ANNUAL REPORT 2007

LERÖY

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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. Late in 2003 the Group acquired all the shares in Lerøy Midnor AS and bought Lerøy Aurora AS in 2005. The companies Lerøy Fossen AS and Lerøy Hydrotech AS were acquired in 2006. In 2007 the Group continued expanding the aquaculture activity by acquiring the company Lerøy Austevoll. The Group's investments in down-stream activities the last years, have established the Group as a national and international distributor of fresh and frozen fish. At the end of 2007 the Group had 1 674 employees.

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 2008 the Group is well situated for continued strengthening of its position as a central actor in the international seafood industry.

Principal figures and strategic events

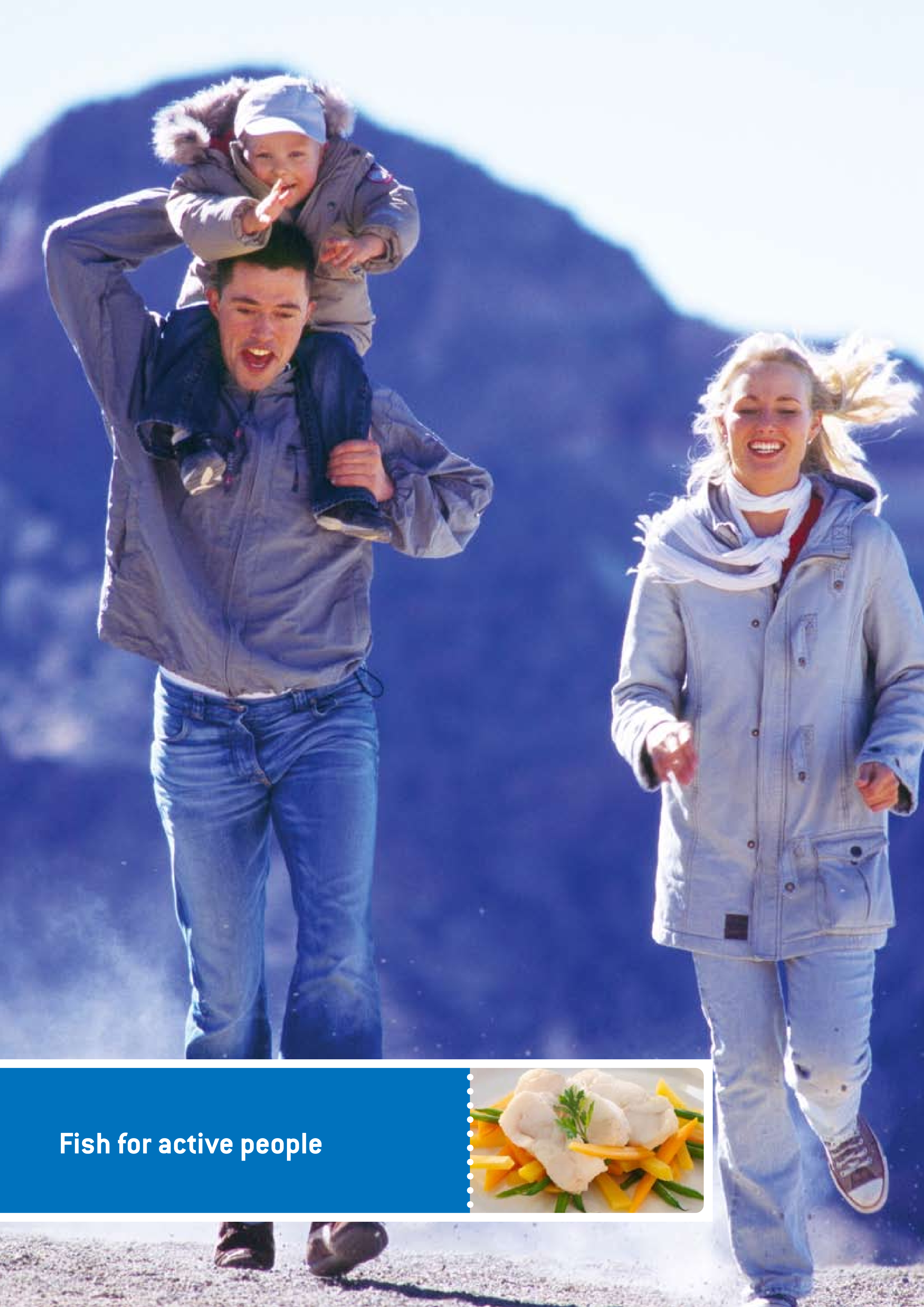
Key figures

Figures in NOK 1 000

	2007	2006	2005
Sales revenues	6 290 898	5 616 592	4 014 454
Ordinary depreciation	153 846	84 707	48 214
Operating result before biomass value adjustments	387 215	683 757	274 110
Operating result	403 053	769 695	352 400
Result before tax	368 826	858 383	412 362
Annual result	**279 564**	652 445	319 857
Earnings per share	5,75	15,86	8,65
Diluted earnings per share	5,71	15,70	8,59

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 placement
2002	listing on the stock exchange
2002	Investment in 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	Purchase of the remaining 61% of the shares in Lerøy Hydrotech AS
2007	Private placement
2007	Purchase of 100% of the shares in Lerøy Austevoll Holding AS
2007	Sale of 38.3% of the shares in Egersund Fisk AS



Fish for active people

Annual statement by the Group CEO

2007 was another eventful year for the Lerøy Seafood Group. The top line shows continued growth with an increase in turnover of 12% to a total of NOK 6 291 million. And despite a drop in the market price for Atlantic salmon of 26% from 2006, the Group still achieved its second best operating result ever in 2007 with NOK 403 million.

Export of Norwegian salmon was at a record high level with an increase of 22.3% for the year. Growth in the various markets was 16.1% in the EU, 8% in Japan, 53% in Russia and 31.5% in USA. In addition, sales in the new market segments increased by 51.3%. The growing demand in our main markets as well the new customers in Russia and other new market segments, gives us good reason to expect a positive performance in the years to come.

The year was also marked by the WTO Panel decision in Geneva in favour of Norway in its protest against the EU's restrictions on Norwegian salmon. It is expected that WTO Panel decision will lead to improved market access for Norwegian salmon in 2008.

During the year we made considerable investments in new production capacity both in sea and on land. By far the largest single investment was the Lerøy Austevoll Group with 27 salmon licences in Hordaland. The investment has so far been disappointing with a loss in 2007 of ca. NOK 37.4 mill. The large deficit was caused by a number of unfortunate circumstances, the most significant being production losses due to Pancreas Disease. Through investment in new equipment, restructuring of the operation, changes in management and improved cooperation with neighbouring companies and the authorities, we believe that also this acquisition will in time contribute to the Group's equity by generating positive earnings in the future.

In our land-based activities we have acquired a number of new production facilities. In March the company Lerøy Smøgen Seafood AB moved into a brand new factory for its production of smoked, marinated seafood products and production of seafood salads and shellfish in brine. The facility is optimally adjusted and features a number of innovative solutions and is now one of the most efficient plants of its kind in Europe.

During the spring of 2007 Lerøy Hydrotech AS started production in its modernised salmon processing facility, increasing its capacity considerably.

«The Group maintains a strong focus on being an attractive place for competent people to work. Motivated employees form the best foundation for future value creation»

In August Lerøy Aurora AS could start using its new facilities on Skjervøy. This salmon processing plant is one of the most advanced and environmentally benign facilities of its kind.

Through the acquisition of the Lerøy Austevoll group we also acquired a processing facility in France just north of Lyon (Eurosalmon). This has given us increased capacity in the growing market for fresh portions in consumer packages for customers in Southern France, Switzerland, Northern Italy and parts of Spain.

As expected, the investments mentioned above incurred considerable start-up costs, but in the future they will enhance the Group's competitive ability.

Several of our important collaborators on the production side have also made significant investments in production and processing facilities. This opens up new possibilities for our marketing company Hallvard Lerøy AS.

The strong consumer trends with focus on the environment, sustainability and traceability continued through the year and we believe these trends will continue in the years ahead. As a Group we are conscious of our responsibility and commitments to nature and society around us and this is reflected in our internal work processes. It is the Group's wish that our collaborators also maintain the same focus on these issues.

Tasty meals that are easy to prepare are important to modern consumers of fish and seafood. On our internet site the consumers can find good hints and ideas as well as recipes that are easy to prepare. A simple click on the button sends a sms with the shopping list to your cell phone.

The Lerøy Seafood Group is an player in a global industry with constant changes in the company's framework conditions. This demands dynamic, knowledgeable and flexible employees and the Group maintains a strong focus on being an attractive place for competent people to work. Motivated employees form the best foundation for future value creation and I want to thank each of our employees for their effort and contribution in 2007.

Ole-Eirik Lerøy
Group CEO
Lerøy Seafood Group ASA

Choose health every day

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 in conjunction with 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 has 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 nine meetings in 2007, 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 share issue 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 be in position 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 dif-

ferentiated 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. The Group also has a separate accounting and finance department responsible for preparing guidelines for internal control, risk management and reporting. The Group's accounting and finance department ensures that the company adheres to applicable rules and that the Board's strategy, fiscal restrictions and ethical principles.

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 64 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 31.12.07, Svein Milford owned – directly or indirectly – 5,700 shares in the company.

Board Member **Ole Rasmus Møgster** was elected to the board of directors by the ordinary general shareholders' meeting on 21.05.07. Ole Rasmus Møgster is 49 years old and is one of the principal owners in Laco AS, which is principal shareholder in DOF ASA and Austevoll Seafood ASA. Ole Rasmus Møgster was previously managing director in Austevoll Havfiske AS and has many years of experience from fishing, fish processing and salmon farming. He is on the boards of several companies. Ole Rasmus Møgster indirectly owns shares in Lerøy Seafood Group ASA as a shareholder in Austevoll Seafood ASA. Austevoll Seafood ASA was largest shareholder in Lerøy Seafood Group ASA at 31.12.07.

Board member **Fons Brusselmans** has been a member of the Board since the 1998 ordinary Shareholders' Meeting. Fons Brusselmans is 58 years old and a graduate in business economics from the Norwegian School of Management - BI (1978). Brusselmans is Group Managing Director of Kuoni Travel Group Ltd. in Zurich, Switzerland 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 31.12.07, 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 at 25.05.04. Falkenberg is 61 years old and has held varied positions in industry and education. She has worked as Professor of Business Strategy at the University of 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 Management 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 at 31.12.07.

Board member **Katrine Trovik** was elected to the Company's Board of Directors at the ordinary Shareholders' Meeting at 25.05.05. Trovik is 45 years old and holds an MA in economics from Norwegian School of Economics and Business Management 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 at 31.12.07.

Board Member **Hans Petter Vestre** was elected to the Board as the employees' representative at the ordinary Shareholders' Meeting at 24.04.95. Vestre is 41 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 at 31.12.07.

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 at 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), Benedikte Fasmer Schilbred and Hallvard Lerøy jr.

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 the year is NOK 1.80 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 return 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

From 03.06.02, the shares in Lerøy Seafood Group ASA have been quoted on 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), 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 21.05.07, and is to remain valid for 18 months from the date on which the resolution was adopted. The authority was not exercised in 2007 and an extension of the authority will be recommended to the ordinary Shareholders' Meeting on 20.05.08. At 31.12.07 the company owned 85 423 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 21.05.07. 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 20.05.08. 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 21.05.07. The Board did not exercise this authority in 2007and it will be recommended that an equivalent authority be approved by the ordinary Shareholders' Meeting on 20.05.08.

The extraordinary shareholders' general meeting on 19.03.07 gave the board authority to increase the share capital by up to NOK 8 500 000 by issuing up to 8 500 000 new shares with a face value of NOK 1.- through a private placing with Austevoll Seafood ASA in connection with acquisition of all the shares in Veststar Holding AS. The subscription price was set by the board of directors to NOK 127.50 per share. The board was at the same time given authority to increase the share capital by up to NOK 2 300 000 by issuing up to 2 300 000 new shares with a face value of NOK 1.- through a private placing with Austevoll Seafood ASA. The subscription price when exercising the authority was NOK 130.- per share.

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.

In line with Norwegian company legislation, the Board has prepared a separate statement about wages and other compensation to managerial personnel in The Group. This statement will be presented at the annual shareholders' general meeting. Further details regarding compensation, options and contractual agreements can be found in the notes to the accounts.

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 CEO and vice Group CEO. The compensation is reviewed annually, but is assessed over several years in order to secure continuity. The Board limits the use of so-called termination wages, but it has been practiced in a few cases and then limited to two years' salary. Termination 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 note 14 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 were fully distributed as at 29.02.08.

The Board allocated 320 000 options in the spring of 2001 and the spring of 2002. These options could be exercised in stages with one third at each stage, the first time after the ordinary Shareholders' Meeting in 2002. The exercise price was NOK 27.50 per share. The remaining 260 000 of these options were exercised on 28.02.07. Exercised options were redeemed in cash.

On 23.02.05 the Board approved an option scheme for 600 000 options with an exercise price of NOK 40 each. These were later allocated. One third (1/3) of these options could be exercised in May 2007 while two thirds (2/3) may be exercised in May 2008. 200 000 of these options were exercised in May 2007 and were redeemed with own shares. The remaining 300 000 options in this option programme can be exercised in May 2008.

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 appropriate presentations. In addition, press releases will be sent out about important events in the company's markets, or about other relevant circumstances. 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 31.12.07, Lerøy Seafood Group ASA had 53 577 368 shares, each with a face value of NOK 1.-. A share issue for cash in April 2007 increased the number of shares by 10 800 000 from 42 777 368 shares at 31.12.06. The company had 4 732 shareholders as per 31.12.07. 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

RISK values have not been calculated since the 2006 accounting year because of changes in the tax regulations.

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

26 February 2008: Preliminary result for the year 2007
08 May 2008: Pesentation of result for 1st Quarter 2008
20 May 2008: Ordinary Shareholders' Meeting

The Shareholders' Meeting will be on 20 May 2008 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, 19 May 2008.

The Board has recommended a dividend of NOK 1.80 per share. If the Shareholders' Meeting approves the recommended distribution, it will be paid to the shareholders on 2 June 2008. The shares are quoted exclusive of dividend on 21 May 2008.

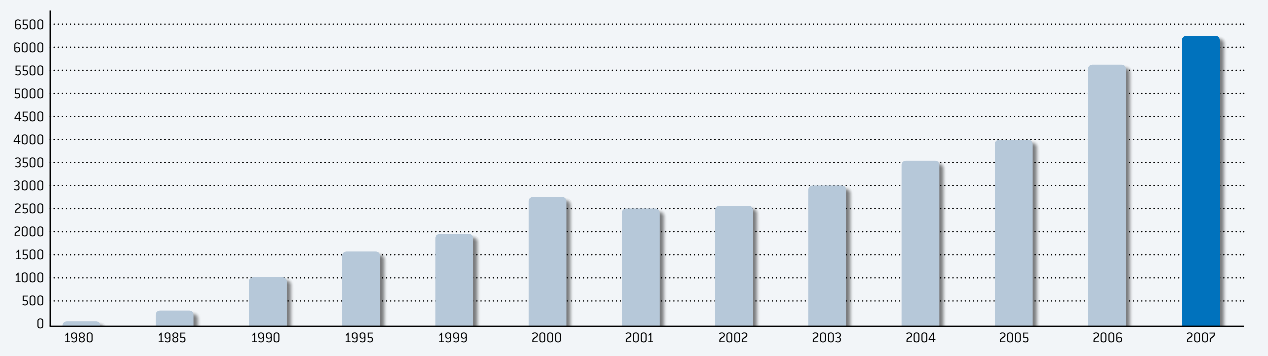
12 August 2008: Presentation of the result for 2nd Quarter 2008
04 November 2008: Presentation of the result for 3rd Quarter 2008
26 February 2009: Presentation of preliminary result for the year 2008

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

Key figures and graphs

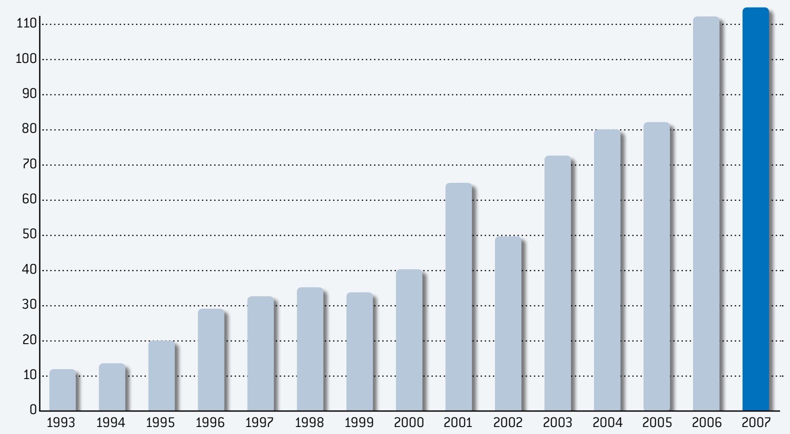
TURNOVER

(mill. NOK)



OPERATING PROFIT, SALES & DISTRIBUTION

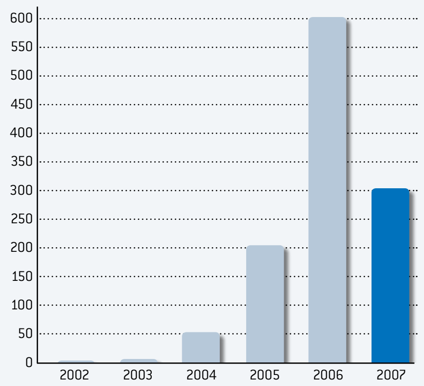
(mill. NOK)



LSG ASA is not included, see note 13.

