ANNUAL REPORT

2013

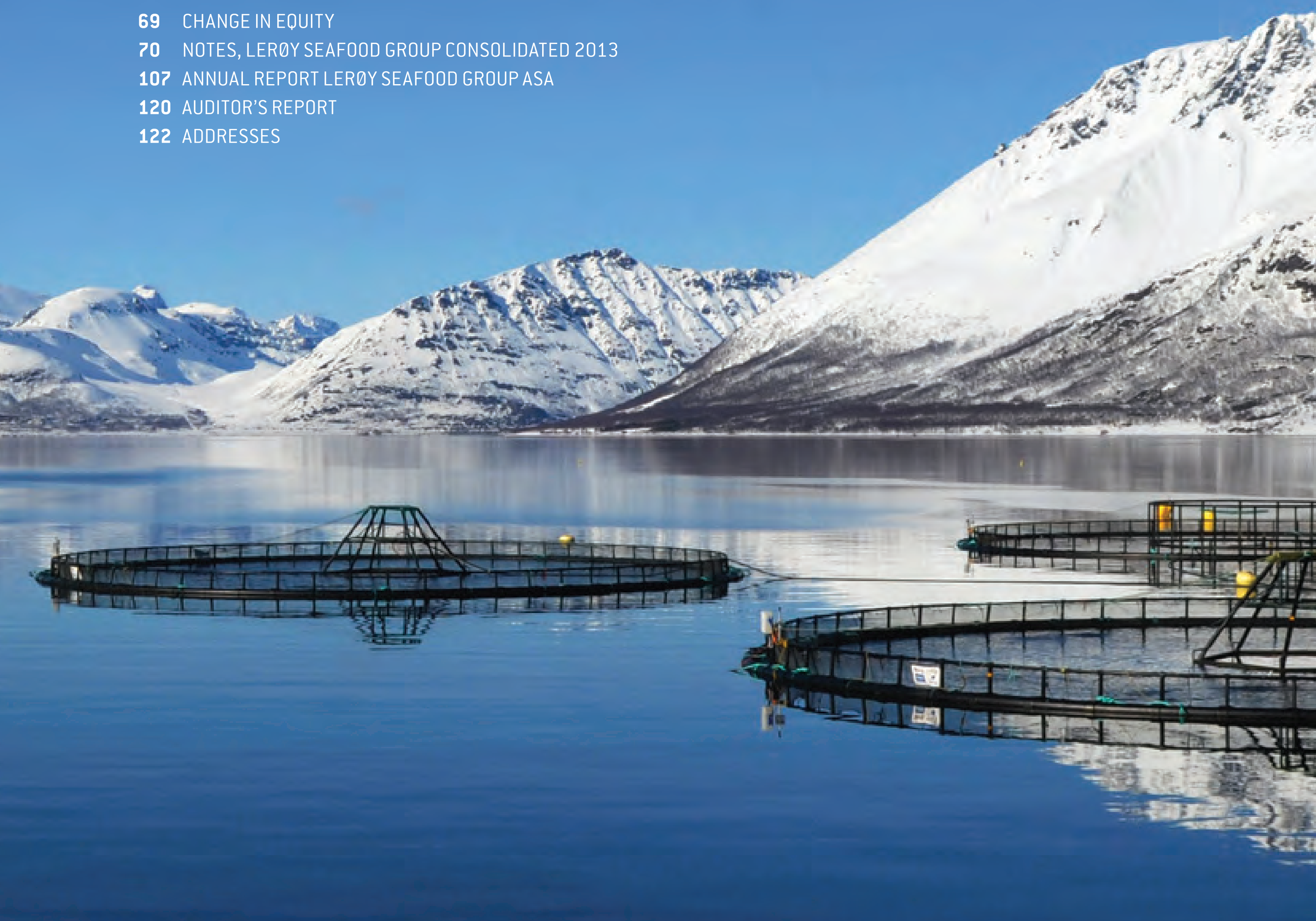
FINANCIAL CALENDAR 2014

14.05.2014	PRESENTATION OF THE 1ST QUARTER 2014
21.08.2014	PRESENTATION OF THE 2ND QUARTER 2014
12.11.2014	PRESENTATION OF THE 3RD QUARTER 2014
24.02.2015	PRELIMINARY RESULT FOR THE YEAR 2014
22.05.2014	ORDINARY SHAREHOLDER'S MEETING

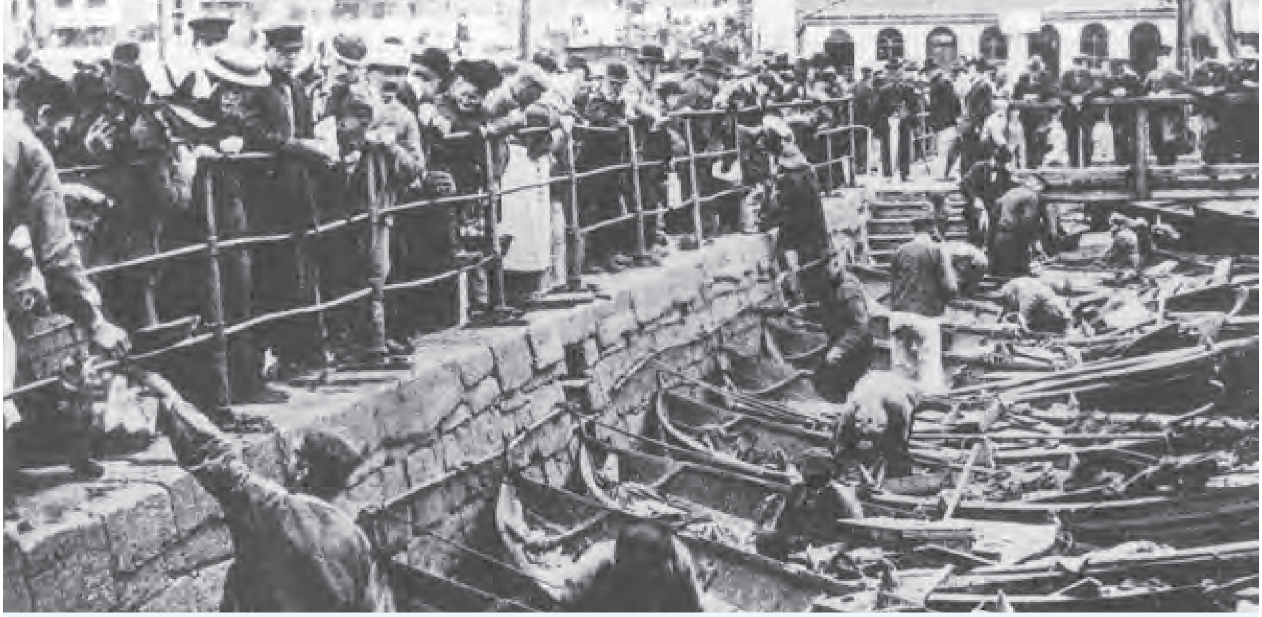
ANNUAL REPORT 2013

TABLE OF CONTENTS

04 HISTORY
05 MILESTONES IN 2013 AND IMPORTANT STRATEGIC EVENTS
06 KEY FIGURES FOR THE GROUP
09 ANNUAL STATEMENT BY THE GROUP CEO
13 LERØY SEAFOOD GROUP – BUSINESS OVERVIEW
25 CORPORATE GOVERNANCE
36 BOARD OF DIRECTORS' STATEMENT REGARDING SALARY AND OTHER REMUNERATION OF SENIOR EXECUTIVES
39 ENVIRONMENT
57 BOARD OF DIRECTORS' REPORT 2013
63 RESPONSIBILITY STATEMENT FROM THE BOARD OF DIRECTORS AND CEO
65 INCOME STATEMENT
66 BALANCE SHEET
68 STATEMENT OF CASH FLOW
69 CHANGE IN EQUITY
70 NOTES, LERØY SEAFOOD GROUP CONSOLIDATED 2013
107 ANNUAL REPORT LERØY SEAFOOD GROUP ASA
120 AUDITOR'S REPORT
122 ADDRESSES



A beautiful winter day at Lerøy Aurora's location "Kåvika" facing Arnøy and Kågen.



The Fish Market in Bergen.

HISTORY

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

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

Since 1999, the Group has acquired substantial interests in various domestic and international enterprises. Late in 2003 the Group acquired all the shares in Lerøy Midnor AS and purchased Lerøy Aurora AS in 2005. The companies Lerøy Fossen AS and Hydrotech AS were acquired in 2006, whereas Lerøy Vest AS was acquired in 2007. In 2010 the Group continued expanding its aquaculture activities by acquiring 50.71 % of the company Sjøtroll Havbruk AS. The Group's investments in downstream activities over this period have established the Group as a national and international distributor of fresh fish. In October 2011, Lerøy Seafood Group signed an agreement for the purchase of 50.11 % of the shares in Rode Beheer B.V. Rode is one of the leading processing companies for seafood in Holland, and is involved in large-scale production of smoked and cured products, freshly packaged products and frozen products based on Norwegian salmon. In April 2013, Lerøy Seafood Group acquired a significant percentage of the shares in the wholly-integrated sea farming company, Villa Organic AS. At end 2013, the Group's shareholding in Villa Organic AS was 49.4%.
In 2013, the Group has invested in fish cut activities in Norway, Denmark, Spain and France. In total, these investments made over a period of just over ten years afford the Group a strong profile as a fully-integrated seafood corporation with vast potential for future growth. The Group had 2,067 employees at the end of 2013.

Up to 1997, the Group was a family company. In 1997, a private placing with financial investors was carried out for the first time and as a result the company was reorganised as a public limited company. The company was listed on the Stock Exchange in June 2002. Since then, the company has introduced several stock issues, most recently in March 2007. The availability of capital has been an essential ingredient in the Group's development from a seafood exporter to a fully integrated seafood group.
Stock exchange listing of the parent company Lerøy Seafood Group ASA provides access to venture capital and, in selected cases, the shares are used as payment in kind in connection with acquisitions, most recently with the acquisition of shares in Sjøtroll Havbruk AS in 2010.
At the beginning of 2014, the Group is well situated to further strengthen its position as a central player in the international seafood industry.

IMPORTANT MILESTONES IN 2013

STRATEGIC EVENTS

- Acquisition of 49.4% of the shares in the fully integrated sea farming company Villa Organic AS. This company is located in the region of Finnmark. It has a total of 16 licences and an estimated slaughter volume for 2014 of 18,000 tons of salmon.
- Official opening of the new, highly modern recirculation plant for smolt in Belsvik, Sør Trøndelag, representing an investment of NOK 350 million.
- Start of construction of the extension to Lerøy Fossen's production facility in Hordaland and Lerøy Smøgen in Sweden. Project capacity doubled in both companies.
- Investments in fish cut facilities in Norway (Sjømathuset), France (Lerøy Arras) and in Spain (Lerøy Spain).
- Cooperation agreement with Brødrene Schlie in Denmark regarding production, marketing and distribution of freshly packaged produce in Denmark and Germany.
- Lerøy Hydrotech AS and Lerøy Midnor AS merged with Lerøy Midt AS.

PRODUCT DEVELOPMENT:

- Lerøy becomes Norway's largest producer of sushi.
- National launch of entire MAP range – packaged fish for distribution to Norwegian grocery chains.
- Lerøy Fossen special label smoked and cured trout, and trout with Spanish herbs and spices.

ENVIRONMENT/SUSTAINABILITY

- Launch of Ocean Forest
- Lerøy implemented the world's first ASC certified distribution chain for salmon
- Opening of the most eco-friendly smolt facility in Norway, perhaps even in the world, at Belsvik
- Zero use of antibiotics for fish in the sea in 2013
- Zero use of chitin inhibitors over the past three years
- Management of and participation in various R&D projects related to fish farming with focus on environment and sustainability

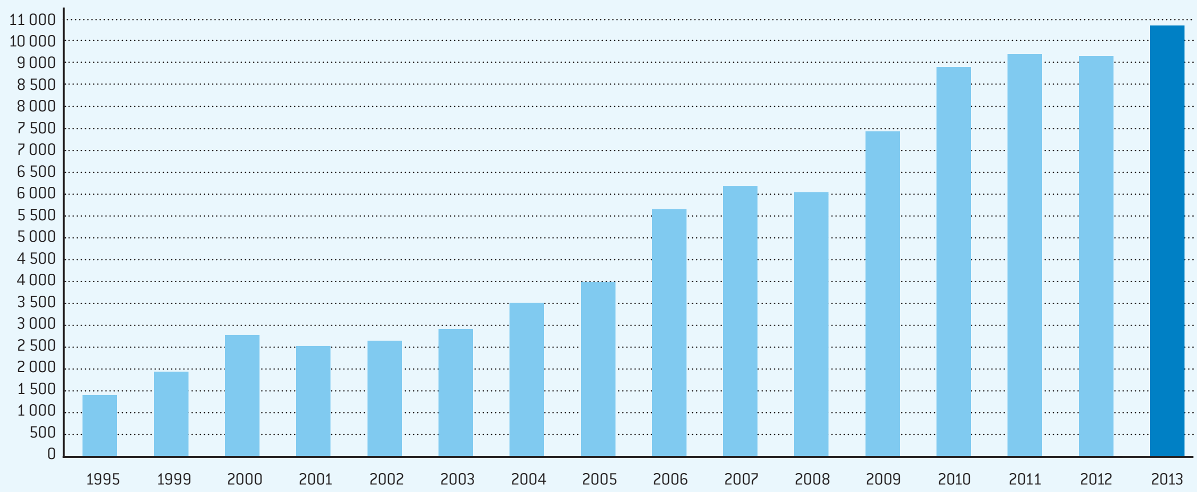
IMPORTANT STRATEGIC EVENTS

2001	Investment in Scottish Sea Farms Ltd
2001	Investment in distribution in Sweden
2002	Infusion of capital
2002	Listing on the stock exchange
2002	Investment in smoking company in Sweden
2003	Acquisition of Lerøy Midnor AS
2003	Infusion of capital
2004	Acquisition of 60% of the shares in Portnor Lda
2004	Acquisition of fish farming capacity in Central Norway
2005	Partnership with Alarko Holding in Turkey
2005	Infusion of capital
2005	Acquisition of Lerøy Aurora Group
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 nationwide distribution of fresh fish
2006	Acquisition of Lerøy Fossen AS
2006	Infusion of capital
2006	Purchase of 100% of the shares in Lerøy Hydrotech AS
2007	Infusion of capital
2007	Purchase of 100% of the shares in Lerøy Vest AS
2008	Purchase of two licenses in Central Norway and one license in North Norway
2008	Austevoll Seafood ASA increases its shareholding in Lerøy Seafood Group ASA from 33.34% to 74.93% via a mandatory offer
2009	Austevoll Seafood ASA reduces its shareholding in Lerøy Seafood Group ASA to 63.73%
2010	Purchase of 50.71% of the shares in Sjøtroll Havbruk AS
2012	Purchase of 50.1% of shares in the Dutch processing company Rode Beheer B.V
2012	Strategic agreement with SalMar for harvesting and processing of fish. Close down of Lerøy Hydrotech's slaughtering plant in Kristiansund
2013	Acquisition of 49.4 % of the shares in the fish farming company Villa Organic AS
2013	Official opening of the new recirculation plant for smolt production in Belsvik, Sør Trøndelag
2013	Extension to Lerøy Fossen's production facilities in Hordaland and Lerøy Smøgen in Sweden
2013	Strategic investments in new fish cut facilities in Norway, France, Spain and Denmark
2013	Lerøy Hydrotech AS and Lerøy Midnor AS merged with Lerøy Midt AS

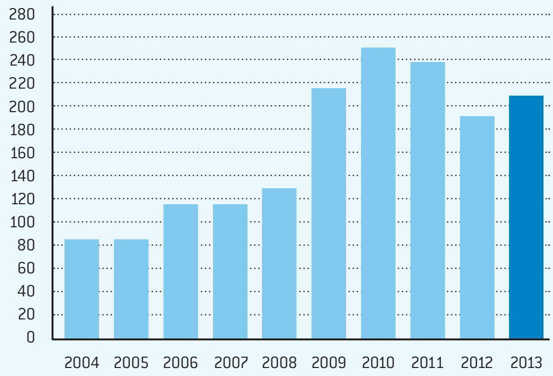
KEY FIGURES FOR THE GROUP

KEY FIGURES LERØY SEAFOOD GROUP CONSOLIDATED (ALL FIGURES IN NOK 1 000)	2013	2012	2011
Operating revenues	**10 764 714**	9 102 941	9 176 873
EBITDA before FV adjustment on biological assets	**1 938 474**	774 866	1 484 797
EBIT before fair value adjustment on biological assets	**1 625 799**	450 098	1 212 898
Profit before tax and fair value adjustment on biological assets	**1 630 011**	379 913	1 183 314
Harvest volume (GWT)	**144 784**	153 403	136 672
EBIT/kg (before fair value adjustment)	**11.2**	2.9	8.9
LSG stock price last annual trading day	**177.00**	129.50	84.00
Dividend paid per share	**7.00**	7.00	10.00
Profit margin before fair value adjustment on biological assets	**15.1 %**	4.9 %	13.2 %
Operating margin before fair value adjustment on biological assets	**15.1 %**	8.2 %	6.5 %
Earnings per share before fair value adjustment on biological assets	**21.12**	5.11	15.13
ROCE before fair value adjustment on biological assets (annualised)	**20.7 %**	6.2 %	17.9 %
Equity ratio	**54.3 %**	50.7 %	50.6 %
Net interest-bearing debt	**2 116 865**	2 231 860	1 592 914

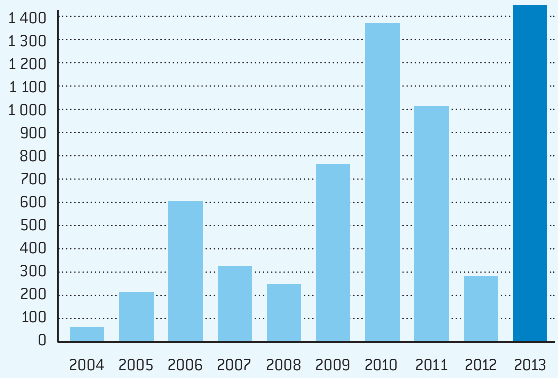
TURNOVER LSG (NOK MILLION)



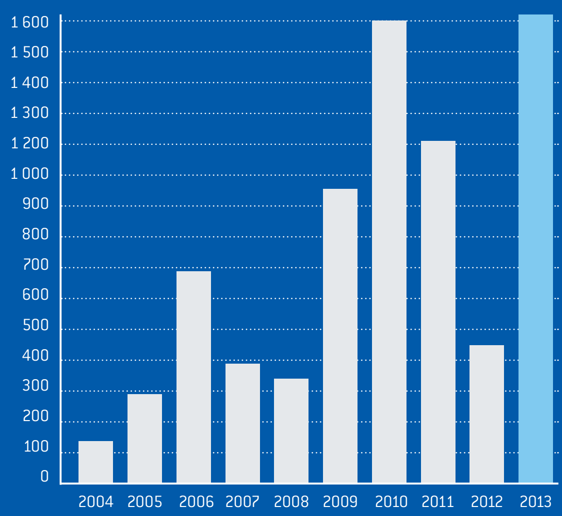
OPERATING PROFIT
SALES & DISTRIBUTION SEGMENT (NOK MILLION)



OPERATING PROFIT BEFORE BIOMASS ADJUSTMENT
PRODUCTION SEGMENT (NOK MILLION)



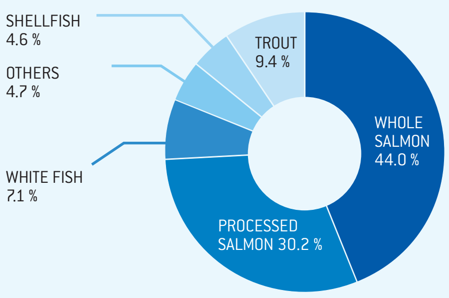
OPERATING PROFIT BEFORE BIOMASS ADJUSTMENT
LERØY SEAFOOD GROUP (NOK MILLION)



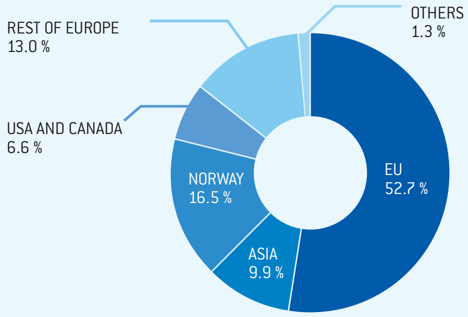
1 626 MNOK

IN 2013 LERØY SEAFOOD GROUP REPORTED IT'S BEST EBIT PRE BIOMASS ADJUSTMENT IN THE GROUPS' HISTORY.

SALES PER PRODUCT 2013



SALES PER MARKET 2013



A RECORD-BREAKING YEAR!

Last year, I concluded the annual report by predicting a very positive development in the year to come. I was right!

2013 will now go down in the history books as a record-breaking year for Lerøy Seafood Group ASA. We can take great pride and satisfaction in the figures reported; turnover of NOK 10,765 million and an operating profit before value adjustment of biomass of NOK 1,626 million. It was particularly satisfying to finally break through the NOK 10 billion threshold. We can authentically claim that our company has successfully sustained an outstanding rate of development as one of the world's leading seafood corporations. Over the past ten years, our average growth has been as high as 15% and we aim to continue at the same rate. I am also full of gratitude and admiration for all Lerøy's 2,067 employees who have made this possible!

Looking back over the year that has passed, it is immediately obvious that we achieved a lot in 2013 and that our achievements have boosted the further growth of our company.

In the very first week of 2013 and according to schedule, the first roe was released in Lerøy Midt's facility in Belsvik. The plan for this facility was to build the leading and state-of-the art smolt facility in the world and, with a total investment of NOK 350 million, the plans have been realised. Production at the facility has been very successful and the first smolt was released in October with excellent results. I am looking forward to the autumn of 2014 when we can finally see the end result as fish for consumption are produced from the facility.

In April 2013, we acquired 49% of the shares in Villa Organic AS with 16 licences located in Finnmark and a total production of 13,100 tons in 2013. The 16 licences will be distributed between SalMar ASA and Lerøy Aurora AS, providing the latter with eight new licences and a strong position in a region full of potential. We now have a total of 138 wholly-owned licences in Norway with the following geographical distribution: 25 in North Norway, 54 in Central Norway and 59 in West Norway.

In 2005, Lerøy Seafood Group opened its very first Fish Cut facility in Arras, France. This started a surge in demand on the French and European markets for freshly packaged salmon products. The growth in sales for these products has been fantastic and we realised in

2012 that we needed to expand our production facilities. The result is a new, highly modern facility – built for the future – in Arras which opened in July 2013.

In a move to further develop our strong downstream business segment, we opened a new facility in the centre of Madrid, Spain, in September 2013. This facility is a processing and distribution plant for fresh seafood products for both the Spanish and Portuguese markets. We achieved a gradual increase in production during the autumn and are very satisfied with the developments to date. We also plan to implement production of fresh sushi at this facility in the spring of 2014.

Another Group objective is to further consolidate our position within production of high-value processed products, and we therefore decided in 2012 to invest NOK 50 million in expanding capacity at Lerøy Smøgen Seafood AB in Sweden. We moved into the new premises in Sweden in October 2013 and can already report a very positive development in sales from Smøgen. With this new facility, we are now in a much stronger position to invest in innovation and product development of top-quality highly processed products for the Nordic and European markets. Lerøy Smøgen is recognised as a state-of-the-art facility.

In the spring of 2013 we started a 50 NOK million expansion of Lerøy Fossen's facility on Osterøy outside Bergen. Our goal with Lerøy Fossen is to double capacity for highly processed products made using Fjord Trout. The expansion is expected to be completed mid 2014, and the new facility will be the largest and most modern facility for smoked and cured products in Norway.

In recent years, Lerøy has built up a strong market position in Norway, Sweden and Finland. Our goal has been to play a leading role within the distribution of fresh seafood on the Nordic markets.

In 2013, we signed a cooperation agreement with Br. Schlie in Denmark and established Lerøy Schlie AS in Hirsthals to produce freshly packaged seafood for the Danish and German grocery markets. Production at the new company started at the end of January 2014.

We also started construction of Sjømathuset in January 2013. This is a collaboration project with Norgesgruppen, Norway's largest retailer, and involves a new facility for fresh seafood located in Kalbakken in Oslo. Our aim with Sjømathuset is to establish a complete and state-of-the-art processing and distribution plant for fresh seafood, targeting the grocery and cater-ing markets in Norway. Sjømathuset will produce and distribute fresh seafood by weight, freshly packaged seafood and top-quality sushi. Japanese specialists were invited to design and install the new machines in the facility, and Sjømathuset is now confirmed as one of the best plants in Europe for industrial production of sushi. Total production capacity is an impressive 20 million pieces of sushi! No other country in the world can boast such fresh fish produce as Norway. Production at Sjømathuset started on 17 February 2014.

The success of investments made in processing, further processing, processing close to the market and distribution all require predictability, stability and flexibility.

The success of the seafood industry as a whole relies on correct framework conditions. The current MAB regime (maximum allowable biomass) makes it very difficult to increase competitiveness due to the huge fluctuations in raw material supply for salmon throughout the year. We believe that the current regime is outdated and requires amendment, and we fully support the proposal to implement a rolling MAB system. This will provide a higher level of flexibility and the potential to tailor production to the market and maintain stable employment at our facilities throughout the year.

Sustainable growth is also a fundamental premise for the future development of our company and the industry in general. Lerøy Seafood Group is currently involved in the production of salmon and trout, and this is the most sustainable form of food/protein production to be found. As with other industries, we face challenges but are confident that they can be solved. We are fully dedicated to research and technological developments to help us identify solutions to problems presented by salmon lice and accidental release, the two most significant challenges identified for our industry. Lerøy and other major enterprises are at the forefront of such developments. Our success in achieving an even higher degree of sustainability hinges upon our collaboration with the authorities, suppliers and other players.

Lerøy has a goal to play a leading role in the process to identify more eco-friendly methods for fish farming and can report a high level of activity within this area in 2013:

• Over a number of years, Lerøy has played a key part in the development of the ASC environmental certification scheme (Aquaculture Stewardship Council). We were the very first company in the world to implement production, sale, distribution and marketing of ASC-certified salmon. We have achieved approval for several facilities and are in the process of applying for approval for a number of other locations. ASC-certified products are exported to Japan, Sweden, the Netherlands, France and Germany, and demand is already high for these products.

• In 2013, Lerøy entered into a cooperation with Bellona to found "Ocean Forest", a company set up to carry out research and development based on integrated multi-trophic aquaculture (IMTA). This is set to be a very exciting cooperation and I have high expectations for the results it will produce. The first test facility has already been opened on the island of Rongøy outside Bergen.

• Moreover, Lerøy is contributing – via Preline AS – towards the development and integration within the industry of closed containment production at sea. Our first full-scale unit for closed containment production at sea is scheduled for implementation in the autumn of 2014.

I would like to conclude by reiterating that 2013 has been a wonderful year for Lerøy Seafood Group. My sincere thanks to all our employees and partners for their tremendous efforts!

I have high expectations for 2014 and am confident that it will be just as successful as the year which has passed, and will hopefully be a year of even further growth!

Henning Kolbjørn Beltestad
CEO
Lerøy Seafood Group

BUSINESS OVERVIEW

LERØY – IN EVERY KITCHEN

VISION

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

The Group maintains a strong focus on the market. By actively developing new markets and new products from fisheries and aquaculture based on sustainable principles, the Group aims to develop profitable, efficient and binding alliances both nationally and internationally for both supply and marketing.

The seafood market exacts ever-increasing demands on food safety, quality, cost-efficiency, sustainability, continuity of supply and a higher level of processing. To meet these demands, and to drive development forwards, Lerøy Seafood Group actively targets increased coordination of the value chain, production and sales units, increased sales expertise and investments to ensure the ability to supply the right product at the right time. With its major position within Sales and Distribution of seafood, the Group believes it is uniquely positioned to meet these increasing demands.

