463
CAD	300	5.902	1 770
CHF	800	5.293	4 235
DKK	3 000	1.106	3 319
TOTAL			**809 659**

Currency futures together with negative and positive balances on multi-currency accounts, are used to hedge, as far as possible, against the currency risk in customer receivables, 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 liabilities.

NOTE 6 LOANS, MORTGAGES AND GUARANTEES

(All figures in NOK 1,000)

	2006	2005
Long-term interest-bearing loans		
Loans from credit institutions 1 a,b,c,d,e,f)	1 712 060	495 919
Next year's instalments on long-term loans	-168 400	-68 300
Other long-term liabilities	34 337	30 926
Total long-term interest-bearing loans at 31.12	**1 577 997**	**458 545**
Short-term interest-bearing loans		
Loans from credit institutions (multi-currency credits)	213 603	62 782
Next year's instalments on long-term loans	168 400	68 300
Total short-term interest-bearing loans at 31.12	**382 003**	**131 082**
Total interest-bearing loans at 31.12	**1 960 000**	**589 627**
Cash and equivalents	509 872	191 157
Net interest-bearing loans at 31.12	**1 450 128**	**398 470**
Loans secured by mortgages		
Long-term loans from credit institutions 1 a,b,c,e,f)	1 712 060	495 919
Short-term loans from credit institutions (multi-currency credits)	213 603	62 782
Leasing liability (see note 18)	32 644	30 248
Total loans secured by mortgages at 31.12	**1 958 307**	**588 949**
Mortgaged assets		
Accounts receivable	664 606	358 224
Inventories	917 665	513 172
Shares in subsidiaries/affiliated companies	169 714	175 647
Buildings and operating equipment	573 136	220 448
Total	**2 325 121**	**1 267 491**
Long-term loans with maturities of more than 5 years		
Loans from credit institutions 1 a,b,c,e,f)	694 167	181 182
Total	**694 167**	**181 182**
Guaranties made on behalf of the Group 2 a,b,c)	**123 771**	**90 777**

Repayment schedule for loans

1 a) Lerøy Seafood Group ASA :
The first instalment was paid in August 2003; thereafter the loan is to be repaid over 8 years in equal semi-annual instalments. Interest conditions for the loan are currently so-called "pro-tem" conditions (NOK 92.7 mill.).

1 b) Lerøy Seafood Group ASA :
A new loan at NOK 700 mill. was established in the autumn of 2006. The first instalment is due on 30 June 2007, and thereafter the loan is to be paid over 8 years in equal semi-annual instalments. The loan's interest conditions are currently "pro-tem".

1 c) Lerøy Midnor AS :
The first instalment was paid in June 2004. The loan is to be repaid over 15 years in equal semi-annual instalments. Interest on the loan is currently NIBOR plus margin (NOK 174.5 mill.).

1 d,e) Lerøy Aurora AS :
The first instalment was due in June 2006. Thereafter the loan is to be repaid over 10 years in equal semi-annual instalments. In addition, there is an overdraft facility of NOK 60 mill. with ordinary annual renewal.

Interest on the loan is currently NIBOR plus margin (NOK 168.7 mill.).

1 f) Lerøy Hydrotech AS :
After refinancing in the autumn of 2006, a new loan of NOK 400 mill. was established. The loan runs without instalments until 31.12.09. Thereafter the loan is to be repaid with NOK 33.3 mill. over 6 years.The last instalment is flexible and will amount to the loan balance at that time.

Guarantees

2 a) In connection with financing the company Scottish Sea Farms Ltd., a subsidiary of affiliated company Norskott Havbruk AS, Lerøy Seafood Group ASA has posted a guarantee to the lenders regulated down to GBP 1.5 mill. at 31.12.06.
2 b) Correspondingly, Lerøy Seafood Group ASA has posted a guarantee to the lenders to Lerøy Midnor for an amount of NOK 50 mill.
2 c) Lerøy Seafood Group ASA has posted a guarantee for a construction loan of SEK 44 mill. to Lerøy Smøgen Seafood AB.

In addition, the Group has posted miscellaneous guarantees for approx. NOK 15 mill.

Financial "covenants"

Financial "covenants" for long-term funding in Lerøy Seafood Group ASA (the parent company) comprise both a capital adequacy requirement that the Group's booked equity ratio shall be more than 30% and a profitability requirement entailing that the company's interest-bearing liabilities shall on average not exceed five in relation to EBITDA.

Financial "covenants" for the long-term financing of Lerøy Midnor AS and Lerøy Aurora AS is a capital adequacy requirement that the value-adjusted equity ratios for the two companies shall exceed 25%.

Financial "covenants" linked to short-term drawing rights in Hallvard Lerøy AS provide facilities for up to 65% of the so-called borrowing base (accounts receivable, inventories, etc). The borrowing base for the subsidiary Hallvard Lerøy AS linked to this type of credit amounted to NOK 621.4 million at the turn of the year; established absolute drawing rights amount to NOK 90 million.

Financial "covenants" linked to short-term drawing rights in Lerøy Midnor AS provide facilities for up to 70% of the so-called borrowing base (accounts receivable, inventories, etc). The borrowing base for the subsidiary Lerøy Midnor AS linked to this type of credit amounted to NOK 407.9 million at the turn of the year, and established absolute drawing rights amounted to NOK 200 million at 31.12.06.

Financial "covenants" linked to short-term drawing rights in Lerøy Aurora AS, provide facilities for up to 65% of the so-called borrowing base (accounts receivable, inventories and cash on hand). The borrowing base for the subsidiary Lerøy Aurora AS linked to this type of credit amounted to NOK 264.3 million at the turn of the year. Established absolute drawing rights were NOK 60 million at 31.12.06.

Financial "covenants" linked to short-term drawing rights in Lerøy Hydrotech AS provide facilities for up to 75% / 80% of the so-called borrowing base (accounts receivable (80% and inventories (75%)). The borrowing base for the subsidiary Lerøy Hydrotech AS linked to this type of credit amounted to NOK 290 million at the turn of the year; and established absolute drawing rights amount to NOK 200 million at 31.12.06.