OPERATING PROFIT BEFORE BIOMASS ADJUSTMENTS, PRODUCTION

(mill. NOK)



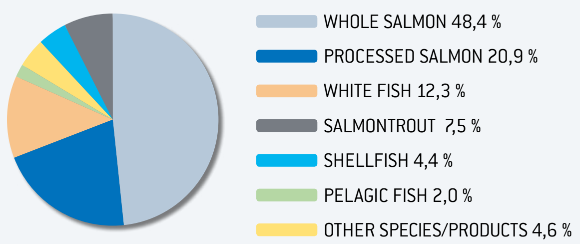
KEY FINANCIAL FIGURES

Figures in NOK 1 000

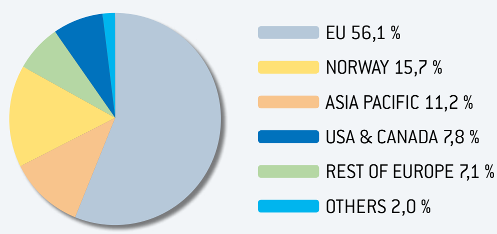
	2007	2006	2005	2004	2003
Profit margin 1)	**5,86%**	15,28%	10,27%	3,96%	1,88%
Operating margin	**6,41%**	13,70%	8,78%	3,77%	2,89%
Operating margin before biomass value adjustments	**6,16%**	12,17%	6,83%	3,72%	2,89%
Earnings per share	**5,75**	15,86	8,65	2,42	1,15
Earnings per share before biomass value adjustments	**5,80**	14,00	6,73	2,12	1,15
ROCE 4)	**9,44%**	32,94%	31,08%	14,15%	9,55%
ROCE before biomass value adjustments	**9,85%**	31,06%	25,43%	13,40%	9,55%
Equity ratio 5)	**50,34%**	41,75%	50,51%	45,12%	44,01%

The years 2007, 2006, 2005 and 2004 are based on IFRS accounts, while 2003 is based on NGAAP accounts. 1) Profit margin = Result before tax / sales revenues, 2) Operating margin = Operating result / sales revenues, 3) Earnings per share = Majority share of annual result / average number of shares, 4) ROCE = (result before tax + net financial items) / (average net interest carrying debt + average equity), 5) Equity ratio = Total equity / total assets

SALES PER PRODUCT IN 2007



SALES PER MARKET IN 2007



Board of Directors' statement
Regarding salaries and other remuneration to senior staff

Wage and remuneration guidelines for senior staff in Lerøy Seafood Group ASA

✻ MAIN PRINCIPLES IN THE COMPANY'S WAGE POLICY

The Group's development is closely linked to its ability to recruit and keep leading personnel and care is taken to ensure that our supervisory and managerial personnel are compensated at competitive rates. The Group uses several models for wages and other remuneration, and total compensation may therefore vary over time both in magnitude and method of calculation. In addition to the annual salary the Group also pays performance based bonuses limited to one annual wage, as well as sign on fees, arranged leave of absence, educational opportunities and option agreements. The Group has collective pension schemes. The board of directors by its chairman has until now handled all practical matters in respect of wage agreements with the Group CEO and vice Group CEO. Remuneration to other senior Group staff is determined by the Group CEO. Compensation is adjusted annually, but is viewed over several years in order to enhance employment continuity.

✻ PRINCIPLES FOR COMPENSATION IN ADDITION TO BASE SALARY

Basis: Basic salary

Salaries to managerial staff must be competitive – we want to attract and keep the most competent leaders.

The basic salary is normally the main element in the leader's compensation. There is at present no particular limit on the total compensation a senior staff member may earn.

Additional compensation: Bonus arrangement

The compensation earned by leading staff must inspire to good work and must be structured to motivate the employee to extra effort for continuous improvement of the operation and the company's performance.

The Group uses performance based bonuses that can be up to one annual wage.

Options

Since the spring of 1999 the board has used options as an important instrument in the development of the Group. The board issued 320 000 options in the spring of 2001 and in the spring of 2002. The options could be exercised in steps with one third each time and the first time was after the ordinary general shareholders' meeting in 2002. The exercise price was NOK 27.50 per option. The remaining 260 000 of these options were exercised on 28.02.07. Exercised options were redeemed in cash.

On 23.02.05 the board of directors approved an option programme of 600 000 options at an exercise price of NOK 40 each. The options were later allocated. 1/3 of the options could be exercised in May 2007, while the remaining 2/3 could be exercised in May 2008. 200 000 of these options were exercised in May 2007 and were redeemed with own shares. On 31.12.07 there were 300 000 options left in this option programme which can be exercised in May 2008.

In its meeting on 20.06.06 the board of directors decided to establish an option programme of up to 700 000 options with an exercise price of NOK 125 per option. The last of these options were allocated on 29.02.08.

Common to all these programmes is that the option rights will lapse on all options that are not exercised whenever the option owner's employment with the Group is terminated. Also, the exercise price in all the option programmes reflect the market share price (or higher) at the time of allocation.

Pension schemes

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

The Group's senior staff members participate in the company's collective pension schemes.

There are no particular limitations upon the type of pension schemes that can be agreed.

Termination wages

The Group seeks to limit the use of so-called "termination wages", but it has been used in certain cases and then always limited to two years wages. Under certain circumstances termination wages may be an acceptable alternative for all involved.

Non-pecuniary benefits

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

Other benefits

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

✻ PROCEDURE FOR ESTABLISHING MANAGERIAL WAGES

Establishing the wage for the Group CEO

Compensation paid to the Group CEO is determined annually by the board chairman with authority from the board. The Group CEO has no option rights.

Establishing the wages for the Group's managerial staff

Compensation to each person in the

Group's managerial staff is decided by the Group CEO. Before a final decision, the Group CEO shall discuss his proposal with the board chairman. The board of directors shall be informed of the decision afterwards.

Establishing incentive schemes
General schemes for payment of variable benefits, including bonus schemes, are decided by the board of directors. The Group CEO allocates such incentive schemes and other benefits to the Group's managerial staff within the boundaries established by the board.

Programmes that include allocation of shares, options and other forms of compensation linked to shares or the development of the share price are decided by the general shareholders' meeting. Within the boundaries decided by the general shareholders' meeting, the board of directors will make the decisions as to start and implementation of each programme. The board can also delegate such authority to the Group CEO.

No-one can receive benefits mentioned in this section except when such benefits are within the boundaries established by the general shareholders' meeting.

Compensation to the board of directors
The board's compensation is not performance based. The board members have no option rights. The board's compensation is decided annually by the ordinary general shareholders' meeting.

*** MANAGERIAL WAGES IN OTHER GROUP COMPANIES**
Other companies in Lerøy Seafood Group shall adhere to the main principles in the Group's managerial wage policy as they are described in Item 1 above.

Bergen, 31.03.08
The Board of Directors in
Lerøy Seafood Group ASA

Easy and fun

Management report 2007

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.

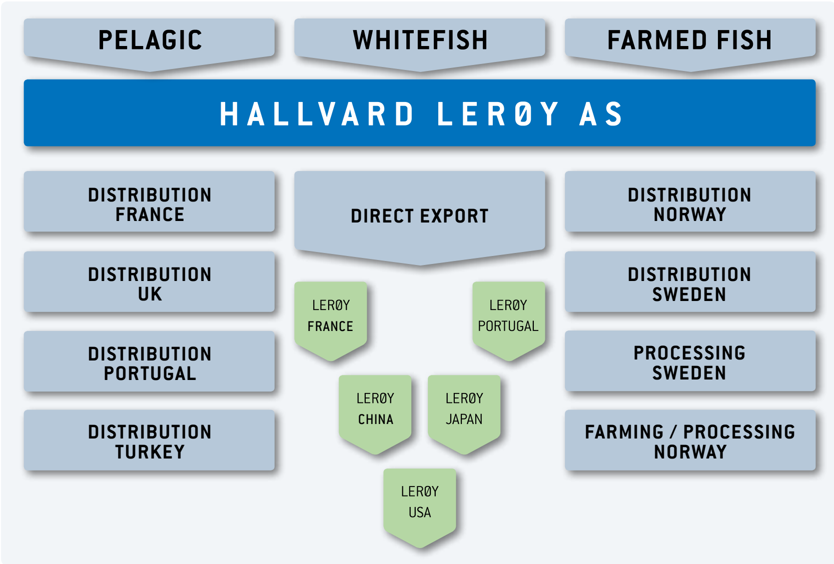
«The Group's core activities are distribution, sale and marketing of seafood, processing of seafood, production of salmon, trout and other species, as well as product development.»

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 working methods. These products are distributed on the Norwegian market and more than 50 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 and development.

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 actual or threatened political **trade barriers** imposed on the Norwegian fish farming industry 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 even today there are penalty measures imposed upon Norwegian exporters 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 creation 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. 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 the Norwegian aquaculture industry. 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 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 proximity to the market and good logistic solutions. The Group works with stringent demands to cost efficiency and continuous product development.

As in the Norwegian market, the Group's position on the Swedish market is particularly strong with a good base for cost-effective distribution of seafood through the subsidiaries in Stockholm, Gothenburg and Malmø. 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 has shown positive results and we expect 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 from 2005 have made it into a **nation-wide distributor** of fresh fish through its own companies in Bergen, Oslo, Stavanger and Trondheim and 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 investment in Alfarm Alarko Lerøy in 2005 represents a continuation of many years of collaboration with the very sound, well-reputed and listed company Alarko Holding in Turkey. 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. Lerøy Midnor's result for 2007 clearly reflects the negative price development through the year. On the other hand, the company's operational development was satisfactory. The company Lerøy Aurora has developed exceptionally well and will in the current year show that the positive trend observed since the acquisition in the summer of 2005, continues. Since the acquisition in 2006 the company Lerøy Hydrotech AS has shown a positive development despite the result for 2007, which is influenced by the dramatic fall in trout prices. The acquisition in 2007 of Lerøy Austevoll AS consolidates the Group's strategy for the production activity area. Despite negative profit trends and considerable production problems during 2007, the Group looks forward to develop Lerøy Austevoll AS further in close collaboration with employees and managerial staff.

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 the future, the increased demand for whitefish will to a large extent have to be satisfied by the aquaculture industry.

Lerøy Seafood Group is also a 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 2007 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 seems that the country may be able to defend this position in the next few years.

During recent years the Group has developed into one of the world's leading producers of salmon and trout and has consolidated its position in local distribution of seafood in Norway and Sweden. The Group has at the same time strengthened its position as Norway's leading marketing company and exporter of seafood.

«Constant changes in the company's business environment require dynamic and flexible co-workers with willingness 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 balance between supply and demand in 2008. 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 players 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 as a consequence of biological challenges.

The Group has several criteria for the selection of possible alliance partners and investment objects. 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 investment object's balance sheet with adjustments is acceptable in terms of the Group's risk profile. Similarly, any alliance partner or investment object 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 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 with willingness to learn. 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 focused 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 9 counties and 38 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, Lerøy Fossen AS, Lerøy Hydrotech AS, Lerøy Austevoll AS, Sigerfjord Aqua AS, SAS Fish Cut, Bulandet Fiskeindustri AS and Lerøy Smøgen Seafood AB. 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.

Lerøy Seafood Group is experiencing rapid growth and has already established significant activities in many countries. 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.

«In Norway the Group had activities in 9 counties and 38 municipalities at year's end.»

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 2007 the activity segment Sale and Distribution generated an operating profit of NOK 115 million against NOK 112 million in 2006. The activity is high and market conditions are good. Total assets in the activity segment at 31.12.07 were NOK 1 211 million against NOK 1 066 million at 31.12.06. The Group's investment in nation-wide distribution of fresh fish generated marginal losses also in 2007, but over time it is expected that alliances with good customers will pay off.

Hallvard Lerøy AS

Measured in sales, Hallvard Lerøy AS is the largest company in the Group, registering a turnover of NOK 5 275 million in 2007. Despite difficult market conditions with very volatile salmon prices, value creation in the company was satisfactory in 2007. For several years political trade barriers have been a serious impediment for the company. The current EU regime 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. 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.

In view of Hallvard Lerøy AS's central position in the value chain, developing and maintaining the interaction between its partners are priority areas.

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 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 for close follow-up of key customers and for establishing new customer relationships. The Group will work to establish a presence in more 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 Trond-

Company	Ownership share	Licences	Mill. smolt individuals	2006 Total	2007 Total	gwt 2008E LSG share
Lerøy Midnor AS	100 %	28	7,0	27 200	29 200	30 000
Lerøy Aurora AS	100 %	16	5,0	13 700	17 100	20 000
Lerøy Fossen AS	100 %	7	4,2	4 900	9 100	7 500
Lerøy Hydrotech AS	100 %	23,0	7,0	17 600	20 100	23 000
Lerøy Austevoll AS *	100 %	27,0	10,0	11 000	13 400	18 500
Total Norway		101	33,2	74 400	88 900	99 000
Norskott Havbruk AS (UK) **	50 %		6,0	10 050	12 000	13 000
Total			39,2	84 450	100 900	112 000

Consolidated, farming   Affiliated, farming   *Acquisition in March 2007, consolidated from 010407   **LSGs share

heim. 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 three Swedish companies Lerøy Allt i Fisk AB, Lerøy Stockholm AB and Lerøy Nordhav AB. These companies have been owned by the Group since 2001. Lerøy Allt i Fisk AB in Gothenburg is a full-range seafood company holding a particularly strong position in the Swedish catering and institutional households market. The company Lerøy Stockholm 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 the three companies have for several years been close partners of Hallvard Lerøy AS. Further development of the companies continues in close cooperation with their very able local management and the companies' motivated and competent staff.

The sale and distribution activities in France are of vital importance and consist 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.

«In view of Hallvard Lerøy AS's central position in the value chain, developing and maintaining the interaction between its partners are priority areas.»

Production

In the year 2007 the Production activity segment generated an operating profit of NOK 324.4 million against NOK 687.4 million in 2006. The reduction was caused by a fall in the prices of salmon and trout and by the biological challenges in Lerøy Austevoll AS. Also production costs increased during 2007, particularly for fish feed due to higher raw material costs. Total assets in this operational segment at 31.12.07 was NOK 6 385 million compared with NOK 4 523 million at 31.12.06. 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 products of shellfish in brine 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 production of salmon and trout in this activity segment has been built up to where it now consists of units that will harvest ca. 99 000 tons in Norway in 2008 including the volume from Lerøy Austevoll 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

Farming Norway

AS and the company 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 and if continued growth is to be secured in the Norwegian aquaculture industry, it is of critical importance that political authorities remove all distinctively Norwegian cost-increasing provisions and regulations. 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 processing of salmon.

In 2007 the company harvested 29 200 tons of salmon and expects to harvest at least that much in the current year. The earnings trend in 2007 shows that the company is among the most profitable aquaculture enterprises in the Group. The plan for Lerøy Midnor AS calls for growth within the home region in the years to come.

Lerøy Aurora AS started to slaughter in its new and modern processing facility at Skjervøy in August 2007. The facility has a slaughtering capacity of 120 tonnes per shift. In addition, the facility has fillet production, freezing capacity, and cold store, together with packing production

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. Lerøy Hydrotech AS owns Aakvik Settefisk AS, a large producer of roe in Norway.

«The Group's strategy to be self-supplied with quality smolt has been successful.»

During 2007 the production was on the order of 75 million fish eggs for use in our own young fish facilities and for sale to external customers. Parent fish will be a priority area in the Group in coming years and investments are planned in new technology to increase production and improve operations.

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 in the 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 has been gradually reduced and will be discontinued in 2008. 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 Troms 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

In April 2007 an official state visit from Austria took place. In connection with this, Queen Sonja and the first lady of Austria, Margit Fischer, were joining a guided tour at Lerøy Fossen AS. This guided tour was ended with lunch, where several different well known quality products from Lerøy Fossen AS were served.

of Laksefjord AS, a subsidiary of Lerøy Aurora AS, was implemented in the summer of 2005. In 2007 Lerøy Aurora built a new plant in modern facilities on Skjervøy with a slaughtering capacity of 120 tons per shift. 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. As a shareholder and in collaboration with the company's management and employees, Lerøy Seafood Group will do its best to ensure that Lerøy Fossen AS continues its positive development.