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

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

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

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

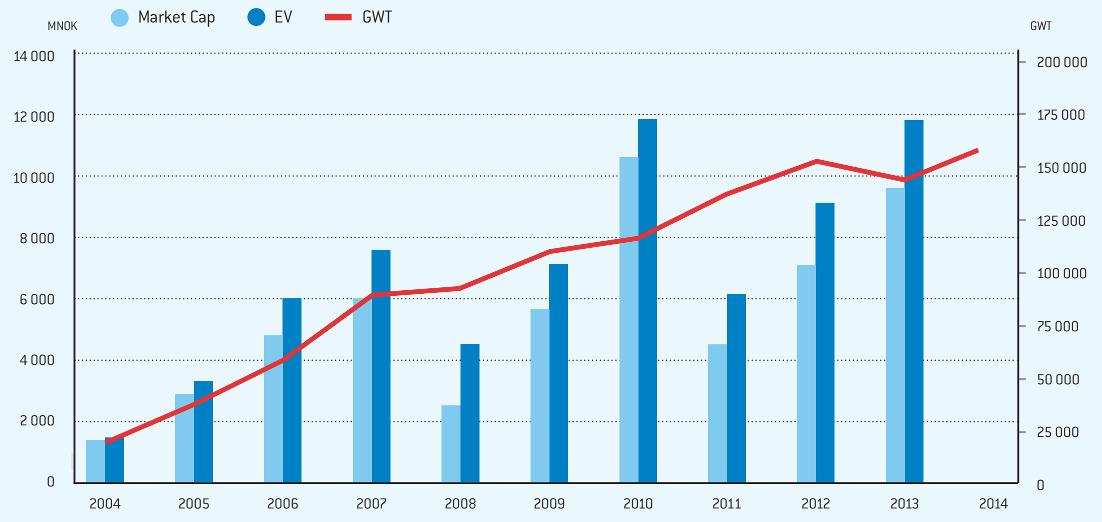
HISTORY AND KEY FOCUS POINTS

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

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

The growth of Lerøy Seafood Group generates an increasing demand for business systems, risk management and capital. The Group maintains a continuous focus on developing business systems which may grow with the company and which provide a competitive edge

DEVELOPMENT IN THE VOLUME OF ATLANTIC SALMON AND TROUT



on the marketplace. Risk management is key and involves all parts of the company's operations. The Group's production companies have a substantial biological risk, and there is also substantial risk associated with the Sales and Distribution activities. Lerøy Seafood Group has a very strong focus on risk management both for own operations, as well as ensuring that potential acquisitions or alliances match the company's risk profile.

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

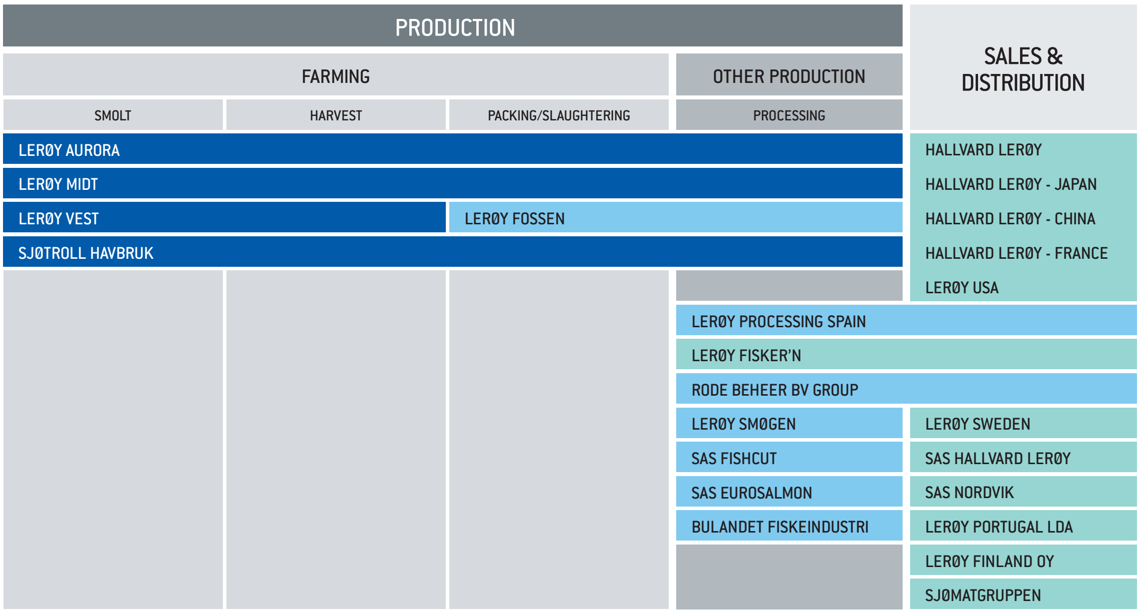
The Group's core activities demand various forms of expertise and a high degree of adaptability. For this reason, our organisation is made up of people from different sectors of trade and industry with a wide range of formal backgrounds and practical experience. As the Group is involved in a global industry which experiences continuous fluctuations in general conditions, it is paramount that our employees remain up to date and expand their knowledge and areas of expertise. The Group is made up of a young yet highly experienced organisation. With the constant rate of change in general conditions for the Group, we rely on employees who are dynamic, willing to learn and flexible. The Group has employees who meet these requirements. Our employees work hard to improve the Group's competitive edge and earnings and display a burning desire to see the individual companies fulfil future requirements and thereby achieve the Group's long-term strategic goals and performance requirements.

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

The Group's operations are currently managed by a number of subsidiaries both at home and abroad, and these subsidiaries are divided into two key segments in terms of operations and reporting: Production and Sales & Distribution.

LERØY SEAFOOD GROUP, VALUE CHAIN AND THE DIFFERENT COMPANIES

Paramount in Lerøy Seafood Group's strategy is to be



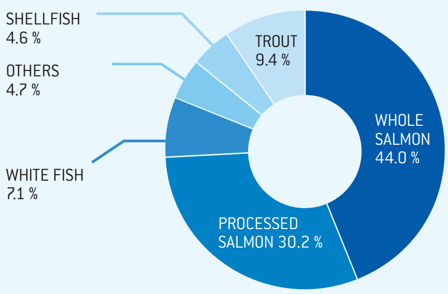
Segments 31.12.2013

a fully integrated supplier of the Group's key products, Atlantic salmon and trout. The Group currently reports within two main segments; Production and Sales & Distribution. The Group views its operations as regional with a global perspective. The Sales & Distribution activities are global, while the Production processes are largely regional.

The Production segment includes the Group's activities within production and processing, mainly Atlantic salmon and trout. The subsidiaries in this segment are a major employer along the Norwegian coastline and other areas, and strive to be visible and supportive in all operating regions. The Sales & Distribution segment has a global reach, comprising sales, marketing, product development and distribution of both the Group's own produced products as well as for external suppliers.

From the start of 2014, the Group plans to report for three segments; Fish Farming, Processing and Sales & Distribution, in order to more clearly illustrate the substantial investments made in Processing, particularly in 2012 and 2013.

SALES PER PRODUCT



SALES & DISTRIBUTION

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

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

The Sales & Distribution segment operates with a clear

1. **VILLA ORGANIC AS**

2. **LERØY AURORA AS**
   NO. LICENCES: 17 • 2013 GWT : 24 200

3. **LERØY MIDT AS** (LERØY HYDROTECH AS AND LERØY MIDNOR AS)
   NO. LICENCES: 54 • 2013 GWT : 58 900

4. **LERØY VEST AS**
   NO. LICENCES: 34 • 2013 GWT : 34 400

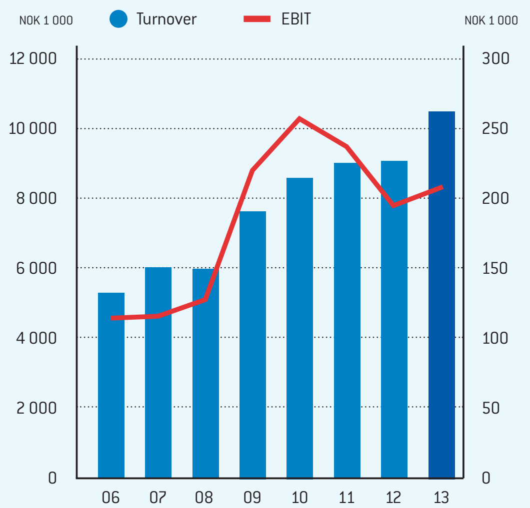
4. **SJØTROLL HAVBRUK AS**
   NO. LICENCES: 25 • 2013 GWT : 27 300

distinction between farmed species and wild fish, and these require different logistics and working methods. In addition, more than 80% of products distributed are fresh produce, placing extremely high requirements on market proximity and efficient logistics.

Lerøy Seafood Group has a long-term goal for growth of the Sales & Distribution segment so that it can in time generate an operating margin of between 2.5 and 3.0% per year. In 2013, the segment reported turnover of NOK 10.2 billion, a significant increase from the figure of NOK 9.0 billion reported in 2012. The operating margin in 2013 was 2.0%, a slight decline from 2012 when the margin was 2.1%. 2013 was a very different year to 2012 for the sale and distribution of salmon products. Whereas 2012 reported a record-high growth in global supply, 2013 showed only marginal growth globally and an entirely different price level. The corporate management is of the opinion that the intensive efforts invested in 2012 to identify new markets and new products has generated a higher demand and is one of the most important factors behind the extremely high prices achieved for the Group's main products, Atlantic salmon and trout, throughout 2013.

Hallvard Lerøy AS has the highest turnover of all the Group companies and reported both record-high turnover and profit in 2013. Turnover was an impressive NOK 9.1 billion, a substantial increase from NOK 7.7 billion in 2012. Hallvard Lerøy AS, located at the Group's head office in Bergen is market oriented. The organisation focuses on customer needs and on cost-efficient handling of the individual client. The Group's wide product range is structured to meet the market's need for a broad selection of seafood products.

TURNOVER AND EBIT
SALES & DISTRIBUTION



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

In addition to international sales and marketing, the Group is also engaged in nationwide distribution of fresh fish on the Norwegian market through Sjømatgruppen's members in Bergen, Oslo, Stavanger and Trondheim. The business is based upon establishing regional foundations and expertise in the customer's geographical operating area. At the same time, the Group's network offers economies of scale from nationwide marketing and distribution of seafood. Experience gained from this network and other businesses allowed the Group to sign a very long-term agreement with Norway's largest grocery chain in 2013. This agreement has resulted in the construction of a large, new production facility for fish, Sjømathuset AS. The agreement and the new facility have opened the door to a revolution in the distribution of freshly packaged fish and sushi in Norway. The corporate management has high expectations for this new development, projecting an increase in activity for the Group and a positive impact on domestic demand for fish. The agreement also provides an essential confirmation for the Group that their strategy to be more than a supplier of raw materials is successful.

Lerøy Sverige AB is a holding company for the three Swedish companies Lerøy Allt i Fisk AB, Lerøy Stockholm AB and Lerøy Nordhav AB. These companies have been owned by the Group since 2001. Lerøy Allt i Fisk AB in Gothenburg is a full-range seafood company holding a particularly strong position in the Swedish catering and institutional households market. Lerøy Stockholm AB is located in Stockholm and is the city's largest distributor of seafood, with a particularly high level of expertise in

the grocery trade. Following on from 2012, the market in Sweden remained difficult in 2013. Nonetheless, Sweden is an important market for the Lerøy Group. The Group and the Swedish businesses have implemented several major initiatives to streamline operations. Lerøy Allt i Fisk AB and Lerøy Nordhav AB are now major wholesalers while Lerøy Stockholm AB has been reorganised following the model applied for Sjømathuset AS in Oslo. The Group expects these amendments to have a positive impact on activities in Sweden in 2014.

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

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

Jokisen Eväät OY was consolidated into Lerøy Seafood Group in 2011 and the company has been renamed Lerøy Finland OY. The Group now owns 100% of the shares in the company. Lerøy Finland OY is located in Åbo/Turku in Finland, and enjoys a strong position within the sale and distribution of seafood on its domestic market. For some time now, the Group has had a working relationship with Brødrene Schlie in Denmark. In 2013, both parties entered into a joint venture. The new company, of which both parties each own 50%, has been named Lerøy Schlie AS. Lerøy Schlie has purchased and built a new facility for fresh distribution of fish, primarily in Denmark. The Group has high expectations for the future development of this new company.

PRODUCTION

In order to consolidate its position in relation to the increasingly strict requirements on food safety, quality, cost efficiency, sustainability and continuity of supply within the Group's main areas of Atlantic salmon and trout, it is decisive in the Group's opinion to aim for a position as a fully integrated supplier. The term "fully integrated supplier" is defined as maintaining control of all processes involved in the value chain for the production of the Group's main products, Atlantic salmon and trout.

The Group is currently a fully integrated supplier of Atlantic salmon and trout, and invests continuously in increasing the level of processing and developing new

products. Atlantic salmon and trout are definitively the most important species for the Production segment, but it is important not to forget the processing of white fish and production of seafood in brine and different types of seafood salads etc.

Since 2002, the segment's production of salmon and trout has enjoyed a tremendous development and now comprises units that in total harvested 145,000 tons of salmon and trout from 130 licenses in Norway in 2013. The Group is the second largest producer of salmonoid species in the world. Production takes place in three regions in Norway. The northernmost region is Troms County where Atlantic salmon is produced from 17 licenses. In Central Norway, the companies Lerøy Midnor AS and Lerøy Hydrotech AS were merged with Lerøy Midt AS, and now produce salmon and trout from 54 licenses. The last and largest region is West Norway where the companies Lerøy Vest AS and Sjøtroll Havbruk AS produce Atlantic salmon and trout from 59 licenses. In 2013, the Group acquired 49.4% of the shares in Villa Organic AS, thereby jointly controlling with the other main shareholder, Salmar, practically 100% of the company's shares. In 2014, Villa Organic AS will be demerged into two parts, with one part for each of the main shareholders. Subsequent to the demerger, the Group will have eight licences in the region of Finnmark.

The Group's production of salmon in Scotland is effectuated through the associated company Norskott Havbruk AS.

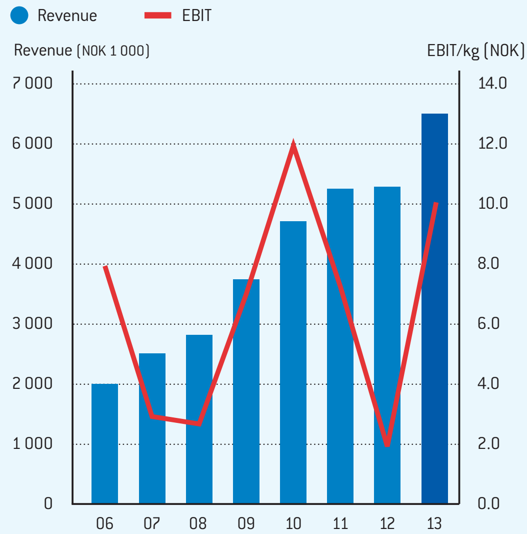
One central aspect of the company's strategy for growth has been to maintain a well-balanced growth rate for all parts of the production process. The Group follows a principle strategy to remain self-sufficient when it comes to quality smolt. It is also important for the Group to avoid transporting smolt over long distances. The transport of smolt and other live stock over long stretches of the Norwegian coast is considered by the Group as a major contributing factor to biological risk in Norway.

The winter sea temperatures in Norway were low in 2013 and this had a negative impact on growth conditions. Group production of Atlantic salmon and trout fell from 153,000 tons in 2012 to 145,000 tons in 2013. The total production of salmon in Norway saw a corresponding decline in 2013, a major contributing factor to the record-high prices for salmon and trout.

At the start of 2013, the Group had a very positive outlook towards price developments and entered the year with a low share of contracts for in-house produced fish. The Group expected to see a decline in prices in the second half of 2013 which did not materialise. For the year in total, the Group had a 33% share of contracts, while the share of contracts in Q4 was as high as 45%. As a result of this contractual coverage, the prices achieved by the Group for salmon in 2013 were 36% higher than those in 2012. This is substantially lower than the increase in spot price of 49% for the same period.

Lower volume combined with substantially higher prices generated turnover for the Production segment of

DEVELOPING SALES AND EBIT/KG PRODUCTION



NOK 6,522 million, an increase from NOK 5,242 million in 2012. At the same time, the significant increase in prices achieved provided a considerable boost to operating profit prior to biomass adjustment for the segment, from NOK 287 million in 2012 to NOK 1,447 million in 2013. In 2013, the Group also experienced a considerable increase in costs per kilo of production, primarily resulting from higher feed costs and lower average slaughter weight. When compared with 2012, costs per produced kilo of salmon were up 6% in 2013.

NORTH NORWAY

The production region in North Norway is represented by **Lerøy Aurora AS**, located in Tromsø. Lerøy Aurora AS is a fully integrated producer of Atlantic salmon. The company has 17 licences and harvested 24,000 tons of Atlantic salmon in 2013, with an estimated increase in harvest to 25,000 tons in 2014. Lerøy Aurora's facility on the island of Skjervøy is one of the most modern in Norway.

Lerøy Aurora reported a marginal increase in output costs for slaughtered salmon in 2013 when compared with 2012, although the significantly higher prices resulted in an increase in EBIT/kg from NOK 4.2 in 2012 to NOK 14.8 in 2013. The Group is very satisfied with developments at Lerøy Aurora and looks forward to the continued development of the company together with its expert management and staff. Lerøy Aurora aims to grow regionally in the years to come and one important part of this strategy is the acquisition of a significant shareholding in Villa Organic AS.

CENTRAL NORWAY

Lerøy Midnor AS and Lerøy Hydrotech AS were merged into **Lerøy Midt AS** in 2013. Lerøy Midt AS owns 54 licences and has substantial processing capacity. In 2013, the company harvested 59,000 tons of Atlantic salmon, down from 62,000 tons in 2012. The projected volume of harvested salmon for 2014 is 63,000 tons. Lerøy Midt reported an EBIT per kg of NOK 8.6 in 2013, up from NOK 2.4 in 2012. Price realistation in Lerøy Midt was considerably impacted by a very high share of contracts. However, 2013 was also a challenging year, where the company witnessed a considerable increase in costs. The company's highly skilled and movtivated staff are fully committed to achieving their goal of once again achieving the lowest costs of all Group companies. The new recirculation plant for smolt in Belsvik was completed in 2013. The plant has production capacity of approximately 14 million smolt and cost NOK 350 million. Lerøy Midt and the Group have high expectations for how the new plant will optimise operations, in addition to supplying smolt of an extremely high quality.

WEST NORWAY

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

Company	Licences	Mill. smolt individuals	2011 GWT	2012 GWT	2013 GWT	2014E GWT
Lerøy Aurora AS	17	7.5	18 100	20 000	24 200	25 000
Region North	**17**	**7.5**	**18 100**	**20 000**	**24 200**	**25 000**
Lerøy Hydrotech AS (merged)	24	7.0	26 400	27 500	26 000	27 000
Lerøy Midnor AS (merged)	30	15.0	35 900	34 400	32 900	36 000
Lerøy Midt AS *	**54**	**22.0**	**62 300**	**61 900**	**58 900**	**63 000**
Lerøy Vest AS	34	14.2	34 500	38 700	34 400	39 000
Sjøtroll Havbruk AS (50.7%)	25	8.4	21 700	32 900	27 300	30 000
Region West/Lerøy Sjøtroll	**59**	**22.6**	**56 200**	**71 600**	**61 700**	**69 000**
Total Norway (consolidated)	**130**	**52.1**	**136 600**	**153 400**	**144 800**	**157 000**
Villa Organic AS (49.4%) ***	8					9 000
Norskott Havbruk AS (UK) 50% **		7.0	10 900	13 600	13 400	12 500
Total	**138**	**59.1**	**147 500**	**167 000**	**158 200**	**178 500**

Associated companies

* Lerøy Midnor AS and Lerøy Hydrotech AS merged in 2013 to form Lerøy Midt AS

** Lerøy's share (50%) of Norskott Havbruk AS

*** Lerøy's share (49.4%) of Villa Organic AS

Lerøy Vest AS has 34 licences and harvested 34,000 tons of Atlantic salmon and trout in 2013. The company has projected production of 39,000 tons of Atlantic salmon and trout for 2014. The company's production costs in 2013 were significantly higher than in 2012, although the higher prices achieved yielded an EBIT/kg in 2013 of NOK 5.8 compared with NOK 0.4 in 2012.

Sjøtroll Havbruk AS has 25 licences and harvested 27,000 tons in 2013, down from 33,000 tons in 2012. The projected production of Atlantic salmon and trout in 2014 is 30,000 tons. This company is involved in the production of fry and smolt, fish for consumption, slaughtering and processing, and owns 27.5% of the breeding company, SalmoBreed AS. Output costs for the company rose in 2013 when compared with 2012, although EBIT/kg increased from NOK - 0.3 in 2012 to NOK 9.5 in 2013.

Lerøy Vest AS and Sjøtroll Havbruk AS merged their corporate management in 2012 and have subsequently increased the level of coordination between the two companies' operations. The Group can clearly identify a positive outcome from this merger, despite still having to work hard on a number of biological challenges. Towards the end of 2013, both companies encountered major difficulties with AGD (amoebic gill disease) but have taken major steps to ensure that this challenge is minimised in 2014.

PROCESSING

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

Lerøy Fossen AS was acquired in 2006 and is located in Valestrandsfossen in Hordaland County. The company's aquaculture business was merged with Lerøy Vest AS in 2008. Today, Lerøy Fossen is a processing company for salmon and trout and has the largest fish smoking facility in Norway. The company's products are sold all over the world, fitting exceptionally well into Lerøy Seafood Group's marketing strategy which calls for increasing levels of processing. In line with this strategy, the Board of Directors of Lerøy Seafood Group ASA decided in 2012 to invest NOK 50 million in extending Lerøy Fossen' facilities. The work will be completed in 2014 and will practically double the company's processing capacity.

Lerøy Smøgen is a Swedish seafood company involved in the production of various types of smoked seafood products marketed in a number of countries. It also produce seafood salads and products based on shellfish in brine. Lerøy Smøgen acts as an important incubator for new products for Lerøy Seafood Group ASA. In 2012, the Board of Directors of Lerøy Seafood Group ASA decided to invest SEK 50 million in extending Lerøy Smøgen AB's premises. This extension was completed in 2013 and is now one of the world's most modern and efficient facilities for production of highly processed salmon.

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

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

The processing enterprises **SAS Fish Cut** and **SAS EuroSalmon** in France play a decisive role in the Group's processing of salmon products for the French market. The companies collaborate closely with the marketing companies Hallvard Lerøy AS and SAS Hallvard Lerøy.

ASSOCIATED COMPANIES

Lerøy Seafood Group ASA has ownership interests in several associated companies, of which Norskott Havbruk AS, Villa Organic AS and Alfarm Alarko in Turkey are the three largest. **Norskott Havbruk AS** is 50% owned by Lerøy Seafood Group ASA and the fish farming company SalMar ASA respectively. Norskott Havbruk was founded in 2001 with the sole purpose of acquiring the company currently named Scottish Sea Farms Ltd, which is the second largest sea farming company in Scotland, with a harvest volume of 27,000 tons of salmon in 2013. The company also produces smolt and largely covers its own need for smolt. In addition, the company runs two modern land-based plants for processing salmon in Scotland and on the Shetlands. The company's highly skilled management and staff are actively involved in consolidating the company's position as the leading and most cost-efficient producer of high-quality Atlantic salmon within the EU. The company already holds a strong position in several high-quality market segments, for instance under the respected brand name Label Rouge. The projected volume of harvested salmon for 2014 is 25,000 tons.

Lerøy Seafood Group purchased a significant shareholding in **Villa Organic AS** in April 2013. At year-end, the Group owned 49.4 % of the shares in the company. Villa Organic AS has 16 wholly-owned licences in the region of Finnmark and produced a total 13,000 tons of salmon in 2013. Based on the current release to sea of fish, the company expects to harvest 18,000 tons of salmon in 2014. At the same time, the company's two main shareholders, Lerøy Seafood Group ASA and SalMar ASA, have reached an agreement to demerge the company into two parts, one part for each owner, in 2014. Lerøy Seafood Group's share will subsequently be recognised as a wholly-owned enterprise.

Alfarm Alarko Lerøy has operations based in Turkey. In close collaboration with Hallvard Lerøy AS, the company has developed the Turkish market for Atlantic salmon. The company is continuously developing its sales to forward-looking and demanding customers in an exciting market for fresh fish. In addition to importing and distributing fresh fish, the company is also engaged in processing and smoking of fish. The Group management looks forward to continued relations with our respected partner in Turkey and the company's talented and committed managerial staff and administration.

LERØY SEAFOOD GROUP ASA

FARMING*	VAP*	SALES & DISTRIBUTION
LERØY AURORA AS	LERØY FOSSEN AS	HALLVARD LERØY AS
LERØY MIDT AS	LERØY SMØGEN SEAFOOD AB	LERØY SVERIGE AB
LERØY VEST AS	RODE BEHEER BV GROUP (50.1%)	SAS HALLVARD LERØY
SJØTROLL HAVBRUK AS (50.7%)	BULANDET FISKEINDUSTRI AS (68.8%)	LERØY PORTUGAL LDA 60%
NORSKOTT HAVBRUK AS ** (50%)		LERØY SJØMATGRUPPEN
VILLA ORGANIC AS ** (49.4%)		LERØY FINLAND OY
		LERØY PROCESSING SPAIN
		LERØY SCHLIE AS (50%)
		ALFARM ALARKO LERØY ** (50%)

* *Production segment*
** *Associated companies*

PRIORITY TASKS

Lerøy Seafood Group's vision is to be the leading and 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 risk. We must constantly improve the Group's core operations including the development of long-term and committed alliances with both suppliers and customers. Over time this will ensure that our solutions are cost-efficient and adapted to the various markets and therefore also profitable.

Market orientation
Emphasising 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, harvesting, processing, sale and distribution.

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

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

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

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

GROUP MANAGEMENT

Sjur S. Malm	Henning Beltestad	Stig Nilsen
Chief Financial Officer	Chief Executive Officer	Chief Operating Officer Farming
Lerøy Seafood Group	Lerøy Seafood Group	Lerøy Seafood Group

CORPORATE GOVERNANCE

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

The Group's Corporate Governance is based on the recommendations of the Norwegian Code of Practice for Corporate Governance (NUES), dated 23 October 2012. The structure of this chapter has been amended to reflect this Code of Practice and, for the sake of order, each topic in the Code of Practice has been included here. Any deviations from the Code have have been explained.

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

The Board of Directors for Lerøy Seafood Group underlines the importance of having sound corporate governance and provides a comprehensive explanation of its corporate governance in this chapter of the financial statements. The goal for Lerøy Seafood Group ASA is for all parts of the Group's value chain to operate and achieve growth and development according to the Group's strategy for a long-term and sustainable value creation for shareholders, employees, customers, suppliers and society at large.

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

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

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

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

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

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

Deviations from the Code of Practice: None

2. BUSINESS

Lerøy Seafood Group's Articles of Association define its commercial activities as follows: "The Company's purpose is acquisition and management of shares and activities associated with this". The parent company's Articles of Association reflect that the parent company is a holding company established exclusively for the purpose of owning other companies. The Group's goals and main strategies are presented in total in the financial statements, but can be summarised as follows: "The

Group's core activities are distribution, sale and marketing of seafood, processing of seafood, production of salmon, trout and other species, as well as product development". Lerøy Seafood Group's goal is to become the leading and most profitable global supplier of seafood.

Deviations from the Code of Practice: None

3. EQUITY AND DIVIDENDS

Technical information

As of 31 December 2013, Lerøy Seafood Group ASA had 54,577,368 shares, each with a face value of NOK 1. The number of shareholders as per 31 December 2013 was 1,841 of whom 227 were foreign shareholders. The company's register of shareholders, cf. section 4-4 of the Public Limited Companies Act (Norway), was registered with the Norwegian Central Securities Depository (Verdipapirsentralen – VPS) on 28 November 1997 and carries the VPS registration number ISIN NO-000-3096208. DNB ASA, Oslo, is the account manager. The share's Ticker code on the Oslo Stock Exchange's main list is LSG. The company's business register number in the Register of Business Enterprises is 975 350 940.

Equity

The Group is financially sound with book equity of NOK 7,549 million as of 31 December 2013, which corresponds to an equity ratio of 54.3%. At the end of 2013, the company had 54,577,368 shares outstanding. All shares carry the same rights in the company. As of 31 December 2013, the company owned 329,776 of its own shares.

Financial goals

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

Dividends

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

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

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

As projected, the strong growth in global supply of Atlantic salmon abated in 2013. This factor, combined with the sustained strong growth in demand, has resulted in extremely high prices for Atlantic salmon and trout throughout the year. The industry spot price for whole superior salmon rose by a total 49% compared with 2012. Despite the variation in salmon prices, the Group firmly intends to follow its strategy for sustained value creation by improving operations and achieving strategic business development. The Board has recommended a dividend of NOK 10.00 per share which is in line with the Group's long-standing dividend policy.