(Continued on next page)

NOTE 7 BIOLOGICAL ASSETS

(All figures in NOK 1,000)

	2006	2005
Biological assets at 01.01	**542 829**	**250 031**
Increase due to company acquisitions	355 452	160 022
Increase due to added costs during year	866 110	466 760
Reduction due to sales / harvesting	-798 010	-412 274
Change in IFRS adjustment of biological assets (profit impact)	85 938	78 290
Biological assets at 31.12	**1 052 319**	**542 829**

Estimates of fair value of fish in sea are based on the market prices of gutted salmon and trout on the balance sheet day. The prices are adjusted for quality differences (superior, ordinary and production) and for logistical costs. The volume is adjusted for gutting wastage. Valuation of fish in sea with an average weight under 4 kg is based on the same principles, but the price is adjusted for progress in the growth cycle. The price is not adjusted below cost price unless a loss is anticipated in future sales. Other biological assets (roe, fry and smolt) are valued at cost price since little biological transformation has taken place (IAS 41.24).

The table below shows the total volume of fish in sea as well as the volume of harvestable salmon and trout (> 4 kg). The volume of char is not included in the total volume of harvestable fish, but the inventory of char is included in the book value of capitalised biological assets. The balance sheet values of char were NOK 11.9 mill. and NOK 11.7 mill. in 2006 and 2005 respectively.

	2006	2005
Total fish in sea (LWT)	46 561	28 754
Harvestable fish (> 4kg LWT)	20 287	16 142
Correction of inventory harvestable fish (> 4kg)	184 013	89 642
Correction of inventory immature fish (< 4kg)	67 780	3 935
Total value adjustment of biological assets	251 793	93 577
Cost price of biological assets	800 526	449 252
Balance sheet value of biological assets	**1 052 319**	**542 829**

NOTE 8 OTHER INVENTORIES

(All figures in NOK 1,000)

	2006	2005
Raw materials	52 175	38 007
Semi-finished goods	6 668	583
Finished goods	130 483	56 747
Total other inventories	**189 326**	**95 337**
Write-down of inventories (old stock)	2 255	2 667

Raw materials include feed, but packing materials are included in finished goods.

NOTE 9 OTHER RECEIVABLES

(All figures in NOK 1,000)

	2006	2005
VAT to be refunded	116 226	60 630
Pre-payments	22 946	9 812
Other	30 367	12 623
Total other receivables	**169 539**	**83 065**

The Group's customer receivables (NOK 752.6 mill.) are in the main covered by credit insurance or other types of surety.

NOTE 10 SHARE CAPITAL AND SHAREHOLDER INFORMATION

(All figures in NOK 1.000)

The share capital consists of:	Number	Face value	Book value
Ordinary shares	42 777 368	1.00	42 777 368
Total	**42 777 368**		**42 777 368**

Lerøy Seafood Group ASA had 4 884 shareholders at 31.12.06. All shares convey the same rights in the company. The number of shares has increased by a total of 3 400 000 shares in 2006 because of the cash issue in April 2006.

Overview of the 20 largest shareholders at 31.12.06:	Shares	Ownership
Profond AS*	6 803 040	15.90 %
Pareto Aksje Norge	2 639 600	6.17 %
Skagen Vekst	1 950 000	4.56 %
MP Pensjon	1 701 984	3.98 %
Ferd AS	1 519 000	3.55 %
Pareto Aktiv	1 278 600	2.99 %
Verdipapirfond Odin Norge	1 090 250	2.55 %
Lime AS*	960 573	2.25 %
Morgan Stanley & Co Inc.	808 515	1.89 %
JPMorgan Chase Bank	748 054	1.75 %
Credit Suisse Securities	705 310	1.65 %
Morgan Stanley & Co Inc.	637 146	1.49 %
Verdipapirfond Odin Norden	596 950	1.40 %
JPMorgan Chase Bank	508 027	1.19 %
Kverva Holding AS	492 826	1.15 %
Meidell AS	483 240	1.13 %
George Harald Lerøy	465 000	1.09 %
Kos Bergen AS**	406 640	0.95 %
Bjørgvin AS	400 000	0.94 %
Inma AS*	400 000	0.94 %
Total 20 largest shareholders	**24 594 755**	**57.49 %**
Others	18 182 613	42.51 %
Total	**42 777 368**	**100.00 %**

*Administrative director and CEO Ole-Eirik Lerøy controls directly or indirectly a total of 8 163 613 shares.
**KOS Bergen AS is owned by Hallvard Lerøy Jr and close family members.

Chairman of the Board Svein Milford controls 5 700 shares.
Board member Fons Brusselmans owns 5 400 shares.

NOTE 11 PENSIONS

(All figures in NOK 1,000)

All Group companies satisfy the requirements in the Compulsory Work Pension Act (Norwegian: OTP). The schemes are in the main established as contribution based pension schemes.

The underlying calculations are linked to the Contractual Early Retirement (Norwegian: AFP) schemes in the subsidiaries.

In June 2005 the subsidiary Hallvard Lerøy AS converted to a contribution based pension scheme. At the transition, all pension assets and liabilities associated with employees on sick leave were held back.

Information regarding the year's pension costs are also given in note 14.

Capitalised pension commitments	2006	2005
Present value of future pension commitments	7 128	3 840
Pension assets	-360	-245
Effect of estimate deviations not booked to income	1 362	-103
Employment tax contribution	379	454
Net pension commitments	**8 509**	**3 946**
As the Group retirement pension scheme is over funded,		
the balance sheet presents gross pensions.		
Pension assets	-360	-245
Pension commitments	8 869	4 191
Net pension commitments	**8 509**	**3 946**
Net pension costs are determined as follows:		
Present value of the year's earned pensions	499	516
Interest cost on pension commitments	309	351
Yield on pension assets	-18	-200
Cost of transition to new scheme		712
Result of deviation from estimate	46	59
Employment tax contribution	33	19
Net pension cost	**869**	**1 457**
Change in booked commitments		
Balance sheet value at 01.01	3 946	2 431
Commitments acquired at purchase of companies	3 990	919
Costs to income statement, including change to new scheme	869	1 457
Pension payments and payments of pension premiums	-296	-861
Balance sheet value at 31.12.	**8 509**	**3 946**
Financial assumptions		
Anticipated yield on pension assets	5 %	5 %
Discount rate	4 %	4 %
Anticipated regulation of wages, pensions and national insurance	3 - 4.5%	3 %
Turnover	0 - 20%	0 - 20%
Utilisation percentage contractual early retirement scheme (Norway: AFP)	0 - 30%	0 - 30%

As regards demographic factors and attrition, the actuarial assumptions are based on generally accepted assumptions in the insurance industry.