«The Group's strategy to establish efficient units in several regions has been successful and has generated good results.»

Lerøy Austevoll AS is located mainly in Hordaland County and was acquired in April 2007. The company has 27 licences for production of salmon in sea, five wholly owned plants for production of young fish and an additional young fish facility with an ownership of 49%. The company is self-supplied with smolt. **Pacific Seafood Ltd**. in Chile, a company owned by Lerøy Austevoll Holding AS, has in 2007 acquired approval of two locations for production of salmon. The company has applied for an additional 20 locations that are at various stages of approval. Lerøy Seafood Group ASA is considering several alternatives for utilising this potential in the future. In 2007 Lerøy Austevoll AS was severely hit by Pancreas Decease, resulting in low production and low slaughter volume compared with actual production capacity. In the near future there will be a strong focus on activities aimed at improving the company's performance. Among these will be organisational changes and installation of adequate and correct equipment for responsible operation. It will take some time before we can expect the same efficiency in Lerøy Austevoll AS as in our other production companies. It is important for the development of the company that the structure of the aquaculture industry in western Norway is such that it allows for efficient operation. In this respect we work together with other players and public authorities to establish a sound, efficient structure. As a shareholder, Lerøy Seafood Group ASA will work with the company's management and other employees to ensure that the company achieves a 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.

Lerøy Seafood Smøgen AB is a Swedish seafood group involved in production of various types of smoked seafood products. It also produces and distributes seafood salads and products based on shellfish in brine. For several years before the acquisition, Lerøy Smøgen Seafood AB was one of Lerøy Seafood Group's important alliance partners. 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. In 2007 the company moved into new production facilities just outside Smøgen. The new factory will be an important element in the planned expansion in the Nordic market. 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.

In March 2007, Lerøy Smøgen AB opened a new production facility in Sweden for effective production of tasteful, processed seafood products.

✱ AFFILIATED BUSINESSES

Lerøy Seafood Group ASA has ownership interests in two so-called affiliated companies; Norskott Havbruk AS and Alfarm Alarko Lerøy in Turkey. The Group sold its 38.3% interest in Egersund Fisk AS in the 4th quarter of 2007 and is no longer a part of affiliated business. Total investments in affiliates at 31.12.07 were NOK 289 million. These investments generated a satisfactory return in 2007 despite the negative price trend for salmon and higher than anticipated production costs in the company Scottish Seafarms Ltd. (Scottish Seafarms Ltd is 100% owned by the company Norskott Havbruk AS). In aggregate, this gave the Group a profit share of NOK 35.5 million from affiliated units. 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. This company is 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 2008, including already contracted sales volumes, give reason to believe that this company will improve its results in 2008 compared with 2007.

Norskott Havbruk AS is 50% owned by Lerøy Seafood Group ASA together with the fish farming company SalMar ASA. 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 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 28 000 tons gutted weight (GWT). The company harvested 24 000 tons GWT in 2007 and expects to harvest 26 000 tons GWT in 2008. The company also produces smolt and largely covers its own needs. In addition, the company runs two modern land-based plants for processing of salmon in Scotland and on the Shetlands. In collaboration with the company's highly skilled management and staff, Scottish Sea Farms Ltd will be further developed in order to consolidate its position as the leading and most cost-effective producer of quality Atlantic salmon within the EU. The company already holds a strong position in several high-quality market segments, for instance under the respected brand name Label Rouge. Scottish Sea Farms Ltd will grow in its region in the years ahead.

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 relations with our respected partner and the company's competent and committed managerial 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.

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

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

Know-how
Giving priority to the development of expertise in all sectors and at all levels. Profitable growth requires improved 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 2007. Strategic business development is also of decisive importance in the continued development of the Group.

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

CORPORATE STRUCTURE 31.12.2007

LERØY SEAFOOD GROUP ASA

SALES & DISTRIBUTION
- HALLVARD LERØY AS 100%
- LERØY SVERIGE AB 100%
- NORDVIK SA 90%
- PORTNOR LDA 60%
- LERØY SJØMATGRUPPEN**

PRODUCTION
- LERØY MIDNOR AS 100%
- LERØY AUSTEVOLL AS 100%
- LERØY AURORA AS 100%
- LERØY FOSSEN AS 100%
- LERØY HYDROTECH AS 100%
- LERØY SMØGEN SEAFOOD AB 100%
- SIGERFJORD AQUA AS 90,55%
- BULANDET FISKEINDUSTRI AS 53,2%

AFFILIATED
- NORSKOTT HAVBRUK AS* 50%
- ALFARM ALARKO LERØY 50%

** Salmon farming*
*** Division national distribution*

Group managment

Øyvind Fossøy	Ole-Eirik Lerøy	Alf Helge Aarskog	Siren Grønhaug
Group Director Market & Dist.	Group CEO	Group Director Production	Acting CFO
Lerøy Seafood Group ASA	Lerøy Seafood Group ASA	Lerøy Seafood Group ASA	Lerøy Seafood Group ASA

Flavours of the sea

Environmental assessment 2007

✻ ENVIRONMENTAL REPORT

Lerøy Seafood Group ASA (LSG) acknowledges and accepts its environmental responsibility and obligations. The Group's operational procedures in different parts of the value chain are constantly being developed to meet our internal standards, requirements from our customers and the limits established by environmental authorities. An internal program aims to establish and maintain good environmental attitudes among staff and other employees and the processes and routines that are monitored through the value chain are regularly assessed to uncover possibilities for improvement and further development.

LSG ASA is divided into two operational segments - Sale & Distribution and Production. Within each segment, the organisation is based on individual companies. The farming companies in Production are Lerøy Aurora AS, Lerøy Midnor AS, Lerøy Hydrotech AS, Lerøy Fossen AS, Lerøy Austevoll AS and Sigerfjord Aqua AS. This organisation is deliberate in order to have local units with focus on the immediate local environment, while simultaneously allowing for point source control in the location where the fish is produced.

The Group's activities are closely linked to natural conditions in Norwegian and international fresh and salt waters. In a long-term perspective, the Group seeks to protect and maintain the environment in the areas where the fish farming takes place. The environmental aspect is part of our quality strategy and an integrated part of the internal control systems in the Group's farming companies. This applies to the entire value chain from fry to smolt and harvestable fish through gutting, processing and distribution.

✻ FISH FARMING AND PRODUCTION

Health, Safety and the Environment (HSE)

The aquaculture companies have procedures and defined goals for reporting of near accidents and accidents, as well as a system for identifying and reporting deviations and handling of undesired events. Established goals for absence due to illness (sick-leave) are followed up in each company. There is continuous work to reduce sick-leave and to make sure that the Group's employees have a safe and good workplace. Parallel programs seek to motivate and arrange for enhancement of competency through internal and external training in courses or supplementary education. The average absence due to illness in the fish farming units was 4.23% of total working hours in 2007. This was distributed with 2.28% on long-term absence and 1.95% on short-term absence.

Accidental release of fish

All the aquaculture companies owned by LSG have an established goal of preventing accidental release of fish. This is important both in environmental and economic perspectives and the Group therefore use considerable resources to correctly dimension its production facilities and seines and to ensure correct placement in selected locations. The companies satisfy official requirements and participate actively in the development of new and improved submerged equipment in order to further reduce the risk of accidental releases.

International standard – Globalgap

Globalgap (formerly Eurogap) is the first international standard for production of farmed fish. The standard's objective is to ensure food safety in the entire production process by implementing objective and internationally valid routines that ensure continuous improvements in the production process. Globalgap is a consumer oriented concept where food safety is based on HACCP, environment, fish welfare and HSE. The standard contains requirements to feed, systems and resources for maintaining fish health the animal welfare of farmed fish, as well as the conditions in, around and under submerged equipment, storage and handling of chemicals, tracing and HSE for employees.

An issued Globalgap certificate is valid for a period of 3 years. In this period, all facilities must be examined by an external auditor. In order to ensure regular monitoring in the three years period, annual self-inspections are carried on all young fish and consumption fish facilities in addition to the processing plant and the quality management system. This inspection is carried out internally by qualified personnel with the same checklists used in the external audit.

Lerøy Midnor AS was Globalgap certified in 2006 and Lerøy Hydrotech AS was certified in 2007. The Group's goal is to have all fish farm companies Globalgap certified. The fish farm companies also practice internal control for aquaculture, and the facilities are certified according to the NYTEK standard for, among other things, prevention of accidental release of fish.

Roe and parent fish

Close monitoring of producers of parent fish and suppliers of roe ensures that roe production takes place under controlled conditions and in compliance with the Globalgap standard. More and more of the roe suppliers are now certified according to the Globalgap standard.

Smolt

Smolt production uses considerable quantities of fresh water and it is essential to have good contracts with land owners and water suppliers to secure the necessary fresh water. Regular checks are performed on water sources and on water quality in tanks in order to secure optimum welfare and good growth conditions for the fry in the various facilities. Chemicals are used as necessary to clean and disinfect equipment and tools. Formic acid is used to ensile dead fish.

The smolt plants that are Globalgap certified are obliged to adhere to specific guidelines for storage, registration and use of chemicals. Storage, handling and registration of medicines and vaccines are also performed in accordance with Globalgap standards. During 2007, several of the production units also appointed their own health and safety representatives.

Farmed fish for consumption

An optimal growth environment for fry in sea requires good locations with ideal currents. In order to secure the best possible environments for the fish and to avoid negative environmental impacts, our producers of fish for human consumption routinely look for the most advantageous locations for the facilities in respect of currents and bottom topography. To make sure the production activity is in accordance with accepted principles for animal welfare and sustainability, regular environmental inspections are carried out with focus on environmental conditions in, around and under the floating facilities. Moreover, there is daily metering of oxygen in and outside the fish tanks and the feed is closely monitored to prevent spillage. Sub-sea cameras are extensively used in the monitoring and procedures have been established for cleaning up after production is finished.

Over time, the Group will demand that its feed suppliers are Globalgap certified.

In 2007 the production companies used slice and alphamax to eradicate salmon lice in their facilities for consumption fish. Some of the units used wrasse, an environmentally benign method against salmon lice in areas where the temperature allows it. Other chemicals used in connection with the floating facilities are mostly formic acid for ensiling dead fish and disinfectants for the equipment.

All units producing for the consumer market that are Globalgap certified, follow the guidelines for storage, registration and use of chemicals and medicated feed.

For impregnation of seines only water-based impregnation chemicals are used - a significant environmental improvement over the oil-based substances used earlier. During 2007, safety inspections were carried out on all floating facilities and HSE improvements have been made on all facilities.

Well boats

Well boats have a key function in transport of smolt and harvestable fish. It is required that well boats have control routines that will ensure optimal conditions for the fish during loading, transport and unloading. In 2008, inspections and audits will be carried out at well boat suppliers who deliver services to the fish farm units.

Slaughtering and processing facilities

Slaughtering and processing facilities owned by LSG subsidiaries are certified to different standards depending on customer requirements. Some of these standards are Globalgap, BRC and Carrefour. During 2007 the facilities were comprehensively modified to ensure food safety, increase production capacity and improve the working environment for the employees. Internal and external training courses are provided to enhance competency in respect of fish welfare, hygiene and equipment. Chemicals and detergents used in the slaughterhouse are in the main used for cleaning the facilities after production. The units follow the guidelines for storage, registration and use of chemicals in the Globalgap standard. The goal is to make use of all fish as raw material. All cuttings and fish wastage from the slaughtering and fish farming facilities are processed in various processing plants, some of which are partially owned and others with contractual agreements with the Group. These processing units produce fish oils and fish protein used in many products including health food and animal feed. The entire fish is used and the waste is minimal.

Sales, logistics and distribution

As one of the first in Norway, our sales and marketing department was Globalgap certified in 2007. The marketing department has a strong environmental focus and works continuously with all collaborators in production and logistics to find environmentally benign solutions in production and transport.

Hallvard Lerøy AS produces a considerable share of products processed in Norway for export. The company has an expressed goal of increasing its sales of processed products in the years ahead. Processed products require less transportation resources than whole fish and, moreover, the use of packaging materials and ice is correspondingly reduced. When focussing on environmental pollution, packaging materials is an important target in all links in the value chain. Hallvard Lerøy AS is a member of Grønt Punkt Norge AS and can today offer products packaged in recyclable materials. Hallvard Lerøy AS is also engaged in several projects to develop environmentally benign solutions for products of the future.

The Group maintains a strong focus on environmentally benign alternatives in transportation and demand that its main collaborators also focus on environmental improvements. It is relevant in this respect that the Group's main collaborator in road transport has a vehicle fleet where no trailer is older than three years. Newer vehicles have lower emissions than older vehicles and are therefore more environmentally benign. The Group also has partners in the air cargo industry who collaborate in finding better environmental solutions. A concrete example is when the Group together with its transportation

The Directorate of Fisheries performs an escape control of smolt at the sites of Lerøy Midnor AS. After the inspection, Lerøy Midnor AS received beneficial feedback on the company's established routines.

partner in 2007 changed the route for air transport of seafood to Japan and Kina. For fresh seafood to such far-away locations, air transport is the only alternative. Earlier the fish was trucked to Oslo and sent by plane from Oslo via an intermediate landing in Russia to Japan. Now the fish is trucked to Helsinki and sent by plane directly from Helsinki to Japan. Helsinki is the quickest route to Japan from Europe and the planes use on the average two hours less than planes from central Europe. This also leads to lower emissions. Finnair, our collaborator on this route, has one of Europe's youngest fleets of planes (average age of 4 years). New airplanes use considerably less fuel than old planes. For example, a new A340 or A350 (Airbus) uses 13% less fuel than a Boeing MD11. Finnair has started to replace all old MD11 with A340 and A350.

Summary

The Group's subsidiaries expend considerable time and resources to ensure that their impact on the external environment is at a minimum. At the same time there are continuous evaluation and improvement processes in all companies aimed at reducing emissions and discharges and to make the working environment safer and better.

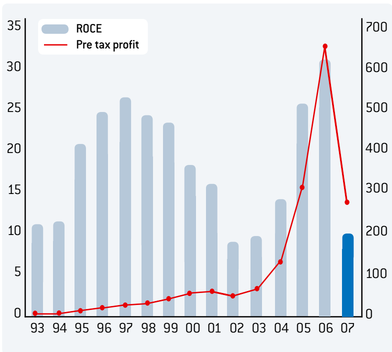
Make salmon the party food

The Board of Directors' Report for 2007

FINANCIAL SITUATION

In 2007 the Lerøy Seafood Group had operating revenues of NOK 6 291 million, increasing from NOK 5 617 million in 2006. The activity in the Group is satisfactory and constitutes a good basis for further development of the Group's position as a leading exporter of seafood. Pre-tax profit in 2007 was NOK 368.8 million against NOK 858.4 million in 2006. The Group's operating result before value adjustment of biomass was NOK 387.2 million in 2007

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



compared with NOK 683.8 million in 2006. Correspondingly, the Group achieved an operating result of NOK 403.1 million in 2007 against NOK 769.7 million in 2006. The Group's operating margin in 2007 was 6.41% compared with 13.7% the year before.

The activity area Sale and Distribution shows a good development trend and a high activity level. The operating profit for 2007 was NOK 115.0 million against NOK 112.7 million in 2006. The activity area Production has performed as expected in view of the negative price trends for salmon and trout during 2007. Operating profit for 2007 was NOK 324.4 million against NOK 687.4 million in 2006. Share of profit in affiliated companies was NOK 36 million in 2007 compared with NOK 129 million in 2006. The Group's net financial items for 2007 amounted to minus NOK 69.7 million against minus NOK 40.3 million in 2006.

Performance development in 2007 was marked by the negative trend in prices for salmon and trout. The net result is also influenced by production difficulties in Lerøy Austevoll AS. However, Lerøy Seafood Group has the requisite organisational and financial resources to ensure that also Lerøy Austevoll AS will achieve satisfactory productivity levels and capacity utilisation. In addition to the prevailing strong demand and good market conditions, the Board also sees considerable potential for productivity improvements in the Group's individual units and through synergies between the companies.

The 2007 result corresponds to earnings per share of NOK 5.75 against NOK 15.86 per share in 2006. The Board will recommend that the company's ordinary Shareholders' Meeting approves a dividend distribution for 2007 of NOK 1.80 per share. On an annual basis the yield on the Group's employed capital in 2007 was 9.85% against 31.06% in 2006. The Group is financially sound with accounting-related shareholders' funds of NOK 3 779 million, which corresponds to an equity ratio of 50.34%. At 31.12.07 the company had 53 577 368 shares outstanding. The Group's net interest-bearing debt at the end of the year was NOK 1 754 million compared with NOK 1 450 million the year before. The Group's total balance sheet figure per 31.12.07 was NOK 7 506 million against NOK 5 606 million as per 31.12.06. 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 2007 was the purchase of 100% of the shares in Lerøy Austevoll AS. The balance sheet figure also increased because of a positive development in the Group's production of salmon and trout.