Mandates granted to the Board of Directors

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

Mandate for the Board to purchase own shares.

The first time the Board was authorised to acquire the company's own shares was at the ordinary general meeting on 12 May 2000. This mandate has subsequently been renewed, most recently at the ordinary general meeting on 23 May 2013, and is to remain valid for 18 months from the date on which the resolution was adopted. The mandate was exercised in 2011 when the Board of Directors purchased 100,000 own shares. An extension of the mandate will be recommended to the ordinary general meeting on 22 May 2014. As of 31 December 2013, the company owned 329,776 of its own shares.

Mandate to increase share capital by means of private placings for the employees:
The Board is authorised to increase the share capital by up to NOK 1,200,000 by issuing up to 1,200,000 shares, each with a face value of NOK 1 through one or more private placings with employees of Lerøy Seafood Group ASA and its subsidiaries. This type of mandate was first established by the extraordinary general meeting on 10 December 1997 and has subsequently been renewed, most recently by the ordinary general meeting on 23 May 2013. The mandate is valid for two years from the time the resolution was adopted. An extension of the mandate will not be recommended to the general meeting on 22 May 2014. The mandate was not exercised in 2013.

Mandate to increase share capital by one or more private placings for shareholders and/or external investors:
The Board has a mandate to increase the share capital by up to NOK 5,000,000 by issuing up to 5,000,000 shares in Lerøy Seafood Group ASA, each with a face value of NOK 1, through one or more private placings with the company's shareholders and/or external investors. This type of mandate was first established by the ordinary general meeting of 4 May 1999 and subsequently renewed by the ordinary general meeting on 23 May 2013. The Board has not exercised this mandate in 2013. It will be recommended that an equivalent mandate be approved by the ordinary general meeting on 22 May 2014.

The Board's mandate to distribute shares is limited to a maximum 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. Moreover, the Board has established the practice of having the mandate renewed at each ordinary general meeting.

Deviations from the Code of Practice: None

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES
The company has only one class of shares and each share carries one vote at the general meeting. Shareholders' rights are governed by the Public Limited Companies Act (Norway), cf. in particular chapter 4. Equal treatment of Lerøy Seafood Group's shareholders is provided for in the company's Articles of Association and agreements.

Equal treatment of shareholders and transactions with close associates
Lerøy Seafood Group ASA strongly emphasises correct and open information to shareholders, potential shareholders and other interested parties.

Not immaterial transactions between the company and shareholders, a shareholder's parent company, members of the Board of Directors, executive personnel or close associates of any such parties
Should such transactions occur, they shall be documented and executed according to the arm's length principle. If enterprises with associations to board members perform work for the company's Board, the question of independence is treated specifically by the Board.

Deviations from the Code of Practice: None

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

Deviations from the Code of Practice: None

6. GENERAL MEETINGS
Notice of general meetings
Lerøy Seafood Group ASA held its ordinary general meeting in the company's main office at Bontelabo, Bergen on Wednesday 23 May 2013. The notice of the meeting with a proposed agenda, meeting slip and proxy form were distributed to all shareholders with a registered address three weeks prior to the date of the general meeting. The notice of the general meeting was formatted in accordance with the requirements of the Public Companies Act in Norway and the regulation relating to general meetings which governs the requirements for content and availability of supporting information.

Pursuant to the company's Articles of Association, all documents to be discussed during the general meeting were made available on the company's website

Sjømathuset AS started production at the 25. of March 2014. This is Norway's largest producer of packed fresh fish and sushi.

www.lsg.no. This information was published on the website 21 days prior to the date of the general meeting. The supporting information was sufficiently detailed and comprehensive to allow the shareholders to form a view on all matters to be considered at the meeting. The deadline for registration of participation was set for the day prior to the general meeting. Prior to distribution of the notice of the general meeting, the Board of Directors and meeting chairperson had performed a quality control of the procedures for registration and voting, and the proxy form for participation and voting on behalf of other shareholders.

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

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

Participation by proxy

The Public Companies Act in Norway and the regulation relating to general meetings allows for several methods whereby shareholders can participate at the general meeting, without actually being present. In the notice of the general meeting, Lerøy Seafood Group has allowed shareholders to vote by proxy at the general meeting. The company has procedures which ensure full control and overview of participation and voting at general meetings.

The company publishes the signed set of minutes immediately after the general meeting has been closed.

No extraordinary general meetings were held in 2013.

Deviations from the Code of Practice: None

7. NOMINATION COMMITTEE

The ordinary general meeting on 25 May 2005 voted to change Article 5 of the company's Articles of Association to allow the company a permanent nomination committee consisting of three members elected by the general meeting for a period of two years. The company's nomination committee is charged with preparing recommendations for the composition of an owner-elected Board of Directors and to submit to the general meeting such recommendations for appointments to the Board. At present, the members of the Nomination Committee are Helge Møgster (Chairman), Benedicte Schilbred Fasmer and Aksel Linchausen.

The company has not established specific guidelines for the nomination committee. However, the composition of the nomination committee is such that the interests of the shareholders in general are taken into account in that the majority within the committee is independent of the Board and other executive personnel.

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

Deviations from the Code of Practice: None

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

Corporate assembly

Lerøy Seafood Group ASA does not have a corporate assembly.

Composition and independence of the Board of Directors

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

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

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

Nomination period and term of office

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

Information on the members of the board

Chairman of the Board, **Helge Singelstad** (1963), was appointed to the Board by the extraordinary general meeting on 26 November 2009. Helge Singelstad holds a degree in computer engineering, a degree in Business Administration from the Norwegian School of Economics (NHH) and a 1st degree of law from the University of Bergen. Helge Singelstad has previously held positions as CEO, Vice CEO and CFO of Lerøy Seafood Group over a number of years. Consequently, he has broad knowledge of the Group and the industry. Helge Singelstad is Chairman of Austevoll Seafood ASA and DOF ASA. He is the Managing Director of Laco AS. Laco AS is a majority shareholder of Austevoll Seafood ASA. Helge Singelstad owns no shares or options in Lerøy Seafood Group ASA as per 31 December 2013, but as a shareholder in Austevoll Seafood ASA he indirectly owns shares in the Group.

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

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

Board member **Hege Charlotte Bakken** (1973) was appointed to the Board by the extraordinary general meeting on 12 December 2008. Hege Charlotte Bakken has an MSc degree from the Norwegian University of Life Sciences and an Executive MBA from ESCP EAP European School of Management in Paris. Hege Charlotte Bakken is a Senior Advisor in strategy and management at Stella Polaris and the former COO of Marvesa Holding NV, previously Managing Director of Marvesa Rotterdam N.V. She also has experience from companies such as Pronova BioPharma Norge AS, FishMarket International AS, FrioNor AS and Norway Seafoods ASA. Hege Charlotte Bakken has also served as board member for Pronova Biopharma Norge AS and Pronova BioPharma ASA. She owns no shares in the company as per 31 December 2013.

Board member **Didrik Munch** (1956) was appointed to the Board by the ordinary shareholders' general meeting on 23 May 2012. Didrik Munch graduated as Legal Advisor from the University of Bergen and as a police officer from the Norwegian Police University College in Oslo. He has worked in a number of positions within the Norwegian police force (1977-1986). From 1986 to 1997, he worked within finance, primarily for DnB. Towards the end of this period, he was part of DnB's corporate management, as Director for the Corporate Customer division. From 1997 to 2008, Didrik Munch was CEO for Bergens Tidende AS (Norwegian newspaper). In 2008, he took on the role of CEO for Media Norge AS which changed its name to Schibsted Norge AS with effect from April 2012. Didrik Munch has been board member for a number of companies, both as Chairman and ordinary member. He is currently Chairman of the Board for Mowinckel Management AS and board member for Nye Warmlands Tidningen AB and Grieg Star AS. By virtue of this position, Didrik Munch is also Chairman of the Board for a number of companies, including Aftenposten, VG, Bergens Tidende and Finn.no. He owns no shares in the company as per 31 December 2013.

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

Board Member **Hans Petter Vestre** (1966) was appointed to the Board as the employees' representative at the ordinary general meeting on 24 April 1995. Hans Petter Vestre is a graduate of the Norwegian College of Fishery, University of Tromsø. He was employed by Hallvard Lerøy AS as sales manager in 1992 and is today departmental head in Hallvard Lerøy AS. Hans Petter Vestre owned 120 shares in the company as of 31 December 2013.

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

Encouraging the board members to own shares in the company

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

Deviations from the Code of Practice: None

9. THE WORK OF THE BOARD OF DIRECTORS

The work of the Board of Directors

For several years, as well as in its seven meetings in

2013, 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 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 internationalization 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 value creation". The Board's work reflects this strategy and the results are shown through management implementation.

The Board of Directors adopts an annual meeting schedule in order to ensure continuous monitoring and further development of the company. Although the strategic development of the company is a continuous process and part of the work of the Board of Directors, the company also holds strategy meetings. Strategy meetings were held in 2013.

Instructions for the Board of Directors and management

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

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

The Chairman of the Board does not play an active role in discussing cases where he/she has a personal interest. There have been no cases of this nature during the year.

Board committees

Audit committee

Pursuant to section 6-41 (1) of the Norwegian Public Companies Act, companies listed on the stock exchange are obliged to establish an audit committee which prepares cases for and submits recommendations to the Board of Directors. Lerøy Seafood Group ASA's audit committee consists of Didrik Munch (Chairman) and Britt Kathrine Drivenes. The audit committee reports to the Chairman of the Board. The audit committee conducts quality assurance of internal control and reporting. It is also responsible for the Board of Directors' dialogue with and monitoring of the external auditor. The audit committee held 5 meetings in 2013.

The auditor reports on his work in writing to the company administration and the Board through the audit committee.
The company does not have a so-called remuneration committee.

Assessment of the Board's work

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

Deviations from the Code of Practice: None

10. RISK MANAGEMENT AND INTERNAL CONTROL

Risk management and internal control

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

Lerøy Smøgen, located in Sweden, moved into their new production facilities in the autumn of 2013. The photographs below show the production of smoked salmon.

ensure correct reporting from all entities and up to an aggregate level.

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

Operating risk

The Group's fish farms are located in relatively open seas which provide the best conditions for fish farming in terms of the environment and the health of the fish. However, this places significant demands on both personnel and equipment. The production plants are continuously subjected to the forces of nature, representing a certain risk of damage to equipment which, in turn, may result in accidental release of fish. The company reported accidental release of fish in 2013. Keeping animals in intensive cultures will always represent the risk of illness. Fish are particularly vulnerable to illness when they start life at sea, as they are exposed to stress during this period and have to adapt to a completely new environment. The risk of illness can be reduced by ensuring high quality smolt, vaccinations, good conditions and the correct locations for the fish. More recently, the industry has increased its focus on sustainable fish feed.

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

Market risk

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

In addition, Norwegian fish farming and the fish processing industry in Norway and the EU have a history of exposure to the risk represented by the constant threat of long-term political trade barriers imposed by the EU Commission. In 2008, the EU Commission abolished the programme which involved so-called minimum prices for Norwegian salmon and punitive duties on Norwegian trout. In 2011, punitive duties on whole salmon exported to the USA were also lifted.

Currency risk

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

Credit risk

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

Interest rate risk

The Group's long-term liabilities are mainly based upon agreements for floating rates of interest, representing exposure to increases in the market interest rate. However, this risk is reduced by use of interest swap agreements.

Liquidity risk

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

Review by the Board of Directors

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

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

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

Control environment

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

Guidelines for financial reporting

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

Organisation and responsibility

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

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

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

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

Risk assessment

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

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

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

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

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

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

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

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

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

Monitoring
Reporting entities
Those persons responsible for reporting entities shall ensure appropriate and efficient internal control in accordance with requirements, and are responsible for compliance with such requirements.

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

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

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

Deviations from the Code of Practice: None

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

Remuneration of the Chairman of the Board and other board members is proposed by the nomination committee and adopted by the general meeting. During the general meeting on 23 May 2013, remuneration to the Board of Directors was adopted as follows: Annual remuneration of the Chairman of the Board, NOK 375,000. Annual remuneration of the other board members, NOK 200,000. However, no remuneration is paid to the Chairman of the Board which represents a duty to report. Lerøy Seafood Group ASA is invoiced for the services of the Chairman, and for consultancy fees from the Group's leading company, Laco AS, where the Chairman of the Board is an employee.

It is recommended that remuneration for any additional work carried out by members of the Board of Directors' sub-committees be paid separately in addition to the basic rate for board members of NOK 40,000 per year. Annual remuneration of the members of the nomination committee totalled NOK 35,000 per member.

Deviations from the Code of Practice: None

12. REMUNERATION OF EXECUTIVE PERSONNEL

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

Deviations from the Code of Practice: None

13. INFORMATION AND COMMUNICATIONS

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

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

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

Deviations from the Code of Practice: None

14. TAKE-OVERS

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

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

Deviations from the Code of Practice: None

15. AUDITOR

Auditing - annual plan

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

Treatment of the financial statements

The auditor attends meetings together with the audit committee and management subsequent to the interim audit and in connection with the company's presentation of interim reports for the fourth quarter. The auditor attends board meetings where the financial statements are to be approved, and also holds a meeting to discuss the financial statements with the Board of Directors, at which the management does not attend.

Auditor – other services

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

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

Remuneration of the auditor

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

Deviations from the Code of Practice: None

BOARD OF DIRECTORS' STATEMENT

Regarding salary and other remuneration of senior executives

Statement regarding stipulation of salaries and other remuneration of senior executives in Lerøy Seafood Group ASA. The guidelines of the previous financal year have been followed. It is proposed to continue applying those guidelines for the coming financial year.

MAIN PRINCIPLES IN THE COMPANY'S SALARY POLICY

The Group's development is closely linked to the Group's ability to recruit and retain senior executives and the Group employs various models for remuneration of senior executives at competitive terms. Senior executives receive salary according to market terms. Remuneration varies over time both in respect of level and form of payment. In addition to the annual salary, the Group also pays performance-based bonuses limited to one year's salary, lump sum payments, sign-on fees, arranged leave of absence, educational opportunities and option agreements. The Group does not currently have an option programme. The Group has collective pension schemes. For logical reasons and to date, the Chairman of the Board has on behalf of the Board handled all practical matters in respect of agreements with the Group CEO. Remuneration of other senior group executives is determined by the CEO in consultation with the Chairman of the Board. Remuneration is reviewed annually, but is assessed over several years in order to secure continuity.

PRINCIPLES FOR COMPENSATION IN ADDITION TO BASE SALARY

Basis: Base salary

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

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

Additional compensation: Bonus scheme

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

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

Options

Since the spring of 1999, the Board has used options as an important instrument in the Group's development. In its meeting on 20 June 2006, the Board established a new option scheme limited to 700,000 options at NOK 125 each. These options were fully distributed as of 29 February 2008, and one third of the options were exercised in the month of May in 2009, 2010 and 2011 respectively. At year-end 2013, there were no outstanding employee options.

One common factor for 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.

Pension schemes

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

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

Today the Group only offers contribution based pension schemes.

Severance pay

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

Grilled cod on a bed of pea purée.

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

Other benefits
In connection with public share issues, the company's employees have been granted the right to subscribe to a limited number of shares at reduced price (20%), last time in 2008.

PROCEDURE FOR STIPULATION OF SENIOR EXECUTIVE SALARIES

Stipulation of salary for Group CEO
Remuneration for the Group CEO is determined annually by the Chairman of the Board with authority from the Board. The Group CEO's remuneration may include options.

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

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

Schemes 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 laid down by the general shareholders' meeting, the Board of Directors will decide whether to start and implement each programme. The Board may 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 meeting.

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

STIPULATION OF SALARY FOR SENIOR EXECUTIVES IN OTHER GROUP COMPANIES

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

Bergen, 27 March 2014
The Board of Directors in Lerøy Seafood Group ASA

ENVIRONMENT

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

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

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

One important aspect in our efforts to reach our environmental goals is certification according to international environmental standards. In 2013, the ASC standard was finally completed and provided the industry with a new and ambitious tool for securing environmentally friendly operations. For Lerøy Seafood Group, an ASC certification is a natural continuation of the Group's strong commitment to environmental protection.

It allows us to guarantee and document that our fish farming activities are the foremost in the world in terms of environmentally sustainable production and that we possess both the competencies and capacity to make progress in such an important field.

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

- Work to prevent accidental release of fish
- Measures to reduce salmon lice
- Fish health and fish welfare
- Efficient utilisation of land and sea areas
- Reduction of discharge of nutrient salt from premises

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

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

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

There is such vast potential off the coast of Norway for increased production of seafood. At the same time, however, we also have a strong obligation to ensure full environmental protection so that we can realise our "lasting perspective" for fish farming. Our environmental vision, **"Take action today for a difference tomorrow"** therefore provides a clear statement from every employee within the Group that we fully intend, every day, to take the initiative for environmental improvements, benefiting both the environment, the fish farming industry and our coastal communities.

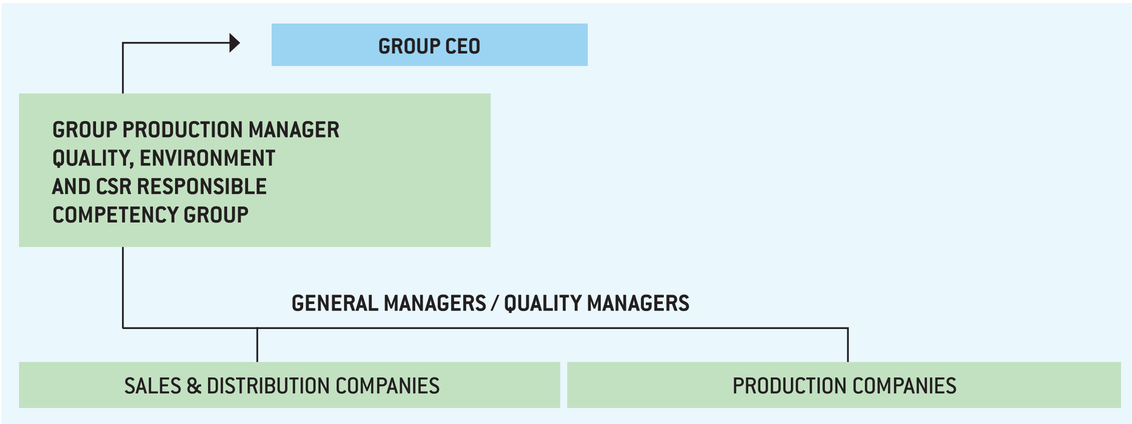
Stig Nilsen
COO Farming
Lerøy Seafood Group

ORGANISATION OF ENVIRONMENTAL AND SUSTAINABILITY FACTORS

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

Lerøy Seafood Group has established competency groups within:

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



THE VALUE CHAIN

What are our focus areas?

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

The corporate management visiting one of the locations at Lerøy Vest, Kelvesteinen.

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

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

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

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

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

ENVIRONMENTAL VISION
Take action today – for a difference tomorrow

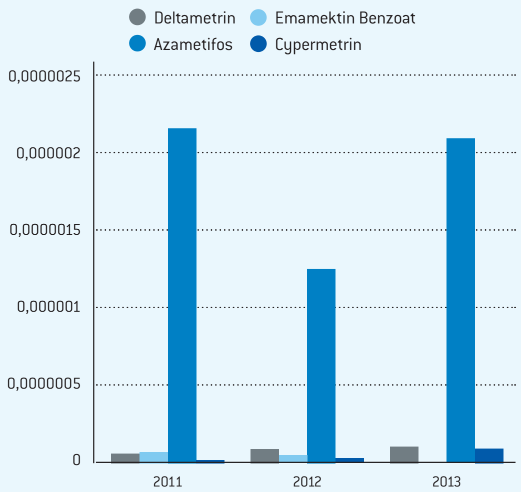
ENVIRONMENTAL GOALS
As previously mentioned, Lerøy Seafood Group is actively involved in every part of the value chain. Environmental goals are established for every part of the value chain.All key performance indicators are measured on a monthly basis and utilised internally in order to achieve improvements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

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

LICE

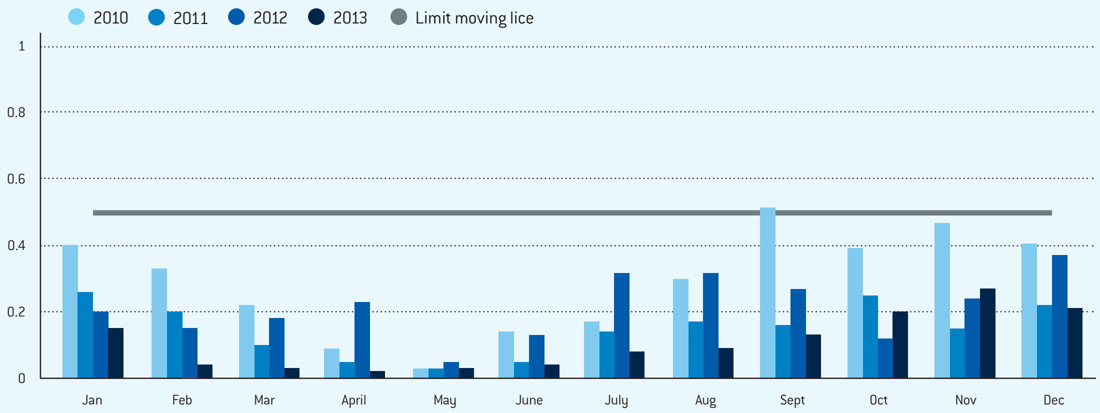
Salmon lice are practically absent from our facilities in the north. The number of moving salmon lice and fully grown female lice with eggs is measured and reported to the Food Safety Authorities on a regular basis. Measurements indicate that the number is well below the limit stipulated by the Food Safety Authorities. During the period from January to September, which is an important season for emigration of wild fish, the measurements taken in 2013 had the lowest results for Lerøy Seafood Group since these types of measurements were implemented. Lerøy Seafood Group is working hard to achieve its objective to eliminate the use of chemicals to combat salmon lice, if justifiable in relation to regulations and factors relating to fish health. The unnecessary use of chitin inhibitors shall be eliminated due to resistance problems. Any use of chitin inhibitors requires special approval. The use of chitin inhibitors was not required in the period from 2011 to 2013.

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

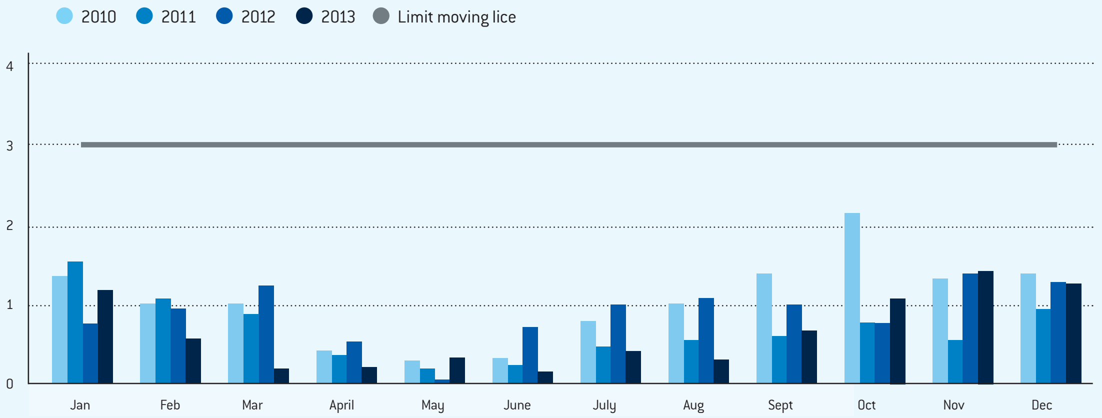


Main goal:
"We aim to avoid salmon lice of reproductive age".

DEVELOPMENT OF FULLY DEVELOPED FEMALE SEA LICE WITH EGG STRINGS, LERØY SEAFOOD GROUP



DEVELOPMENT OF MOVING SALMON LICE, LERØY SEAFOOD GROUP



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

Four incidents involving accidental release of fish were recorded by Lerøy Seafood Group in 2013. The number of fish involved was 31,980, representing 0.03% of the total number of fish in the sea in 2013.

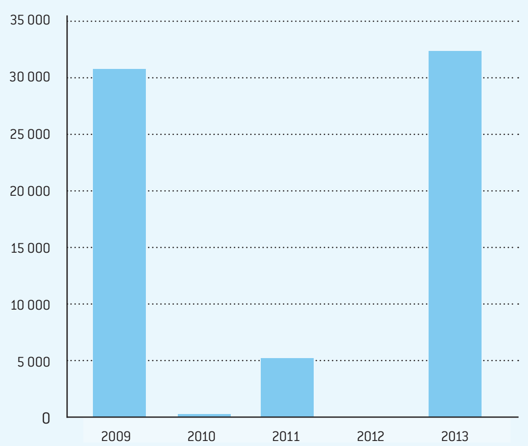
Date	Company	Location	Species	No. of fish
06.06.13	Lerøy Vest	11611	Trout	50
21.10.13	Lerøy Vest	28976	Salmon	1 929
04.11.13	Lerøy Aurora	30877	Salmon	1
29.11.13	Lerøy Midnor	12383	Salmon	30 000

06.06.13: Accidental release occurred while changing a net – a small piece of the top rim of the net became submerged in the water so that fish could swim out.
21.10.13: Hole in net detected three days after AGD treatment.
04.11.13: One fish captured from net for control was accidentally released to sea.
29.11.13: Contact between net and chain utilised to keep bottom ring in position caused a hole in the net.

None of our young fish facilities reported accidental release in 2013. Following accidents that could have caused, or actually did cause, accidental release of fish, it is of utmost importance that all circumstances surrounding the episode are made known to everybody in the organisation. Such events are used actively in personnel training and for optimising routines and equipment. An increased focus on accidental release in recent years has already resulted in several amendments to our facilities.

Main goal: "Zero accidental release".

ACCIDENTAL RELEASE OF FISH
IN LERØY SEAFOOD GROUP (NO. OF FISH)



RESEARCH, DEVELOPMENT AND INNOVATION
Research, development and innovation are central factors in the work to further develop the entire value chain in Lerøy Seafood Group. The Group has a history of active participation in R&D&I projects via our subsidiaries in order to ensure proximity to and ownership of the projects and maximum exploitation of the input factors. Furthermore, major R&D&I projects are carried out with long-term perspectives at Group level. In 2013, Lerøy Seafood Group participated in between 70 to 80 different projects related to fish farming. The range of projects was fully comprehensive, covering a number of innovation projects in cooperation with internal and external enterprises and participation in major research projects such as the Research Council of Norway's SFI scheme (SFI – centre for research-based innovation).

The Group's R&D efforts in 2013 have focused on 4 main subjects.

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

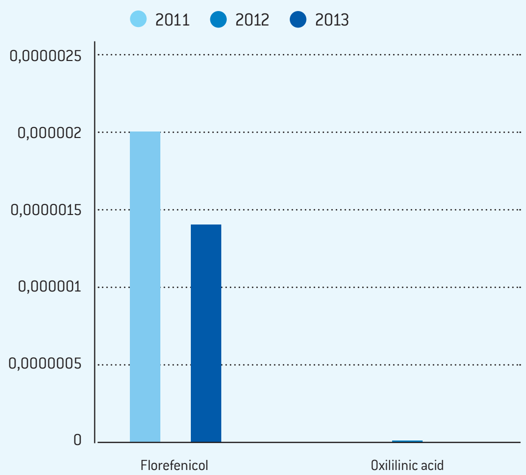
Årøya, one of the locations at Lerøy Aurora that is certified according to the ASC standard.

TREATMENT

Salmon is by far the healthiest "farmed animal" among the species from which food is produced here in Norway. No antibiotics have been administered for fish in the sea in recent years. Any antibiotics utilised were administered to young fish to prevent disease. In 2013, Lerøy Seafood Group utilised a total 215,561 tons of fish feed and 0.65 kg of antibiotics, active substances. This represents a 0.00000030% proportion of antibiotics in our fish feed.