NOTE 12 TAXATION

(All figures in NOK 1,000)

	2006	2005	2004
Tax payable	137 117	22 433	6 590
Change in deferred tax	68 821	70 072	49 215
Total taxation	**205 938**	**92 505**	**55 805**

The 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:

	2006	2005	2004
Pre-tax profit	858 382	412 362	140 923
Tax based on the tax rates in the various countries	241 409	116 493	39 735
Permanent differences (28%)	644	-2 414	237
Share of profit affiliated company (28%)	-36 115	-21 575	-6 375
Extra tax cost because of the exemption model			22 208
Tax cost	**205 938**	**92 505**	**55 805**
Effective rate of taxation	24 %	22 %	40 %

Change in book value of deferred tax	2006	2005
Balance sheet value at 01.01	158 354	74 881
Currency conversion	364	-637
Acquisition of subsidiaries	223 632	14 038
Charged to income in the period	68 822	70 072
Balance sheet value	**451 172**	**158 354**

Deferred tax advantage and deferred tax are booked at net amounts when the Group has a legal right to use set-offs within the same tax scheme. The Group has net deferred tax to all countries.

Deferred tax	Licenses	Goods	Other differences	Total
01.01.2005	37 128	69 370	8 384	114 882
Booked to income in the period		29 966	-5 866	24 100
Currency conversion			-478	-478
Acquisition of subsidiaries	22 400	49 399		71 799
31.12.05	**59 528**	**148 735**	**2 040**	**210 303**
Booked to income in the period		57 914	8 725	66 639
Currency conversion			-184	-184
Acquisition of subsidiaries	116 099	104 622	280	221 001
31.12.06	**175 627**	**311 271**	**10 861**	**497 759**

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Deferred tax advantage	Receivables	Pensions	Fixed assets	Options	Loss carried forward*	Total
01.01.2005	-1 912	7	-4 171	-1 811	-32 114	-40 001
Booked to income in the period	375	-77	3 687	-2 879	44 865	45 971
Currency conversion			-159			-159
Acquisition of subsidiaries		-257	-1 008		-56 495	-57 761
31.12.05	**-1 537**	**-328**	**-1 652**	**-4 690**	**-43 744**	**-51 949**
Booked to income in the period	28	-106	-26 300	-1 989	30 550	2 183
Currency conversion			548			548
Acquisition of subsidiaries	-412	-182	4 386		-1 161	2 631
31.12.06	**-1 921**	**-616**	**-23 018**	**-6 679**	**-14 355**	**-46 587**

* Loss carried forward is in the main determined in the tax-related treatment of fish in sea.

NOTE 13 SEGMENT INFORMATION

(All figures in NOK 1,000)

Primary reporting format - business segments

The Group's primary segments are the business areas Sales & Distribution (S&D) and Production (Prod.). This segmentation is based on a grouping of activities with similar organisations and commercial risk. Production consists of the companies Lerøy Midnor AS, Lerøy Aurora AS, Lerøy Fossen AS, Lerøy Hydrotech AS, Sigerfjord Aqua AS, SAS Fish Cut, Bulandet Fiskeindustri AS and Lerøy Smøgen Seafood AB. Sales & Distribution consists all other subsidiaries with exception of Lerøy Seafood Group ASA (parent company). Lerøy Seafood Group ASA is not allocated to any of the segments.

2005	S&D	Prod.	Elimination/ unallocated	Group
External operating revenues	3 862 881	149 207	2 366	4 014 454
Internal operating revenues	76 062	793 342	-869 404	
Total operating revenues	3 938 943	942 549	-867 038	4 014 454
Operating costs	3 857 313	655 793	-851 052	3 662 054
Operating profit	**81 630**	**286 756**	**-15 986**	**352 400**
Profit from subsidiaries / affiliates	644	76 408	0	77 052
Net financial items	-3 394	-14 777	1 081	-17 090
Profit before tax	**78 880**	**348 387**	**-14 905**	**412 362**
Tax cost				-92 505
The year's profit				319 857
Assets (excluding affiliates)	813 240	1 399 494	28 437	2 241 171
Affiliates	9 470	326 674		336 144
Total assets	**822 710**	**1 726 168**	**28 437**	**2 577 315**
Total liabilities	601 045	745 134	-70 677	1 275 502
Investments	6 854	73 337	65	80 256
Depreciation	7 913	39 515	786	48 214

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Notes Lerøy Seafood Group consolidated 2006

2006	S&D	Prod.	Elimination/ unallocated	Group
External operating revenues	5 226 708	388 308	1 576	5 616 592
Internal operating revenues	122 861	1 623 535	-1 746 396	
Total operating revenues	5 349 569	2 011 843	-1 744 820	5 616 592
Operating costs	5 237 373	1 324 450	-1 714 926	4 846 897
Operating profit	**112 196**	**687 393**	**-29 894**	**769 695**
Profit from subsidiaries/affiliates	1 660	127 322		128 982
Net financial items	-6 111	-31 454	-2 727	-40 292
Profit before tax	**107 745**	**783 261**	**-32 621**	**858 385**
Tax cost				-205 938
The year's profit				652 447
Assets (excluding affiliates)	1 055 503	4 225 826	16 153	5 297 482
Affiliates	11 131	297 461		308 592
Total assets	**1 066 634**	**4 523 287**	**16 153**	**5 606 074**
Total liabilities	807 960	1 988 041	469 355	3 265 356
Investments	6 504	238 607	198	245 309
Depreciation	8 552	74 981	1 174	84 707

Product area	2006	%	2005	%
Whole salmon	2 722 295	48.5	1 953 578	48.7
Processed salmon	1 242 735	22.1	857 245	21.4
Whitefish	601 575	10.7	360 753	9.0
Trout	430 112	7.7	209 354	5.2
Shellfish	243 322	4.3	190 473	4.7
Pelagic	140 459	2.5	215 584	5.4
Other	236 094	4.2	227 467	5.7
Total sales revenues	**5 616 592**	**100.0**	**4 014 454**	100.0

Secondary reporting format - geographical segments

The Group's secondary segmentation is a geographical distribution. Sales revenues are allocated to the customer's home country. Equity and investments are distributed according to geographical location.