Cash flow from operating activities amounted to NOK 97.8 million in 2007 against NOK 546.9 million in 2006.

Cash flow from investing activities was NOK -56.9 million against NOK -1 148.4 million in 2006. Cash flow from investing activities in 2007 is mainly linked to investments in long-term assets and acquisitions of Group companies. The reason cash flow from investing activities is reasonably low, is that the acquisition of Lerøy Austevoll AS was 100% settled with shares, and that the Lerøy Austevoll group had bank deposits of NOK 333.2 million at the time of purchase. Cash flow from financing activities was NOK -13.0 million in 2007 against NOK 920.3 million in 2006. The 2007 cash flow from financing activities consists mainly of changes in long-term debt, new equity and dividend paid out. Holdings of cash and equivalents increased from NOK 509.9 million at the end of 2006 to NOK 537.7 million at the end of 2007. The Group's liquidity and financial position are good and will be used for increased value generation through organic growth, new alliances and acquisitions.

The Group submits reports in accordance with the international accounting rules known by the acronym IFRS. As mentioned in earlier reports, the statutory IFRS adjustments lead to higher volatility in accounting values.

Financial risk

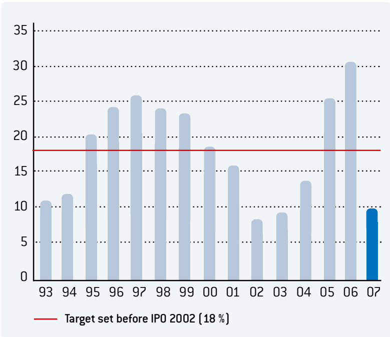
The board of directors maintains a strong focus on purposeful and systematic management of all risk factors in all parts of the operation. This policy is seen as essential in securing long-term value generation for the shareholders, employees and society in general.

The Group's main financial strategy is to balance and if necessary arrange for surety or collateral for all net exposure from credit, liquidity, currency and market risk. For a more detailed description, please see the treatment of risk under Accounting Principles and in the notes to the accounts.

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. A part of this must be to reduce the aggregate burden of fees and taxes. Structural changes and the associated industrialisation contribute to the investment capacity needed for Norwegian aquaculture to maintain its position in a globally competitive growth industry.

RETURN ON CAPITAL EMPLOYED (ROCE) BEFORE BIOMASS ADJUSTMENTS



✱ STRUCTURAL CONDITIONS

The Group aims to generate lasting value through its activities. For this 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. Over the last few years the Group has grown to become one of the world's leading producers of salmon and trout. The Group has consolidated its position as a principal actor in distribution of seafood in Norway and Sweden, and has simultaneously strengthened its position as a leading exporter of seafood. With a combination of organic growth, acquisitions and alliances, the Group made it possible to give its customers a cost effective distribution of fresh seafood. The Group's focus on sale, distribution and processing will be increasingly emphasised in the years ahead. The Group's processing activities in Sweden and France are examples of such strategic investments. 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 creation by focusing on strategic commercial developments 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.

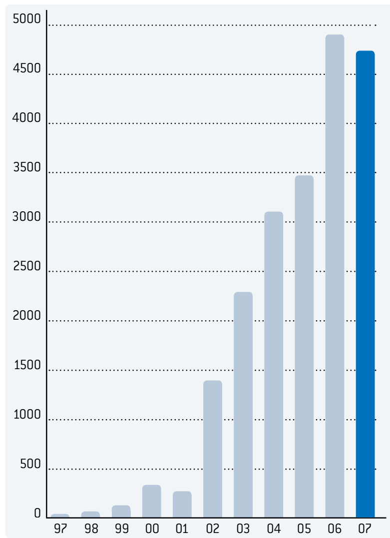
Being listed on the stock exchange gives the company a marketplace for its shares, improved access to future venture capital as well as the opportunity to use the company's shares as a payment medium in future acquisitions or mergers. As per 31.12.07 the company had 4 732 shareholders against a total of 4 884 shareholders at the end of 2006. In April 2007 the company effectuated a private placing. As a result of this issue, the number of shares issued in Lerøy Seafood Group ASA increased by 10 800 000 to 53 577 368 shares as per 31.12.07.

The group's financial leverage has been 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 five employees. Administratively, all personnel functions are handled by the wholly owned subsidiary Hallvard Lerøy AS. At the end of the year there were 1 360 employees in the Group including 382 women and 978 men. At the same time in 2006 the total number of employees was 1 149. Of the Group's total number of employees, 1 071 work in Norway and 289 abroad. Independently of the demand for equal opportunities for men and women, the Group has always placed decisive emphasis on individual skills, performance and responsibility in its recruitment policy and salary systems. As in earlier years, the Board

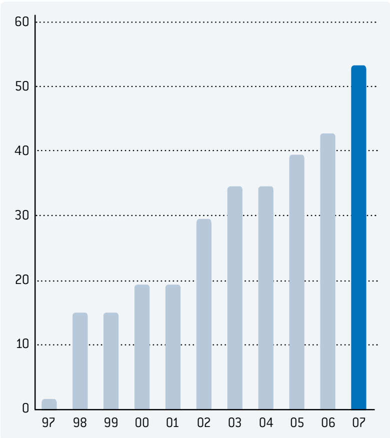
SHAREHOLDERS In thousands



wishes to express its appreciation of the contributions made by the Group's employees throughout 2007. Individual flexibility and effort when adjusting to new situations have been vital throughout the year.

TOTAL NUMBER OF SHARES

In millions



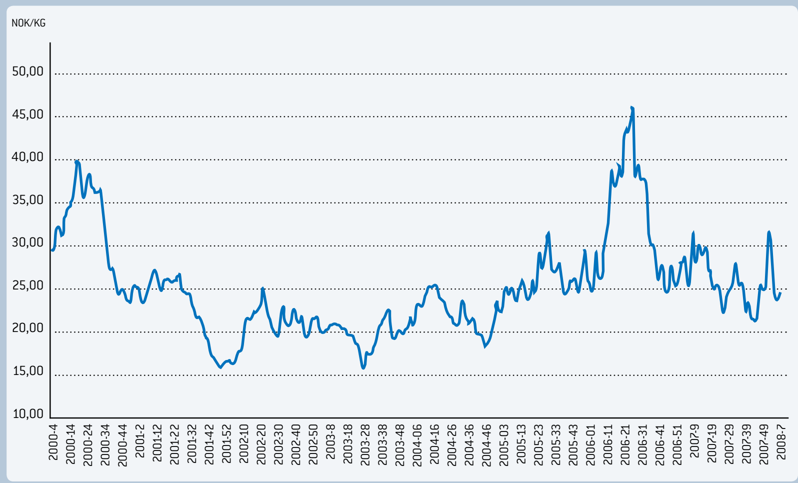
Health, safety and the environment

Only minor incidents were registered among the Group's employees in 2007. Total time lost due to illness in the Norwegian subsidiaries amounted to 4.8%, an increase from 4.2% in 2006. Time lost due to illness is distributed on 2.6% long-term absences and 2.2% short-term absences. The Board is pleased to observe that the Group works actively to keep sick-leave as low as possible. Comparable 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 framework conditions. The working environment and cooperative atmosphere is good.

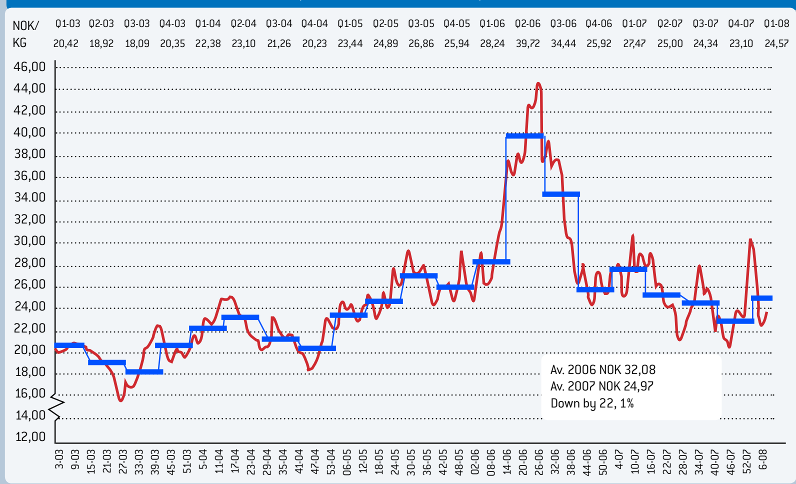
External environment

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. Programs are also implemented to enhance and maintain high environ-

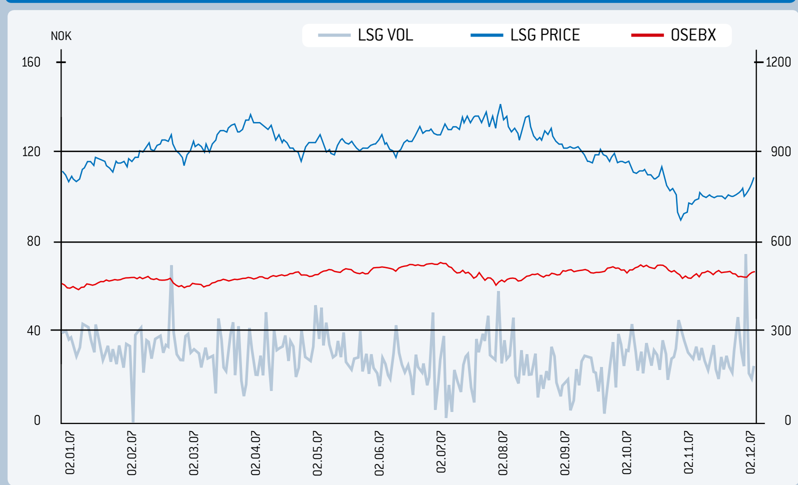
FRESH ATLANTIC SALMON NORWAY (4-5 KGS) - PRICE DEVELOPMENT 2000-YTD (FHL/NSL)



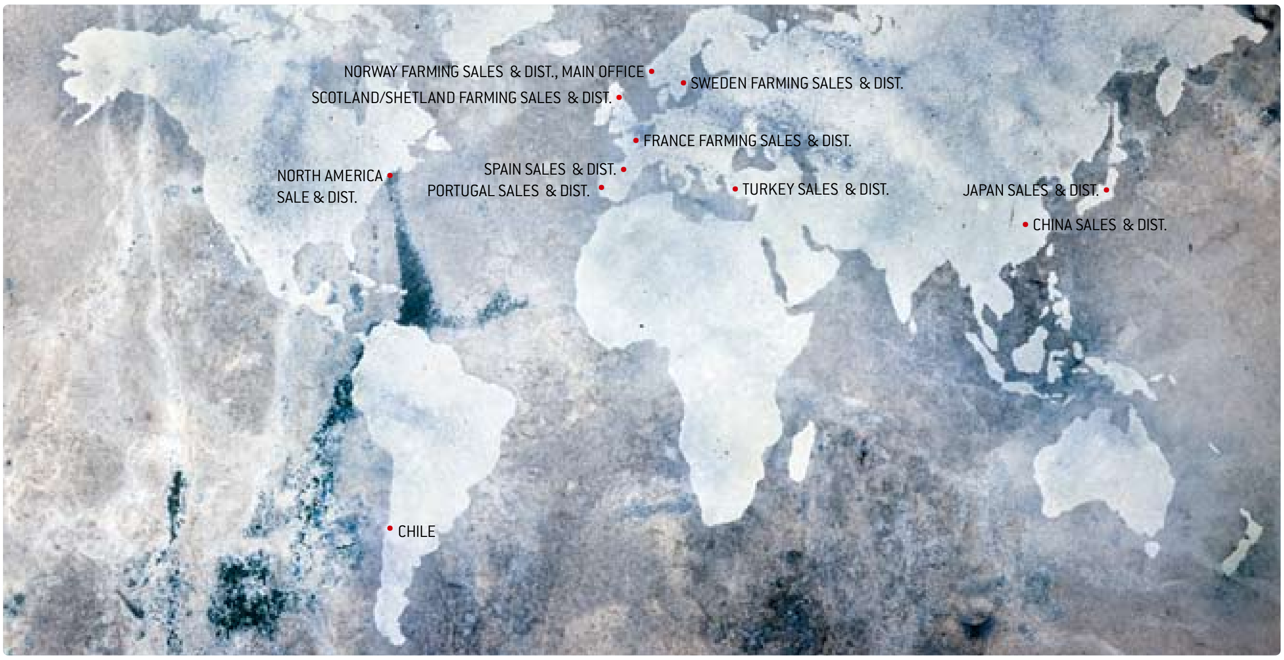
QUARTERLY PRICE DEVELOPMENT WEEK 3 2003, TO WEEK 6 2008 FRESH ATLANTIC SALMON, CROSS-SECTION, FCA OSLO



LERØY SEAFOOD GROUP AND OSEBX IN 2007



LERØY SEAFOOD GROUP CONSOLIDATED



mental attitudes among management and other personnel. The Group's operations are closely linked to natural conditions in Norwegian and international fresh and salt waters. More details can be found in the Group's report on the environment.

Results and allocations in Lerøy Seafood Group ASA

In 2007 Lerøy Seafood Group ASA had a net result of NOK 229.5 million against a comparable result of NOK 243.1 million in 2006. Distributable equity at 31.12.07 amounted to NOK 181.2 million.

The company's accounts are submitted on assumption of continued operation.

The Board proposes that the profits for 2007 shall be distributed as follows:
Dividend, NOK 1.80 per share
NOK 96 439 262
Transferred to other equity capital
NOK 133 104 831
Total allocation
NOK 229 544 093

The company is financially sound with an equity ratio of 77.1% 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. Because of 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 2008 the price level for Atlantic salmon has been somewhat higher than in the fourth quarter of 2007, but it is still lower than in the 1st quarter of 2007. The Group expects a better balance between supply and demand for Atlantic salmon in 2008 than in the previous year. This development, in conjunction with continued productivity improvement in the Group, provides a good platform for a 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 finds it commendable that EU authorities have initiated a review of the grounds for penalties against Norwegian salmon producers.

In line with its market strategy, in 2007 the Group exported a broad range of seafood products from Norway to a large number of countries, the most significant being France, Japan, USA and Sweden. It is also satisfying to observe the Group's strengthened position in the domestic distribution of our products. 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 market oriented structure, has given the Group a more robust earnings platform in the years to come.