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

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



LOCATIONS

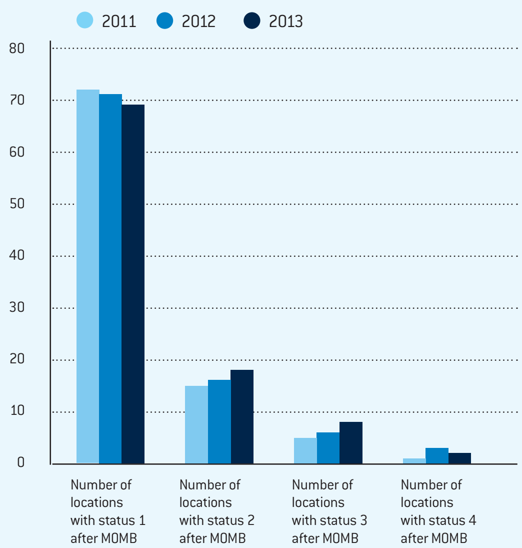
All the locations utilised by Lerøy Seafood Group are approved for fish farming by a number of Norwegian bodies.

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

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

MOM-B stands for:
M - matfiskanlegg (production facility)
O - overvåkning (monitoring)
M - modellering (models)

STATUS OF LOCATIONS,
LERØY SEAFOOD GROUP, 2011 - 2013



Father and son, at one of the locations at Sjøtroll Havbruk Skaftå. Both with extensive experience in aquaculture.

FISH FEED

Exploitation

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

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

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

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

FISH FEED

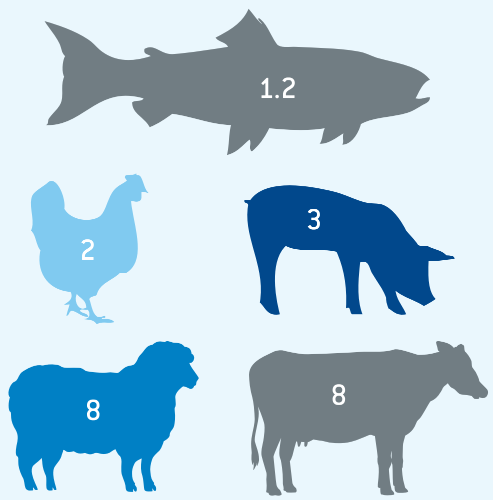
Fish feed is the most important input factor for production, and quality assurance is absolutely essential. In 2013, Lerøy Seafood Group purchased most of its fish feed from EWOS and Skretting. Lerøy Seafood Group has introduced a comprehensive sampling programme for re-examination of feed in terms of chemical content, dust, presence of foreign agents etc. The feed supplier carries out audits of own suppliers and Lerøy Seafood Group executes annual audits of the feed companies. These measures, combined with internal control activities by feed suppliers and traceability allow us to maintain control of feed content and quality.

Access to raw materials for fish feed is good, despite a number of external factors which impact on supply. There are no special requirements on the raw material content of feed for fish (for example fishmeal), but fish require feed with a high nutritional content. In 2013, there has been an increasing demand for raw materials from wild fish and this is expected to continue in 2014.

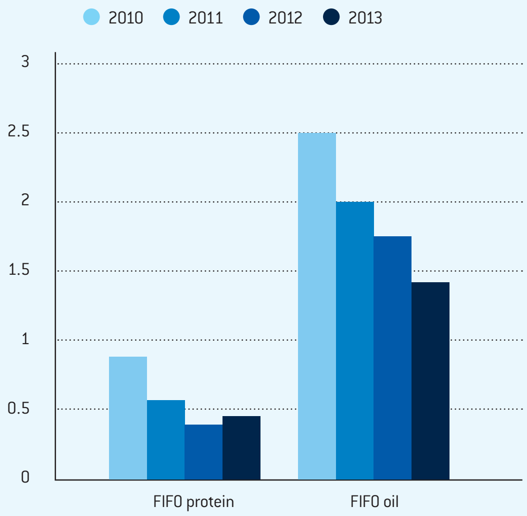
MARINE INGREDIENTS IN FISH FEED 2013

English	Latin	Norwegian	% Fish meal	% Fish oil
Blue whiting	*Micromesistius poutassou*	Kolmule	5.93	2.89
Boar fish	*Capros aper*	Villsvinfisk	0.19	1.18
Capelin	*Mallotus villosus*	Lodde	11.74	5.15
Herring	*Clupea harengus*	Sild	3.01	3.04
Horse mackerel	*Trachurus trachurus*	Hestmakrell		0.38
Jack mackerel	*Trachurus murphyi*	Stillehavsmakrell		0.43
Menhaden	*Brevoortia patronus*	Beinfisk		13.60
Norway pout	*Trisopterus esmarkii*	Øyepål	3.75	0.87
Peruvian anchoveta	*Engraulis ringens*	Ansjos	22.79	17.76
Pilchard	*Sardina pilchardius*	Sardin		3.40
Sandeel	*Ammodytes marinus*	Tobis	6.47	8.77
Sprat	*Sprattus sprattus sprattus*	Brisling Nordsjøen	1.64	2.78
Sprat	*Sprattus sprattus balticus*	Brisling Østersjøen	1.57	7.15
Whitefish		Hvitfisk	0.93	0.25
Capelin trimmings	*Mallotus villosus*	Loddeavskjær	3.24	0.61
Herring trimmings	*Clupea harengus*	Sildeavskjær	29.75	24.13
Mackerel trimmings	*Scomber scombrus*	Makrellavskjær	1.50	2.34
Whitefish trimmings		Hvitfiskavskjær	7.51	5.27
Total			**100.00**	**100.00**

AMOUNT OF FEED TO GROW 1 KG (KG)



FISH IN - FISH OUT • LERØY SEAFOOD GROUP

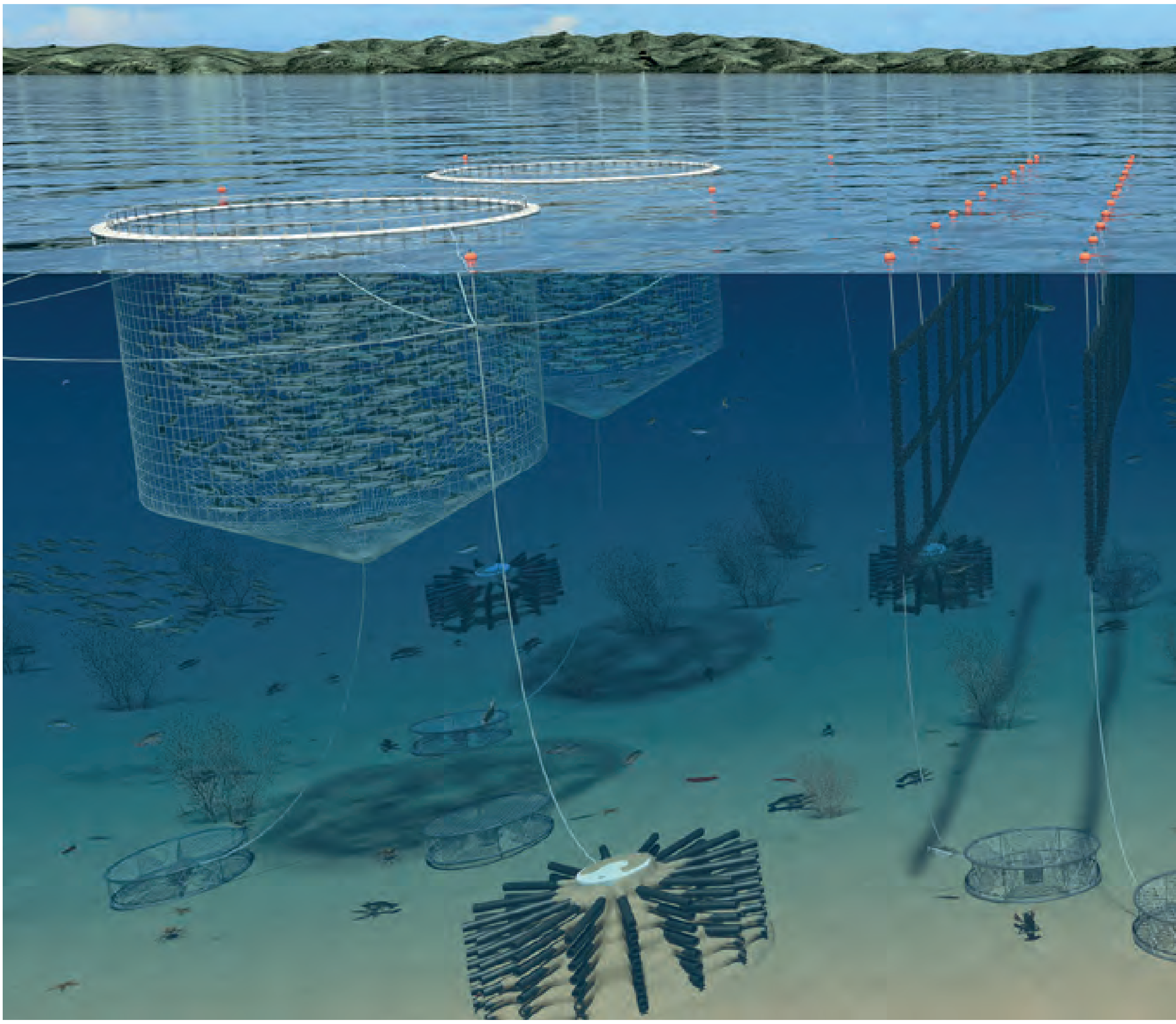


OCEAN FOREST

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

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

The cultivation of kelp, shellfish and invertebrates together with fish is a new concept within the history of Norwegian fish farming. Waste produced by one species becomes a resource for another species, generating an eco-system of value generating species interacting in harmony with their environment. Mussels, kelp and other invertebrates filter large organic particles from fish feed and small lice larvae from fish farming plants. At



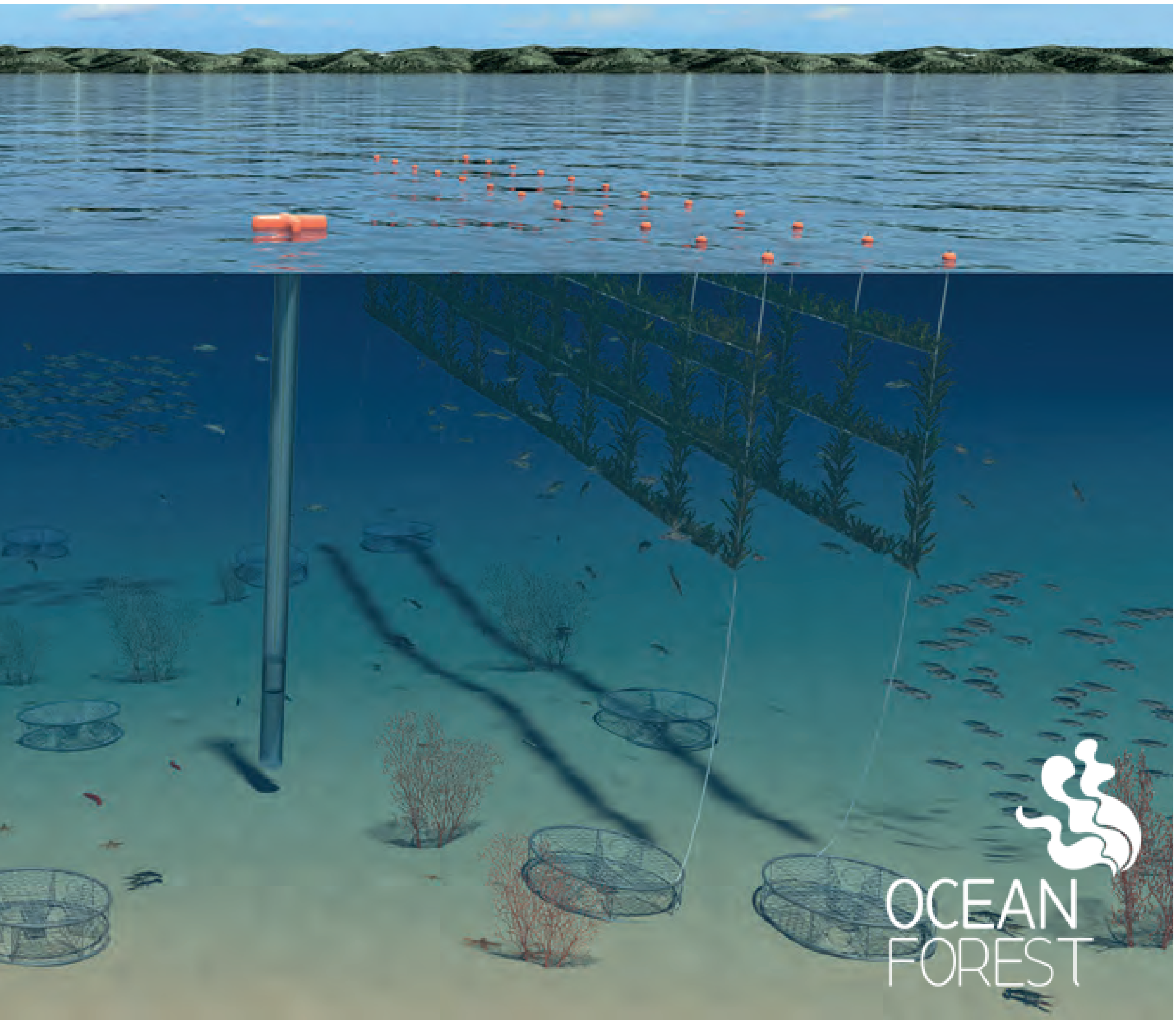
the same time these organisms absorbs excess nutrient salts along with vast volumes of CO2. An increased production of these valuable new species may provide increased value and at the same time provide valuable quality ingredients that can be exploited to produce good quality marine sources for fish feed, food production and bio-energy.

Ocean Forest is established as a separate company and has its pilot plant located in Øygarden municipality outside Bergen. At the location today we have an IMTA production with salmon, mussels and kelp. At the location we also have some artificial reefs to be able to look at the opportunities that exist to build a habitat in connection to these.

A SUSTAINABLE SEAFOOD INDUSTRY

OCEAN FOREST HAS AMBITIOUS OBJECTIVES:

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



RAW MATERIALS FOR FISH FEED

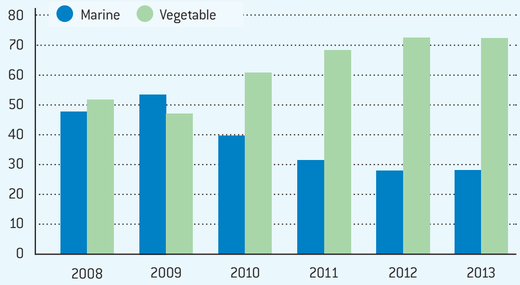
In the future, the fish farming industry will require alternative sources of raw materials for fish feed. Originally, fish feed had a 70% content of marine raw materials. In recent years, this percentage has been gradually reduced and replaced by vegetable raw materials. Today, the fish feed we utilise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

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

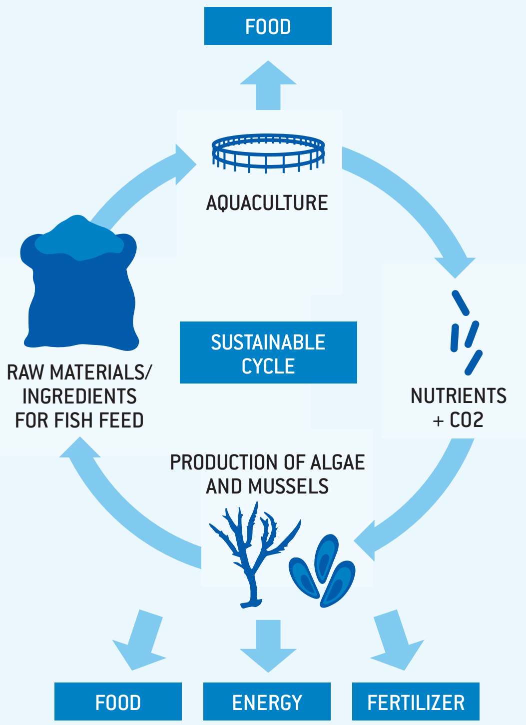
The volume of wild fish caught and utilised for fishmeal and oil remains relatively stable and is most likely to increase in the near future.

The steady growth of the fish farming industry, particularly in Asia, and the vast increase in direct consumption by humans, for example Omega 3 capsules, have resulted in higher prices and a reduced supply of marine raw materials for other markets such as the animal feed market. In line with our objective to increase our production of salmon and trout in the future, we therefore have to work hard to develop alternative and sustainable sources of raw materials which can be used in fish feed in the years to come.

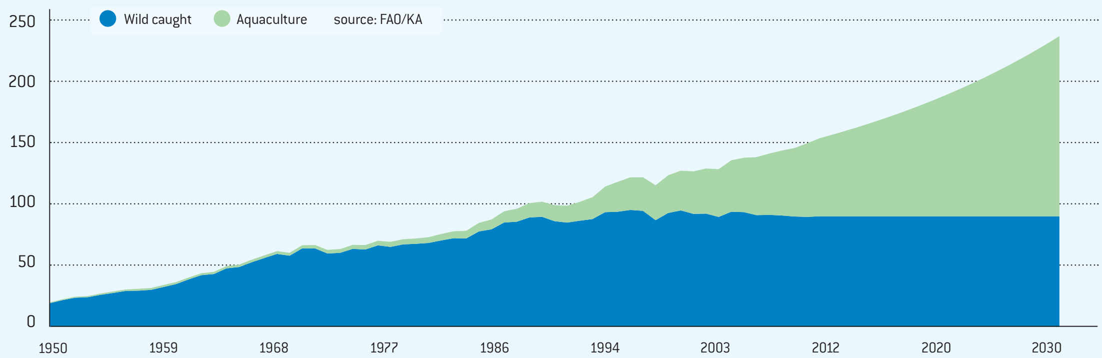
DEVELOPMENT OF RAW MATERIALS IN FEED



MTA-PRODUCTION - MULTI-TROPHIC AQUACULTURE



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



Proud employees at Hogsneset Nord, one of the locations at Lerøy Midt, receiving their ASC certificate.

LERØY NO. 1 - ASC

Lerøy Seafood Group is the very first company in the world to offer the market salmon produced according to the new environmental standard – ASC, Aquaculture Stewardship Council.

We are extremely proud to confirm that the three first facilities in the world to gain certification according to this standard all are connected to Lerøy.

No. 1	**Jarfjord - Villa Organic**
No. 2	**Hogsneset Nord - Lerøy Midt**
No. 3	**Årøya - Lerøy Aurora**

Our goal is to gain ASC certification for all our fish farming facilities. By the end of 2014, all fish sold by Lerøy Aurora will have ASC certification.

For Lerøy Seafood Group, an ASC certification is a natural continuation of the Group's strong commitment to environmental protection.

It allows us to guarantee and document that our fish farming activities are the foremost in the world in terms of environmentally sustainable production and that we possess both the competencies and capacity to make progress in such an important field.
The ASC standard implies requirements within the following seven areas:

- Legal requirements
- Conservation of natural habitat and biological diversity
- Conservation of water resources
- Conservation of biodiversity
- Fish feed
- Fish health
- Social responsibility

GREENHOUSE GAS EMISSIONS

Below is a brief summary of the general framework and assumptions made when calculating greenhouse gas emissions for Lerøy Seafood Group in 2013.

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

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

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

DIRECT EMISSIONS

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

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

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

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

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

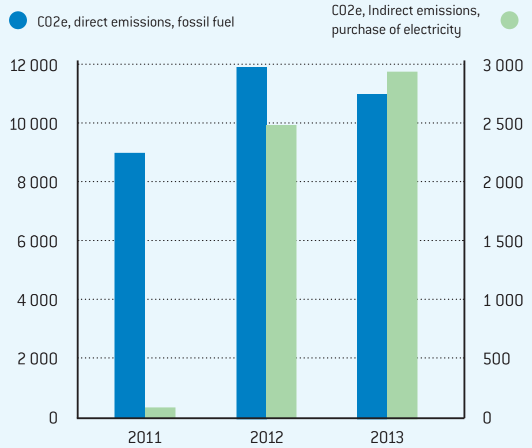
INDIRECT EMISSIONS

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

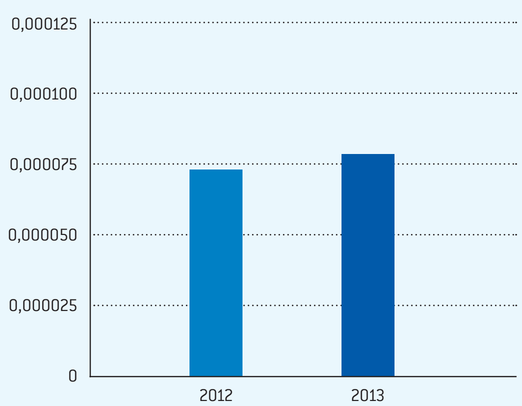
GLOBAL WARMING POTENTIAL (GWP)

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

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



CO2 EMISSIONS TOTAL PER KG FISH PRODUCED GROSS INCREMENT



Calculations are in accordance with ISO 14064/GHG protocol

FOOD SAFETY

Lerøy Seafood Group is actively involved in all parts of the value chain in order to ensure supply of safe products to the consumer. Based on experience gained over many years, we have developed a quality system which contains routines and procedures to ensure supply of safe products. As a part of our quality assurance routines, we carry out control and monitoring of our manufacturers and partners. This involves specifying requirements on their quality systems and procedures, and carrying out analyses and monitoring operations. Our quality team carries out from 150 to 200 external quality audits every year. This is required so that we can feel safe that the products we purchase are in compliance with the requirements we place on our own products. Moreover, the products are controlled by Lerøy Seafood Group at different stages throughout the entire production process; from egg/processing plants to finished product in a box and, in certain cases, up to delivery to the customer.

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

PREPAREDNESS

Recall

Lerøy Seafood Group has full traceability for all products from boat/cage to customer. Every year, recall tests are carried out in relation to our major manufacturers. In 2013, Hallvard Lerøy AS carried out seven recall tests.

Preparedness group

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

Traceability

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

Production of sushi at Lerøy Alfheim in Bergen.

Lerøy focuses on a good working environment, where job satisfaction is essential for the performance of important tasks. The photo above is from Lerøy Midt's new hatchery facility in Belsvik, Sør-Trøndelag.

ETHICS AND SOCIAL RESPONSIBILITY

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

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

Key words for the contents of the ethical guidelines:

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

Lerøy Seafood Group is fully committed to developing the local communities where the Group's different facilities are located, and aims to generate increased earnings for these communities by purchasing the highest ratio possible of local goods, equipment and services. Lerøy Seafood Group's companies purchased goods, equipment and services in Norway totalling NOK 8.4 billion in 2013. The figures show that the Group purchased these goods, equipment and services from a total 296 different municipalities. In 2013, the Group had facilities located in 49 different Norwegian municipalities. Our employees paid income tax totalling NOK 204 million to 118 different municipalities. Based on activities over the past five years, Lerøy Seafood Group as a corporation has paid NOK 1.2 billion in tax. As such, we make an important contribution towards sustaining a number of local communities and workplaces in many different parts of Norway.

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

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

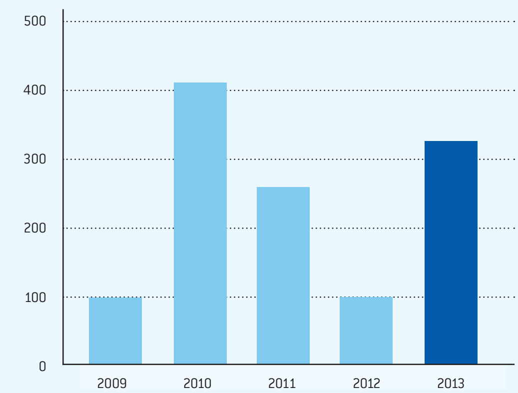
LERØY SEAFOOD GROUP HELPS MUNICIPALITIES AND LOCAL COMMUNITIES IN MANY DIFFERENT WAYS.

The map shows the municipalities in Norway where Lerøy Seafood Group purchased goods, equipment and services in 2013. Lerøy Seafood Group purchased goods, equipment and services in Norway in 2013 for NOK 8.4 billion.

As a corporation, Lerøy Seafood Group has decided to support activities related to children and young people in local communities.

Summer students from UIB visiting Lerøy Vest.

LERØY SEAFOOD GROUP HAS CONTRIBUTED WITH A TOTAL AMOUNT OF NOK 1.2 BILLION IN TAXES DURING THE LAST 5 YEARS (TAX PAYABLE 2009-2013)



ECONOMIC VALUE GENERATED AND DISTRIBUTED

FROM CUSTOMERS
NOK 10.8 BILLION

Total payments from customers and others related to sales of non-current assets

LERØY

TO PERSONNEL	TO SUBCONTRACTORS	TO PUBLIC SECTOR	TO FINANCIAL SECTOR	TO OWNERS
NOK 0.9 BILLION	NOK 8.4 BILLION	NOK 0.4 BILLION	NOK 0.1 BILLION	NOK 0.4 BILLION
Total payments to employees	Purchases of goods and services (including fixed assets)	Social security tax and Tax payable	Net interest expenses and fees to financial sector	Dividend paid to owners

BOARD OF DIRECTORS' REPORT 2013

FINANCIAL MATTERS

Lerøy Seafood Group ASA reported an annual turnover in 2013 of NOK 10,765 million, up from NOK 9,103 million in 2012. This is the first time in the history of the Group that turnover has exceeded NOK 10 billion. The increase in turnover is mainly attributed to higher prices achieved for Atlantic salmon and trout, but also an increase in downstream activities as the Group now has much closer links with the end customer. The Group has successfully increased its turnover despite a fall in the volume of slaughtered salmon and trout of 6% when compared with 2012. The level of activity in the Group is satisfactory and affords the Group good opportunities for improvement of its position as a leading exporter of seafood.

Operating profit before value adjustment for biomass was NOK 1,626 million in 2013, the highest profit figure ever reported by Lerøy Seafood Group. The corresponding figure for 2012 was NOK 450 million. The profit before tax and adjustment for biomass was NOK 1,630 million in 2013 compared with NOK 380 million in 2012.

The most important driving force behind the increase in turnover has been the higher prices achieved for the Group's products, Atlantic salmon and trout. The spot price for Atlantic salmon saw an increase of 49% from 2013 to 2012. Contracts and long-term customer relationships represent a predominant element of the Group's strategy. The Group had a 33% share of contracts in 2013. The prices achieved for these contracts are significantly lower than the spot prices for the corresponding periods.

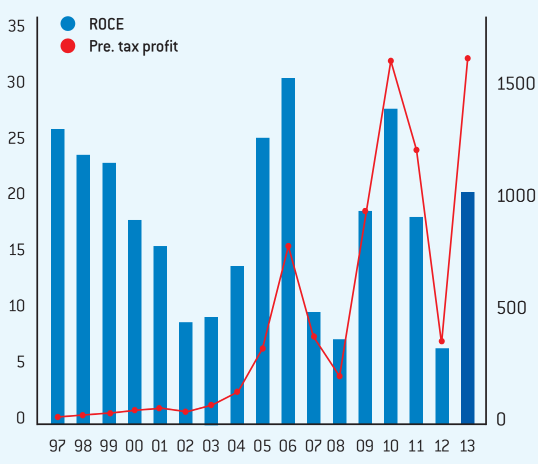
Sales & Distribution reported operating profit of NOK 209 million in 2013, compared with a corresponding figure of NOK 191 million in 2012. This constitutes an operating margin of 2.0% for the present year, down marginally from 2.1% in 2012. 2013 was a very different year from 2012. From 2011 to 2012, the global growth in supply of Atlantic salmon increased by 22% resulting in pressure on prices. As a result, Sales & Distribution invested considerable resources in 2012 in identifying new markets and new product development. The increase in global volume of Atlantic salmon from 2012 to 2013 was a mere 2.2%, with a decline of 3% in supply from Norway and Europe. This decline in supply and the increase in prices have presented the sales organisation with an entirely different focal point in 2013 than in 2012, as there has been a clear shortage of salmon on the market.

The Production segment reported an increase in operating profit before biomass value adjustment from NOK 287 million in 2012 to NOK 1,446 million in 2013. Of this figure, NOK 54 million comprises a gain on the sale of the Group's licences in Chile. The remaining share of the increase in profit was mainly generated by the price increase for Atlantic salmon and trout.

Underlying the higher prices achieved and increase in profit reported for Production is an increase in costs. The Group's output costs for 2013 are substantially higher than in 2012, caused by higher feed prices, lower average fish weight, lower slaughter volume and an increase in certain biological problems in several regions. The Group constantly works to keep costs low and production costs at sea are currently on the decline. As a result, the Group expects output costs in 2014 to be lower than in 2013.