Sales revenues	2006	%	2005	%
EU	3 346 726	59.6	2 549 245	63.5
Norway	856 744	15.3	391 167	9.7
Asia	620 161	11.0	527 586	13.1
Rest of Europe	349 145	6.2	138 840	3.5
USA & Canada	329 073	5.9	319 087	7.9
Other	114 743	2.0	88 529	2.2
Total sales revenues	**5 616 592**	**100.0**	**4 014 454**	100.0

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Assets	2006	%	2005	%
Norway*	5 240 137	93.5	2 313 188	89.8
EU	365 937	6.5	264 127	10.2
Total assets	**5 606 074**	**100.0**	**2 577 315**	100.0

* Most of customer receivables in subsidiary Hallvard Lerøy AS (at 31.12.06: NOK 558 mill.) are from customers abroad. Customer receivables are covered by credit insurance and other forms of surety.

Investments	2006	%	2005	%
Norway	190 307	77.6	72 114	89.9
EU	55 002	22.4	8 142	10.1
Total investments	**245 309**	**100.0**	**80 256**	100.0

NOTE 14 PAYROLL COSTS, NO. OF EMPLOYEES, REMUNERATIONS, LOANS TO STAFF, ETC.

(All figures in NOK 1,000)

Payroll costs	2006	2005	2004
Wages and salaries	313 681	194 939	163 167
Employment tax	47 760	25 272	28 143
Pension costs [1)]	8 806	4 236	3 996
Option costs (incl. employment tax)	14 540	14 212	209
Other costs	15 212	7 176	5 696
Total	**399 999**	**245 835**	**201 211**

1) Total of performance based scheme (see note 11) and contribution based scheme.

At year's end the Group had 1 149 employees with 334 women and 815 men against a total of 718 in 2005. Average number of work-years in the Group was 1 078 in 2006.

Remuneration to the company's officers	Øyvind Fossøy	Helge Singelstad	Ole-Eirik Lerøy	Board Ch.man	Board
Salaries	1 400	2 000	1 600	98	300
Bonus including extraordinary bonus	2 960	3 400			
Options exercised in 2006		6 515			
Other remunerations	149	173	179	*)	

*) invoiced through the company Euroconsult AS

The Board's compensation is not performance based. The CEO and the board members have no share options. The Board's total compensation is shown above. The Group's development is closely linked to its ability to recruit and retain leading personnel and the Group employs various models for remuneration of management personnel at competitive terms. Such compensation may vary over time both in respect of level and form of payment. In addition to the annual salary, the Group uses a performance based bonus not exceeding the respective annual wage, lump sum non-recurring amounts, sign on fees, arranged leave of absence, education possibilities and option agreements (see below). The Group has collective pension schemes. For logical reasons, the Board by its chairman has until now handled all practical matters in respect of agreements with the Group's chief executive and assistant chief executive. The compensation is reviewed annually, but is assessed over several years in order to secure continuity. The Board limits the use of so-called post resignation wages, but it has been practiced in a few cases and then limited to two years' salary. Post resignation wages may at times be a good alternative for all parties involved.

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Authorities granted to the Board of Directors
Authorities are granted to the Board of Directors in accordance with the Public Limited Companies Act (Norway), cp. 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 Shareholders' Meeting on 12.05.00. This authority has subsequently been renewed, most recently at the ordinary Shareholders' Meeting on 24.05.06, and is to remain valid for 18 months from the date on which the resolution was adopted. An extension of the authority will be recommended to the ordinary Shareholders' Meeting on 23.05.07. The authority has been exercised. At 31.12.06 the company owned 285 423 of its own shares.

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. The Board's authority must be seen in conjunction with the company's established option programme, see below. This type of authority was first established by the extra-ordinary Shareholders' Meeting on 10.12.97 and has subsequently been renewed, most recently by the ordinary Shareholders' Meeting on 24.05.06. This authority is valid for two years from the time the resolution was adopted. An extension of the authority will be recommended to the Shareholders' Meeting on 23.05.07. The authority has not been exercised.

The Board had 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 authority was first established by the ordinary Shareholders' Meeting of 04.05.99 and subsequently renewed by the ordinary Shareholders' Meeting on 24.05.06. The Board exercised this authority in 2006 when it issued a total of 3 400 000 shares. It will be recommended that an equivalent authority be approved by the ordinary Shareholders' Meeting on 23.05.07.

The Board's powers to distribute shares are limited in time, 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. In addition, the Board has established the practice of having the authorisations renewed at each ordinary Shareholders' Meeting.

Options
Since the spring of 1999, the Board has used options as an important instrument in the Group's development (see also the treatment of options in a separate note to the accounts). In its meeting on 20.06.06 the Board established a new option scheme limited to 700 000 options at NOK 125.- each. These options have as yet not been distributed.

The Board allocated 320 000 options in the spring of 2001 and the spring of 2002. These options may be exercised in stages, with one third at each stage, the first time after the ordinary Shareholders' Meeting in 2002. The exercise price is NOK 27.50 per share. At 31.12.06 the number of this type of option still outstanding was 260 000. These options were exercised in the beginning of 2007, reported by separate note to the stock exchange on 28.02.07. Over the years, exercised options have been settled either by shares purchased by the company in the market with reference to the Board's authority to acquire own shares, or by cash payments.

On 23.02.05 the Board approved an option scheme for 600 000 options at NOK 40.- each that were later allocated. These options may be exercised over time and reference is made to the descriptions of option schemes below.

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

Exercise price	Established	2006	2005
12.0	1999	0	83 000
27.5	2002*)	260 000	260 000
32.0	2002	0	0
40.0	2005	600 000	600 000
		860 000	**943 000**

*) Closed as of February 2007.

Pursuant to the IFRS, options must be booked at fair value. The fair value of the 600 000 options allocated in 2005 is calculated on the basis of the Black-Scholes option pricing model. The most important data input was the share price on the allocation date (23.02.05) of NOK 39.20, the exercise price of NOK 40.00, volatility 32.43%, risk free interest 3.9%, as well as various maturities of the options (shown above).

Computation of fair value of all other options is based on the difference between share price on the accounting date and the exercise price.

Employment tax is included in allocated commitment reserve.

	2006	2005	2004
Estimated option commitments	19 981	16 750	6 468
The year's costs	14 540	14 212	209

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Loans to staff
No loan or guarantee has been granted to the Group's Managing Director or other members of the Group's managerial staff, Chairman of the Board or to other closely related parties. No single loan or guarantee has been granted for more than 5% of the company's equity.