Bergen, 31 March 2008
The Board of Directors in Lerøy Seafood Group ASA

Katrine Trovik

Svein Milford
Chairman

Joyce Falkenberg

Ole Rasmus Møgster

Fons Brusselmans

Hans Petter Vestre
Employee's representative

Ole-Eirik Lerøy
Group CEO
Lerøy Seafood Group ASA


LERØY
Laksefilet
Rett-i-Ovnen
MIDDAG:
4 porsjoner
FERDIG på:
15 minutter
Sett formen direkte i ovnen
KREOLSK
NATURELL
UTEN skinn og ben
OPPSKRIFTER på bak-siden og www.leroy.no
4 stk.
Nettovekt: 500 g
FERSK - KJØLEVARE

Income statement

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

LERØY SEAFOOD GROUP CONSOLIDATED	Notes	2007	2006	2005
OPERATING REVENUES AND COSTS				
Sales revenues	13	**6 290 898**	5 616 592	4 014 454
Cost of materials		**4 698 675**	4 105 186	3 254 686
Salaries and other personnel costs	11/14	**579 004**	399 999	245 819
Other operating costs		**472 158**	342 943	191 625
Ordinary depreciation	2/3	**153 846**	84 707	48 214
Total operating costs		**5 903 683**	4 932 835	3 740 344
Operating profit before biological assets adjustments		**387 215**	683 757	274 110
Value adjustments of biological assets	7	**15 838**	85 938	78 290
Operating profit		**403 053**	769 695	352 400
AFFILIATED ACTIVITY AND NET FINANCIAL ITEMS				
Income from affiliated company	4	**35 509**	128 982	77 052
Net financial items	15	**-69 736**	-40 294	-17 090
Profit before tax		**368 826**	858 383	412 362
Taxation	12	**-89 262**	-205 938	-92 505
PROFIT FOR THE YEAR		**279 564**	652 445	319 857
Majority interests		**277 016**	651 516	319 312
Minority interests		**2 550**	929	545
Earnings per share	16	**5,75**	15,86	8,65
Diluted earnings per share	16	**5,71**	15,70	8,59

Balance sheet

All figures in NOK 1,000

LERØY SEAFOOD GROUP CONSOLIDATED	Notes	31.12.07	31.12.06
FIXED ASSETS			
Buildings, land and operating assets	3	1 149 128	695 062
Immaterial assets	2	2 832 305	1 922 348
Shares in affiliated companies	4	289 474	308 592
Shares available for sale	4	26 423	5 737
Long-term receivables		681	244
Pension assets	11	535	360
TOTAL FIXED ASSETS		**4 298 546**	2 932 343
CURRENT ASSETS			
Biological assets	7	1 494 133	1 052 319
Other inventories	8	265 008	189 326
Accounts receivable	9	690 800	752 676
Other receivables	5/9	219 885	169 539
Cash and equivalents		537 738	509 872
TOTAL CURRENT ASSETS		**3 207 564**	2 673 732
TOTAL ASSETS		**7 506 110**	5 606 075

Balance sheet

All figures in NOK 1,000

LERØY SEAFOOD GROUP CONSOLIDATED	Noter	31.12.07	31.12.06
EQUITY			
Share capital	10	53 577	42 777
Own shares		-8 687	-23 948
Share premium reserve		2 601 390	1 243 830
Total equity contributions		2 646 280	1 262 659
Other equity		1 111 733	1 057 888
Total earned equity		1 111 733	1 057 888
Minority interests		20 830	20 172
TOTAL EQUITY		**3 778 843**	2 340 719
LONG-TERM LIABILITIES			
Long-term interest bearing debt	6	1 724 699	1 577 997
Deferred tax	12	643 529	451 172
Pension liabilities	11	12 012	8 869
Total long-term liabilities		**2 380 240**	2 038 038
SHORT-TERM LIABILITIES			
Accounts payable		508 294	468 529
Short-term loans	6	566 594	382 003
Public duties payable		37 743	32 963
Taxes payable	12	76 154	153 513
Other shor-term liabilities	14	158 242	190 310
Total short-term liabilities		**1 347 027**	1 227 318
TOTAL EQUITY AND LIABILITIES		**7 506 110**	5 606 075

Bergen, 31 March 2008
Board of Directors in Lerøy Seafood Group ASA

Svein Milford
Chairman

Ole Rasmus Møgster

Fons Brusselmans

Joyce Falkenberg

Katrine Trovik

Hans Petter Vestre
Employee's representative

Ole-Eirik Lerøy
Group CEO
Lerøy Seafood Group ASA

Cash flow statement

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

LERØY SEAFOOD GROUP CONSOLIDATED	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**368 827**	858 382
Taxes paid during the period	**-153 046**	-26 777
Profit/loss from sale of fixed assets	**-13 861**	-2 921
Profit/loss from sale of shares	**-25 134**	
Ordinary depreciation	**153 846**	84 707
Change in value adjustments of biological assets	**-15 838**	-85 938
Change in inventories / biological assets	**-200 882**	-89 244
Changes in accounts receivable	**94 416**	-32 783
Changes in accounts payable	**-7 993**	29 958
Change in other accruals	**-67 120**	-56 423
Changes in net pension liabilities / premium fund	**75**	-3 105
Profit impact affiliated company	**-35 509**	-128 982
Net cash flows from operating activities	**97 781**	546 874
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of fixed assets	**46 739**	21 281
Payments for acquisitions of fixed assets	**-454 784**	-245 309
Proceeds from sale of shares in other businesses	**77 988**	8 183
Payments for acquisitions of shares in other businesses	**-21 560**	0
Payments for acquisitions of group companies	**295 112**	-933 933
Proceeds/payments on other loans (short and long-term)	**-431**	1 377
Net cash flows from investing activities	**-56 936**	-1 148 401
CASH FLOWS FROM FINANCING ACTIVITIES		
Net payments on short-term liabilities	**-43 628**	149 984
Proceeds from establishing new long-term debt	**143 518**	517 733
Payments on long-term debt	**-192 483**	-78 650
Equity contributions	**284 824**	430 573
Proceeds/payments on sale/purchase of own shares	**8 000**	-22 399
Dividend payments	**-213 210**	-76 999
Net cash flows from financing activities	**-12 979**	920 242
Net cash flow in the accounting period	**27 866**	318 715
Cash position at beginning of period	**509 872**	191 157
Cash position at end of period	**537 738**	509 872
This consists of:		
Bank deposits, etc.	**537 738**	509 872
Of which restricted funds	**16 914**	13 529
Unused balances on overdraft facilities	**456 111**	412 136

Change in equity

All figures in NOK 1,000

2006	Share capital	Own shares	Premium reserve	Other equity	Minority interests	Total equity
Equity at 01.01.06	**39 377**	**-1 477**	**816 656**	**440 550**	**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
Acquisition of minority / new minority					12 538	12 538
Purchase of own shares		-22 471				-22 471
Dividend payments				-76 999		-76 999
Impact of option programme				3 874		3 874
Impact of step by step acquisitions				33 235		33 235
Conversion differences, etc.				5 712		5 712
Equity at 31.12.06	**42 777**	**-23 948**	**1 243 830**	**1 057 888**	**20 172**	**2 340 719**

2007	Share capital	Own shares	Premium reserve	Other equity	Minority interests	Total equity
Equity at 01.01.07	**42 777**	**-23 948**	**1 243 830**	**1 057 888**	**20 172**	**2 340 719**
The year's profit to equity				277 016	2 550	279 566
Share issue	10 800		1 371 950			1 382 750
Share issue costs			-14 390			-14 390
Acquisition of minority / new minority					-714	-714
Purchase of own shares						0
Dividend payments				-210 370	-1 058	-211 428
Impact of option programme		15 261		-6 546		8 715
Impact of step by step acquisitions				4 752		4 752
Adjustment of share values not in P&L				20 558		20 558
Conversion differences, etc.				-31 565	-120	-31 685
Equity at 31.12.07	**53 577**	**-8 687**	**2 601 390**	**1 111 733**	**20 830**	**3 778 842**

Own shares

At 31.12.2007 this item consisted of 85 423 shares with an average capitalised price of NOK 101.69 per share.

Notes Lerøy Seafood Group consolidated 2007

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 2007 include the company and its subsidiaries (collectively referred to as "the Group") and the Group's share in affiliated companies (affiliates).

The annual accounts were submitted by the Board of Directors on 31 March 2008.

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

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

(B) BASIS FOR PREPARING THE ACCOUNTS

The accounts are presented in NOK and figures are rounded off to the nearest thousand. They are prepared on the basis of the historical cost principle, with the exception of the following assets and liabilities which appear in the balance sheet at 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 Austevoll Holding AS (group), Lerøy Fossen AS, Lerøy Alfheim AS, Lerøy Delico AS (group), Lerøy Trondheim 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), Lerøy 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 Austevoll Holding AS was consolidated as a subsidiary as of 31.03.2007, with effect on the consolidated income statement from 01.04.2007.

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 profit. The minority share of the group's equity capital is shown as a separate item under consolidated equity capital.

Affiliates

Affiliates are companies on which the Group has significant influence through a non-controlling interest of between 20% and 50% of voting equity. Jointly controlled enterprises are companies where the group

owns 50% of the voting capital and a defined unit or group of investors owns the remaining 50%. Investments in affiliates and jointly controlled enterprises are accounted for according to the equity method . The investment is capitalised at acquisition cost at the time of purchase.
The group's share of the result after tax, as well as depreciation and write-downs of any value premiums, are booked in the profit and loss statement and added to the capitalised value of the investment together with the respective share of changes in equity not booked in the income statement, such as dividend.
In the income statement, the group's respective share of profit is shown in Financial Items, while the assets are shown in the Balance Sheet under Financial fixed assets. The group's share of unrealised profit on transactions between the group and the respective company, is eliminated. Accounting principles for affiliates and jointly controlled enterprises 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, if the goods in all likelihood will be returned, or in cases where the Group has the right of disposition of delivered goods. Fees, discounts, bonuses and other sales costs are deducted from operating revenues.

(E) SEGMENT REPORTING
The Group's primary business segments are "Sales & 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 Austevoll Holding AS (group), Lerøy Fossen AS, Sigerfjord Aqua AS (group), SAS Fish Cut, Bulandet Fiskeindustri AS and Lerøy Smøgen Seafood AB (group). "Sales & 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 Trondheim AS, Lerøy Delico AS (group), Lerøy Fisker'n AS and Lerøy 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 depreciated (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 depreciated, 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 depreciated, but are reviewed annually 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 and tax regimen, are reconciled and booked at net value.

Deferred tax has been calculated on the difference between temporary taxable and accounting values of licenses. For licenses acquired prior to 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-BEARING 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, less tax, are booked under equity as reductions in proceeds received.

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

(U) CASH FLOW STATEMENT

The consolidated cash flow statement shows the total consolidated cash flow broken down by operating, 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.

(V) FINANCIAL RISK MANAGEMENT

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

Currency risk

The Group operates internationally and is exposed to currency risks in several currencies. The Group has entered into forward contracts and use withdrawals and deposits on multicurrency accounts as well, in order to hedge as far as possible the currency risks on customer receivables, executed sales contracts and on-going contract negotiations. Receivables, debt, deposits, forward contracts and sales contracts are booked at currency market rates on the balance sheet day. Care is taken that the net exposure associated with monetary assets and liabilities in foreign currency remain at an acceptable level by buying and selling foreign currency at daily exchange rates whenever necessary to handle short-term imbalances.
Currency derivatives are traded to hedge future income payments in accordance with the Group's strategy for currency risk management. An overview of currency derivatives as per 31.12.2007 is shown in note 5.

Interest risk

The Group's long-term debt is in the main based on agreements with floating interest rates, which means that the Group is exposed to any rise in market rates. The Group has currently only one company with a fixed rent agreement (NOK 20 mill).

Price risk

The Group's performance is to a large degree linked to the development of international prices for salmon and trout.
To reduce the price risk, efforts are made to have a given portion of turnover on so-called "contract sale".

Credit risk

In accordance with the Group's strategy for managing credit risk, customer receivables are in the main covered by credit insurance or other forms of surety.

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 biological assets

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 4 kg 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 31.12.07, 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	-33	-64	-150

Reference is also made to the information in 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 2007

NOTE 2 INTANGIBLE ASSETS

(All figures in NOK 1,000)

2006	Goodwill	Licenses/ rights	Total
Per 1 January 2006			
Acquisition cost	134 508	309 400	443 908
Accumulated impairment charges			0
Balance sheet value at 01.01.06	**134 508**	**309 400**	**443 908**
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			
Reclassification deferred tax on licences	22 400	-22 400	
The 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		-226	-226
Balance sheet value at 31.12.06	**1 157 761**	**764 587**	**1 922 348**

2007	Goodwill	Licenses/ rights	Total
Accounting year 2007			
Balance sheet value at 01.01.07	1 157 761	764 587	1 922 348
Conversion differences	-367	364	-3
Accrual, purchase of subsidiaries	491 822	420 000	911 822
Accrual, purchase of intangible assets			0
The year's impairment charges / depreciation		-1 862	-1 862
Balance sheet value at 31.12.07	**1 649 216**	**1 183 089**	**2 832 305**
Per 31 December 2007			
Acquisition cost	1 649 216	1 185 177	2 834 393
Accumulated impairment charges / depreciation		-2 088	-2 088
Balance sheet value at 31.12.07	**1 649 216**	**1 183 089**	**2 832 305**
Assets with unlimited economic life	1 649 216	1 124 818	2 774 034
Assets with limited economic life (water rights)		58 271	58 271
Balance sheet value at 31.12.07	**1 649 216**	**1 183 089**	**2 832 305**

(Continued on next page)

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 Trondheim AS (60%) and the remaining 60.9% of Lerøy Hydrotech AS. Goodwill accrued in 2007 pertains to the Acquisition of Veststar Holding AS (now Lerøy Austevoll Holding AS), and some minor acquisitions of subsidiaries of subsidiaries.

Licence values are associated with the acquisition of Lerøy Midnor in 2003, purchase of 2 licences in 2004, acquisition of Lerøy Aurora AS in 2005, acquisition of Lerøy Fossen AS and Acquisition of Lerøy Hydrotech in 2006, as well as the purchases of Veststar Holding AS (group) and Ramsøy Fiskeoppdrett AS (one licence) in 2007. Deferred taxes on licences charged against goodwill amount to a total of NOK 285 071. In 2005 deferred taxes on licences were charged against licences. This item was reclassified to goodwill in 2006.

The Group has 101 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 goodwill allocation on segment level is as follows:

	2007	2006
Production	1 601 964	1 113 224
Sale & Distribution	47 252	44 537
Total goodwill	**1 649 216**	**1 157 761**

The impairment test for cash-generating units is based on estimated present values of future cash flows. The analysis is based on the budget for 2008 and estimated results for the years 2009 to 2012. After 2012 a terminal value is calculated based on the estimated result for 2012. Growth has not been considered when calculating the terminal value. A weighted yield requirement rate after tax of 8.5% has been used in the calculation.

The test did not give grounds for impairment charges in 2007.

LICENCES / RIGHTS

Licences and rights are allocated to the same cash generating units as goodwill. A summary of allocations of licences/rights on activity segment level for cash-generating units is shown below:

	2007	2006
Production	1 183 089	764 587
Sale & Distribution		
Total licences/rights	**1 183 089**	**764 587**

Licences / rights are associated with production of salmon and trout in Norway, including young fish. Synergy effects are expected from a coordination of the Group's fish farming licences in Norway. As shown above, the test for impairment gave no grounds for impairment charges on goodwill in 2007, and therefore there is no basis for impairment charges on licences.

Notes Lerøy Seafood Group consolidated 2007

NOTE 3 TANGIBLE FIXED ASSETS

(All figures in NOK 1,000)

2006	Real estate	Buildings	Machines, furnishings, equipment, etc.	Total
Per 1 January 2006				
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 01.01.06	**8 404**	**85 481**	**190 947**	**284 832**
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	3 527
Acquired subsidiaries	5 170	105 758	159 529	270 456
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**

2007	Real estate	Buildings	Machines, furnishings, equipment, etc.	Total
Accounting year 2007				
Balance sheet value at 01.01.07	13 895	238 597	442 570	695 062
Conversion differences	-279	-1 879	-2 448	-4 606
Acquired subsidiaries	3 620	71 800	109 629	185 049
Tangible fixed assets acquired		108 772	346 012	454 784
Tangible fixed assets sold	-2 146	-10 882	-16 087	-29 115
The year's depreciation and write-downs		-20 031	-132 015	-152 046
Balance sheet value at 31.12.07	**15 090**	**386 377**	**747 661**	**1 149 128**
Per 31 December 2007				
Acquisition cost	15 090	467 387	1 079 434	1 561 911
Accumulated depreciation and write-downs		-81 010	-331 773	-412 783
Balance sheet value at 31.12.07	**15 090**	**386 377**	**747 661**	**1 149 128**

NOTE 4 SUBSIDIARIES, AFFILIATED COMPANIES, ETC.

(All figures in NOK 1,000)

An overview of shares in Lerøy Seafood Group ASA is shown below.
For additional information see also note 3 to the annual accounts of Lerøy Seafood Group ASA.

Company	Business location	Ownership/ voting shares
Lerøy Hydrotech AS	Kristiansund	100%
Lerøy Midnor AS	Hitra	100%
Lerøy Fossen AS	Bergen	100%
Lerøy Aurora AS	Tromsø	100%
Lerøy Austevoll Holding AS	Austevoll	100%
Hallvard Lerøy AS	Bergen	100%
Lerøy Smøgen Seafood AB	Smøgen, Sweden	100%
Lerøy Sverige AB	Gøteborg, Sweden	100%
Lerøy Alfheim AS	Bergen	100%
Lerøy Delico AS	Stavanger	75%
Lerøy Trondheim AS	Trondheim	100%
Lerøy Fisker'n AS	Oslo	70%
SAS Fish Cut	Arras, France	100%
Lerøy & Strudshavn AS	Bergen	100%
Sigerfjord Aqua AS	Sigerfjord	90.55%
Nordvik SA	Boulogne, France	90%
Portnor Lda	Portugal	60%
Sandvikstomt 1 AS	Bergen	100%

Acquisition of subsidiaries in 2007

In March 2007 Lerøy Seafood Group ASA (LSG) bought 100% of the shares in Veststar Holding AS (now Lerøy Austevoll Holding AS) for NOK 1 083 750 (ref. stock exchange release of 21.03.2007). The purchase is 100% settled with shares in Lerøy Seafood Group ASA to Austevoll Seafood ASA. In addition there was a private placing of NOK 299 000 (2.3 mill LSG shares) to Austevoll Seafood ASA . The Lerøy Austevoll group includes smolt production, 27 licences in Norway for farming fish for consumption, distribution activities in France and licences in Chile.

Ramsøy Fiskeoppdrett AS is owned by Lerøy Hydrotech AS (subsidiary of Lerøy Seafood Group ASA). Original ownership was 44% before the remaining 56% of the shares were bought for NOK 21 800 i august 2007. The net gain of step-by-step purchases of shares in Ramsøy Fiskeoppdrett AS was NOK 4 750. This gain is the result of increases in licence prices since the previous purchase and is booked as Group equity.