In April 2013, the Group acquired a significant shareholding in Villa Organic AS and thereby owned 49.4% of the shares in the company at the end of 2013. The shares in Villa Organic AS and increased earnings for Norskott Havbruk AS (of which the Group owns 50%) are the main causes for the increase in earnings from associated

RETURN ON CAPITAL EMPLOYED AND EARNINGS BEFORE TAX AND BIOMASS ADJUSTMENT



companies from NOK 25 million in 2012 to NOK 192 million in 2013. Corresponding figures prior to biomass adjustment are an increase from NOK 25 million in 2012 to NOK 106 million in 2013, with the newly acquired Villa Organic AS constituting NOK 27 million of the latter figure.

The Group's net financial items for 2013 were negative at NOK 102 million compared with a negative figure of NOK 95 million in 2012.

The result achieved in 2013 corresponds to a result before biomass value adjustment of NOK 21.12 per share, compared with NOK 5.11 per share in 2012. The Board of Directors intends to recommend a dividend payment of NOK 10.00 per share to the company's ordinary general meeting for 2013. The dividend payment in 2012 was NOK 7.0 per share. The Board of Directors' recommendation reflects the capital adequacy of the Group, its strong financial position and positive outlook to the Group's profit performance. The Board of Directors also underlines the importance of ensuring continuity and predictability for the company's shareholders.

The return on the Group's capital employed before biomass adjustment in 2013 was 20.7% compared with 6.2% in 2012. The Group is financially sound with book equity of NOK 7,549 million, which corresponds to an equity ratio of 54%. At the end of 2013, the company had 54,577,368 shares outstanding. The Group's net interest-bearing debt at the end of 2013 was NOK 2,117 million compared with NOK 2,232 million at year-end 2012.

Higher feed prices and an increase in turnover have resulted in tied up working capital of NOK 530 million in 2013 and this has had a negative impact on cash flow from operating activities. The figure for cash flow from operations in 2013 was NOK 1,259 million. In addition to the investment of NOK 204 million in Villa Organic AS, the Group has made a dividend payment of NOK 394 million, invested NOK 564 million in fixed assets and paid NOK 100 million in taxes. The Group's balance sheet value is NOK 13,904 million as of 31 December 2013 compared with NOK 11,774million as of year-end 2012. The Group's financial position is strong and will be utilised to ensure increased value generation through organic growth, new alliances and acquisitions.

The Group compiles its financial reports in accordance with the international accounting principles, IFRS.

Political trade barriers and framework conditions

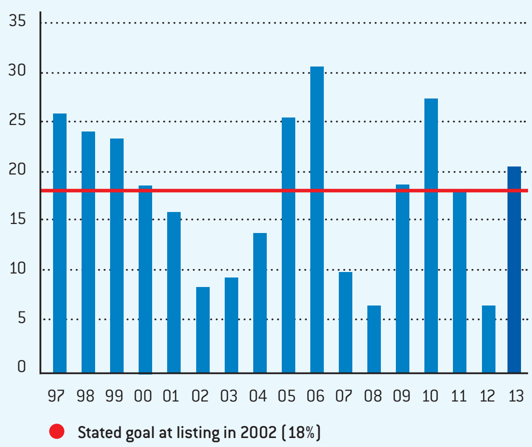
Future framework conditions will represent much higher requirements on financial management, productivity developments, quality, food safety and market oriented production. It is vital that Norwegian authorities create an environment where the Norwegian aquaculture industry can maintain and further develop its international competitive ability.

The current regulatory schemes governing production in Norway have a number of negative impacts, including unnecessarily volatile prices for the Group's main products and significant difficulties regarding industrial processing in Norway. The Group is of the opinion that these factors substantiate the need for framework conditions which facilitate further growth for the industry in Norway and allow businesses to adapt their sales profile to market fluctuations throughout the year. Such changes would make the development of value added industry less demanding, create more stability in prices and make it easier to build demand in markets. These general conditions are essential for long-term growth in value creation for the industry. Growth, structural changes and associated industrialisation have an impact on the investment capacity needed for Norwegian aquaculture to maintain its leading position in a global perspective.

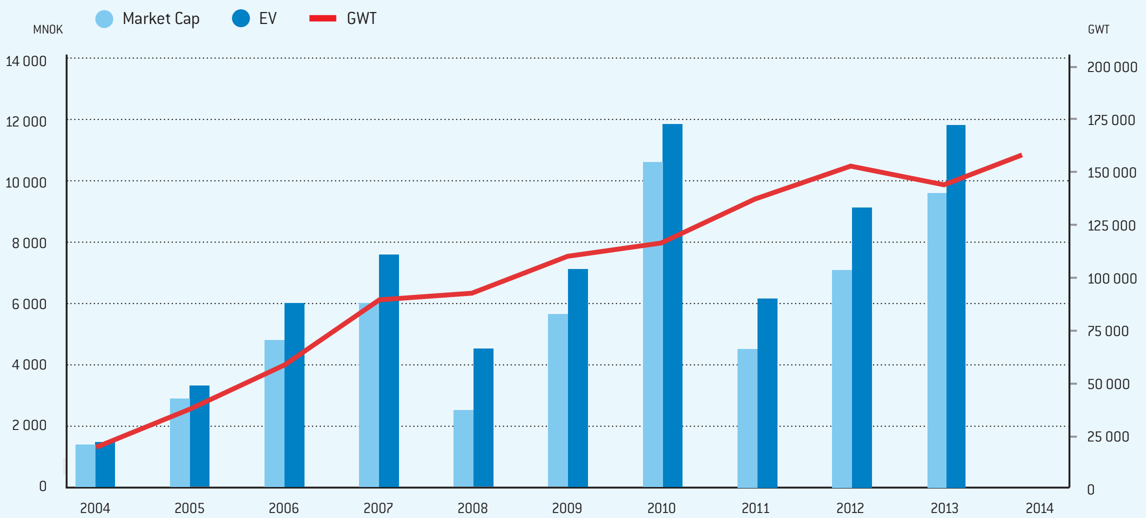
Structural conditions

The Group aims to generate lasting value through its activities. For this reason, stringent requirements are imposed on risk management and the ability to plan for the long term in the development of sustainable strategic business processes. Over the last few years, the Group has grown to become one of the world's largest

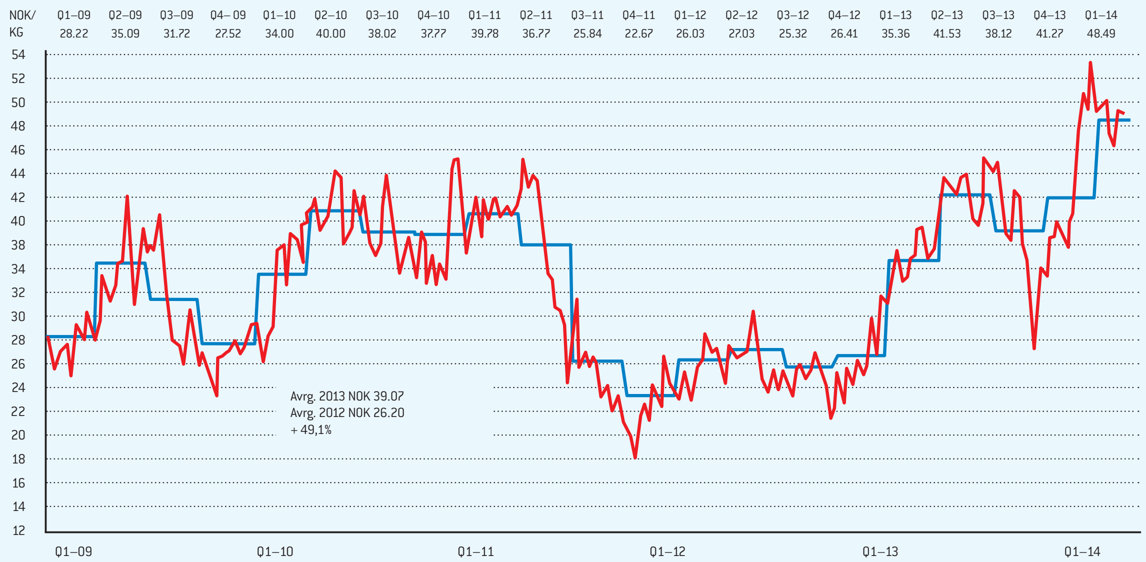
RETURN ON CAPITAL EMPLOYED (ROCE)



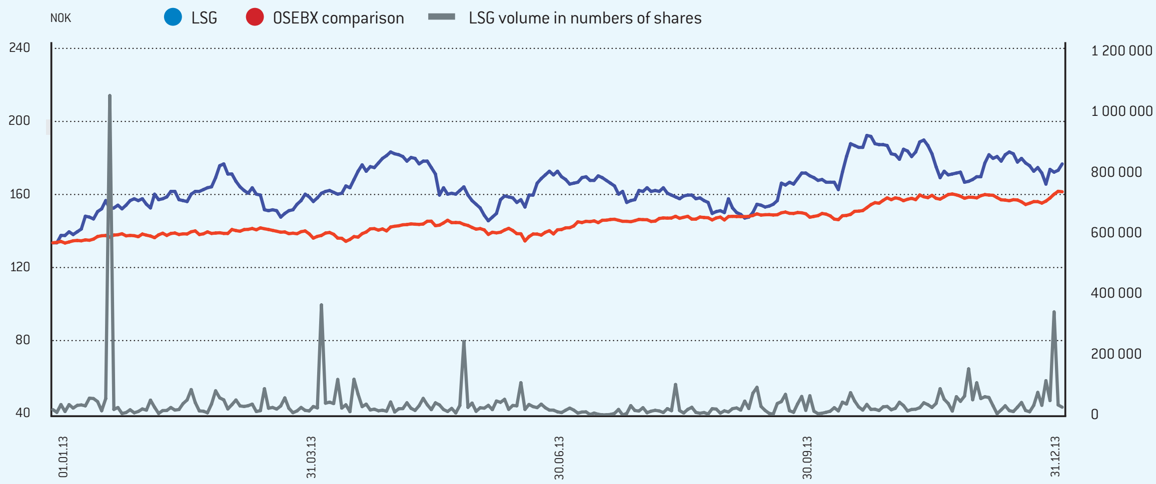
TEN YEARS OF SUSTAINABLE GROWTH



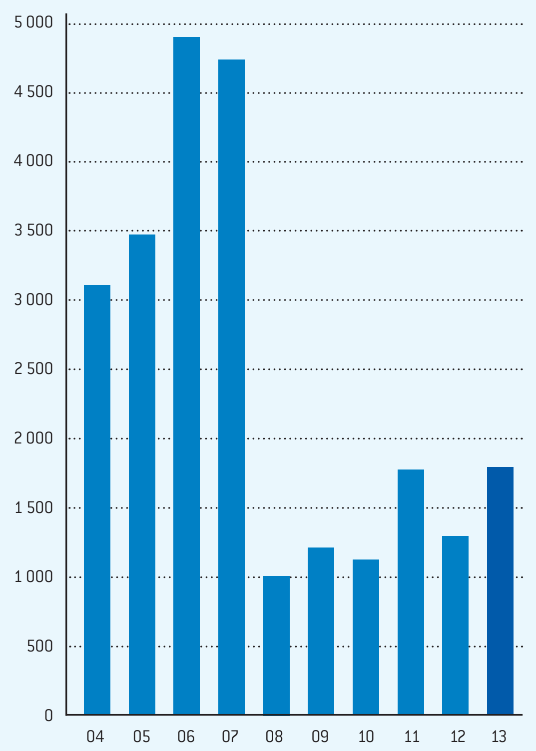
SPOT PRICE, FRESH ATLANTIC SALMON, FCA OSLO FROM WEEK 1-2009 TO WEEK 3-2014 (SUPERIOR QUALITY)



LERØY SEAFOOD GROUP AND OSEBX IN 2013



NUMBER OF SHAREHOLDERS (IN THOUSAND)



producers of salmon and trout. The Group has consolidated its position as a central actor in the distribution of seafood in Norway and abroad, and has simultaneously strengthened its position as a leading exporter of seafood. With a combination of organic growth, acquisitions and alliances, the Group is now able to provide its major national and international customers with a cost-efficient and nationwide distribution of fresh seafood. The Group has substantially increased its focus on sales, distribution and processing in 2013 and will continue to do so in the years to come.

The Group has both executed strategic acquisitions and entered into strategic cooperation agreements in 2013. In April 2013, Lerøy Seafood Group ASA acquired a significant percentage of the shares in the fully integrated sea farming company, Villa Organic AS. The Group went on to purchase more shares in Villa Organic throughout the year, ending 2013 with a shareholding of 49.4%. The company has a total of 16 licences for salmon. Villa Organic is located in the region of Finnmark and reported a total slaughter volume of 13,000 tons in 2013. SalMar AS is the other main shareholder of the company, and the two main shareholders have agreed to demerge Villa Organic into two parts in 2014.

In June 2013, LSG and Brødrene Schlie Fiskeeksport in Denmark signed an agreement to establish a new company, Lerøy Schlie AS. The new company has its main office in Hirsthals in Denmark and shall be involved in production, marketing and distribution of freshly packaged seafood in Denmark and Germany.

In summarising the events of 2013, it becomes evident that this has been an eventful year for the Group. The new recirculation plant for smolt production in Belsvik, Sør Trøndelag, had its official launch in August 2013 and was opened by the Norwegian Prime Minister, Erna Solberg. Investments have also been made in fish cut facilities in Norway (Sjømathuset), France and Spain. These investments have been made in order to develop the freshly packaged seafood segment and to gain geographic proximity to strategic markets and customers. Two of the Group's subsidiaries, Lerøy Fossen AS and Lerøy Smøgen AB, made a start on the work to extend production facilities in 2013. When these extension projects reach completion in 2014, the Group will have a total production capacity for VAP products of 40,000 tons.

The Board is of the opinion that the Group's strategic and financial latitude in conjunction with long-term earnings allows the Group to be an active participant in the global and national value-generating structural changes within the seafood industry. Lerøy Seafood Group shall continue to selectively assess potential investment and merger alternatives and alliances that could strengthen our platform for further profitable growth and lasting value generation. Lerøy Seafood Group shall continue to grow and improve by means of regional development in a global perspective.

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

Lerøy Seafood Group has in 2013 made substantial investments to increase the production capacity of processed products. Here smoked trout from Lerøy Fossen.

Being listed on the Stock Exchange affords the company a marketplace for its shares, improved access to future venture capital as well as the opportunity to use the company's shares as a payment medium in future acquisitions or mergers. As of 31 December 2013, the company had 1,841 shareholders against a comparison figure of 1,344 shareholders at the end of December 2012.

Employees

The parent company Lerøy Seafood Group ASA has its main offices in Bergen, Norway. In addition to the Group's CEO, the parent company has seven employees. Administratively, all personnel functions are handled by the wholly-owned subsidiary Hallvard Lerøy AS. At the end of the year there were 2,067 employees in the Group including 669 women and 1,398 men, compared with a total of 1,833 employees at year-end 2012. Of the Group's total number of employees, 1,486 work in Norway and 581 abroad. Independently of the demand for equal opportunities for men and women, the Group has always placed decisive emphasis on individual skills, performance and responsibility in its recruitment policy and salary systems. Furthermore, the Group ensures at all times equal employment opportunities and rights for all employees and works hard to prevent discrimination based on national origin, ethnicity, colour, language, religion or personal philosophy. One of the company's goals is to provide a workplace without discrimination because of disabilities. For employees or work applicants with disabilities, the company will arrange for individually adapted work tasks and environments.

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

The Board of Directors would like to take this opportunity to praise the employees' efforts, their understanding of the need for an operational focus which targets results and for their willingness to adapt to change throughout the entire organisation. The Board of Directors would like to thank all employees for their hard work in 2013.

Health, safety and the environment

In 2013, only minor injuries were reported for employees. A total sick leave of 5.3% was reported, up from 4.8% in 2012. Sick leave comprises 2.7% long-term sick leave and 2.6% short-term sick leave. The Board is pleased to observe that the Group works actively to keep sick-leave as low as possible. The organisations in the individual subsidiaries are subject to continuous development to ensure that they can deal with new challenges and changes in framework conditions. The working environment and cooperative atmosphere are good.

External environment

In a global perspective, the Board is of the opinion that its production of Atlantic salmon and trout is one of the most sustainable and environmentally-friendly forms of food production to be found. At the same time, the Board and Group maintain a high focus on potential challenges relating to point source pollution. The Group's activities are closely linked to natural conditions in Norwegian and international fresh water sources and sea areas, and the Group's operations rely on access to clean fresh and sea waters. The Board and Group are confident that operations in 2013 have been sustainable, and have compiled a comprehensive report on the environment as part of the consolidated financial statements, available at www.lsg.no. The Group continuously invests in minimising its impact on the external environment and to encourage both management and employees to maintain a proactive approach towards environmental protection.

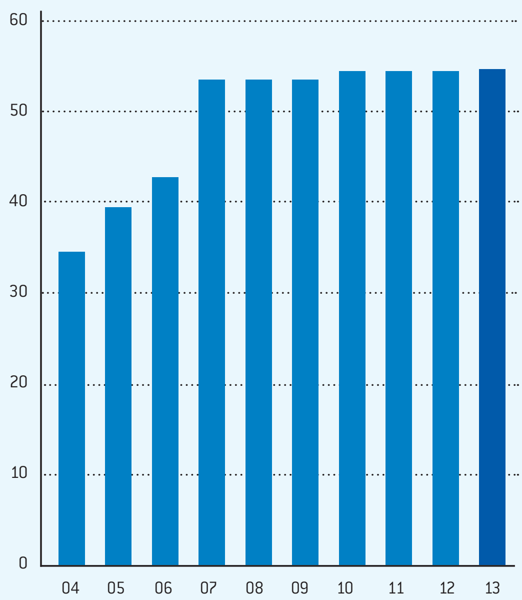
Result and allocations, Lerøy Seafood Group ASA

In 2013, Lerøy Seafood Group reported an annual result of NOK 747 million, compared with NOK 234 million in 2012. The company's accounts are submitted on assumption of going concern.

The Board proposes the following allocation of the 2013 annual result (NOK 1,000):

Dividend (NOK 10.00 per share)	545,774
Transferred to other equity	200,734
Total allocation	746,508

NUMBER OF SHARES (IN MILLION)



The company is financially sound with an equity ratio of 70% and has satisfactory financing compatible with the Group's strategy and operational plans.

Market and outlook

As projected, the strong growth in global supply of Atlantic salmon abated in 2013. This factor in conjunction with the sustained strong growth in demand has resulted in a year with extremely high prices for Atlantic salmon and trout. The Board finds grounds for an optimistic outlook, with the development in the Group's comprehensive downstream distribution of seafood. Simultaneously, the strong seasonal fluctuations in volume supplied to market enforced by the current regulatory regime represent a significant challenge and are one of the main reasons behind the continued volatility in prices for the Group's main products.

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

In line with its market strategy, the Group exported a broad range of seafood products from Norway to a large number of countries in 2013, the most significant market being the EU. It is satisfying to observe the positive developments generated by our efforts related to distribution of fish in the Nordic countries, and how these strengthen our own and our customers' position in this important seafood market. Demand for the Group's products is good. Competition in the international food market requires the Group to constantly seek more cost-efficient and market-oriented solutions in its efforts to satisfy its customers. This will in turn ensure profitable growth in the future. The Board of Directors is confident that the Group's strategic business development in recent years, together with underlying developments in productivity and market-oriented organisation, will help reinforce the platform for future earnings for the Group.

The Group expects to see strong earnings and a good yield on capital invested in 2014.

Bergen, 27 March 2014







RESPONSIBILITY STATEMENT FROM THE BOARD OF DIRECTORS AND CEO

We declare, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2013 are prepared in conformance with current, applicable accounting standards, and give a good and fair view of the company's and the Group's assets, liabilities, financial position and profit or loss as a whole. We also declare that the annual report gives a fair view of the company's and the Group's development and position, together with a description of the principle risks and uncertainties facing the entity and the Group.

Bergen, 27 March 2014

Helge Singelstad
Chairman of the Board

Arne Møgster
Board member

Britt Kathrine Drivenes
Board member

Hege Charlotte Bakken
Board member

Didrik Munch
Board member

Marianne Møgster
Board member

Hans Petter Vestre
Employee representative

Henning Beltestad
Group CEO

INCOME STATEMENT

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

LERØY SEAFOOD GROUP CONSOLIDATED	Notes	2013	2012
OPERATING REVENUES AND COSTS			
Operating revenues	13	**10 764 714**	9 102 941
Other gains	13	**53 805**	
Cost of materials		**7 039 813**	6 499 768
Change in inventories		**-258 380**	-57 449
Salaries and other personnel costs	11/14	**1 094 464**	1 031 872
Other operating costs		**1 004 148**	853 884
EBITDA		**1 938 474**	774 866
Depreciation	2/3	**307 175**	291 768
Impairment loss	3	**5 500**	33 000
Operating profit before biomass adjustment		**1 625 799**	450 098
Adjustment of biomass to fair value	7	**764 229**	294 735
Operating profit		**2 390 028**	744 832
ASSOCIATED UNITS AND NET FINANCIAL COSTS			
Income from associated companies	4	**192 188**	24 831
Net financial items	15	**-101 840**	-95 153
Profit before tax		**2 480 376**	674 509
Taxation	12	**-593 981**	-182 749
Annual profit		**1 886 395**	491 760
Of which controlling interests		**1 733 352**	480 797
Of which non-controlling interests		**153 043**	10 963
Earnings per share	16	**31.76**	8.81
Diluted earnings per share	16	**31.76**	8.81

COMPREHENSIVE INCOME

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

LERØY SEAFOOD GROUP CONSOLIDATED		2013	2012
The year's result to equity		**1 886 395**	491 760
Conversion differences, etc.	22	**85 118**	-13 826
Change in fair value of financial instruments (cash flow hedges)	5	**8 785**	-27 086
Change in fair value of shares available for sale		**-487**	-7 200
Change in value from associated companies		**-75**	-1 847
Estimate differences, pension plans	11	**2 477**	
COMPREHENSIVE INCOME		**1 982 213**	441 801
Of which controlling interests		1 813 827	431 474
Of which non-controlling interests		168 386	10 327

Comprehensive income is after tax, and all items are to be recycled to profit and loss

Note regarding accounting principles and notes 1-22 are an integral part of the consolidated accounts

BALANCE SHEET

All figures in NOK 1 000

LERØY SEAFOOD GROUP CONSOLIDATED	Notes	31.12.13	31.12.12
FIXED ASSETS			
Deferred tax asset	12	**11 807**	21 545
Licences, rights and goodwill	2	**3 987 141**	3 972 053
Buildings, real estate, operating accessories	3	**2 377 012**	2 094 539
Shares in associated companies	4	**735 071**	331 056
Shares available for sale	4	**5 553**	18 281
Long-term receivables		**26 171**	8 607
TOTAL FIXED ASSETS		**7 142 755**	6 446 081
CURRENT ASSETS			
Biological assets	7	**3 727 361**	2 724 941
Other inventories	8	**358 482**	326 225
Accounts receivable	9	**1 486 428**	995 289
Other receivables	5/9	**316 192**	199 083
Cash and cash equivalents	6	**872 513**	1 082 797
TOTAL CURRENT ASSETS		**6 760 976**	5 328 337
TOTAL ASSETS		**13 903 731**	11 774 419

Note regarding accounting principles and notes 1-22 are an integral part of the consolidated accounts

BALANCE SHEET

All figures in NOK 1 000

LERØY SEAFOOD GROUP CONSOLIDATED	Notes	31.12.13	31.12.12
EQUITY			
Share capital	20	**54 577**	54 577
Own shares	20	**-330**	-330
Share premium reserve		**2 731 690**	2 731 690
Total paid-in capital		**2 785 937**	2 785 937
Other equity		**3 969 263**	2 528 638
Total retained earnings		**3 969 263**	2 528 638
Non-controlling interests		**793 747**	649 381
TOTAL EQUITY		**7 548 947**	5 963 956
LONG-TERM LIABILITIES			
Long-term interest-bearing debt	6/18	**2 356 803**	2 402 770
Deferred tax	12	**1 486 972**	1 230 458
Pension liabilities	11	**3 227**	7 646
Other long-term liabilities	5	**36 700**	44 788
Total long-term liabilities		**3 883 702**	3 685 662
SHORT-TERM LIABILITIES			
Accounts payable		**1 059 434**	826 677
Short-term loans	6	**682 574**	911 887
Public duties payable		**103 656**	66 915
Taxes payable	12	**320 344**	88 925
Other short-term liabilities	10	**305 074**	230 400
Total short-term liabilities		**2 471 082**	2 124 802
TOTAL LIABILITIES		**6 354 784**	5 810 464
SUM EQUITY AND LIABILITIES		**13 903 731**	11 774 419

Note regarding accounting principles and notes 1-22 are an integral part of the consolidated accounts

Bergen, 27 March 2014
Board of Directors in Lerøy Seafood Group ASA

Helge Singelstad
Chairman

Marianne Møgster

Arne Møgster

Didrik Oskar Munch

Britt Kathrine Drivenes

Hege Charlotte Bakken

Hans Petter Vestre
Employees' representative

Henning Beltestad
CEO Lerøy Seafood Group ASA

CASH FLOW STATEMENT

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

LERØY SEAFOOD GROUP CONSOLIDATED	Notes	2013	2012
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		**2 480 376**	674 508
Taxes paid during the period		**-99 726**	-267 078
Other gains		**-53 756**	
Depreciation	2/3	**307 175**	291 768
Impairment loss		**5 500**	33 000
Profit impact associated companies	4	**-192 188**	-24 831
Change in value adjustment on biological assets	7	**-763 312**	-294 735
Change in inventories/biological assets	7/8	**-271 364**	-32 316
Changes in accounts receivable	9	**-491 139**	-32 119
Changes in accounts payable		**232 757**	94 239
Change in net pension liabilities/premium fund	11	**-4 419**	-166
Net financial items classified as financing activities		**103 284**	95 154
Change in other accruals		**5 520**	-93 811
Net cash flow from operating activities		**1 258 707**	443 614
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of fixed assets	3	**19 579**	10 473
Payments for acquisitions of fixed assets	3	**-583 393**	-515 995
Proceeds from sale of intangible assets	2	**74 928**	
Payments for acquisitions of intangible assets	2	**-20 081**	-565
Proceeds from sale of shares in other businesses	4	**13 945**	3 289
Payments for acquisitions of shares in other businesses	4	**-208 987**	-2 325
Dividend payments received from associated companies	4	**26 000**	9 000
Proceeds from sale of subsidiaries	4	**0**	9 350
Payments for acquisition of Group companies	4	**-3 509**	-112 282
Proceeds/payments on other loans (short and long-term)		**-17 564**	-156
Net cash flow from investing activities		**-699 082**	-599 211
CASH FLOW FROM FINANCING ACTIVITIES			
Movement in short-term interest-bearing debt		**-253 169**	115 751
Proceeds from establishing new long-term debt		**1 054 181**	350 827
Downpayments of long-term debt		**-1 081 253**	-342 752
Interest payments received		**17 951**	33 972
Interest paid		**-127 663**	-136 061
Dividends paid		**-393 712**	-382 828
Net cash flow from financing activities		**-783 665**	-361 091
Net cash flow in the accounting period		**-224 040**	-516 688
Cash and cash equivalents at start of period		**1 082 797**	1 597 429
Cash and cash equivalents from business combinations		**0**	3 401
Currency translation differences		**13 756**	-1 345
Cash and cash equivalents at end of period		**872 513**	1 082 797
This consists of:			
Bank deposits etc.		**872 513**	1 082 797
Of which restricted funds		**46 591**	34 732
Unused overdraft facilities		**1 073 777**	806 131

CHANGE IN EQUITY

All figures in NOK 1 000

LERØY SEAFOOD GROUP CONSOLIDATED	Share capital	Own shares	Premium reserve	Currency conversion differ-ences	Cash flow hedges	Other equity	Non-controlling interests	Total equity
Equity 01.01.12	**54 577**	**-330**	**2 731 690**	**-88 175**	**-5 161**	**2 570 234**	**534 931**	**5 797 766**
Profit for the period						480 797	10 963	491 760
Other comprehensive income				-13 190	-27 086	-9 047	-636	-49 959
Total comprehensive income for 2012	**0**	**0**	**0**	**-13 190**	**-27 086**	**471 750**	**10 327**	**441 801**
TRANSACTIONS WITH SHAREHOLDERS								
Disposal of Group company (Åkra Sjømat AS)							-3 573	-3 573
Withdrawal of non-controlling interests (Nordvik 10 %)							-496	-496
Non-controlling interests from business combinations (Rode Beheer)							111 286	111 286
Dividend payments						-382 042	-3 094	-385 136
Dividend paid on own shares						2 308		2 308
Total transactions with shareholders	**0**	**0**	**0**	**0**	**0**	**-379 734**	**104 123**	**-275 611**
Equity 31.12.12	**54 577**	**-330**	**2 731 690**	**-101 365**	**-32 247**	**2 662 250**	**649 381**	**5 963 956**
Profit for the period						1 733 352	153 043	1 886 395
Other comprehensive income				69 775	8 785	1 915	15 343	95 818
Total comprehensive income for 2013	**0**	**0**	**0**	**69 775**	**8 785**	**1 735 267**	**168 386**	**1 982 213**
TRANSACTIONS WITH SHAREHOLDERS								
Withdrawal of non-controlling interests						6 532	-10 042	-3 510
Dividend payments						-382 042	-13 978	-396 020
Dividend paid on own shares						2 308		2 308
Total transactions with shareholders	**0**	**0**	**0**	**0**	**0**	**-373 202**	**-24 020**	**-397 222**
Equity 31.12.13	**54 577**	**-330**	**2 731 690**	**-31 590**	**-23 462**	**4 024 315**	**793 747**	**7 548 947**

Own shares:

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

NOTES TO THE CONSOLIDATED ACCOUNTS, LERØY SEAFOOD GROUP ASA 2013

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

ACCOUNTING PRINCIPLES

Lerøy Seafood Group ASA is registered in Norway and is listed on the Oslo Stock Exchange. The company's consolidated accounts for the accounting year 2013 include the company and its subsidiaries (collectively referred to as "the Group") and the Group's share in associated companies. Lerøy Seafood Group is a subsidiary of Austevoll Seafood ASA (62.56 %), which in turn is owned (55.55 %) by Laco AS.