Auditor
Invoiced fees for 2006 from the Group's auditor PricewaterhouseCoopers AS, the law firm PwC AS and other auditors, are as follows:

	2006	2005	2004
Auditing fees group auditor	1 216	1 423	896
Auditing fees other auditors	993	870	224
Tax advice group auditor	197	189	90
Tax advice other auditors	79		
Other certification services group auditor	150	32	11
Other services group auditor	824	902	744
Other services other auditors	270	147	389
Total	**3 729**	**3 563**	**2 354**

NOTE 15 ITEMS THAT ARE COMBINED IN THE ACCOUNTS

(All figures in NOK 1,000)

Financial revenues	2006	2005	2004
Other interest revenues	16 284	9 659	5 334
Other financial revenues			259
Total financial revenues	16 284	9 659	5 593

Financial costs	2006	2005	2004
Other interest costs	52 090	24 997	20 062
Other financial costs	4 488	1 752	1 489
Total financial costs	56 578	26 749	21 551
Net financial items	**-40 294**	**-17 090**	**-15 958**

NOTE 16 EARNINGS PER SHARE

(All figures in NOK 1,000)

	2006	2005	2004
The year's earnings (minority share)	651 516	319 312	83 402
No. Of shares on the balance sheet date (thousands)	42 777	39 377	34 441
Average no. of shares (thousands)	41 077	36 909	34 441
Adjustment for effect of share options	421	248	164
Average no. of shares by dilution (thousands)	41 498	37 157	34 605
Earnings per share	**15.86**	**8.65**	**2.42**
Diluted earnings per share	15.70	8.59	2.41

When computing diluted profit per share, the average number of shares adjusted for the effect of share options is used. For share options a calculation was made to find the number of shares that could have been subscribed at market price (computed average share price of the company's shares through the year) based on the monetary value of the subscription rights conveyed by the outstanding share options. The number of shares computed as described above, are then compared with the number of shares that would have been issued if all share options were exercised. The difference is assigned to the denominator in the fraction as un-issued shares without compensation.

(Continued on next page)

Notes Lerøy Seafood Group consolidated 2006

NOTE 17 DIVIDEND PER SHARE

(All figures in NOK 1,000)

Distributed dividend in 2005 and 2004 was NOK 76 999 (NOK 1.80 per share) and NOK 30 308 (NOK 0.80 per share) respectively. Recommended dividend distribution for the accounting year 2006 is NOK 214 309 (NOK 4.00 per share) including dividend to new shares issued in March 2007. The final decision will be made by the ordinary Shareholders' Meeting on 23 May 2007.

NOTE 18 LEASING

(All figures in NOK 1,000)

Leased assets booked in the consolidated accounts as financial leasing	2006	2005
Book value of leased assets (machines/furnishings)	53 891	37 756
Book value of leasing liabilities	32 644	30 248
Remaining leases and maturities		
0-1 year	17 391	623
1-5 years	18 574	32 916
Total	**35 965**	**33 539**

The Group has no significant operational leases.

NOTE 19 RELATED PARTIES

Transactions between Group companies and similar trade with affiliates (see note 4) is carried out at market prices.

NOTE 20 CHANGE IN ACCOUNTING PRINCIPLE (IAS 41 - AGRICULTURE)

On 20 December 2006 the Ministry of Finance ordered Lerøy Seafood Group ASA and other listed Norwegian seafood companies to change their accounting practice regarding IAS 41 – Agriculture. The decision has effect from and including the reporting for the 4th quarter of 2006. Comparable figures are to be similarly corrected.

With the previous accounting principle fish in sea over 4 kg was valued at estimated fair price, while fish in sea less than 4 kg was valued at cost price. The decision entails that all fish in sea must be valued at assumed fair price.

The overview below shows the effects in the income statement and the balance sheet from the conversion to the new accounting principle. It is noted that the adjustments have no effects on cash position or on operating profit before value adjustment of biomass.

Impact in the income statement	2005	2004
Value adjustment of biomass	8 878	1 440
Operating profit	8 878	1 440
Income affiliated company	12 518	2 782
Profit before tax	21 396	4 222
Tax	-2 486	-403
Profit after tax	18 910	3 819

Impact in the balance sheet	31.12.05	31.12.04
Shares in affiliates	15 277	2 760
Biological assets	14 706	5 828
Equity	25 865	6 956
Deferred tax	4 118	1 632

NOTE 21 EVENTS AFTER THE BALANCE SHEET DATE

On 23 February 2007 the boards of directors of Austevoll Seafood ASA (AUSS) and Lerøy Seafood Group ASA (LSG) entered into an agreement entailing that AUSS sells its salmon activity Veststar Holding AS (VS) to LSG. VS has smolt production, 27 fish farming licences in Norway, distribution activities in France and licenses in Chile.

The enterprise will be purchased free of debts and with 100% settlement in shares. In this respect, 8.5 mill. new LSG shares have been issued at a price of NOK 127.50 each, corresponding to a value of NOK 1 084 mill. In addition, and in accordance with the agreement, AUSS has subscribed for 2.3 mill. new shares in LSG at a price of NOK 130.00 per share and settlement in cash. This gives AUSS a total ownership in LSG of 20.1%.

VS has 27 licenses in the district of Hordaland in Norway. In addition, through Eidane Smolt AS (100%) and Sørsmolt AS (49.15%), the company has a smolt production of approx. 10 mill. smolt per year. In 2006 the company harvested approx. 11 000 tons. The company is still in a development phase after acquisition of licenses from Rong Laks AS in 2005. The company expects to harvest on the order of 16 000 tons in 2007 with additional expansion in 2008 and 2009.

Euro Salmon in France (60% owned) is a processing and distribution company outside Lyon in France. The company buys fresh salmon from Norway and processes it for sale in the fresh fish market. This company fits exceptionally well into LSG's sales and distribution activity. Euro Salmon will significantly enhance LSG's established position in the important market for fresh seafood in France.

Pacific Seafood Ltda is AUSS' salmon enterprise in Chile. The company holds 3 licenses and has applied for 22 more. 15 of these licences are in the final stages of consideration. The company has no activity under these licences at present. This activity will be the ideal bridgehead for LSG in Chile.

With this transaction, LSG will get 67 new employees, most of them in the district of Hordaland and in France.