Other purchases in 2007 were 100% of the shares in Bentnesveien 50 (sub- subsidiary) and 51% of the shares in Sirevåg AS (sub- subsidiary). Total acquisition price for these blocks of shares was NOK 22 445.

Excess values in respect of licences and rights, operating assets, inventories and other assets/liabilities is 100% included from the date the subsidiary is consolidated. Goodwill is estimated for every acquisition. The financial result for Lerøy Austevoll Holding AS (group) is consolidated in Group accounts from and including 01.04.07, while the financial result from Ramsøy Fiskeoppdrett AS is consolidated in Group accounts from 01.09.07. From 01.01.07 to 31.08.07 Ramsøy Fiskeoppdrett AS is treated as an affiliated company and booked in accordance with the equity method. Sirevåg AS is consolidated into the Group's balance sheet from 31.12.07, while Bentnesveien 50 is consolidated from 31.08.07.

(Continued on next page)

Notes Lerøy Seafood Group consolidated 2007

Acquisition of subsidiaries 2007	Lerøy Austevoll Holding AS	Ramsøy Fiske-oppdrett AS	Other acquisitions	Total
Share issues / settlement in shares	1 083 750			1 083 750
Cash portion		21 800	22 445	44 245
Cost price for share purchases in 2007	**1 083 750**	**21 800**	**22 445**	**1 127 995**
Goodwill	468 119	10 266	2 634	481 019
Fixed assets			4 178	4 178
Licences / rights	136 386	15 000		151 386
Biological assets	4 691			4 691
Deferred tax	-106 557	-4 200		-110 757
Total incorporated excess values at acquisition	**502 639**	**21 066**	**6 812**	**530 517**
Incorporated values at time of acquisition				
Licences / rights	405 000	15 000		420 000
Goodwill and other intangible assets	479 957	10 266	3 354	493 577
Tangible fixed assets	152 197	652	31 587	184 436
Financial ficed assets	2 772		750	3 522
Biological assets	240 104	10 529		250 633
Inventories	45 568		4 575	50 143
Receivables	52 049	16	5 064	57 129
Cash and bank deposits	333 155	4 024	2 503	339 682
Total assets	**1 710 802**	**40 487**	**47 833**	**1 799 122**
Equity	1 083 750	30 863	23 029	1 137 642
Minority interests	-516			-516
Payables	2 436		458	2 894
Deferred tax	174 290	5 867		180 157
Interest bearing long-term debt	203 130	1 212	15 925	220 267
Interest-bearing short-term debt	202 933		686	203 619
Other short-term debt	44 779	2 545	7 735	55 059
Total equity and liabilities	**1 710 802**	**40 487**	**47 833**	**1 799 122**

In the purchase of Veststar Holding AS and Ramsøy Fiskeoppdrett AS the licences are valued at NOK 15 000 each. Biological assets are valued in accordance with the principles in IAS 41 (see note 7). The excess value is seen as goodwill and is tested for impairment (see note 2).

Pro forma accounts after purchase of Veststar Holding AS
The pro forma figures are prepared by including the income statement from Lerøy Austevoll group for 12 months in 2007 and 12 months in 2006. Calculation of excess values in the balance sheet per 31.12.06 assumes that the purchases took place on 31.12.06 at the same price as in March 2007 (hypothetical). The share issue in Lerøy Austevoll of NOK 336 000 is included in the pro forma figures for 2006, and 5% interest has been calculated on this amount from 01.01.06. The share issue in Lerøy Seafood Group ASA of NOK 299 000 is not included in the pro forma figures for 2006. Pro forma balance sheet per 31.12.07 corresponds to the actual balance sheet per 31.12.07.

Pro forma income statement	2007	2006
Sales revenues	6 316 246	5 957 758
Other operating costs	5 924 771	5 186 357
Operating profit before biological assets adjustments	**391 475**	**771 401**
Value adjustment of biological assets	20 529	85 938
Operating profit	**412 004**	**857 339**
Income from affiliates	35 509	128 982
Net financial items	-70 598	-37 577
Profit before tax	**376 915**	**948 744**

Pro forma balance sheet	31.12.07	31.12.06
Fixed assets	4 298 546	3 962 222
Current assets	3 207 564	3 302 956
Total assets	**7 506 110**	**7 265 178**
Equity	3 778 843	3 436 568
Long-term debt	1 724 699	2 411 448
Short-term debt	2 002 568	1 417 162
Total equity and liabilities	**7 506 110**	**7 265 178**

Affiliated companies	Norskott Havbruk AS	Alfarm Alarko Leroy	Egersund Fisk AS	Others	Total value
Business location	Bergen	Istanbul, Turkey	Egersund		
Ownership / voting share	50%	50%	38,3 %		
Acquisition cost	163 273	8 825	38 920	5 386	216 404
Calculation of balance sheet value per 31.12.07					
Opening balance 01.01.07	259 026	11 131	31 878	6 557	308 592
The year's acquisitions			18 920	2 650	21 570
Reduction / (transfer to Group companies)			-52 086	-3 821	-55 907
Share in year's profit	31 147	2 530	1 288	544	35 509
Currency effects	-20 290				-20 290
Closing balance sheet per 31.12.07	**269 883**	**13 661**	**0**	**5 930**	**289 474**

Accounting figures for the affiliated companies, as shown above, are prepared in accordance with IFRS principles. Norskott Havbruk AS (group) has fish farming activity in Scotland. Key figures for inventories of fish in sea for the company are as follows for 2007:

	100%	50%
Total fish in sea (LWT)	18 475	9 238
Value adjustment of biological assets	48 948	24 474
Cost price of biological assets	381 985	190 993
Balance sheet values of biological assets 31.12.07	**430 933**	**215 467**

Value adjustment of biological assets	100%	50%
Value adjustment per 01.01.07	88 872	44 436
The year's impact of value adjustments	-39 924	-19 962
Value adjustments per 31.12.07	**48 948**	**24 474**

I 2005 the Group bought 50% of the shares in Alfarm Alarko Lerøy in Turkey. An agreement has been signed 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.

Shares available for sale	Business location	Ownership / voting shares	Cost price	Fair value
AquaGen AS	Trondheim	2,52%	1 000	21 558
Havstuene AS	Finnøy	6,55%	2 000	2 000
Bulandet Eiendom AS	Bulandet	12,67%	625	625
Miscellaneous interests			2 240	2 240
Total shares available for sale			**5 865**	**26 423**

In 2007, the book value of the shares in AquaGen AS has been adjusted upwards with NOK 20 558. The entire value adjustment has been booked against the consolidated equity.

NOTE 5 FINANCIAL INSTRUMENTS

(All figures in NOK 1,000)

CURRENCY FUTURES

The table below shows the company's currency futures per 31.12.07. The contracts are for purchase/sale against NOK.

Currency	Currency amount	Exchange rate at maturity	Contract amount in NOK	Median 31.12.07 exchange rate	Est. actual NOK value currency futures 31.12.07
USD	12 000	5,501	66 011	5,4042	680
EURO	22 000	8,027	176 601	7,9625	1 646
JPY	550 000	0,049	27 071	0,0483	530
GBP	-800	11,082	-8 866	10,8010	-225
SEK	36 000	0,851	30 629	0,8459	176
TOTAL					**2 808**

The positions at 31.12.07 have an estimated positive net market value of NOK 2 808 mill. This is capitalised and classifies as claims in the accounts. The currency futures are not treated as surety in the accounts. The currency futures are booked at real values and are classified as current assets.

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 imbalances.

INTEREST SWAP

One of the Group's subsidiaries (Lerøy Fossen) has an interest swap agreement (MNOK 20) on parts of the long-term loan.
The company pays fixed interest of 3.85% and receives a floating rate from DnB NOR Markets. Losses/gains arising from this agreement are charged against income on a current basis. In 2007 there were realised gains on this agreement of 0.4 mill NOK. The interest swap agreement runs until April 2010. Real value of the interest swap is estimated at NOK 0.8 mill per 31.12.07.
The amount is capitalised as a current asset.

NOTE 6 LOANS, MORTGAGES AND GUARANTEES

(All figures in NOK 1,000)

	2007	2006
Long-term interest-bearing loans		
Debt to credit institutions 1 a,b,c,d,e,f,g)	1 887 839	1 712 060
Next year's instalments on long-term loans	-193 000	-168 400
Other long-term liabilities	29 860	34 337
Sum long-term interest-bearing debt at 31.12	**1 724 699**	**1 577 997**
Short-term interest-braring loans		
Debt to credit institutions (multi-currency credits)	373 594	213 603
Next year's instalments on long-term loans	193 000	168 400
Total short-term interes-bearing debt at 31.12	**566 594**	**382 003**
Total interest-bearing debt at 31.12	**2 291 293**	**1 960 000**
Bank deposits	537 738	509 872
Net interest-bearing loans at 31.12	**1 753 555**	**1 450 128**
Loans secured by mortgages		
Long-term debt to credit institutions 1 a,b,c,e,f)	1 887 839	1 712 060
Short-term loans from credit institutions (multi-currency credits)	373 594	213 603
Leasing liability (see note 18)	28 883	32 644
Total liabilities secured by mortgages at 31.12	**2 290 316**	**1 958 307**
Mortgaged assets		
Accounts receivable	595 476	664 606
Inventories	1 670 341	1 169 457
Shares in subsidiaries / affiliated companies	3 194	169 714
Buildings and operating equipment	1 026 703	573 136
Licences	399 600	0
Total	**3 695 314**	**2 576 913**
Long-term loans with maturities of more than 5 years		
Loans from credit institutions 1 a,b,c,d,e,f)	808 417	694 167
Total	**808 417**	**694 167**
Guaranties made on behalf of the Group 2 a,b,c)	116 154	123 771

Loan repayment schedule

1 a) Lerøy Seafood Group ASA :
The first instalment was paid in August 2003 and the balance is to be paid in equal semi-annual instalments over 8 years. The loan is currently on NIBOR plus margin (NOK 72.1 mill).

1 b) Lerøy Seafood Group ASA :
New loan of 700 mill. established in autumn of 2006. First instalment paid 30 June 2007. The balance to be paid over 8 years in equal semi-annual instalments. The loan is currently on NIBOR plus margin (NOK 612.5mill)

1 c) Lerøy Midnor AS :
The first instalment was paid in June 2004. Balance to be paid over 15 years in equal semi-annual instalments.
The loan is currently on NIBOR plus margin (NOK 159.3 mill).

(Continued on next page)

1 d) Lerøy Aurora AS:
Has three loans, two of which were established in 2007.
First instalment on loan 1 was paid in June 2006. Remainder to be paid in equal quarterly instalments over 8 years.
Loan 2 (NOK 35 mill) and loan 3 (NOK 65 mill) are to be repaid over 10 and 20 years respectively in equal quarterly instalments.
In addition there is a revolving overdraft facility of 60 mill that matures in its entirety in 2008. Such overdraft facilities are normally renewed. The loan is currently on NIBOR plus margin (NOK 168.7 mill).

1 e) 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 31.12.2009. 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.

1 f) Lerøy Austevoll AS
Serial loan of NOK 150 mill. First instalment was paid in February 2008. The balance is to be paid in equal quarterly instalments over 10 years. The loan is on NIBOR plus margin (NOK 150 mill).

1 g) Lerøy Fossen AS
Refinancing in May 2007 (NOK 80 mill.) First instalment was paid in August 2007. The balance is to be paid over 10 years in equal quarterly instalments. The loan is on NIBOR pluss margin (NOK 76 mill).

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 0.5 mill. at 31.12.07.
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 guaranteed a construction loan of SEK 60 mill. to Lerøy Smøgen Seafood AB.

In addition, the Group has posted miscellaneous guarantees of approx. NOK 10 mill.

Financial "covenants"
Financial "covenants" for long-term funding in Lerøy Seafood Group ASA (the parent company) include a capital adequacy requirement that the Group's booked equity ratio shall be more than 30%, and a profitability requirement 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, Lerøy Aurora AS and Lerøy Fossen AS is a capital adequacy requirement that the value adjusted equity ratios for the three companies shall exceed 25%. Moreover, Lerøy Aurora AS is also required to include licence values in the value adjusted equity ratio.

Financial "covenants" for the long-term financing of Lerøy Austevoll AS is that book value of the equity ratio shall be at least 30%.

Financial "covenants" linked to short-term drawing rights in Hallvard Lerøy AS provide facilities for up to 65% of the so-called borrowing base (receivables, inventories, etc). The borrowing base for the subsidiary Hallvard Lerøy AS linked to this type of credit amounted to NOK 532.6 million at the turn of the year. Established absolute drawing rights amount to NOK 90 million as per 31.12.07.

Financial "covenants" linked to short-term drawing rights in Lerøy Midnor AS provide facilities for up to 70% of the so-called borrowing base (receivables, inventories, etc). The borrowing base for the subsidiary Lerøy Midnor AS linked to this type of credit amounted to NOK 448.7 million at the turn of the year, and established absolute drawing rights amounted to NOK 200 million at 31.12.07.

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 225.0 million at the turn of the year. Established absolute drawing rights were NOK 120 million at 31.12.07 (revolving overdraft facility and bank overdraft of NOK 60 mill each).

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 370 million at the turn of the year; and established absolute drawing rights amount to NOK 200 million at 31.12.07.

Financial "covenants" linked to short-term drawing rights in Lerøy Austevoll AS provide facilities for up to 65% of the so-called borrowing base (customer receivables and inventories) and for an calculated value of biomass. Borrowing base for the subsidiary Lerøy Austevoll AS linked to this type of credit amounted to NOK 238.7 mill at the turn of the year. Established absolute drawing rights amount to NOK 200 mill. per 31.12.07.

Financial "covenants" linked to short-term drawing rights in Lerøy Fossen AS provide facilities for up to 65% of the so-called borrowing base (customer receivables and inventories) and for an calculated value of biomass. Borrowing base for the subsidiary Lerøy Fossen AS linked to this type of credit amounted to NOK 99.2 mill at the turn of the year. Established absolute drawing rights amount to NOK 50 mill. per 31.12.07.

NOTE 7 BIOLOGICAL ASSETS

(All figures in NOK 1,000)

	2007	2006
Biological assets 01.01	**1 052 319**	**542 829**
Increase due to company acquisitions	284 621	355 452
Increase due to added costs during year	1 713 640	866 110
Reduction due to sales / harvesting	-1 572 285	-798 010
Change in value adjustments of biological assets (profit impact)	15 838	85 938
Biological assets 31.12	**1 494 133**	**1 052 319**

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 11 931 and NOK 11 887 in 2007 and 2006 respectively.

	2007	2006
Total fish in sea (LWT)	64 406	46 561
Harvestable fish (> 4kg LWT)	24 044	20 287
Value adjustment harvestable fish (> 4kg)	209 100	184 013
Value adjustment immature fish (< 4kg)	63 222	67 780
Total value adjustment biological assets	272 322	251 793
Cost price of biological assets	1 221 811	800 526
Balance sheet value of biological assets	**1 494 133**	**1 052 319**

Value adjustment biological assets	2007	2006
Value adjustments per 01.01	251 793	93 578
Value adjustments of acquired companies (at time of purchase)	4 691	72 277
The year's profit impact of value adjustments	15 838	85 938
Value adjustments per 31.12	**272 322**	**251 793**

NOTE 8 OTHER INVENTORIES

(All figures in NOK 1,000)

	2007	2006
Raw materials	77 486	52 175
Semi-finished goods	2 870	6 668
Finished goods	184 652	130 483
Total other inventories	**265 008**	**189 326**
Write-down of inventories (old stock)	11 226	2 255

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

NOTE 9 OTHER RECEIVABLES

(All figures in NOK 1,000)

	2007	2006
VAT to be refunded	124 089	116 226
Pre-payments	67 097	22 946
Market value of futures contracts	2 808	
Other	25 891	30 367
Total other receivables	**219 885**	**169 539**

The Group's customer receivables (NOK 694 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	53 577 368	1,00	53 577 368
Total	**53 577 368**		**53 577 368**

Lerøy Seafood Group ASA had 4 732 shareholders at 31.12.07. All shares convey the same rights in the company. The number of shares increased by 10 800 000 shares in 2007 after a share issue in April in connection with the acquisition of Veststar Holding AS.