The annual accounts were submitted by the Board of Directors on 27 March 2014.

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

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

(B) BASIS FOR PREPARING THE ACCOUNTS

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

Preparation of financial 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 current and future periods.

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

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

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

The consolidated accounts are submitted on assumption of going concern.

(C) PRINCIPLES OF CONSOLIDATION

Subsidiaries

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

Each business combination is accounted for by applying the acquisition method. The consideration is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer. The consideration the acquirer transfers in exchange for the acquiree also includes any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities assumed, including contingent liabilities, are recognised and accounted for at fair value as of acquisition date.

The part of the acquisition price that cannot be ascribed to specific assets represents goodwill. Acquisitions effectuated before 1 January 2004 are not corrected as a consequence of the transition to IFRS (discretion exercised).

IAS 27 and IFRS 3 mainly apply a system of units when measuring assets and liabilities in connection with acquisitions whereby control is established. The exemption to this rule is for goodwill, where companies can make discretionary decisions for each acquisition, either to book only the share of the controlling owner or to book 100%.

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

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

Intragroup transactions, receivables and liabilities are eliminated.

Non-controlling interests

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

Associated companies

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

(D) OPERATING REVENUES

Operating revenues from the sale of goods are booked when a decisive part of risk and ownership benefits have been transferred to the buyer, which normally is at the time of delivery. Operating revenues from services performed are booked in the income statement according to the transactions' degree of completion on 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 to delivered goods. Fees, discounts, bonuses and other sales costs are deducted from operating revenues.

(E) REPORTING BY SEGMENT

The Group's primary business segments are Sale & Distribution and Production. This segmentation is chosen according to type of organisation and commercial risk. Production consists of the companies Lerøy Midtr AS (Group), Lerøy Aurora AS (Group), Lerøy Vest AS, Sjøtroll Havbruk AS, Rode Beheer B.V (Group), Lerøy Fossen AS, Bulandet Fiskeindustri AS, SAS Fish Cut, SAS Eurosalmon, Lerøy Processing Spain S.L and Lerøy Smøgen Seafood AB. The Sale & Distribution segment comprises Hallvard Lerøy AS, Lerøy Sverige AB (Group) excluding Lerøy Smøgen Seafood AB, Lerøy Alfheim AS, Lerøy Portugal 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 and Lerøy Finland OY. Lerøy Culinair B.V is allocated with one half in each segment. Lerøy Seafood Group ASA is not assigned to either of the segments.

The secondary segmentation for the Group is based on a geographical split which reflects the Group's main geographical markets.

(F) CURRENCY AND DERIVATIVES

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

(G) INTANGIBLE ASSETS

Goodwill

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

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

Licences/rights

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

(H) FIXED ASSETS

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

The estimated useful life of operating assets is estimated as:

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

(I) BIOLOGICAL ASSETS

Accounting of live fish in companies listed on the stock exchange is regulated by IAS 41 Agriculture. 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 fair value less estimated sales costs.

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

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

(J) INVENTORY

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

(K) ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

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

(L) LIQUID ASSETS

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

(M) SHARES

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

(N) PENSIONS

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

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

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

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

(O) TAX

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

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

(P) INTEREST-BEARING LOANS AND OVERDRAFT FACILITIES

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

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

(Q) DIVIDEND

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

(R) SHARE-BASED REMUNERATION

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

(S) PROVISIONS AND OTHER COMMITMENTS

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

(T) SHARE CAPITAL AND SHARE PREMIUM

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

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

(U) CASH FLOW STATEMENT

The consolidated cash flow statement shows the total consolidated cash flow broken down into operating, investing 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. Where changes in the balance sheet figures between accounting years do not match the corresponding figures in the cash flow statement, this is a result of conversion differences linked to changes in rates of exchange.

(V) FINANCIAL RISK MANAGEMENT

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

Currency risk

The Group has international operations requiring a number of currencies, and is thus exposed to currency risk. Forward exchange contracts together with negative and positive balances on multi-currency accounts are used to hedge, as far as possible, against the currency risk within customer receivables and executed sales contracts, as well as on-going contract negotiations. Claims, debts, deposits, futures and sales contracts are booked at the exchange rate on the accounting day in question. The company seeks to keep the net exposure associated with monetary assets and liabilities in foreign currency at an acceptable level by buying and selling foreign currency at day-rates whenever necessary to counter any short-term imbalances. Currency derivatives are traded to hedge future income payments in accordance with the Group's strategy for currency risk management. An overview of currency derivatives as per 31.12 is shown in Note 5.

Interest risk

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

Price risk
The developments in global salmon and trout prices have a considerable impact on the results achieved by the Group.

In order to reduce this risk factor, attempts are made to ensure that a certain quota of sales is so-called contract sales.

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

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

The table in Note 6 specifies the Group's financial covenants which are not derivatives, and derivative covenants with net settlement, classified in relation to the downpayment schedule. This classification is made in accordance with the contractual maturity date. Derivative covenants are included in the analysis when the contractual maturity date is of significance for an understanding of the accrual of cash flows. The figures in the table are non-discounted contractual cash flows.

Credit risk
Credit risk is managed at corporate level. Credit risk occurs in transactions involving derivatives, deposits with banks and financial institutions in addition to transactions with wholesalers and customers, including outstanding receivables and fixed agreements. Procedures have been established to ensure that the Group companies only sell products to customers with a satisfactory credit rating. A credit assessment is performed based on the customer's financial position, history and any other factors of relevance. Individual limits are set for risk exposure, based on internal and external assessments of creditworthiness and guidelines from the Board of Directors. The Group has established procedures for the use of credit limits, and compliance with procedures is regularly monitored. Sales to end users are paid for in cash. The counterparts to derivative contracts and financial placements may only be financial institutions with a high credit rating and other parties who can provide reliable security. See Note 9 for further information on credit risk.

(W) NEW AND AMENDED STANDARDS IMPLEMENTED BY THE GROUP

a) New and amended standards implemented in 2013

IAS 1 Presentation of Financial Statements has been amended and implies that items in the comprehensive income shall be divided into two groups: items which are subsequently reversed over profit and items which are not. The amendment does not have an impact on which items are to be included in the comprehensive income. The standard comes into effect in 2013 but the Group has decided to implement this standard from an earlier date. All the items in the comprehensive income for the Group in 2013 are reversed over result.

There were no other new or amended IFRS or IFRIC interpretations which came into effect and which had a significant influence on the Group's financial statements.

b) Standards, amendments and interpretations of existing standards which have not come into effect and where the Group has not decided on early application.

IAS 19 Employee Benefits was amended in June 2011. The amendment implies that all estimate differences are reported in the comprehensive income as they occur (no corridor), an immediate recognition of all costs of pension benefits earned in earlier periods and the replacement of interest expenses and estimated yield on pension funds with a net interest amount which is estimated by making use of the discount rate on the net pension liability (asset). The Group does not expect any significant impact on the consolidated accounts from the amendments to IAS 19, as the Group's pension schemes are mainly contribution-based, and non-recognised estimate differences for performance-based schemes as of 31.12.2013 do not represent a significant figure.

IFRS 9 Financial Instruments addresses the classification, measurement, and recognition of financial assets, financial liabilities and hedge accounting. IFRS 9 was issued in November 2009, October 2010 and November 2013. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for management of its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for a financial liability, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. IFRS 9 includes a number of changes and simplifications that increase the possibilities for employing hedge accounting. The Group has yet to assess the full impact of IFRS 9. The Group will also consider the impact of the remaining phases of IFRS 9 when the Board has completed its assessment. The implementation date for IFRS 9 has not yet been decided, but will be earliest 1 January 2017.

IFRS 10 Consolidated Financial Statements is based on current principles to utilise the concept of control as the decisive criterion in order to determine whether a company shall be included in the parent company's consolidated accounts. The standard provides more detailed guidelines for the assessment of whether control exists in cases where this is difficult to determine. It is not thought that this standard will imply any significant change for the Group. The Group plans to apply IFRS 10 for the 2014 financial statements.

IFRS 12 Disclosures of Interest in Other Entities contains a disclosure requirement for economic interests in subsidiaries, joint ventures, associated companies, companies for special purposes (SPE) and other companies not recognised on the balance sheet. The Group has not assessed the entire impact of IFRS 12. The Group plans to apply IFRS 12 for the 2014 financial statements.

IFRS 13 Fair Value Measurement provides a definition of fair value when this concept is utilised in IFRS, a uniform description of how fair value shall be determined in IFRS and which additional information shall be provided when fair value is applied. The standard does not represent an extended scope for recognition at fair value but provides guidelines on the method of application where utilisation is already required or permitted in other IFRS standards. The Group makes use of fair value as a measurement criterion for certain assets and liabilities. The Group has not assessed the entire impact of IFRS 13. The Group plans to utilise IFRS 13 once the standard comes into effect and has been approved by the EU.

There are no other IFRS standards or IFRIC interpretations which have come into effect and are expected to have a significant impact on the accounts.

(X) DERIVATIVES

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

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

The fair value of derivatives is shown in Note 5. The fair values of derivatives are classified as long-term assets or long-term liabilities if the hedging object matures in more than 12 months, and as current assets or current liabilities if the hedging object matures in less than 12 months.

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

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

(Y) CAPITAL MANAGEMENT

The Group's objectives for capital management are to secure continued operations for the Group in order to guarantee yield for the owners and other interested parties and to sustain an optimal capital structure to allow the Group to reduce capital expenditure. On-going structural changes in the global industry in which the company operates, seen in conjunction with the cyclical nature of the industry, demand that the company at all times must maintain a satisfactory financial preparedness. This in turn requires a close relationship with the company's shareholders and equity capital markets. The Group has always stressed the importance of maintaining the confidence of its financial partners and thus also access to necessary loan capital on favourable terms.

The Group's financial goals are reflected in quantified parameters for financial strength and yield. The established requirement for financial adequacy stipulates that the Group's equity ratio, defined as equity/total assets, should be at least 30 % over time. Information on the Group's equity is presented in the balance sheet. The Group's long-term goal is to maintain an annual yield on the Group's average capital employed of 18% before tax.

The company's dividend policy implies that, over time, dividends should lie in the region of 30% to 40% of net profits after tax. However, care must be taken at all times to ensure that the Group has sufficient financial contingency planning in preparedness for new and profitable investments. In the long run, value generation will increasingly be in the form of higher share prices rather than in declared dividends. See note 17 for more information.

NOTE 1 IMPORTANT ACCOUNTING ESTIMATES AND ASSESSMENTS

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

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

(a) Value adjustment of biological assets

Accounting of live fish in companies listed on the stock exchange is regulated by IAS 41 Agriculture. 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.

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

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

Value adjustment of biological assets according to IAS 41 has caused the book value of inventories to vary more than it did with the earlier historical cost valuation principle. The variations arise for several reasons, including volatility in pricing of Atlantic salmon and factors involving 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 carried out on 31.12.2013 shows the following impact on the Group's operating result (NOK 1 000):

Price reduction per kilo	NOK/kg 1.00	NOK/kg 2.00	NOK/kg 5.00
Reduced operating result	-62 029	-123 781	-307 228

Price increase per kilo	NOK/kg 1.00	NOK/kg 2.00	NOK/kg 5.00
Increased operating result	62 030	124 059	310 393

Reference is also made to the information in Note 7.

(b) Estimated impairment of goodwill and other intangibles

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

NOTE 2 INTANGIBLE ASSETS

(All figures in NOK 1 000)

2012	Goodwill	Licences/ rights	Total
1 JANUARY 2012			
Acquisition costs	1 897 147	1 991 048	3 888 195
Accumulated depreciation		-9 322	-9 322
Balance sheet value 01.01.12	**1 897 147**	**1 981 726**	**3 878 873**
ACCOUNTING YEAR 2012			
Balance sheet value 01.01.12	1 897 147	1 981 726	3 878 873
Conversion differences	-1 822	-1 406	-3 228
Acquisition of subsidiaries	105 364		105 364
Disposal of subsidiaries	-7 560		-7 560
Acquisition of intangible assets		1 032	1 032
Disposal of intangible assets		-467	-467
Depreciation for the year		-1 961	-1 961
Balance sheet value 31.12.12	**1 993 129**	**1 978 924**	**3 972 053**
31 DECEMBER 2012			
Acquisition cost	1 993 129	1 990 207	3 983 336
Accumulated depreciation		-11 283	-11 283
Balance sheet value 31.12.12	**1 993 129**	**1 978 924**	**3 972 053**
Assets with unlimited useful life	1 993 129	1 926 181	3 919 310
Assets with limited useful life (water rights)		52 743	52 743
Balance sheet value 31.12.12	**1 993 129**	**1 978 924**	**3 972 053**

2013	Goodwill	Licences/ rights	Total
ACCOUNTING YEAR 2013			
Balance sheet value 01.01.13	1 993 129	1 978 924	3 972 053
Conversion differences	16 282	1 791	18 073
Acquisition of subsidiaries			0
Disposal of subsidiaries	-926		-926
Acquisition of intangible assets		20 081	20 081
Disposal of intangible assets		-20 197	-20 197
Depreciation for the year		-1 943	-1 943
Balance sheet value 31.12.13	**2 008 485**	**1 978 656**	**3 987 141**
31 DECEMBER 2013			
Acquisition cost	2 008 485	1 991 904	4 000 389
Accumulated depreciation		-13 248	-13 248
Balance sheet value 31.12.13	**2 008 485**	**1 978 656**	**3 987 141**
Assets with unlimited useful life	2 008 485	1 934 794	3 943 279
Assets with limited useful life (water rights)		43 862	43 862
Balance sheet value 31.12.13	**2 008 485**	**1 978 656**	**3 987 141**

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, phase 1 of the 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, acquisition of Lerøy Aurora AS, Lerøy Alfheim AS, Bulandet Fiskeindustri AS (53.2%) and remaining 51% of SAS Fish Cut in 2005. 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 Vest AS), and some minor acquisitions of subsidiaries of subsidiaries. Accrual of goodwill in 2008 pertains to acquisitions of minority interests in several subsidiaries, including the purchase of 30% of the shares in SAS Hallvard Lerøy. Accrual of goodwill in 2009 pertains to the purchase of the remaining 30% of Lerøy Fisker'n AS, while disposal has to do with sale of the company Ritz AS, a subsidiary's subsidiary. Accrual of goodwill in 2010 pertains to the acquisition of Sjøtroll Havbruk AS (50.71%). Accrual in goodwill in 2011 pertains to the acquisition of the Finnish company, Jokisen Eväät OY, and of Åkra Sjømat AS (see separate note). Disposals of goodwill pertain to the sale of Sigerfjord Fisk AS. The change in goodwill in 2012 relates mainly to the acquisition of Rode Beheer BV. The negative change relates to the disposal of Åkra Sjømat AS. In 2013, the change in goodwill is attributed to the disposal of shares in Inversiones Seafood Ltda in Chile, together with Hjelvik Settefisk AS (subsidiary in the sub-group Lerøy Midt AS).

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 AS in 2006, as well as the purchases of Lerøy Vest AS (Group) and Ramsøy Fiskeoppdrett AS (one licence) in 2007. In 2008, the number of licences increased by three, of which two licences are in Central Norway (Lerøy Midnor purchased three licences and sold one), and one licence is in Northern Norway (purchased by Berg Havbruk AS, merged into Lerøy Aurora Group). Accrual of licences in 2009 pertains to investments in Chile (Inversiones Seafood Ltda). Accrual of licences in 2010 pertains to the acquisition of Sjøtroll Havbruk AS (which includes 25 licences) and rights in Chile (Inversiones Seafood Ltda). Accrual of licences in 2011 pertains in principle to a 5% expansion of the 17 licences in Lerøy Aurora AS, and a slight increase in the rights in Chile. Disposal pertains to licences and rights owned by the sold subsidiary, Sigerfjord Fisk AS. The change in 2012 relates to renewal and establishment of licences in Chile. In 2013, all licences owned by Inversiones Seafood Ltda in Chile were sold. The acquisition relates mainly to the investment in a delivery contract concerning Lerøy Fisker`n AS.

The Group has 130 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.

IMPAIRMENT TEST FOR GOODWILL

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

	2013	2012
Production	**1 933 047**	1 918 818
Sale & Distribution	**75 438**	74 311
Total goodwill	**2 008 485**	1 993 129

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 2014 and on estimated values for the years 2015 to 2018. After 2018, a terminal value is calculated based on an estimated result for 2018. Real growth has not been considered when calculating the terminal value. A yield requirement rate of 11.5% before tax has been used in the calculation.

The most important measurement of profitability for the Production segment is EBIT per kg. This key figure is volatile due to the fluctuations in the prices of salmon and trout. Under normal circumstances, the costs can be estimated with a high degree of accuracy. The budgeted figure for EBIT per kg for 2014 takes into account the fact that the price level at the end of the year was higher than at the same time last year. For the years 2015 to 2018, it is assumed that the EBIT per kg will decrease during the period. The table below displays projections related to slaughter volume when calculating the terminal value.

Unit	Annual volume 1000 gwt
Lerøy Midt	67
Lerøy Aurora	26
Lerøy Vest	41
Sjøtroll Havbruk	30
Sum	**164**

The impairment test did not produce grounds for write-down of goodwill in 2013. The management's calculations show that this conclusion is robust in the face of reasonable changes in conditions in the future. Historically, the Group has experienced a significant production growth per licence in Norway. The model is based on an assumption of zero growth in terminal volume which is a very conservative projection. It is probable that such a low growth rate would result in a margin expansion, a condition which is barely covered in the model.

The critical value for the required rate of return on total capital before tax is between 12 % and 50 %. For Lerøy Aurora AS, the book values of estimated results for the years 2014 to 2018 are justified, i.e. the book values for this entity are not critically reliant on premises related to the terminal element (including volume, EBIT per kg and required rate of return before tax). For other entities, an EBIT in the terminal element from NOK 2 to NOK 5 per kg is required, which is within the level historically achieved.

LICENCES AND RIGHTS

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

	2013	2012
Production	**1 957 262**	1 977 716
Sale & Distribution	**21 394**	1 208
Total licences and rights	**1 978 656**	1 978 924

Licences/rights are associated with the 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 2013, and there is therefore no basis for impairment charges on licences.

The change in licences/rights within Sale & Distribution mainly pertain to the purchase of a long-term delivery contract (10 years) with a customer. The remaining part of the value relates to sales spots on the fish market in Portugal. These rights are valid until 2025.

NOTE 3 TANGIBLE FIXED ASSETS

(All figures in NOK 1 000)

2012	Real estate	Buildings	Machines, furnishings, equip., etc.	Total
1 JANUARY 2012				
Acquisition cost	24 873	607 956	2 387 942	3 020 771
Accumulated depreciation		-158 618	-1 025 769	-1 184 387
Balance sheet value 01.01.12	**24 873**	**449 338**	**1 362 173**	**1 836 384**
ACCOUNTING YEAR 2012				
Balance sheet value 01.01.12	24 873	449 338	1 362 173	1 836 384
Conversion differences	-339	-1 671	-1 243	-3 253
Tangible fixed assets acquired	6 829	324 307	192 890	524 026
Effect of business combinations	10 755	44 585	15 757	71 097
Tangible fixed assets sold	-180	-323	-10 405	-10 908
Depreciation for the year		-38 024	-251 783	-289 807
Impairment loss		-15 000	-18 000	-33 000
Balance sheet value 31.12.12	**41 938**	**763 212**	**1 289 389**	**2 094 539**
31 DECEMBER 2012				
Acquisition cost	41 938	974 189	2 578 689	3 594 816
Accumulated depreciation		-195 977	-1 271 300	-1 467 277
Accumulated impairment loss		-15 000	-18 000	-33 000
Balance sheet value 31.12.12	**41 938**	**763 212**	**1 289 389**	**2 094 539**

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

The item "tangible fixed assets acquired" includes capitalised interests of NOK 7.9 million in 2013 and NOK 8.3 million in 2012 (Belsvik). Impairment loss in 2013 relates to a fish hatchery in Lerøy Midt AS Group.

Information on estimated useful life for fixed assets is provided in paragraph (H) in the description of accounting principles. Information on leasing is provided in Note 18. Information on mortgages for fixed assets is provided in Note 6.

NOTE 4 SUBSIDIARIES, ASSOCIATED COMPANIES, ETC.

(All figures in NOK 1 000)

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

Company	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 Vest AS	Bergen	100%
Sjøtroll Havbruk AS	Austevoll	50.71%
Hallvard Lerøy AS	Bergen	100%
Lerøy Sverige AB	Gothenburg, Sweden	100%
Lerøy Alfheim AS	Bergen	100%
Lerøy Delico AS	Stavanger	100%
Lerøy Trondheim AS	Trondheim	100%
Lerøy Fisker'n AS	Oslo	100%
Lerøy & Strudshavn AS	Bergen	100%
Lerøy Finland OY	Finland	100%
Nordvik SA	Boulogne, France	100%
Lerøy Portugal Lda	Portugal	60%
Sandvikstomt 1 AS	Bergen	100%
Rode Beheer AS	Urk, Netherland	50.11%
Lerøy Processing Spain S.L	Madrid, Spain	100%

In 2013, only minor changes have occurred within the Group. The Group's ownership in Lerøy Finland OY (earlier Jokisen Eväät OY) was increased from 68 % to 100 %. The wholly-owned subsidiary Lerøy Hydrotech AS has been merged into the wholly-owned subsidiary Lerøy Midnor AS, and the name of the merged company was changed to Lerøy Midt AS. After completion of the sale of licences in Chile, the subsidiary Inversiones Seafood Ltda was dissolved. Some smaller non-controlling interests were acquired in the sub-group Lerøy Midt AS (formerly named Lerøy Hydrotech AS). In the sub-group Sjøtroll Havbruk AS, the two wholly-owned subsidiaries of Sjøtroll Havbruk AS (Brandasund Fiskeforedling AS and Rextar Seafood AS) were merged into the parent company.

ASSOCIATED COMPANIES	Norskott Havbruk AS	Villa Organic AS	Alfarm Alarko Lerøy	Other companies	Total income from assoc. companies
Calculation of balance sheet value 31.12.13					
Opening balance 01.01.13	293 482		22 656	14 918	331 056
The year's purchases, disposals and capital paid in		202 264		3 743	206 007
Share of the year's result	101 075	91 997	1 692	-2 577	192 187
Dividend	-26 000				-26 000
Currency impacts, etc.	33 953		-2 057		31 896
Other changes	-75				-75
Closing balance 31.12.13	**402 435**	**294 261**	**22 291**	**16 084**	**735 071**

	Norskott Havbruk AS	Villa Organic AS	Alfarm Alarko Lerøy
Place of business	Bergen	Kirkenes	Istanbul, Turkey
Ownership/voting shares	50%	49.4%	50%
Acquisition cost	163 273	202 264	11 546
FINANCIAL INFORMATION (100% / FY 2013):			
Assets	1 412 993	865 218	51 894
Liabilities	608 123	399 577	7 312
Equity	804 870	465 642	44 583
Turnover	1 189 140	630 785	137 974
Annual result	**202 149**	**159 387**	**3 384**

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

Norskott Havbruk AS (Group) has fish farming activities in Scotland. Villa Organic AS (Group) has fish farming activities in North Norway.

Key figures for the company's inventory of fish in sea are as follows for 2013.

	Norskott Havbruk AS (Group)		Villa Organic AS (Group)	
	100%	**50%**	**100%**	**49.4%**
Total fish in sea (LWT)	16 766	8 383	15 057	7 443
Value adjustment on biological assets	65 978	32 989	179 000	88 488
Cost price of biological assets	606 265	303 133	342 000	169 067
Balance sheet value of biological assets 31.12.2013	**672 243**	**336 122**	**521 000**	**257 556**
Value adjustment on biological assets	**100%**	**50%**	**100%**	**49.4%**
Value adjustment 1.1.2013	8 968	4 484	0	0
Impact of adjustment on annual result	57 011	28 505	179 000	88 488
Value adjustment 31.12.2013	**65 978**	**32 989**	**179 000**	**88 488**

Shares available for sale	Location	Ownership / voting shares	Cost price	Fair value adjustment	Fair value 31.12
DNB Private Equity II (IS) AS	Oslo	1.11%	4 328	0	4 328
Bulandet Eiendom AS	Bulandet	12.67%	625	0	625
NOFI Oppdrettsservice AS	Skjervøy	13.00%	325	0	325
Various minor shareholdings			275	0	275
Total shares available for sale			**5 553**	**0**	**5 553**
Fair value adjustment 01.01				487	
Change in fair value adjustment over other comprehensive income				**-487**	

NOTE 5 FINANCIAL INSTRUMENTS

(All figures in NOK 1 000)

CURRENCY FORWARD CONTRACTS

The table below shows the company's currency forward contracts per 31.12.2013. They are for purchase or sale against NOK.

Currency	Currency figure forward contract	Forward exchange rate	Forward contract total	Exchange rate 31.12.13	Estimated fair value currency forwards 31.12.13 NOK
EUR	86 060	8.250	709 983	8.3837	-11 518
USD	65 940	6.125	403 887	6.0815	2 873
JPY	16 080	9.912	159 380	10.0500	-2 224
SEK	144 200	0.923	133 041	0.9468	-3 487
CHF	2 178 400	0.060	131 702	0.0579	5 507
AUD	2 040	5.535	11 291	5.4250	223
GBP	800	6.727	5 381	6.8335	-86
Total					**-8 712**

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

As illustrated in the table above, the impact of effectuated forward exchange contracts represents a net negative market value of NOK 8.7 million as of 31.12.2013. The forward exchange contracts are carried at fair value and are classified as other short-term debt as of 31.12.2013.

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

The impact on earnings of net gains throughout the year from fair value hedging in 2013 is NOK 11.5 million, with a corresponding reduction in cost of materials.

INTEREST SWAPS

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

Interest swap agreements	Nominal value	Gross commit-ment carried / fair value	Related deferred tax	Impact on equity
1 January 2012				
Total nominal value in interest swap agreements	500 000			
Fair value adjustment 01.01		-7 168	2 007	-5 161
Status as of 01.01.2012	**500 000**	**-7 168**	**2 007**	**-5 161**
Accounting year 2012				
Net book value 01.01.2012	500 000	-7 168	2 007	-5 161
Agreement of 17 January 2012, 10 years, 3.29 %	500 000			
Change in fair value 2012		-37 620	10 534	-27 086
Status as of 31.12.2012	**1 000 000**	**-44 788**	**12 541**	**-32 247**

Agreement of 17 November 2011, 10 years, 3.55 %	500 000			
Agreement of 17 January 2012, 10 years, 3.29 %	500 000			
Total nominal value on interest swap agreements (3.42 %)	1 000 000			
Fair value adjustment 31.12		-44 788	12 541	-32 247
Status as of 31.12.2012	**1 000 000**	**-44 788**	**12 541**	**-32 247**

Interest swap cost in 2012 was NOK 10 730.