Key figures from the consolidated accounts of VS are as follows (figures in NOK mill.):

Income statement	2006	2005
Operating revenues	341.2	348.9
Operating costs	253.5	322.1
Operating profit	87.6	26.8
Total financial items	-14.1	-14.4
Profit before tax	73.6	12.5
Profit for the year	53.1	22.7

Balance sheet	31.12.06	31.12.05
Intangible assets	271.0	248.3
Fixed assets	150.1	126.1
Financial fixed assets	0.7	0.7
Inventories	223.3	180.4
Accounts receivable	51.6	34.3
Cash and equivalents	1.5	0.8
Total assets	698.2	590.7
Equity	244.9	191.8
Liabilities	67.4	38.2
Long-term liabilities	196.0	224.9
Short-term liabilities	189.8	135.7

On 28 February 2007 the company issued a private placing for cash to VS of NOK 337.1 mill in accordance with the agreement provision for acquisition free of debt. The acquisition analysis will be based on the consolidated accounts for VS at 31.03.07 and will be presented in the 1. quarter report from on 15 May 2007.

A separate prospect will be made in connection with this purchase. Additional information is available in the prospectus and in the stock exchange notice of 23.02.07.

Notes Lerøy Seafood Group ASA 2006

(A) COMMENTS ON ACCOUNTING PRINCIPLES
The annual accounts are drawn up in accordance with the Accounting Act of 1998 and good accounting practice. All figures in the notes are in NOK 1,000.

(B) OPERATING REVENUES
Operating 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 the operating revenues.

(C) CLASSIFICATION AND EVALUATION OF BALANCE SHEET ITEMS
Current assets and short-term liabilities comprise items due for payment within one year of the accounting day, as well as items related to the production cycle. Other items are classified as fixed assets or long-term liabilities.

Current assets are valued at the lower of acquisition costs and real value. Short-term liabilities are entered in the balance sheet at their nominal value at the time of establishment.

Fixed assets are valued at acquisition cost, but are written down to real value if the decline in value is not considered to be temporary. Long-term liabilities are booked in the balance sheet at their nominal value at the time of establishment.

(D) ACCOUNTS RECEIVABLE
Customer receivables and other receivables are booked in the balance sheet at face value less allocations for anticipated losses. Provisions for losses are based on individual assessments of the respective items.

(E) SHORT-TERM INVESTMENTS
Short-term investments (shares and units classified as current assets) are valued at the lower of average acquisition cost and real value on the accounting 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 investment is written down to real value if the decline in value is not considered to be temporary. Dividends and other distributions from the companies are booked as Other financial revenues.

(G) AFFILIATES
Affiliates are companies in which the Group holds an interest of between 20% - 50% and where the investment is long-term and of a strategic nature. In the company accounts affiliates are valued according to the cost method.

(H) TANGIBLE FIXED ASSETS
Tangible fixed assets are booked at acquisition cost less accumulated depreciation. The depreciation is distributed linearly over assumed economic life. Similar principles are applied to intangible assets.

(I) TAXES
Tax 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 28% 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 have been combined 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. The Group has a share-based remuneration scheme with payment in the form of shares. Real value of the return services the Group receives from employees for the allocated options, are booked as a cost. The total amount to be booked for the accrual period is based on the real value of allocated options at the time of allocation (Black & Scholes). Options that can be settled in cash are booked on the balance sheet date at a fair value based on stock market prices. Fair value of options is included in LSG ASA accounts from 01.01.06

NOTE 1 EQUITY

(All figures in NOK 1,000)

2005	Share capital	Own shares	Premium reserve	Other equity	Total equity
Equity at 01.01.05	34 441	-66	621 728	60 857	716 960
The year's result to equity				-21 429	-21 429
Share issue	4 937		198 961		203 898
Share issue costs			-4 033		-4 033
Dividend own shares				51	51
Equity at 31.12.05	**39 377**	**-66**	**816 657**	**39 480**	**895 447**

2006	Share capital	Own shares	Premium reserve	Other equity	Total equity
Equity at 01.01.06	39 377	-66	816 657	39 480	895 447
Change acct. principle options (note 7)				-12 060	-12 060
The year's result to equity				28 811	28 811
Supplementary dividend 2005				-6 121	-6 121
Share issue	3 400		436 900		440 300
Share issue costs			-9 726		-9 726
Effect of option scheme				3 874	3 874
Impact of sales/purchases own shares		-219		-22 298	-22 517
Dividend own shares				118	118
Equity at 31.12.06	**42 777**	**-285**	**1 243 830**	**31 805**	**1 318 128**

Notes Lerøy Seafood Group ASA 2006

Share capital	Antall	Pålydende	Bokført
Ordinary shares	42 777 368	1.00	42 777 368
Total	**42 777 368**		**42 777 368**

Lerøy Seafood Group ASA had 4 884 shareholders at 31.12.06. All shares convey the same rights in the company. The number of shares increased by 3 400 000 shares in 2006 because of a cash issue implemented in April 2006. In March 2007 the number of shares was again increased by 10 800 000 shares.

An overview of share capital and the 20 largest shareholders is shown in note 10 to the consolidated accounts.

Own shares
At 31.12.06 the company held 285 423 of its own shares with an average capitalised price of NOK 83.90 per share.

NOTE 2 FIXED ASSETS

(All figures in NOK 1,000)

2006	Real estate	Buildings	Total fixed assets
Acquisition cost at 01.01.06	2 090	33 844	**35 934**
Accrual acquired fixed assets		198	**198**
Acquisition cost at 31.12.06	2 090	34 042	**36 132**
Accumulated depreciation at 31.12.06		-19 923	**-19 923**
Capitalised value at 31.12.06	**2 090**	**14 119**	**16 209**
The year's depreciation		-840	**-840**

The company uses linear depreciation for all fixed assets. Economic life of fixed assets are estimated at:
* Buildings and other real estate 20 - 25 years
* Building sites: Lasting value

NOTE 3 SHARES IN SUBSIDIARIES, AFFILIATES, ETC.