Overview of the 20 largest shareholders at 31.12.07:	Shares	Ownership
Austevoll Seafood ASA	17 860 300	33,34%
Profond AS*	7 373 040	13,76%
Pareto Aksje Norge	3 413 900	6,37%
Skagen Vekst	1 890 600	3,53%
MP Pensjon	1 701 984	3,18%
Pareto Aktiv	1 470 800	2,75%
Credit Siusse Securi Special Custody A/C	1 415 700	2,64%
Mellon Bank AS Agent Mellon Bank NA A/C	1 088 449	2,03%
Lime AS*	960 573	1,79%
Citibank N.A. A/C Fidelity Puritan	887 750	1,66%
JPMorgan Chase Bank S/A Frankling Temple	608 027	1,13%
Bear Stearns Securit A/C	506 903	0,95%
Kverva Holding AS V/ Halvor Hansen	492 826	0,92%
Lerøy George-Harald Sutton	455 000	0,85%
Kos Bergen AS V/Hallvard Lerøy jr**	406 640	0,76%
Folketrygdfondet	403 100	0,75%
Inma AS*	400 000	0,75%
Bank of New York	348 693	0,65%
JPMorgan Chase Bank Clients Treaty Account	348 200	0,65%
RBC Dexia Investor S/A	250 000	0,47%
Total 20 largest shareholders	**42 282 485**	**78,92%**
Others	11 294 883	21,08%
Total	**53 577 368**	**100,00%**

*Executive Director and CEO Ole-Eirik Lerøy controls directly or indirectly a total of 8 733 613 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.

Some of the subsidiaries have Contractual Early Retirement schemes (Norwegian: AFP) for their employees. These schemes cover 221 employees and 5 retirees at the end of 2007. The underlying calculations are linked to the Contractual Early Retirement schemes in the subsidiaries and include the Group's economic responsibilities in connection with these schemes. In addition, some of the Group companies have performance based schemes and some have unsecured schemes financed by operations.

Additional information regarding pension costs can be found in note 14.

Capitalised pension liabilities	2007	2006
Present value of future pension liabilities	16 826	7 128
Anticipated yield on pension assets	-4 873	-360
Effect of estimate deviations not charged against income	-403	1 362
Employment tax contribution	462	379
Net pension liabilities	**12 012**	**8 509**
Since the collective pension scheme is overfinanced,		
the balance sheet shows gross pensions.		
Anticipated yield on pension assets	-4 873	-360
Pension liabilities	16 885	8 869
Net pension liabilities	**12 012**	**8 509**
Net pension costs are determined as follows:		
Present value of the year's earned pensions	2 022	499
Interest cost on pension liabilities	298	309
Yield on pension assets	-215	-18
Cost of reansition to new scheme	-672	
Effect of deviation from estimate	-20	46
Employment tax contribution	71	33
Administration costs, etc.	447	
Net pension cost	**1 931**	**869**
Change in capitalised liabilities		
Balance sheet value at 01.01.	8 923	3 946
Liabilities assumed at acquisition of company	2 893	3 990
Costs booked during the year (incl. transition to new scheme)	1 848	869
Pension payments and pension premiums	-1 652	-296
Balance sheet value at 31.12.	**12 012**	**8 509**
Economic assumptions		
Anticipated yield on pension assets	5,5 %	5,0 %
Discount rate	4,7 %	4,0 %
Anticipated regulation of wages, pensions and national insurance	3 - 4,5%	3 - 4,5%
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)

	2007	2006	2005
Tax payable	76 154	137 117	22 433
Change in deferred tax	13 108	68 821	70 072
Total taxation	**89 262**	**205 938**	**92 505**

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:

	2007	2006	2005
Profit before tax	368 827	858 382	412 362
Tax based on tax rates in the various countries	103 525	241 409	116 493
Permanent differences, etc. (28 %)	-4 320	644	-2 414
Share of profit affiliated company (28%)	-9 943	-36 115	-21 575
Tax cost	**89 262**	**205 938**	**92 505**
Effective tax rate	24,2 %	24,0 %	22,4 %

Change in book value of deferred tax	2007	2006
Balance sheet value at 01.01	451 172	158 354
Currency conversion and other charges against equity	463	364
Acquisition of subsidiaries	178 785	223 632
Charged to income in the period	13 108	68 822
Balance sheet value at 31.12.	**643 529**	**451 172**

Deferred tax asset 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	Licences	Goods/ biol. assets	Other differences	Total
01.01.2006	59 528	148 735	2 040	210 303
Booked to income in the period		57 914	8 725	66 639
Currency conversion, etc.			-184	-184
Acquisition of subsidiaries	116 099	104 622	280	221 001
31.12.06	**175 627**	**311 271**	**10 861**	**497 759**
Booked to income in the period	-521	22 998	-7 833	14 644
Currency conversion, etc.	58			58
Acquisition of subsidiaries	122 209	79 876	-8 206	193 879
31.12.07	**297 373**	**414 145**	**-5 178**	**706 340**

(Continued on next page)

Deferred tax asset	Recei-vables	Pensions	Fixed assets	Options	Loss carried forward *	Total
01.01.2006	-1 537	-328	-1 652	-4 690	-43 744	-51 951
Booked to income in the period	28	-106	-26 300	-1 989	30 550	2 183
Currency conversion, etc.			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**	**-46 589**
Booked to income in the period	211	-945	29 725	6 679	-37 204	-1 534
Currency conversion, etc.			405			405
Acquisition of subsidiaries	-50	-681	4 152		-18 515	-15 094
31.12.07	**-1 760**	**-2 242**	**11 264**	**0**	**-70 074**	**-62 812**

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

	31.12.07	31.12.06
Deferred tax 31.12	706 340	497 763
Deferred tax asset 31.12.	-62 811	-46 591
Net	**643 529**	**451 172**
Short-term tax positions	412 385	305 212
Long-term tax positions	231 144	145 960
Total	**643 529**	**451 172**

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 (group), Lerøy Hydrotech AS (group), Lerøy Austevoll Holding AS (group, consolidated from 01.04.07), Lerøy Fossen AS (group), Sigerfjord Aqua AS (group), SAS Fish Cut, Bulandet Fiskeindustri AS and Lerøy Smøgen Seafood AB (group). S&D consists of all other subsidiaries except Lerøy Seafood Group ASA (parent company). Lerøy Seafood Group ASA is not allocated to any segment but is included in the category "elimination/unallocated".

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	1 410 388	-1 714 926	4 932 835
Operating profit before value adjustment of biological assets	**112 196**	**601 455**	**-29 894**	**683 757**
Value adjustment of biological assets		85 938		85 938
Operating profit	**112 196**	**687 393**	**-29 894**	**769 695**
Profit from subsidiaries and affiliates	1 660	127 322		128 982
Net financial items	-6 111	-31 454	-2 729	-40 294
Profit before tax	**107 745**	**783 261**	**-32 623**	**858 383**
Tax cost				-205 938
The year's profit				652 445
Assets (excluding affiliates)	1 055 503	4 225 826	16 153	5 297 482
Affiliated companies	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

(Continued on next page)

Notes Lerøy Seafood Group consolidated 2007

2007	S&D	Prod.	Elimination/ unallocated	Group
External operating revenues	5 897 796	391 413	1 690	6 290 899
Internal operating revenues	157 844	2 176 893	-2 334 737	
Total operating revenues	6 055 640	2 568 306	-2 333 047	6 290 899
Operating costs	5 940 607	2 259 733	-2 296 656	5 903 684
Operating profit before value adjustment of biological assets	**115 033**	**308 573**	**-36 391**	**387 215**
Value adjustment of biological assets		15 838		15 838
Operating profit	**115 033**	**324 411**	**-36 391**	**403 053**
Profit from subsidiaries and affiliates	2 530	32 979		35 509
Net financial items	-3 954	-74 793	9 011	-69 736
Profit before tax	**113 609**	**282 597**	**-27 380**	**368 826**
Tax cost				-89 262
The year's profit				279 564
Assets (excluding affiliates)	1 197 588	6 108 713	-89 665	7 216 636
Affiliated companies	13 661	275 813		289 474
Total assets	**1 211 249**	**6 384 526**	**-89 665**	**7 506 110**
Total liabilities	838 119	3 001 356	-112 208	3 727 267
Investments	17 526	436 843	415	454 784
Depreciation	10 361	141 110	2 376	153 847

Product area	2007	%	2006	%
Whole salmon	3 042 299	48,4	2 722 295	48,5
Processed salmon	1 314 805	20,9	1 242 735	22,1
Whitefish	772 356	12,3	601 575	10,7
Trout	470 298	7,5	430 112	7,7
Shellfish	275 760	4,4	243 322	4,3
Pelagic	123 910	2,0	140 459	2,5
Other	291 470	4,6	236 094	4,2
Total sales revenues	**6 290 898**	**100,0**	**5 616 592**	**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. Assets and investments are distributed according to geographical location.

Sales revenues	2007	%	2006	%
EU	3 531 660	56,1	3 455 365	61,5
Norway	990 343	15,7	748 105	13,3
Asia	707 132	11,2	620 161	11,0
Rest of Europe	444 200	7,1	349 145	6,2
USA & Canada	489 469	7,8	329 073	5,9
Other	128 094	2,0	114 743	2,0
Total sales revenues	**6 290 898**	**100,0**	**5 616 592**	**100,0**

(Continued on next page)

Assets	2007	%	2006	%
Norway *	7 119 230	94,8	5 240 137	93,5
EU	386 831	5,2	365 937	6,5
Total assets	**7 506 061**	**100,0**	**5 606 074**	**100,0**

* Most of customer receivables in subsidiary Hallvard Lerøy AS (NOK 481 mill per 31.12.07) are from customers abroad. Customer receivables are covered by credit insurance or other forms of surety.

Investments	2007	%	2006	%
Norway	435 727	95,8	190 307	77,6
EU	19 057	4,2	55 002	22,4
Total investments	**454 784**	**100,0**	**245 309**	**100,0**

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

(All figures in NOK 1,000)

Payroll costs	2007	2006	2005
Payroll costs	444 784	313 681	194 939
Employer's contribution	66 386	47 760	25 272
Pension costs 1)	12 044	8 806	4 236
Option costs (incl. employer's contribution)	11 015	14 540	14 212
Other costs	44 775	15 212	7 160
Total	**579 004**	**399 999**	**245 819**

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

At year's end the Group had 1 360 employees with 382 women and 978 men against a total of 1 149 in 2006. Average number of man-years in the Group was 1 213 in 2007.

Remuneration of the	Øyvind Fossøy		A .H. Aarskog		Ole-Eirik Lerøy		Siren Grønhaug		Board chairman		Board	
company's officers	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Salaries	1 650	1 400	1 375		2 438	1 600	840		175	98	555	300
Bonus including extraordinary bonus	1 200	2 960	1 300		1 000		210					
Options exercised in 2007	10 913		548				548					
Other remunerations	219	149	53		209	173	16		*)	*)		

*) invoiced through the company Euroconsult AS

Former vice Group CEO Helge Singelstad resigned his position 3 September 2007. For 2007 salary amounted to NOK 3 675 and bonus to NOK 1 200. Required reported figure regarding exercised options in 2007 amounted to NOK 12 955. There has been paid out a severance of NOK 14 500. The figure includes lapsed options (100 000 options) and termination payment.

Alf Helge Aarskog and Siren Grønhaug were not part of the group management in 2006, and comparable figures for these persons are thus not showed.

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 termination payments, but it has been practiced in a few cases and then limited to two years' salary. Termination payments may at times be a good alternative for all parties involved.

(Continued on next page)

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 21.05.07, 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 20.05.08. The authority was not exercised in 2007. At 31.12.07 the company owned 85 423 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 21.05.07. 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 20.05.08. 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 21.05.07. The Board did not exercise this authority in 2007. It will be recommended that an equivalent authority be approved by the ordinary Shareholders' Meeting on 20.05.08.

I the extraordinary shareholders' meeting on 19.03.2007 the Board of Directors was given the authority to increase the share capital by up to NOK 8,500,000 by issuing up to 8,500,000 new shares, each with a face value of NOK 1.-, through a private placing with Austevoll Seafood ASA in connection with the acquisition of all the shares in Veststar Holding AS. The Board of Directors set the subscription price at NOK 127.50.- per share. The Board was at the same time given authority to increase the share capital by up to NOK 2,300,000 by issuing up to 2,300,000 new shares, each with a face value of NOK 1.- through a private placing with Austevoll Seafood ASA. When the authority was exercised, the subscription price per share was NOK 130.-.

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
The Board of Directors allocated 320,000 options in the spring of 2001 and the spring of 2002. These options could be exercised in stages with 1/3 each time and the first time following the ordinary shareholders' meeting in 2002. The exercise price was NOK 27.50 per share. The remaining 260,000 of these options were exercised on 28.02.07. Exercised options were redeemed in cash.

On 23.02.05 the Board approved an option programme with 600,000 options with an exercise price of NOK 40.- per option which later has been allocated. 1/3 of the options could be exercised in May 2007, while 2/3 of the options could be exercised in May 2008. 200,000 of these options were indeed exercised in May 2007 and were paid for in own shares. On 31.12.07 there were 300,000 options remaining in this programme, that can be exercised by the end of May 2008.

Since the spring of 1999, the Board has used options as an important instrument in the development of the Group (see description of options in separate note). In its meeting on 20.06.06 the Board decided to allocate a new option programme of up to 700,000 options with a price of NOK 125.- per option. The options were finally allocated on 29.02.08.

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

Exercise price per share option (NOK)	Established	Options 31.12.2007	Options lapsed /expired 2007	Options exercised in 2007	Options 31.12.2006
27,5	2002			260 000	260 000
40,0	2005	300 000	100 000	200 000	600 000
		300 000	100 000	460 000	860 000

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According to IFRS, options must be booked at real value. The real value of the 600,000 options allocated in 2005 is calculated according to Black-Scholes option pricing model. The most important data were the share price on the allocation date (23.02.05) of NOK 39.20, the exercise price of NOK 40.00, volatility of 32.43%, risk free interest at 3.9% and the option's duration. 1/3 of the options have a duration to and including 01.06.07 with the possibility to exercise them on 15.05.07 or 01.06.07. 2/3 of the options have a duration to and including 02.06.08 with the possibility to exercise the options on 15.05.08 or 02.06.08.

Real value of the 600,000 options are estimated at NOK 5,969 (including employer's contribution), which corresponds to NOK 9.95 per option. The amount is booked as wage cost over the duration of the option programme. In the balance sheet the cost is charged directly against equity (positive effect).

	2007	2006	2005
Estimated option liabilities	0	19 981	16 750
The year's costs	11 015	14 540	14 212

Loans to staff

No loans or guarantees have been granted to the Group's Managing Director or to 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 2007 to Group auditors PricewaterhouseCoopers AS, the law firm PwC AS and other auditors, are as follows:

	2007	2006	2005
Auditing fees Group auditor	2 033	1 216	1 423
Auditing fees other auditors	911	993	870
Tax advice Group auditor	354	197	189
Tax advice other auditors	12	79	
Other certificacion services Group auditor	440	150	32
Other services Group auditor	1 689	824	902
Other services other auditors	552	270	147
Total	**5 991**	**3 729**	**3 563**

NOTE 15 ITEMS THAT ARE COMBINED IN THE ACCOUNTS

(All figures in NOK 1,000)

Financial revenues	2007	2006	2005
Other interest revenues	29 583	16 284	9 659
Other financial revenues	30 125		
Total financial revenues	59 708	16 284	9 659

Financial costs	2007	2006	2005
Other interest costs	126 504	52 090	24 997
Other financial costs	2 940	4 488	1 752
Total financial costs	129 444	56 578	26 749
Net financial items	**-69 736**	**-40 294**	**-17 090**

Other financial revenues contain net proceeds from sale of shares of NOK 26 644, including gains from sale of shares in Egersund Fisk AS (38.3%).

Notes Lerøy Seafood Group consolidated 2007

NOTE 16 EARNINGS PER SHARE

(All figures in NOK 1,000)

	2007	2006	2005
The year's earnings (majority share)	277 016	651 516	319 312
No. of shares on the balance sheet day (thousands)	53 577	42 777	39 377
Average no. of shares (thousands)	48 177	41 077	36 909
Adjustment for effect of share options	350	421	248
Average no. of shares by dilution (thousands)	48 527	41 498	37 157
Earnings per share	**5,75**	**15,86**	**8,65**
Diluted earnings per share	5,71	15,70	8,59

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.

NOTE 17 DIVIDEND PER SHARE

(All figures in NOK 1,000)

Distributed dividend for 2006 and 2005 was NOK 214 309 (NOK 4.00 per share) and NOK 76 999 (NOK 1.80 per share) respectively. Recommended dividend distribution for the accounting year 2007 is NOK 96 439 (NOK 1.80 per share). The final decision will be made by the ordinary Shareholders' Meeting on 20 May 2008.