Accounting year 2013				
Net book value 01.01.2013	1 000 000	-44 788	12,541	-32 247
Change in fair value 2013		12 202	-3 416	8 785
Status as of 31.12.2013	**1 000 000**	**-32 586**	**9 124**	**-23 462**

Agreement of 17 November 2011, 10 years, 3.55 %	500 000			
Agreement of 17 January 2012, 10 years, 3.29 %	500 000			
Total nominal value on interest swap agreements (3.42 %)	1 000 000			
Fair value adjustment 31.12		-32 586	9 124	-23 462
Status as of 31.12.2013	**1 000 000**	**-32 586**	**9 124**	**-23 462**

Interest swap cost in 2013 was NOK 16 474.

FINANCIAL FISH POOL CONTRACTS

Lerøy Seafood Group has a very limited number of open financial Fish Pool contracts at the end of 2013. Such volume is significantly less than 1% of expected own produced volume of Atlantic salmon and trout in 2014. Estimated fair value of the contracts at the end of 2013 amounts to NOK 917.

FINANCIAL INSTRUMENTS BY CATEGORY

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

31.12.2012 - Assets	**Claims and receivables**	**Assets at fair value over result**	**Derivatives used for hedging**	**Available for sale**	**Total**
Shares available for sale				18 281	18 281
Accounts receivable and other receivables *	1 047 673		10 039		1 057 712
Cash and cash equivalents	1 082 797				1 082 797
Total	**2 130 470**	**0**	**10 039**	**18 281**	**2 158 790**

31.12.2012 - Liabilities	**Financial liabilities at amortized cost**	**Liabilities at fair value over result**	**Derivatives used for hedging**	**Other financial liabilities**	**Total**
Derivatives cash flow hedging (interest swap agreements)			44 788		44 788
Loans (excl. financial leasing)	2 483 182				2 483 182
Financial leasing	314 082				314 082
Accounts payable and other debt **				926 191	926 191
Financial fishpool contracts					0
Total	**2 797 264**	**0**	**44 788**	**926 191**	**3 768 243**

31.12.2013 - Assets	Claims, receivables and cash	Assets at fair value over result	Derivatives used for hedging	Available for sale	Total
Shares available for sale				5 553	5 553
Financial fishpool contracts			917		917
Accounts receivable and other receivables *	1 568 287		8 712		1 576 999
Cash and cash equivalents	872 513				872 513
Total	**2 440 800**	**0**	**9 629**	**5 553**	**2 455 982**

31.12.2013 - Liabilities	Financial liabilities at amortized cost	Liabilities at fair value over result	Derivatives used for hedging	Other financial liabilities	Total
Derivatives cash flow hedging (interest swap agreements)			32 586		32 586
Loans (excl. financial leasing)	2 409 392				2 409 392
Financial leasing	314 082				314 082
Overdraft facility	264 223				264 223
Accounts payable and other debt **				1 068 092	1 068 092
Total	**2 987 697**	**0**	**32 586**	**1 068 092**	**4 088 375**

* Accounts receivable and other receivables excl. pre-payments and reimbursable public duties
** Accounts payables and other debt, excl. statutory fees

FINANCIAL INSTRUMENTS AT FAIR VALUE BY LEVEL

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

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

31.12.2013 - Assets	Level 1	Level 2	Level 3
Derivatives used for hedging			
– Value hedging		9 629	
Financial assets available for sale			
– Shares			5 553
Total			**5 553**

31.12.2013 - Liabilities	Level 1	Level 2	Level 3
Derivatives used for hedging			
– Cash flow hedging		32 586	
Total		**32 586**	

NOTE 6 LOANS, MORTGAGES AND GUARANTEES

(All figures in NOK 1 000)

	2013	2012
LONG-TERM INTEREST-BEARING DEBT		
Debt to credit institutions etc.	**2 409 392**	2 483 182
Leasing liabilities (see Note 18)	**365 763**	314 082
Next year's instalments on long-term liabilities	**-418 351**	-394 494
Total long-term interest-bearing debt 31.12	**2 356 803**	2 402 770
SHORT-TERM INTEREST-BEARING DEBT		
Debt to credit institutions (multi-currency credit)	**264 223**	517 393
Next year's instalments on long-term liabilities	**418 351**	394 494
Total short-term interest-bearing debt 31.12	**682 574**	911 887
Total interest-bearing debt 31.12	**3 039 377**	3 314 657
Short-term interest-bearing receivables	**50 000**	0
Bank deposits	**872 513**	1 082 797
Net interest-bearing debt 31.12	**2 116 864**	2 231 860
LOANS SECURED BY MORTGAGES		
Long-term debt to credit institutions etc.	**2 409 392**	2 483 182
Short-term debt to credit institutions (multi-currency credit)	**264 223**	517 393
Leasing liabilities	**365 763**	314 082
Total liabilities secured by mortgages 31.12	**3 039 377**	3 314 657
MORTGAGED ASSETS		
Accounts receivable and other receivables	**397 623**	458 555
Shares in associated companies (Norskott Havbruk AS)	**163 273**	293 059
Biological assets and other goods	**3 175 298**	2 422 199
Buildings and other fixed assets	**2 243 790**	1 847 744
Licences	**1 318 473**	1 569 785
Total	**7 298 457**	6 591 342
Long-term loans with maturities over 5 years		
Debt to credit institutions etc. and leasing liabilities	**900 378**	853 691
Total	**900 378**	853 691

Interest-bearing debt specified by currency	2013	2012
NOK	**2 871 414**	3 253 145
SEK	**103 819**	48 973
EUR	**64 144**	12 539
Total	**3 039 377**	3 314 657

Payment profile financial liabilities	2014	2015	2016	2017	2018	After 2018	Total
INSTALMENT PROFILE LONG-TERM DEBT							
Instalments on bank loans	344 421	238 394	520 254	275 202	209 898	821 224	2 409 392
Instalments on leasing debt	73 933	70 776	59 533	46 124	36 243	79 154	365 763
Total	**418 354**	**309 171**	**579 787**	**321 325**	**246 140**	**900 377**	**2 775 155**
INTEREST PAYMENT PROFILE LONG-TERM DEBT							
Interests on bank loans	84 177	75 358	63 879	51 843	44 502	123 687	443 446
Interests on leasing debt	11 462	8 940	6 668	4 827	3 391	8 111	43 399
Total	**95 639**	**84 298**	**70 547**	**56 670**	**47 893**	**131 798**	**486 845**
OTHER SHORT-TERM FINANCIAL LIABILITIES							
Overdraft	264 223						264 223
Accrued interests	12 527						12 527
Total	**276 750**	**0**	**0**	**0**	**0**	**0**	**276 750**
Total	**790 743**	**393 469**	**650 334**	**377 995**	**294 033**	**1 032 175**	**3 538 750**

Instalments in 2014 are classified as short-term debt in the balance sheet (short-term credits).

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

Financial covenants

The Group's main borrowing conditions ("covenants") are to maintain an equity ratio of at least 30% and to ensure that net interest-bearing debt over EBITDA does not exceed 5.0. When calculating equity ratio, the balance sheet value is adjusted for bank deposits and deferred tax associated with licences. There are also some capital adequacy requirements in some of the subsidiaries that are all 30% or lower.

Finally, there are requirements regarding a so-called "borrowing base" in Lerøy Midt AS and Sjøtroll Havbruk AS for the short-term overdraft facilities.

None of the Group companies have been in breach of their covenants in 2013.

Fair value, borrowing costs etc

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

An increase (reduction) in the interest level of 1 % would have caused an increase (reduction) in interest costs of NOK 21 169 for 2013. Net interest-bearing debt per 31.12.2013 has been used as the base for this calculation.

NOTE 7 BIOLOGICAL ASSETS

(All figures in NOK 1 000)

	2013	2012
Biological assets 01.01	**2 724 941**	2 370 938
Increase due to added costs during the year	**4 568 005**	3 738 711
Reduction due to sale / harvesting	**-4 328 897**	-3 679 443
Change in value adjustment on biological assets (earnings impact)	**763 312**	294 735
Biological assets 31.12	**3 727 361**	2 724 941

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

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

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

Volume	2013	2012
Total fish in sea (LWT)	**103 107**	103 949
Harvestable fish (> 4kg LWT)	**41 529**	41 899

Capitalised value of biological assets	2013	2012
Value adjustment harvestable fish (> 4kg)	**458 996**	241 613
Value adjustment immature fish (< 4kg)	**651 506**	105 577
Total value adjustment on biological assets	**1 110 502**	347 190
Cost price of biological assets	**2 616 859**	2 377 751
Total	**3 727 361**	2 724 941

The change in inventory of biological assets is based on full cost. The change in cost price due to costs added and decrease due to harvesting amounts to NOK 239 108 in 2013 (NOK 2 616 859 - NOK 2 377 751). In the income statement, this change is carried as a change in inventory.

Fair value adjustment on biological assets	2013	2012
Fair value adjustment at 01.01	**347 190**	52 455
Impact of value adjustment on year's earnings	**763 312**	294 735
Fair value adjustment per 31.12	**1 110 502**	347 190

Fair value adjustment on biological assets in income statement	2013	2012
Fair value adjustment biological assets	**763 312**	294 735
Fair value adjustment Fishpool contracts	**917**	0
Total fair value adjustment	**764 229**	294 735

NOTE 8 OTHER INVENTORIES

(All figures in NOK 1 000)

	2013	2012
Feed, packaging materials, auxiliary and other raw materials	151 403	135 425
Finished goods / goods for sale	207 741	195 216
Write-down of inventories	-662	-4 416
Total other inventories	**358 482**	326 225

NOTE 9 RECEIVABLES

(All figures in NOK 1 000)

Customer receivables	2013	2012
Face value	1 514 852	1 019 324
Provision for bad debts	-28 424	-24 035
Total customer receivables	**1 486 428**	995 289

All but an insignificant part of the Group's customer receivables are covered by credit insurance or other forms of surety. The loss deductable on credit-insured customer receivables is 10-20%.

By end of February 2014, around 96% of customer receivables (face value) are paid in. This represents 98% of book value.

Customer receivables 31.12 - overdue, no provision	2013	2012
0 to 3 months	314 808	218 821
3 to 6 months	17 195	10 363
More than 6 months	3 917	3 938
Total	**335 920**	233 122

Customer receivables 31.12 - overdue, provision	2013	2012
0 to 3 months	3 852	11 173
3 to 6 months	2 370	3 832
More than 6 months	13 488	9 030
Total	**19 710**	24 035

Bad debt, including change in provision for doubtful receivables, amounted to NOK 8 378 in 2013, compared with NOK 5 086 in 2012.

Customer receivables in currency	2013	2012
NOK	**448 177**	236 299
SEK	**161 041**	139 245
GBP	**49 684**	22 835
EUR	**592 644**	373 020
USD	**194 922**	197 042
JPY	**29 662**	17 299
Other currencies	**10 298**	9 549
Total customer receivables	**1 486 428**	995 289

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

Other receivables	2013	2012
VAT to be refunded	**176 691**	129 797
Pre-payments	**58 764**	24 603
Currency futures and impacts of fair value hedging	**9 629**	10 039
Other	**71 108**	34 644
Total other receivables	**316 192**	199 083

NOTE 10 CURRENT LIABILITIES

(All figures in NOK 1 000)

Current liabilities	2013	2012
Accrued wages and holiday pay	**140 070**	123 651
Impacts of fair value hedging (forward contracts)	**8 712**	10 039
Accrued interest costs	**12 527**	7 434
Accrued customer discounts	**64 027**	36 798
Other accruals	**57 314**	51 938
Other short-term debt	**22 424**	540
Total current liabilities	**305 074**	230 400

NOTE 11 PENSIONS

(All figures in NOK 1 000)

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

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

Moreover, certain Group companies have defined benefit schemes, and other companies have unsecured schemes which are financed by operations. IAS 19 Employee Benefits was amended in 2013. For the Group`s benefit plans, the amendments imply that all estimate differences shall be reported in the comprehensive income as they occur (no corridor).

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

Defined contribution scheme	**2013**	2012
Premium recognised for defined contribution scheme	**40 992**	35 474
Net pension cost, defined contribution scheme	**40 992**	35 474

Defined benefit scheme	**2013**	2012
Present value of future pension liabilities	**11 969**	15 239
Provision for undercoverage from old AFP scheme	**326**	1 325
Fair value of pension funds	**-9 069**	-7 241
Effect of estimate deviations not charged against income	**0**	-1 677
Net pension liabilities	**3 227**	7 646
Net pension costs are determined as follows:		
Present value of the year's earned pensions	**1 155**	957
Net interest effect	**124**	-7
Profit impact of estimate deviations	**0**	368
Employer's national insurance contribution	**190**	149
Administration costs, etc.	**73**	103
Provision for undercoverage from old AFP scheme	**0**	80
Net pension cost, defined benefit scheme	**1 542**	1 650
Change in capitalised liabilities		
Balance sheet value as of 01.01	**7 647**	7 813
Costs booked during the year (incl. transition to new scheme)	**1 542**	1 650
Estimate differences recognised in the comprehensive income (before tax)	**-3 443**	0
Pension payments and payments of pension premiums	**-2 519**	-1 817
Balance sheet value at 31.12. defined benefit scheme	**3 227**	7 646

(Continued on the next page)

Economical assumptions		
Average discounting rate	**4.1 %**	2.3 %
Anticipated yield from pension funds	**4.1 %**	4.0 %
Regulation of National Insurance base rate (G)	**3.5 %**	3.3 %
Pension adjustment	**0.6 %**	0.2 %
Average wage increase (incl. career supplement)	**3.5 - 5 %**	3.5 - 5 %
Attrition	**0 - 20 %**	0 - 20 %
Utilisation percentage, Contractual Early Retirement Scheme	**0 %**	0 %

Total pension cost	2013	2012
Net pension cost, defined contribution scheme	**40 992**	35 474
Net pension cost, defined benefit scheme	**1 542**	0
Total	**42 534**	35 474

Total pension cost - in comprehensive income	2013	2012
Net pension cost (before tax) from benefit plans - comprehensive income	**-3 443**	0
Total pension cost in comprehensive income	**-3 443**	0

NOTE 12 TAXATION

(All figures in NOK 1 000)

	2013	2012
Tax payable	**330 208**	33 229
Change in deferred tax	**263 773**	149 520
Total tax cost	**593 981**	182 749

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:

	2013	2012
Pre-tax result	**2 480 376**	674 509
Tax based on tax rates in the various countries	**694 505**	188 863
Effect from changed tax rate from 1.1.2014	**-52 572**	0
Net permanent differences, etc.	**5 860**	839
Share of profit in associated company	**-53 813**	-6 952
Tax cost	**593 981**	182 749
Effective tax rate	**23.9 %**	27.1 %

Change in book value of deferred tax	2013	2012
Balance sheet value as of 01.01	**1 208 914**	1 077 147
Acquisitions, etc.	**0**	-7 220
Currency conversion and other charges against equity	**2 479**	-10 534
Recognised in the period	**263 773**	149 520
Balance sheet value at 31.12.	**1 475 166**	1 208 914
Capitalised deferred tax asset	**-11 807**	-21 545
Capitalised deferred tax liability	**1 486 972**	1 230 459

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

Deferred tax liabilities	Operating assets	Licences and rights	Goods/biol. assets	Total
01.01.2012	59 804	434 236	614 055	1 108 095
Recognised in the period	2 375		143 282	145 657
Currency conversion and other charges against equity	-1			-1
31.12.2012	**62 178**	**434 236**	**757 337**	**1 253 751**
Recognised in the period	11 386	-2 150	233 726	242 962
Currency conversion and other charges against equity	-938			-938
31.12.2012	**72 626**	**432 086**	**991 063**	**1 495 775**

Deferred tax assets	Receivables	Other differences	Loss carried forward	Total
01.01.2012	-6 756	-7 963	-16 230	-30 949
Recognised in the period	2 031	-2 927	4 761	3 865
Acquisitions, etc.			-7 220	-7 220
Deferred tax on items from comprehensive income (cash flow hedges)		-10 533		-10 533
31.12.2012	**-4 725**	**-21 423**	**-18 689**	**-44 837**
Recognised in the period	-2 271	12 955	10 127	20 811
Deferred tax on items from comprehensive income (cash flow hedges)		3 417		3 417
31.12.2012	**-6 996**	**-5 051**	**-8 562**	**-20 609**

	31.12.2013	31.12.2012
Deferred tax on positive temporary differences 31.12.	**1 495 775**	1 253 751
Deferred tax on negative temporary differences 31.12.	**-20 609**	-44 837
Net	**1 475 166**	**1 208 914**
Short-term tax positions	**984 067**	752 612
Long-term tax positions	**491 099**	456 302
Total	**1 475 166**	**1 208 914**

NOTE 13 OPERATING REVENUES/SEGMENT INFORMATION

(All figures in NOK 1 000)

Operating revenues	2013	2012
Sale of goods and services	**10 736 948**	9 087 844
Lease income	**225**	1 225
Damages received	**3 924**	603
Gain/loss from sale of fixed assets	**0**	5 795
Other operating revenues	**23 617**	7 474
Total operating revenues	**10 764 714**	9 102 941

Other gains and losses	2013	2012
Gain from disposal of licences in Chile	53 805	0
Total other gains	**53 805**	0

Activity segments

The Group's activities are classified into two segments: Sales & Distribution (S&D) and Production (Prod.). This segmentation is based on type of organisation and commercial risk. The Group management applies this segment classification to its management activities. Production consists of the companies Lerøy Midt AS (Group), Lerøy Aurora AS (Group), Lerøy Vest AS, Sjøtroll Havbruk AS, Rode Beheer BV (Group), Lerøy Fossen AS, SAS Fish Cut, SAS Eurosalmon, Inversiones Seafood Ltda, Bulandet Fiskeindustri AS, Lerøy Smøgen Seafood AB and Lerøy Processing Spain SL. S&D consists of all other subsidiaries. Lerøy Seafood Group ASA is not allocated to any of the segments but is included in elimination/unallocated.

2012	S&D	Prod.	Elimination/ unallocated	Group
External operating revenues	8 430 511	671 220	1 209	9 102 941
Internal operating revenues	618 822	4 570 615	-5 189 437	0
Total operating revenues	9 049 333	5 241 835	-5 188 228	9 102 941
Operating costs	8 858 592	4 954 447	-5 160 196	8 652 843
Operating profit before value adj. biol. assets	**190 741**	**287 388**	**-28 032**	**450 098**
Value adjustment on biological assets		294 735		294 735
Operating profit	**190 741**	**582 123**	**-28 032**	**744 832**
Profit from associated companies	3 185	18 183	3 463	24 831
Net financial items	-103	-75 863	-19 187	-95 153
Profit before tax	**193 823**	**524 442**	**-43 756**	**674 509**
Tax cost				-182 749
The year's result				491 760
Assets (excluding associated companies)	1 591 060	8 588 444	1 263 859	11 443 363
Associated companies	22 656	293 482	14 918	331 056
Total assets	**1 613 716**	**8 881 926**	**1 278 777**	**11 774 419**
Total liabilities	1 332 103	4 211 228	267 133	5 810 464
Net investments	29 829	476 258		506 087
Depreciation	14 765	275 772	1 231	291 768
Impairment loss		33 000		33 000

2013	S&D	Prod.	Elimination/ unallocated	Group
External operating revenues	9 877 976	886 513	225	10 764 714
Internal operating revenues	371 681	5 635 752	-6 007 433	0
Total operating revenues	10 249 657	6 522 265	-6 007 208	10 764 714
Other gains		53 805		53 805
Operating costs	10 041 125	5 129 602	-5 978 006	9 192 720
Operating profit before value adj. biol. assets	**208 532**	**1 446 468**	**-29 202**	**1 625 799**
Value adjustment on biological assets		764 229		764 229
Operating profit	**208 532**	**2 210 698**	**-29 202**	**2 390 028**
Profit from associated companies	1 692	190 496	0	192 188
Net financial items	-5 845	-72 247	-23 747	-101 840
Profit before tax	**204 379**	**2 328 946**	**-52 949**	**2 480 376**
Tax cost				-593 981
The year's result				1 886 395
Assets (excluding associated companies)	2 150 559	10 522 774	495 327	13 168 660
Associated companies	26 084	708 987	0	735 071
Total assets	**2 176 643**	**11 231 761**	**495 327**	**13 903 731**
Total liabilities	923 479	4 288 159	1 143 147	6 354 785
Net investments	59 508	509 457	1 718	570 683
Depreciation	15 667	290 668	840	307 175
Impairment loss		5 500		5 500

Product area	2013	%	2012	%
Whole salmon	4 737 179	44.0	3 988 978	43.8
Processed salmon	3 255 568	30.2	2 552 913	28.0
Whitefish	765 066	7.1	777 208	8.5
Trout	1 007 439	9.4	798 414	8.8
Shellfish	499 180	4.6	474 089	5.2
Pelagic	61 031	0.6	67 686	0.7
Other	439 252	4.1	443 652	4.9
Total operating revenues	**10 764 714**	**100.0**	**9 102 941**	**100.0**

Information about geographic areas

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

Operating revenues	2013	%	2012	%
EU	5 676 712	52.7	4 689 350	51.5
Norway	1 774 241	16.5	1 476 564	16.2
Asia	1 066 345	9.9	1 074 150	11.8
USA & Canada	707 614	6.6	635 050	7.0
Rest of Europe	1 404 325	13.0	1 135 212	12.5
Other	135 476	1.3	92 614	1.0
Total operating revenues	**10 764 714**	**100.0**	**9 102 941**	**100.0**

Assets	2013	%	2012	%
Norway *	12 832 231	92.3	11 242 416	95.5
EU	1 071 500	7.7	501 960	4.3
Other countries	0	0.0	30 043	0.3
Total assets	**13 903 731**	**100.0**	**11 774 419**	**100.0**

* Most of the customer receivables in the subsidiary Hallvard Lerøy AS as of 31.12.2013 are from customers abroad (NOK 728 990 out of NOK 978 390). Customer receivables are covered by credit insurance or other forms of surety.

Net investments	2013	%	2012	%
Norway	452 077	79.2	476 794	94.2
EU	141 693	24.8	29 174	5.8
Other countries	-23 087	-4.0	119	0.0
Total net investments	**570 683**	**100.0**	**506 087**	**100.0**

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

Operating revenues in currency

Operating revenues in NOK according to currency

Operating revenues	2013	%	2012	%
NOK	3 087 131	28.7	2 561 548	28.1
SEK	918 214	8.5	1 265 388	13.9
GBP	358 629	3.3	270 432	3.0
EUR	3 900 331	36.2	2 659 273	29.2
USD	2 063 470	19.2	1 917 656	21.1
JPY	373 494	3.5	367 985	4.0
Other currencies	63 445	0.6	60 662	0.7
Total	**10 764 714**	**100.0**	**9 102 944**	**100.0**

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

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

(All figures in NOK 1 000)

Payroll costs	**2013**	2012
Salary	**843 691**	833 536
Employer's national insurance contribution	**114 834**	113 622
Hired personnel	**48 518**	18 782
Pension costs	**42 534**	37 124
Other remuneration	**10 417**	3 475
Other personnel expenses	**34 470**	25 333
Total	**1 094 464**	1 031 872

At year-end 2013, the Group had 2 067 employees with 669 women and 1 398 men compared with a total of 1 883 in 2012. The average number of man-years for the Group in 2013 was 1 993 compared with 1 767 in 2012.

Remuneration of senior executives	**CEO**		**CFO**			**COO Farming**	
	2013	**2012**	**2013**	**2012***	**2012**	**2013**	**2012**
Salary	2 862	2 772	1 533	375	1 253	2 094	2 017
Bonus including extraordinary bonus	1 400	1 400	125			950	950
Premium recognised for defined contribution scheme	58	56	57	14	27	57	55
Other remuneration	57	53	10	2	12	124	120

*) New CFO started on 1 October 2012

No remuneration with mandatory reporting is paid to the Chairman of the Board. Lerøy Seafood Group ASA is invoiced for the services of the Chairman, and for consultancy fees from the Group's ultimate parent company, Laco AS, where the Chairman of the Board is an employee. Remuneration of other board members totalled NOK 1 150 in 2013 (equally distributed), compared with NOK 1 020 in 2012. The number of Board members is the same as it was in 2012.

Remuneration of the nomination committee is unchanged compared to the previous year, and amounts to NOK 105 in 2013. As for the members of the Board, remuneration is equally distributed.

Mandates granted to the Board of Directors

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

The first time the Board was authorised to acquire the company's own shares was at the ordinary general meeting on 12 May 2000. This mandate has subsequently been renewed, most recently at the ordinary general meeting on 23 May 2013, and is to remain valid for 18 months from the date on which the resolution was adopted. The mandate has not been exercised in 2013. Renewal of the mandate will be recommended to the general meeting on 22 May 2014.

(Continued on the next page)

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 mandate must be seen in light of the company's option programme, see below. This type of mandate was first established by the extraordinary shareholders' meeting on 10 December 1997 and has subsequently been renewed, most recently by the general meeting on 23 May 2013. The mandate is valid for two years from the time the resolution was adopted. An extension of the mandate will not be recommended to the general meeting on 22 May 2014. The mandate has not been exercised in 2013.

The Board is authorised to increase the share capital by up to NOK 5 000 000 by issuing up to 5 000 000 shares in Lerøy Seafood Group ASA , each with a face value of NOK 1, through one or more private placings with the company's shareholders and/or external investors. This type of mandate was first established by the ordinary general meeting of 4 May 1999 and subsequently renewed by the ordinary general meeting on 23 May 2013. The mandate has not been exercised in 2013. It will be recommended that an equivalent authority be approved by the ordinary general meeting on 22 May 2014.

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

Options

Lerøy Seafood Groups` option programme dated 20 June 2006, with a duration of three years, expired in 2011.
It has not been replaced with a new programme.

Loans to employees

The loan to the CEO, NOK 196 at 31.12.2012, has been settled in 2013. No loans have been given to the Chairman of the Board or other closely related parties. No single loan or guarantee has been granted for more than 5 % of the company's equity.

Auditor

The Group auditor is PricewaterhouseCoopers AS. Fees invoiced from the Group auditor also include the law firm PricewaterhouseCoopers AS and other PricewaterhouseCoopers companies abroad. The auditing fee for the Group auditor specified below is the agreed fee for the audit of the 2013 accounts. Other fees concern services received during 2013 and have been as follows:

	2013	2012
Auditing fees Group auditor	**3 275**	3 138
Auditing fees other auditors	**676**	1 655
Tax advice Group auditor	**133**	268
Tax advice other auditors	**67**	107
Other certification services Group auditor	**154**	170
Other services Group auditor	**967**	865
Other services from other auditors	**24**	80
Total	**5 296**	6 283

NOTE 15 ITEMS THAT ARE COMBINED IN THE ACCOUNTS

(All figures in NOK 1 000)

Financial revenues	**2013**	2012
Other interest revenues	**17 951**	33 972
Currency gain	**1 422**	
Other financial revenues	**2 883**	2 967
Total financial revenues	**22 256**	36 939

Financial costs	**2013**	2012
Other interest costs	**120 258**	128 691
Currency loss		262
Other financial costs	**3 838**	3 139
Total financial costs	**124 096**	132 092
Net financial items	**-101 840**	-95 153

Capitalized interests	**2013**	**2012**
Interests related to new recycling plant for smolt	**7 871**	8 280

NOTE 16 EARNINGS PER SHARE

	2013	2012
This year's earnings for LSG shareholders (thousands)	**1 733 352**	480 797
Number of shares on balance sheet date (thousands)	**54 577**	54 577
Average number of shares (thousands)	**54 577**	54 577
Average number of shares with dilution (thousands)	**54 577**	54 577
Earnings per share	**31.76**	8.81
Diluted earnings per share	**31.76**	8.81

Diluted profit per share is based on the average number of shares adjusted for the effect of any share options.

NOTE 17 DIVIDEND PER SHARE

(All figures in NOK 1 000, with exception of result/dividend per share)

Distributed dividend in 2013, based on 2012 profit, was NOK 7.00 per share. This amounts to NOK 382 042.

Based on the 2013 profit figure, a dividend of NOK 10.00 per share is recommended for distribution in 2014. This amounts to NOK 545 774. A final decision will be made by the general meeting on 22 May 2014.