(All figures in NOK 1,000)

Subsidiaries	Business location	Ownership/ voting shares	Purchase/ contribution	Cost price/ book value
Lerøy Hydrotech AS	Kristiansund	100 %	672 820	773 585
Lerøy Midnor AS	Hitra	100 %		261 645
Lerøy Fossen AS	Bergen	100 %	230 300	230 300
Lerøy Aurora AS	Tromsø	100 %		133 870
Hallvard Lerøy AS	Bergen	100 %		57 871
Lerøy Smøgen Seafood AB	Smøgen, Sweden	100 %		36 017
Lerøy Sverige AB	Gothenburg, Sweden	100 %		29 690
Lerøy Alfheim AS	Bergen	100 %		13 100
Lerøy Delico AS	Stavanger	75 %	6 000	6 000
Lerøy Haarberg AS	Trondheim	60 %	5 700	5 700
Lerøy Fisker'n AS	Oslo	70 %	4 375	4 375
SAS Fish Cut	Arras, France	100 %		2 167
Lerøy & Strudshavn AS	Bergen	100 %		233
Sigerfjord Aqua AS	Sigerfjord	90,55 %		11 347
Nordvik SA	Boulogne, France	90 %		3 123
Portnor Lda	Portugal	60 %		4 600
Total shares in subsidiaries			**919 195**	**1 573 623**

(Continued on next page)

I April 2006 Lerøy Seafood Group ASA acquired 100% of the shares in Lerøy Fossen AS (NOK 230.3 mill). In August 2006 Lerøy Seafood Group ASA acquired the remaining 60.9% of the shares in Lerøy Hydrotech AS (NOK 672.8 mill).

In 2006 Lerøy Seafood Group ASA has in addition acquired 75% of the shares in Lerøy Delico AS, 60% of the shares in Lerøy Haarberg AS and 70% of the shares in Lerøy Fisker'n AS for a total of NOK 16.1 mill.

Affiliates	Business location	Ownership/ voting shares	Capitalised value
Norskott Havbruk AS	Bergen	50 %	163 273
Alfarm Alarko Lerøy	Istanbul, Turkey	50 %	8 825
Egersund Fisk AS	Egersund	27 %	20 000
Total shares in affiliates			**192 098**

I 2005 Lerøy Seafood Group ASA acquired 50% of the shares in Alfarm Alarko Lerøy in Turkey. An agreement has been entered into for unequal distribution of dividend, where Lerøy Seafood Group ASA has the right to only 25% of ordinary dividend for the accounting years 2005, 2006, 2007 and 2008.

Other shares	Business location	Number of shares	Ownership/ voting shares	Cost price	Capitalised value
Breivoll Marine Produkter AS	Hamnvik	279	42.27 %	330	330
Misc. minor share interests				15	15
Total other shares				**345**	**345**

NOTE 4 DEBT, MORTGAGES AND GUARANTEES

(All figures in NOK 1,000)

	2006	2005
Long-term interest-carrying debt		
Debt to credit institutions 1 a, b)	792 731	113 356
Total interest-carrying debt at 31.12	**792 731**	**113 356**
Cash and equivalents	242 193	131 928
Net interest-carrying debt at 31.12	**550 538**	**-18 572**
Debt secured by mortgages		
Long-term debt to credit institutions 1 a, b)	792 731	113 356
Total mortgage-secured debt at 31.12	**792 731**	**113 356**
Mortgaged assets		
Shares in affiliates	163 273	163 273
Shares in subsidiaries	696 227	
Buildings	10 000	
Inventories - cross mortgages	40 000	
Customer receivables - cross mortgages	280 000	
Total	**1 189 500**	**163 273**
Long-term debt with maturity of less than 5 years		
Debt to credit institutions 1 b)	262 500	10 232
Total	**262 500**	**10 232**
Guarantees issued on behalf of LSG ASA 2 a),b),c)	**108 727**	**87 177**

(Continued on next page)

Instalment profile - Loans
1 a) Lerøy Seafood Group ASA :
The first instalment was paid in August 2003 and thereafter the loan is to be repaid over 8 years in equal semi-annual instalments. The loan currently runs on so-called "pro-tem" interest terms (NOK 92.7 mill.)

1 b) Lerøy Seafood Group ASA :
A new loan of NOK 700 mill. was established in the autumn of 2006 and the first instalment is due on 30 June 2007. Thereafter the loan is to be repaid over 8 years in equal semi-annual instalments. The loan currently runs on so-called "pro-tem" interest terms.

Guarantee commitments
2 a) In connection with the financing of Scottish Sea Farms Ltd, a subsidiary of Norskott Havbruk AS, Lerøy Seafood Group ASA has posted a guarantee to the lenders, regulated down to GBP 1.5 mill. at 31.12.06.
2 b) Correspondingly, Lerøy Seafood Group ASA has posted a guarantee to Lerøy Midnor's lenders at NOK 50 mill.
2 c) Lerøy Seafood Group ASA has posted a guarantee for a construction loan to Lerøy Smøgen Seafood AB at SEK 44 mill.

Financial "covenants"
Financial "covenants" for the long-term funding in Lerøy Seafood Group ASA (the parent company) comprise both a capital adequacy requirement that the Group's booked equity ratio must be minimum 30% and a profitability requirement that the company's interest-bearing liabilities shall on average not exceed 5 in relation to EBITDA. When calculation the equity ratio, the balance sheet is adjusted for bank deposits and deferred tax in respect of licenses.

NOTE 5 GROUP INTER-COMPANY ACCOUNTS

(All figures in NOK 1,000)

	2006	2005
Long-term Group receivables		
Lerøy Aurora AS		29 428
Lerøy Alfheim AS	9 003	11 000
SAS Fish Cut	3 900	4 155
Total long-term Group receivables	**12 903**	**44 583**
Short-term Group receivables		
Hallvard Lerøy AS	71 600	84 003
Lerøy Midnor AS	220 000	
Lerøy Aurora AS	60 127	
Lerøy Fossen AS	30 559	
Total short-term Group receivables	**382 286**	**84 003**
Of which, Group contributions/dividend received		
Hallvard Lerøy AS	57 600	70 000
Lerøy Midnor AS	220 000	
Lerøy Hydrotech AS	60 000	
Lerøy Fossen AS	10 000	
Short-term Group liabilities		
Hallvard Lerøy AS	1 057	27 628
Lerøy Midnor AS		125
Sigerfjord Aqua AS		2 200
Total short-term Group liabilities	**1 057**	**29 953**
Of which, Group contributions made		
Sigerfjord Aqua AS		2 200

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NOTE 6 TAXATION

(All figures in NOK 1,000)