NOTE 18 LEASING

(All figures in NOK 1,000)

Leased assets booked in the consolidated accounts as financial leasing:	2007	2006
Book value of leased assets (machines/furnishings)	39 048	53 891
Book value of leasing liabilities	28 883	32 644
Remaining leases and maturities		
0-1 year	14 358	17 391
1-5 years	17 510	18 574
Total	**31 868**	**35 965**

The Group has no significant operational leases

NOTE 19 RELATED PARTIES

(All figures in NOK 1,000)

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

Transactions and outstanding accounts with Norskott Havbruk (group) for 2007 are as follows:

• Sales to Norskott Havbruk (group) 2007	0
• Purchases from Norskott Havbruk (group) 2007	271 625
• Net capitalised receivables / liabilities (Norskott Havbruk group) per 31.12.07	-9 391


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Laksespyd
Rett-på-Grillen
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4 porsjoner
FERDIG på:
15 minutter
Sett formen direkte på grillen
OPPSKRIFTER på baksiden og www.leroy.no
NATURELL
UTEN skinn og ben
16 BITER
Nettovekt: 500 g
FERSK - KJØLEVARE
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Laksespyd Rett-på-Grillen
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Income statement

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

LERØY SEAFOOD GROUP ASA	Notes	2007	2006	2005
OPERATING REVENUES AND COSTS				
Sales revenues		**2 645**	2 536	2 366
Wages and other personnel costs	7	**31 534**	25 612	4 126
Other operating costs		**6 625**	5 644	3 159
Ordinary depreciation	2	**840**	840	786
Total operating costs		**38 999**	32 096	8 071
Operating profit		**-36 354**	-29 560	-5 705
SUBSIDIARIES, AFFILIATES AND NET FINANCIAL ITEMS				
Income from investments in subsidiaries	5	**277 493**	347 750	70 000
Income from affiliated companies		**1 430**	1 000	
Net financial items	8	**21 392**	-2 727	2 085
Profit before tax cost		**263 961**	316 463	66 380
Total tax cost	6	**-34 416**	-73 343	-16 930
THE YEAR'S PROFIT		**229 545**	243 120	49 450
Information regarding:				
Allocation to other equity		**133 106**	28 811	-21 429
Allocation to dividend		**96 439**	214 309	70 879

Balance sheet

All figures in NOK 1,000

LERØY SEAFOOD GROUP ASA	Notes	31.12.07	31.12.06
FIXED ASSETS			
Deferred tax asset	6	**760**	6 356
Total intangible assets		**760**	6 356
Operating equipment			
Buildings and real estate	2	**15 783**	16 209
Total tangible fixed assets		**15 783**	16 209
Shares available for sale	3	**37**	345
Shares in subsidiaries	3	**2 641 006**	1 573 623
Shares in affiliated companies	3	**173 054**	192 098
Long-term Group receivables	5	**251 465**	12 903
Total financial fixed assets		**3 065 563**	1 778 969
TOTAL FIXED ASSETS		**3 082 106**	1 801 534
CURRENT ASSETS			
Customer receivables		**1 445**	94
Receivables from Group companies	5	**309 143**	382 286
Other receivables		**1 678**	1 625
Cash and equivalents		**275 199**	242 193
TOTAL CURRENT ASSETS		**587 465**	626 198
TOTAL ASSETS		**3 669 571**	2 427 732

Balance sheet

All figures in NOK 1,000

LERØY SEAFOOD GROUP ASA	Notes	31.12.07	31.12.06
EQUITY			
Share capital	1	**53 577**	42 777
Own shares	1	**-8 687**	-23 948
Share premium reserve	1	**2 601 390**	1 243 830
Total equity contributions		**2 646 280**	1 262 659
Other equity	1	**182 029**	55 469
Total earned equity		**182 029**	55 469
TOTAL EQUITY		**2 828 309**	1 318 128
LIABILITIES			
Mortgage debt	4	**684 607**	792 731
Total other long-term debt		**684 607**	792 731
Total long-term liabilities		**684 606**	792 731
Accounts payable		**65**	762
Accounts payable, Group	5	**16 218**	1 057
Taxes payable	6	**37 596**	70 573
Allocated to dividend		**96 439**	214 309
Other short-term liabilities		**6 337**	30 172
Total short-term liabilities		**156 655**	316 873
TOTAL EQUITY AND LIABILITIES		**3 669 571**	2 427 732

Bergen, 31 March 2008
The Board of Directors in Lerøy Seafood Group ASA

Svein Milford
Chairman

Ole Rasmus Møgster

Fons Brusselmans

Joyce Falkenberg

Katrine Trovik

Hans Petter Vestre
Employee's 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	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**263 961**	316 463
Taxes paid for the period	**-70 573**	-16 334
Profit / loss from sale of shares	**-39 810**	-15
Ordinary depreciation	**840**	840
Changes in customer receivables	**-1 351**	235
Changes in accounts payable	**-697**	317
Changes in other accruals	**-23 171**	16 668
Income from investments in subsidiaries	**-277 493**	-347 600
Net cash flow from operating activities	**-148 294**	-29 426
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments made for acquisition of fixed assets	**-414**	-198
Payments received from sale of shares in other businesses	**79 038**	215
Payments made for acquisition of Group companies	**-1 109 821**	-919 195
Payments made/received on Group balances (short and long-term)	**-238 562**	10 997
Net cash flow from investing activities	**-1 269 759**	-908 181
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from new long-term loans		700 000
Payments made/received on short-term Group debt	**49 533**	-28 896
Payments made for reduction of long-term liabilities	**-108 125**	-20 625
Equity contributions	**1 368 360**	426 791
Received/paid from sale/purchase of own shares	**8 000**	-22 399
Dividend payments	**-214 309**	-76 999
Group contributions received	**347 600**	70 000
Net cash flow from financing activities	**1 451 059**	1 047 872
Net cash flow for the period	**33 006**	110 265
Cash and equivalents at start of period	**242 193**	131 928
Cash and equivalents at end of period	**275 199**	242 193
This consists of:		
Bank deposits, etc.	**275 199**	242 193
Of which committed funds	**0**	0

Notes Lerøy Seafood Group ASA 2007

(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) AFFILIATED COMPANIES
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) TAXATION
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)

2006	Share capital	Own shares	Premium reserve	Other equity	Total equity
Equity per 01.01.06	39 377	-1 477	816 657	40 891	895 448
New acct. principle, options (note 7)				-12 060	-12 060
The year's profit to equity				28 811	28 811
Additional dividend 2005				-6 121	-6 121
Share issue	3 400		436 900		440 300
Share issue costs			-9 727		-9 727
Effect of option programme				3 829	3 829
Impact sale/purchase own shares		-22 471			-22 471
Dividend own shares				118	118
Equity per 31.12.06	**42 777**	**-23 948**	**1 243 830**	**55 469**	**1 318 128**

2007	Share capital	Own shares	Premium reserve	Other equity	Total equity
Equity per 01.01.07	42 777	-23 948	1 243 830	55 469	1 318 128
The year's profit to equity				133 105	133 105
Share issue	10 800		1 371 950		1 382 750
Share issue costs			-14 390		-14 390
Effect of option programme		15 261		-6 546	8 715
Equity per 31.12.07	**53 577**	**-8 687**	**2 601 390**	**182 029**	**2 828 309**

Share capital	Shares	Face value	Book value
Ordinære aksjer	53 577 368	1,00	53 577 368
Sum	**53 577 368**		**53 577 368**

Lerøy Seafood Group ASA had 4 732 shareholders on 31.12.2007. All shares convey the same rights in the company. The number of outstanding shares in the company increased in March 2007 by 10 800 000 shares. Total number of shares outstanding has been 53 577 368 since then.

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

Own shares
At 31.12.07 the company held 85 423 of its own shares with an average capitalised price of NOK 101.69 per share.

NOTE 2 FIXED ASSETS

(All figures in NOK 1,000)

2007	Real estate	Buildings	Total fixed assets
Acquisition cost per 01.01.07	2 090	34 042	36 132
Accrual acquired fixed assets		414	414
Acquisition cost per 31.12.07	2 090	34 456	36 546
Accumulated depreciation per 31.12.07		-20 763	-20 763
Capitalised value at 31.12.07	**2 090**	**13 693**	**15 783**
The year's depreciation		840	840

The company uses linear depreciation for all fixed assets. The 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 rights	Purchase/ contribution	Cost price/ book value
Lerøy Hydrotech AS	Kristiansund	100%		773 585
Lerøy Midnor AS	Hitra	100%		261 645
Lerøy Fossen AS	Bergen	100%	-9 065	221 236
Lerøy Aurora AS	Tromsø	100%		133 870
Lerøy Austevoll Holding AS	Austevoll	100%	1 070 253	1 070 253
Hallvard Lerøy AS	Bergen	100%		57 871
Lerøy Smøgen Seafood AB	Smøgen, Sweden	100%		36 017
Lerøy Sverige AB	Gøteborg, Sweden	100%		29 690
Lerøy Alfheim AS	Bergen	100%		13 100
Lerøy Delico AS	Stavanger	75%		6 000
Lerøy Trondheim AS	Trondheim	60%	6 095	11 795
Lerøy Fisker'n AS	Oslo	70%		4 375
Fish Cut SAS	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
Sandvikstomt 1 AS	Bergen	100%	100	100
Total shares in subsidiaries			**1 067 383**	**2 641 006**

(Continued on next page)

In March 2007 Lerøy Seafood Group ASA (LSG) bought 100% of the shares in Veststar Holding AS (now Lerøy Austevoll Holding AS) for NOK 1 083 750 (see stock exch. release of 21.03.07). The purchase was paid 100% with shares in Lerøy Seafood Group ASA to Austevoll Seafood ASA. In addition there was a private placing with Austevoll Seafood ASA of NOK 299 000 (2.3 mill LSG shares). The Lerøy Austevoll group has smolt production, 27 licences for farming fish in Norway for consumption, distribution activities in France, and licences in Chile.

Affiliated company	Business location	Ownership/ voting shares	Capitalised value
Norskott Havbruk AS	Bergen	50%	163 273
Alfarm Alarko Lerøy	Istanbul, Tyrkia	50%	9 781
Total shares in affiliates			**173 054**

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

In November 2007 a total of 286 shares (38.3%) in Egersund Fisk AS were sold for NOK 77 220. The net gain from this sale of shares amounts to NOK 38 300.

Other shares	Business location	Shares	Ownership/ voting shares	Cost price	Capitalised value
Miscellaneous minor share interests				37	37
Total other shares				**37**	**37**

NOTE 4 DEBT, MORGAGES AND GUARANTEES

(All figures in NOK 1,000)

	2007	2006
Long-term interest-carrying debt		
Debt to credit institutions 1 a,b)	684 606	792 731
Total interest-bearing debt 31.12	**684 606**	**792 731**
Bank deposits	**275 199**	**242 193**
Net interest-bearing debt 31.12	**409 407**	**550 538**
Debt secured by morgages		
Long-term debt to credit institutions 1 a,b)	684 606	792 731
Total mortgage-secured debt 31.12	**684 606**	**792 731**
Mortgaged assets		
Shares in affiliates	163 273	163 273
Shares in subsidiaries	696 227	696 227
Buildings	10 000	10 000
Inventories - cross mortgages	40 000	40 000
Customer receivables - cross mortgages	280 000	280 000
Total	**1 189 500**	**1 189 500**
Long-term debt with maturity later than 5 years		
Debt to credit institutions 1 b)	175 000	262 500
Total	**175 000**	**262 500**
Guarantees issued on behalf of LSG ASA 2 a,b,c)	**106 154**	**108 727**

(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 final payment is expected to be made in 2011. The loan currently runs on NIBOR plus margin (NOK 72.1 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 was paid on 30 June 2007. Thereafter the loan is to be repaid over 8 years in equal semi-annual instalments. The loan currently runs on NIBOR plus margin (NOK 612.5 mill).

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 0.5 mill. at 31.12.07.
2 b) Correspondingly, Lerøy Seafood Group ASA has posted a guarantee to Lerøy Midnor's lenders for NOK 50 mill.
2 c) Lerøy Seafood Group ASA has posted a guarantee for a construction loan to Lerøy Smøgen Seafood AB at SEK 60 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 INTERCOMPANY ACCOUNTS

(All figures in NOK 1,000)

	2007	2006
Long-term Group receivables		
Lerøy Alfheim AS	7 092	9 003
Lerøy Fossen AS	17 198	
Lerøy Hydrotech AS	211 800	
SAS Eurosalmon (Lerøy Austevoll Holding AS)	10 038	
SAS Fish Cut	5 337	3 900
Total long-term Group receivables	**251 465**	**12 903**
Short-term Group receivables		
Hallvard Lerøy AS	69 020	71 600
Lerøy Midnor AS	167 000	220 000
Lerøy Aurora AS	21 877	60 127
Lerøy Fossen AS	32 500	30 559
Lerøy Austevoll AS	18 746	
Total short-term Group receivables	**309 143**	**382 286**
Of which: Group contribution / dividend received		
Hallvard Lerøy AS	68 400	57 600
Lerøy Midnor AS	167 000	220 000
Lerøy Hydrotech AS		60 000
Lerøy Aurora AS	21 750	
Lerøy Fossen AS	32 500	10 000
Lerøy Austevoll Holding AS	18 746	
Other subsidiaries	433	150
Total Group contribution / dividend received	**308 829**	**347 750**
Group contribution not put to income	-31 336	
Income from investments in subsidiaries	**277 493**	**347 750**
Short-term Group liabilities		
Hallvard Lerøy AS	16 218	1 057
Total short-term Group liabilities	**16 218**	**1 057**

NOTE 6 TAXATION

(All figures in NOK 1,000)

	2007	2006
Distribution of the year's taxation		
Taxes payable	37 595	70 573
Too much / too little allocated to taxes		-9
Share issue costs charged against equity		3 783
Received Group contribution with tax effect, not booked as income	-8 774	
Change in deferred tax	5 595	-1 002
Total taxation	**34 416**	**73 345**
Calculation of the year's taxation base		
Profit before tax	263 961	316 463
Interest on tax		185
Share issue costs charged against equity		-13 509
Dividend	-68 400	-58 751
Permanent differences incl. Group contribution without tax effect	-32 839	4 094
Received Group contribution with tax effect, not booked as income	31 336	
Tax loss/profit on sale of shares	-39 809	-15
Change in temporary differences	-19 981	3 578
The year's taxation base	**134 268**	**252 046**
Overview of temporary differences		
Buildings / fixed assets	-2 518	-2 518
Receivables	-200	-200
Allocation to commitment reserve		-19 981
Total	**-2 718**	**-22 699**
28% deferred tax (- tax asset)	-761	-6 356
Hereof, entered in the balance sheet	-761	-6 356
Why the year's tax cost is not equal to 28% of pre-tax profit		
28% of profit before tax	73 909	88 610
Permantent differences (28%)	-9 195	1 198
Tax free dividend	-19 152	-16 450
Loss / gain on sale of shares (28%)	-11 147	-4
Too much / too little allocated to tax		-9
Estimated taxation	**34 416**	**73 345**
Effective tax rate	13,04%	23,18%
Tax payable booked in the balance sheet		
Tax payable	37 595	70 573
Tax payable on Group contributions made		
Tax payable, booked in the balance sheet	**37 595**	**70 573**

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

(All figures in NOK 1,000)

Payroll expenses	2007	2006
Wages and salaries	17 656	7 899
Employer's contribution	2 489	1 488
Pension costs [1]	235	415
Option costs (incl. employer's contribution, see note 1)	11 015	14 540
Other contributions	139	1 270
Total	**31 534**	**25 612**

[1] Contributory pension scheme

Average no. of work-years is 4.

Prior to 2006, employees in Lerøy Seafood Group ASA were paid through subsidiaries. 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 was carried in the balance sheet under short-term debt at NOK 19 981.

For detailed statement of remuneration to company officers in Lerøy Seafood Group ASA and for the group, see note 14 to the consolidated accounts.

Auditor

Invoiced fees from the the Group auditor PricewaterhouseCoopers AS, the law firm PricewaterhouseCoopers AS and other auditors in 2007, were as follows:

	2007	2006	2005
Auditing fees Group auditor	455	239	206
Auditing fees Group auditor IFRS	175	150	254
Tax advice Group auditor	143	168	27
Other certification services Group auditor	225	150	16
Other services Group auditor	1 192	783	230
Total	**2 190**	**1 490**	**733**

NOTE 8 ITEMS COMBINED IN THE ACCOUNTS

(All figures in NOK 1,000)

Financial revenues	2007	2006	2005
Interest revenues from Group companies	2 326	2 538	1 580
Other interest income	18 764	5 637	4 110
Profit on sale of shares	39 810	15	877
Dividends from Group companies	448	1 150	1 154
Total financial revenues	**61 348**	**9 340**	**7 721**

Financial costs	2007	2006	2005
Other interest costs	39 712	11 651	3 509
Other fianancial costs	244	416	2 127
Total financial costs	**39 956**	**12 066**	**5 636**

Net financial items	**21 392**	**-2 727**	**2 085**

Auditor's report

PRICEWATERHOUSECOOPERS

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Postboks 3984 - Dreggen
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To the Annual Shareholders' Meeting of Lerøy Seafood Group ASA

Auditor's report for 2007

We have audited the annual financial statements of Lerøy Seafood Group ASA as of December 31, 2007, showing a profit of NOK 229 544 093 for the parent company and a profit of NOK 279 564 000 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, the statement of changes in equity 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, 2007 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, 2007, 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 31, 2008
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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