	2006	2005
Distribution of the year's taxation		
Taxes payable	70 573	16 949
Too much / too little allocated to taxes	-9	
Share issue costs charged against equity	3 783	
Change in deferred tax	-1 002	-20
Total taxation	**73 343**	**16 929**
Calculation of the basis for the year's taxation		
Pre-tax profit	316 463	66 379
Interest on tax	185	-1
Share issue costs charged against equity	-13 509	-4 033
Dividend	-58 751	-1 154
Permanent differences	4 094	148
Tax loss/profit on sale of shares	-15	-877
Change in temporary differences	3 578	72
Basis for the year's taxation	**252 046**	**60 534**
Overview of temporary differences		
Buildings/fixed assets	-2 518	-2 371
Receivables	-200	
Allocation to commitment reserve	-19 981	-16 750
Total	**-22 699**	**-19 121**
28% deferred tax (- tax advantage)	-6 356	-5 354
Hereof, entered in the balance sheet	-6 356	-664
Explanation of why the year's tax cost does not equal 28% of pre-tax profit		
28% of profit before tax	88 610	18 586
Permanent differences (28%)	1 198	41
Cost of share issue booked to equity (28%)		-1 129
Tax exempt dividend	-16 450	-323
Loss/gain on sale of shares (28%)	-4	-246
Too much/too little allocated to tax	-9	
Estimated taxation	**73 343**	**16 929**
Effective rate of taxation	23,18 %	25,50 %
Tax payable booked in the balance sheet		
Tax payable	70 573	16 949
Tax payable on Group contributions made		-615
Tax payable, booked in the balance sheet	**70 573**	**16 334**

NOTE 7 PAYROLL EXPENSES, NO. OF EMPLOYEES, REMUNERATION, LOANS TO STAFF, ETC.

(All figures in NOK 1,000)

Payroll expenses	2006
Wages and salaries	7 899
Employment tax	1 488
Pension costs [1)]	415
Option costs (including employment tax, see note 1)	14 540
Other contributions	1 270
Total	**25 612**

1) Contributory pension scheme

Average no. of work-years is 3.

Prior to 2006, employees in Lerøy Seafood Group ASA were paid through subsidiaries. Payroll costs in 2005 were in the main caused by redemption of 100 000 options and the associated employment tax. In connection with reconciling Norwegian accounting standards (NRS 15A) with IFRS 2 in respect of share-based remuneration, it is required that consolidated accounts submitted under NGAAP must carry share-based remuneration in accordance with IFRS rules. In the transition to IFRS 2, the implementation impact is charged against equity in 2006. The book value of commitments in respect of options is carried in the balance sheet under short-term debt at NOK 19 981. See also note 14 to the consolidated accounts.

Remuneration to company officers	Øyvind Fossøy	Helge Singelstad	Ole-Eirik Lerøy	Board chairman	Board
Wages and salaries	1 400	2 000	1 600	98	300
Bonus included extraordinary bonus	2 960	3 400			
Options exercised in 2006		6 515			
Other remuniations	149	173	179	*)	

*) invoiced through Euroconsult AS

The Board's compensation is not performance based. The CEO and the board members have no share options. The Board's total compensation is shown above. The Group's development is closely linked to its ability to recruit and retain leading personnel and the Group employs various models for remuneration of management personnel at competitive terms. Such compensation may vary over time both in respect of level and form of payment. In addition to the annual salary, the Group uses a performance based bonus not exceeding the respective annual wage, lump sum non-recurring amounts, sign on fees, arranged leave of absence, education possibilities and option agreements (see below). The Group has collective pension schemes. For logical reasons, the Board by its chairman has until now handled all practical matters in respect of agreements with the Group's chief executive and assistant chief executive. The compensation is reviewed annually, but is assessed over several years in order to secure continuity. The Board limits the use of so-called post resignation wages, but it has been practiced in a few cases and then limited to two years' salary. Post resignation wages may at times be a good alternative for all parties involved.

Auditor

Invoiced fees from the Group's auditor PricewaterhouseCoopers AS, the Law Firm PricewaterhouseCoopers AS and other auditors in 2006 were as follows:

	2006	2005	2004
Auditing fees Group auditor	239	206	238
Auditing fees Group auditor IFRS	150	254	
Tax advice Group auditor	168	27	60
Other certification services by Group auditor	150	16	
Other services Group auditor	783	230	371
Total	**1 490**	**733**	**669**

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NOTE 8 ITEMS COMBINED IN THE ACCOUNTS

(All figures in NOK 1,000)

Financial revenues	2006	2005	2004
Interest revenues from Group companies	2 538	1 580	1 200
Other interest revenues	5 637	4 110	3 617
Profit on sale of shares	15	877	
Dividends from Group companies	1 150	1 154	571
Total financial revenues	**9 340**	**7 721**	**5 388**

Financial costs	2006	2005	2005
Other interest costs	11 651	3 509	4 895
Other financial costs	416	2 127	297
Total financial costs	**12 066**	**5 636**	**5 192**

Net financial items	**-2 727**	**2 085**	**196**

Auditor's report

PRICEWATERHOUSECOOPERS

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To the Annual Shareholders' Meeting of Lerøy Seafood Group ASA

Auditor's report for 2006

We have audited the annual financial statements of Lerøy Seafood Group ASA as of December 31, 2006, showing a profit of NOK 243 120 740 for the parent company and a profit of NOK 652 445 000 for the group. We have also audited the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The annual financial statements comprise the financial statements of the parent company and the group. The financial statements of the parent company comprise the balance sheet, the statements of income and cash flows, and the accompanying notes. The financial statements of the group comprise the balance sheet, the statement of income and cash flows, the statement of changes in equity and the accompanying notes. The regulations of the Norwegian accounting act and accounting standards, principles and practices generally accepted in Norway have been applied in the preparation of the financial statements of the parent company. International Financial Reporting Standards as adopted by the EU have been applied in the preparation of the financial statements of the group. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with laws, regulations and auditing standards and practices generally accepted in Norway, including standards on auditing adopted by The Norwegian Institute of Public Accountants. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements of the parent company have been prepared in accordance with the law and regulations and give a true and fair view of the financial position of the company as of December 31, 2006 and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the financial statements of the group have been prepared in accordance with the law and regulations and give a true and fair view of the financial position of the group as of December 31, 2006, and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information in accordance with the law and good bookkeeping practice in Norway
- the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit are consistent with the financial statements and comply with the law and regulations.

Bergen, March 27, 2007
PricewaterhouseCoopers AS

Per Henrik Gillesvik
State Authorised Public Accountant (Norway)

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

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