Year	Profit for the year to LSG share-holders	Number of shares 31.12	Profit per share	Profit per share before fair value ad-justment	Recom-mended dividend	Recom-mended dividend per share	Dividend relative to profit	Distributed dividend (from previ-ous year)	Number of shares with dividend	Distrib-uted dividend per share
2013	**1 733 352**	**54 577**	**31.76**	**21.12**	**545 774**	**10.00**	**31%**	**382 042**	**54 577**	**7.00**
2012	480 797	54 577	8.81	5.11	382 042	7.00	79%	382 042	54 577	7.00
2011	382 705	54 577	7.01	15.13	382 042	7.00	100%	545 774	54 577	10.00
2010	1 419 507	54 577	26.25	22.08	545 774	10.00	38%	375 042	53 577	7.00
2009	729 488	53 577	13.62	12.80	375 042	7.00	51%	150 017	53 577	2.80
2008	124 730	53 577	2.33	2.83	150 017	2.80	120%	96 439	53 577	1.80
2007	277 014	53 577	5.75	5.80	96 439	1.80	35%	214 309	53 577	4.00
2006	651 516	42 777	15.86	14.00	214 309	5.01	33%	76 999	42 777	1.80
2005	319 312	39 377	8.65	6.73	70 879	1.80	22%	30 308	37 885	0.80
2004	83 402	34 441	2.42	2.42	30 308	0.88	36%	20 665	34 441	0.60
2003	30 518	34 441	1.15	1.15	20 664	0.60	68%	17 664	29 441	0.60
2002	25 650	29 441	1.13	1.13	17 664	0.60	69%	11 664	19 441	0.60
Total	**6 257 991**				**2 830 953**	**54.49**	**45 %**	**2 302 963**		**44.00**

NOTE 18 LEASING

(All figures in NOK 1 000)

Leased assets booked on the consolidated accounts as financial leasing:	**2013**	2012
Book value of leased assets (machines/furnishings)	**338 286**	396 392
Book value of leasing liabilities (present value)	**365 763**	314 082
MINIMUM RENT, FINANCIAL LEASING:		
0-1 year	**83 551**	73 441
1-5 years	**234 614**	210 087
5 years -	**91 376**	75 929
Total	**409 540**	359 457
INTEREST COSTS, FINANCIAL LEASING:		
0-1 year	**6 374**	12 409
1-5 years	**24 224**	26 003
5 years -	**11 916**	6 963
Total	**42 514**	45 375
PRESENT VALUE OF FUTURE MINIMUM RENT:		
0-1 year	**76 324**	61 032
1-5 years	**212 634**	184 084
5 years -	**76 805**	68 967
Total	**365 763**	314 082

The Group has no significant operational leases.

NOTE 19 RELATED PARTIES

(All figures in NOK 1 000)

Lerøy Seafood Group ASA is a subsidiary of Austevoll Seafood ASA (62.56 % ownership). Sales to the Austevoll Seafood Group in 2013 amounted to NOK 80 686, while purchases amounted to NOK 179 347. Receivables from companies in the Austevoll Group per 31.12.2013 amounted to NOK 5 676, while debt was NOK 19 184.

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

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

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

2012	Ownership	Sales	Purchases	Receivables	Debt
Salmobreed AS	Sjøtroll Havbruk AS (27,5 %)	4	6 355		
Lerrow AS	Lerøy Midnor AS (50 %)	123	6 228		
Hydral AS	Hydrotech AS (50 %)	210	242	17	
Sørsmolt AS	Lerøy Vest AS (49 %)	1 767	8 874	143	84
Alfarm Alarko Lerøy	Lerøy Seafood Group ASA (50 %)	102 611		1 453	
Norskott Havbruk AS	Lerøy Seafood Group ASA (50 %)	20		25	
Scottish Sea Farms Limited	Norskott Havbruk AS (100 %)		235 133		21 489
Sum		**104 735**	**256 832**	**1 638**	**21 573**

2013	Ownership	Sales	Purchases	Receivables	Debt
Salmobreed AS	Sjøtroll Havbruk AS (27.5%)	480	3 640	598	1 440
Lerrow AS	Lerøy Midnor AS (50%)	28	4 837		
Hydral AS	Hydrotech AS (50%)	185	168	257	
Sørsmolt AS	Lerøy Vest AS (49%)	3 734	8 405		
Alfarm Alarko Lerøy	Lerøy Seafood Group ASA (50%)	124 433		4 321	
Norskott Havbruk AS	Lerøy Seafood Group ASA (50%)	123		310	
Villa Organic Group	Lerøy Seafood Group ASA (49.4%)			50 472	
Scottish Sea Farms Limited	Norskott Havbruk AS (100%)	26 833	247 951	26 101	24 920
Preline AS	Option for part-ownership (LSG)			7 650	
Minority owners of Rode Beheer BV				11 173	
Sum		**155 816**	**265 001**	**100 882**	**26 360**

Dividend received from Norskott Havbruk AS in 2013 was NOK 26 000.

NOTE 20 SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital consists of	Number	Face value	Book value
Ordinary shares	54 577 368	1.00	54 577 368
Total	**54 577 368**		**54 577 368**

Lerøy Seafood Group ASA had 1 841 shareholders at 31.12.13. The corresponding number at year end 2012 was 1 344. All shares confer the same rights in the company.

Overview of the 20 largest shareholders at 31.12	2013		2012	
	No. of shares	Ownership	No. of shares	Ownership
AUSTEVOLL SEAFOOD ASA	34 144 281	62.56%	34 144 281	62.56%
PARETO AKSJE NORGE	2 788 417	5.11%	2 995 523	5.49%
FOLKETRYGDFONDET	1 678 935	3.08%	1 524 170	2.79%
PARETO AKTIV	1 178 351	2.16%	1 268 924	2.33%
PARETO VERDI	549 377	1.01%	678 576	1.24%
VERDIPAPIRFONDET DNB NORGE SELEKTI	441 205	0.81%	248 603	0.46%
PICTET & CIE (EUROPE) S.A.	413 361	0.76%		
DANSKE INVEST NORSKE INSTIT. II.	388 446	0.71%	260 328	0.48%
LERØY SEAFOOD GROUP ASA	329 776	0.60%	329 776	0.60%
JP MORGAN CHASE BANK, NA	318 800	0.58%		
FORSVARETS PERSONELLSERVICE	317 000	0.58%	352 700	0.65%
THE BANK OF NEW YORK MELLON SA/NVT	295 290	0.54%		
VERDIPAPIRFONDET WARRENWICKLUND NO	262 427	0.48%		
CITIBANK NA NEW YORK BRANCH	235 943	0.43%	446 861	0.82%
DANSKE INVEST NORSKE AKSJER INST	227 192	0.42%	168 368	0.31%
VELU AS	207 300	0.38%	207 300	0.38%
VERDIPAPIRFONDET ALFRED BERG GAMBA	199 041	0.36%	226 834	0.42%
VERDIPAPIRFONDET DNB NORGE (IV)	192 919	0.35%		
KLP AKSJE NORGE INDEKS VPF	182 533	0.33%	164 843	0.30%
STATE STREET BANK & TRUST CO.	170 468	0.31%		
BIOMAR AS			1 000 000	1.83%
PICTET & CIE BANQUIERS			307 890	0.56%
JPMCB RE SHB SWEDISH FUNDS LENDING			293 800	0.54%
PARETO SICAV			219 764	0.40%
BKK PENSJONSKASSE			188 800	0.35%
STOREBRAND VERDI			183 443	0.34%
Total 20 largest shareholders	**44 521 062**	**81.57%**	**45 210 784**	**82.84%**
Others	10 056 306	18.43%	9 366 583	17.16%
Total share capital	**54 577 368**	**100.00%**	**54 577 368**	**100.00%**

Chairman of the Board Helge Singelstad owns shares in Austevoll Seafood ASA and therefore indirectly owns shares in Lerøy Seafood Group ASA.

Board members Arne Møgster, Britt Kathrine Drivenes and Marianne Møgster also own shares in Austevoll Seafood ASA, and therefore also indirectly own shares in Lerøy Seafood Group ASA.

Board member (employees' representative) Hans Petter Vestre owns 120 shares at year-end, which is the same number as at the end of the previous year.

NOTE 21 CURRENCY CONVERSION DIFFERENCES

(All figures in NOK 1 000)

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

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

	LSG share-holders	**Non-controlling interests**	**Total**
Accumulated currency conversion differences as of 01.01.12	-88 175	1 911	-86 264
Currency conversion differences 2012	-13 190	-636	-13 826
Accumulated currency conversion differences as of 31.12.12	**-101 365**	**1 275**	**-100 090**
Accumulated currency conversion differences as of 01.01.13	-101 365	1 275	-100 090
Currency conversion differences 2013	69 775	15 343	85 118
Accumulated currency conversion differences as of 31.12.13	**-31 590**	**16 618**	**-14 972**

NOTE 22 EVENTS AFTER BALANCE SHEET DATE

The main shareholders of Villa Organic AS, SalMar ASA and Lerøy Seafood Group ASA, have agreed on a process in which the objective is to demerge Villa Organic into two parts in the current year. As a result, Lerøy Seafood Group ASA's shares in Villa Organic AS will no longer be reported as an associated company but as a Group holding.

INCOME STATEMENT

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

LERØY SEAFOOD GROUP ASA	Notes	2013	2012
OPERATING REVENUES AND COSTS			
Operating revenues		**225**	1 209
Wages and other personnel costs	7	**22 559**	20 170
Other operating costs		**6 431**	9 174
Depreciation	2	**840**	840
Total operating costs		**29 830**	30 184
Operating profit		**-29 605**	-28 975
SUBSIDIARIES, ASSOCIATES AND NET FINANCIAL ITEMS			
Income from investments in subsidiaries	5	**994 354**	361 855
Income from associated companies	5	**26 000**	9 000
Impairment loss on financial assets	3	**0**	0
Net financial items	8	**15 869**	-21 348
Profit before tax		**1 006 618**	320 532
Total tax cost	6	**-260 110**	-86 766
THE YEAR'S PROFIT		**746 508**	233 766
INFORMATION REGARDING:			
Transferred to (+) / from (-) other equity	1	**200 734**	-148 276
Allocated to dividend	1	**545 774**	382 042

BALANCE SHEET

All figures in NOK 1 000

LERØY SEAFOOD GROUP ASA	Notes	31/12/13	31/12/12
FIXED ASSETS			
Deferred tax asset	6	**9 863**	13 280
Total intangible fixed assets		**9 863**	13 280
FIXED ASSETS			
Buildings and real estate	2	**16 673**	15 795
Total tangible fixed assets		**16 673**	15 795
Shares in subsidiaries	3	**3 507 512**	3 470 919
Shares in associated companies	3	**382 320**	174 821
Other long-term investments	3	**4 365**	2 990
Other long-term receivables		**13 939**	7 744
Long-term Group receivables	5	**44 389**	136 883
Total financial fixed assets		**3 952 525**	3 793 357
TOTAL FIXED ASSETS		**3 979 061**	3 822 432
CURRENT ASSETS			
Receivables from Group companies and associates	5	**1 045 625**	370 908
Other receivables		**2 015**	1 787
Cash and cash equivalents	4	**334 317**	768 718
TOTAL CURRENT ASSETS		**1 381 957**	1 141 413
TOTAL ASSETS		**5 361 018**	4 963 845

BALANCE SHEET

All figures in NOK 1 000

LERØY SEAFOOD GROUP ASA	Notes	31/12/13	31/12/12
EQUITY			
Share capital	1	**54 577**	54 577
Own shares	1	**-330**	-330
Share premium reserve	1	**2 731 690**	2 731 690
Total equity contributions		**2 785 937**	2 785 937
Other equity	1	**951 247**	739 420
Total retained earnings		**951 247**	739 420
TOTAL EQUITY		**3 737 184**	3 525 357
LONG-TERM LIABILITIES			
Other long-term liabilities	9	**32 586**	44 788
Total long-term liabilities		**32 586**	44 788
LONG-TERM DEBT			
Mortgage debt	4	**764 075**	906 925
Total long-term debt		**764 075**	906 925
CURRENT LIABILITIES			
Accounts payable		**5 617**	7 258
Accounts payable, Group and associated companies	5	**227**	2 885
Taxes payable	6	**260 111**	86 178
Public duties payable		**740**	1 424
Allocated to dividend	1	**345 774**	382 042
Other short-term liabilities		**14 704**	6 988
TOTAL CURRENT LIABILITIES		**627 173**	486 775
TOTAL LIABILITIES		**1 423 834**	1 438 488
TOTAL EQUITY AND LIABILITIES		**5 161 018**	4 963 845

Bergen, 27 March 2014
The Board of Directors in Lerøy Seafood Group ASA

Helge Singelstad
Chairman

Marianne Møgster

Arne Møgster

Didrik Oskar Munch

Britt Kathrine Drivenes

Hege Charlotte Bakken

Hans Petter Vestre
Employees' representative

Henning Beltestad
CEO
Lerøy Seafood Group ASA

CASH FLOW STATEMENT

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

LERØY SEAFOOD GROUP ASA	2013	2012
CASH FLOW FROM OPERATING ACTIVITIES		
Pre-tax result	**1 006 618**	320 532
Taxes paid during the period	**-86 101**	-175 330
Depreciation	**840**	840
Change in accounts receivable	**1 205**	-6 123
Change in accounts payable	**-2 078**	1 764
Change in other accruals	**-47 588**	2 636
Items classified as investment activities	**-1 020 354**	-370 855
Items classified as financing activities	**-15 869**	21 348
Net cash flow from operating activities	**-163 327**	-205 188
CASH FLOW FROM INVESTMENT ACTIVITIES		
Payments for acquisitions of fixed assets	**-1 718**	0
Payments for purchase of other shares	**-1 375**	-2 325
Dividend payments received from associated companies	**26 000**	9 000
Intragroup contributions/dividends received from subsidiaries	**373 994**	676 052
Proceeds from sale of Group companies/associated companies	**41 758**	0
Payments for acquisition of Group companies/associated companies	**-246 980**	-113 993
Proceeds/payments for intragroup receivables (short-term/long-term)	**92 494**	-108 535
Proceeds/payments for other loans (short-term/long-term)	**-6 195**	-373
Net cash flow from investment activities	**277 978**	459 826
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from establishing new long-term debt	**0**	116 000
Instalments paid on long-term liabilities	**-142 850**	-139 226
Net interests paid	**-26 467**	-21 348
Payment of dividend	**-382 042**	-382 042
Proceeds from dividend on own shares	**2 308**	2 308
Net cash flow from financing activities	**-549 051**	-424 308
Net cash flow for the accounting period	**-434 401**	-169 670
Cash and cash equivalents at the start of the period	**768 718**	938 388
Cash and cash equivalents at the end of the period	**334 317**	768 718
This consists of:		
Bank deposits etc.	**334 317**	768 718
Of which restricted funds	**722**	776

NOTES LERØY SEAFOOD GROUP ASA 2013

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

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

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

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

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

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

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

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

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

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

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

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

(K) INTEREST SWAP AGREEMENTS (DERIVATIVES)
The company seeks to hedge against fluctuations in interest rate by making use of interest swap agre-ements. Derivatives are carried at fair value at the time the derivative contract is signed, then subsequently at fair value. The company utilises cash flow hedging when recognising interest swap agreements. The effective share of the change in fair value of derivatives which qualify as hedging instruments for cash flow hedging is recognised in equity. Hedging gains or losses which are recognised in equity are re-classified to the income statement during the period in which the hedging object has an impact on the income statement. Gains or losses related to the effective share of the interest swap agree-ments which secure loans with a floating rate of interest are recognised under "Financial Items".
The interest swap agreement is considered to be a derivative. The fair value of a derivative is classified as a fixed asset or long-term liability if the remaining matu-rity of the hedging object is more than 12 months, and as a current asset or short-term liability if the remaining maturity of the hedging object is less than 12 months.

NOTE 1 EQUITY

(All figures in NOK 1 000)

2012	Share capital	Own shares	Share premi-um reserve	Other equity	Total equity
Equity as of 01.01.2012	54 577	-330	2 731 690	912 474	3 698 411
The year's result to equity				233 766	233 766
Dividend received on own shares				2 308	2 308
Change in value on interest swap (cash flow hedge)				-27 086	-27 086
Group contribution given to subsidiaries				1 599	1 599
Change in value of shares in subsidiaries				1 599	1 599
Provision for dividend				-382 042	-382 042
Equity as of 31.12.2012	**54 577**	**-330**	**2 731 690**	**739 420**	**3 525 357**

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

Share capital	No. of units	Nominal value	Recognised
Ordinary shares	54 577 368	1.00	54 577 368
Total	**54 577 368**		**54 577 368**

Lerøy Seafood Group ASA had 1 841 shareholders as per 31.12.13. All shares confer the same rights in the company. There were 54 577 368 shares outstanding per 31.12.2013.

An overview of share capital and the 20 largest shareholders are provided in Note 20 to the consolidated financial statements.

Own shares
The number of own shares has remained unchanged in 2013. As of 31.12.2013, Lerøy Seafood Group ASA owns 329 776 own shares with an average cost of NOK 62.10 per share.

NOTE 2 FIXED ASSETS

(All figures in NOK 1 000)

2012	Real estate	Buildings	Total fixed assets
Acquisition cost per 01.01.12	2 090	38 734	40 824
Addition of fixed assets			0
Disposal of fixed assets			0
Acquisition cost per 31.12.12	2 090	38 734	40 824
Accumulated depreciation per 31.12.12		-25 029	-25 029
Balance sheet value at 31.12.12	**2 090**	**13 705**	**15 795**
Depreciation for the year		840	840

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

The company uses straight line depreciation for all fixed assets. The economic life of fixed assets is determined to be:

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

NOTE 3 SHARES IN SUBSIDIARIES, ASSOCIATED COMPANIES, ETC.

(All figures in NOK 1 000)

Subsidiaries	Business location	Ownership/ voting rights 31.12.2012	Cost price/ book value 31.12.2012	Acqui-sitions and capital increases in 2013	Dispo-sals in 2013	Cost price/ book value 31.12.2013	Owner-ship/ vot-ing rights 31.12.2013
Lerøy Aurora AS	Tromsø	100%	154 070			154 070	100%
Lerøy Midt AS	Hitra	100%	1 135 230			1 135 230	100%
Lerøy Vest AS	Bergen	100%	1 262 132			1 262 132	100%
Sjøtroll Havbruk AS	Austevoll	50.71%	540 000			540 000	50.71%
Rode Beheer BV	Netherlands	50.11%	113 471			113 471	50.11%
Lerøy Fossen AS	Bergen	100%	43 643	9 449		53 092	100%
Hallvard Lerøy AS	Bergen	100%	57 889			57 889	100%
Lerøy Alfheim AS	Bergen	100%	13 155			13 155	100%
Lerøy Fisker'n AS	Oslo	100%	8 000			8 000	100%
Lerøy Delico AS	Stavanger	100%	22 070			22 070	100%
Lerøy Trondheim AS	Trondheim	100%	23 284			23 284	100%
Lerøy Sverige AB	Gothenburg, Sweden	100%	65 707			65 707	100%
Jokisen Eväät OY	Finland	68%	20 616	9 908		30 524	100%
Lerøy Portugal Lda	Portugal	60%	4 600			4 600	60%
Nordvik SA	Boulogne, France	100%	3 618			3 618	100%
Lerøy Processing Spain	SL Madrid, Spain	100%	27	20 124		20 151	100%
Lerøy & Strudshavn AS	Bergen	100%	405			405	100%
Sandvikstomt 1 AS	Bergen	100%	115			115	100%
Inversiones Seafood Ltda.	Chile	100%	2 888		-2 888	0	0%
Total shares in subsidiaries			**3 470 919**	**39 481**	**-2 888**	**3 507 512**	

In 2013, Lerøy Hydrotech AS was merged into Lerøy Midnor AS, which changed its name to Lerøy Midt AS. Lerøy Seafood Group ASA has also acquired the remaining non-controlling interests in Lerøy Finland OY (earlier named Jokisen Eväät OY). Three capital increases were also carried out during the year - in Lerøy Fossen AS, in Lerøy Finland OY and in Lerøy Processing Spain SL.

Associated companies	Business location	Ownership/ voting rights 31.12.2012	Cost price/ book value 31.12.2012	Acqui-sitions in 2013	Dispo-sals in 2013	Cost price/ book value 31.12.2013	Ownership/ voting rights 31.12.2013
Norskott Havbruk AS	Bergen	50%	163 273			163 273	50%
Alfarm Alarko Lerøy	Istanbul, Turkey	50%	11 548			11 548	50%
Villa Organic AS	Kirkenes	0%		203 707		203 707	49.4%
Lerøy Schlie A/S	Hirtshals, Denmark	0%		3 793		3 793	50%
Total shares in associated companies			**174 821**	**207 499**		**382 320**	

Other shares	Business location	Ownership/ voting rights 31.12.2012	Cost price/ book value 31.12.2012	Acqui-sitions in 2013	Disposals in 2013	Cost price/ book value 31.12.2013	Ownership/ voting rights 31.12.2013
DnB Private Equity IS/AS	Oslo	1.11%	2 953	1 375		4 328	1.11%
Miscellaneous minor share interests			37			37	
Total other shares			**2 990**	**1 375**		**4 365**	

NOTE 4 DEBT, MORTGAGES AND GUARANTEES

(All figures in NOK 1 000)

	2013	2012
LONG-TERM INTEREST-BEARING DEBT		
Debt to credit institutions	**764 075**	906 925
Total interest-bearing debt at 31.12	**764 075**	906 925
Bank deposits	**334 317**	768 718
Interest-bearing short-term receivables	**50 000**	
Net interest-bearing debt at 31.12	**379 758**	138 207
REPAYMENT PROFILE INTEREST-BEARING DEBT		
2013		142 850
2014	**142 850**	142 850
2015	**55 350**	55 350
2016	**355 350**	355 350
2017	**55 350**	55 350
2018	**55 350**	55 350
Later	**99 825**	99 825
Total	**764 075**	906 925

Financial covenants

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

	2013	2012
DEBT SECURED BY MORTGAGES		
Long-term debt to credit institutions	**764 075**	906 925
Total mortgage-secured debt at 31.12	**764 075**	906 925
MORTGAGED ASSETS		
Shares in subsidiaries	**1 413 585**	1 413 585
Accounts receivable - cross-mortgaged (Hallvard Lerøy AS)	**280 000**	280 000
Shares in associated companies	**163 273**	163 273
Inventories - cross-mortgaged (Hallvard Lerøy AS)	**40 000**	40 000
Buildings	**11 664**	11 664
Total book value of mortgaged assets 31.12	**1 908 522**	1 908 522
Guarantees and sureties	**30 000**	66 250

Guarantee and surety liability

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

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

NOTE 5 GROUP INTER-COMPANY ACCOUNTS

(All figures in NOK 1 000)

Long-term intragroup receivables	2013	2012
Lerøy Fisker'n AS	**19 248**	0
Lerøy Sverige AB	**11 744**	0
Lerøy Processing Spain SL	**5 869**	12 783
Lerøy Alfheim AS	**4 563**	5 500
SAS Eurosalmon	**2 514**	3 873
Lerøy Delico AS	**451**	0
Lerøy Midt AS	**0**	93 000
Inversiones Seafood Ltda	**0**	21 727
SAS Fish Cut	**0**	0
Total long-term intragroup receivables	**44 389**	136 883

Short-term receivables, intragroup/associates	2013	2012
Lerøy Aurora AS	**315 555**	7 491
Lerøy Midt AS	**281 175**	115 313
Hallvard Lerøy AS	**223 938**	191 011
Lerøy Vest AS	**150 378**	26 442
Villa Organic AS (associated company)	**50 000**	0
Lerøy Fossen AS	**11 718**	22 011
Lerøy Fisker'n AS	**7 815**	4 913
Lerøy Delico AS	**1 964**	2 104
Lerøy Sjømatgruppen AS	**1 042**	1 053
Sjøtroll Havbruk AS	**850**	563
Lerøy Alfheim AS	**478**	0
Lerøy Trondheim AS	**373**	0
Lerøy Portugal Lda	**327**	0
Norskott Havbruk AS (associated company)	**309**	0
Sandvikstomt 1 AS	**12**	7
Total short-term receivables, intragroup/associates	**1 045 934**	370 908

Of which intragroup contribution received		
Lerøy Aurora AS	**314 401**	6 282
Lerøy Midt AS	**277 631**	112 091
Hallvard Lerøy AS	**223 000**	188 000
Lerøy Vest AS	**147 474**	24 114
Lerøy Fossen AS	**11 718**	22 011
Lerøy Delico AS	**1 964**	0
Lerøy Fisker'n AS	**1 586**	4 913
Lerøy Sjømatgruppen AS	**1 042**	1 053
Lerøy Alfheim AS	**478**	0
Lerøy Trondheim AS	**373**	0
Total	**979 667**	358 464

Income from investments in subsidiaries	2013	2012
Intragroup contributions received from subsidiaries	**979 667**	358 464
Dividend received from Sjøtroll Havbruk AS	**10 182**	0
Dividend received from Rode Beheer BV	**4 178**	0
Dividend received from Lerøy Portugal Lsa	**327**	0
Dividend received from Lerøy Sverige AS	**0**	3 391
Dividend received from Lerøy Smøgen Holding AB	**0**	0
Total income from investments in subsidiaries	**994 354**	361 855

Income from investments in associated companies	**2013**	2012
Norskott Havbruk AS (dividend received)	**26 000**	9 000
Total income from investments in associated companies	**26 000**	9 000

Short-term liabilities, intragroup/associates	**2013**	2012
Lerøy Midt AS	**129**	0
Lerøy Delico AS	**63**	1 834
Hallvard Lerøy AS	**35**	569
Lerøy Trondheim AS	**0**	243
Lerøy Vest AS	**0**	95
Lerøy Alfheim AS	**0**	76
Lerøy & Strudshavn AS	**0**	35
Sandvikstomt 1 AS	**0**	20
Lerøy Quality Group AS	**0**	13
Total short-term liabilities, intragroup/associates	**227**	2 885

Of which intragroup contribution given	**2013**	2012
Lerøy Delico AS	**0**	1 834
Lerøy Trondheim AS	**0**	243
Lerøy Alfheim AS	**0**	76
Lerøy & Strudshavn AS	**0**	35
Sandvikstomt 1 AS	**0**	20
Lerøy Quality Group AS	**0**	13
Total	**0**	2 221

NOTE 6 TAXATION

(All figures in NOK 1 000)

	2013	2012
DISTRIBUTION OF THE YEAR'S TAX COST		
Taxes payable	**260 110**	86 799
Too much or too little allocated to taxes	**0**	-21
Change in deferred tax	**0**	-12
Total taxation	**260 110**	86 766
CALCULATION OF THE YEAR'S TAXATION BASE		
Profit before tax	**1 006 618**	320 532
Dividend (adjusted for taxation)	**-39 772**	-12 020
Gain from disposal of shares (adjusted for taxation)	**-37 704**	0
Permanent differences incl. intragroup contributions without tax effect	**-176**	1 443
Change in temporary differences	**0**	43
The year's taxation base	**928 966**	309 998
OVERVIEW OF TEMPORARY DIFFERENCES AND DEFERRED TAX		
Buildings and other fixed assets	**-2 639**	-2 639
Financial instruments (cash flow hedge) *	**-32 586**	-44 788
Total	**-35 225**	-47 427
Deferred tax (- tax asset)	**-9 863**	-13 280

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

(Continued on the next page)

WHY THE YEAR'S TAX COST IS NOT EQUAL TO 28 % OF PRE-TAX PROFIT	2013	2012
28% of profit before tax	281 853	89 749
Permanent differences (28 %)	-49	404
Tax-free dividend	-21 693	-3 366
Too much or too little allocated to tax	0	-21
Estimated tax cost	260 110	86 766
Effective tax rate	25.84%	27.07%

TAX PAYABLE BOOKED IN THE BALANCE SHEET		
Tax payable	260 110	86 799
Tax payable on intragroup contributions paid	0	-622
Tax payable booked in the balance sheet	260 110	86 178

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

(All figures in NOK 1 000)

Payroll expenses	2013	2012
Wages and salaries	19 033	15 862
Employer's contribution	2 050	2 039
Pension costs 1)	450	502
Other remuneration and personnel costs	1 026	1 767
Total	22 559	20 170

1) Defined contribution pension scheme

Average number of man-years: 7

For a specification of remuneration of senior staff in Lerøy Seafood Group ASA and in the Group as a whole, see Note 14 to the consolidated financial statements.

Auditor

Invoiced fees in 2013 from the Group auditor PricewaterhouseCoopers AS, the law firm PricewaterhouseCoopers AS and other foreign PriceWaterhouseCoopers firms, were as follows:

	2013	2012
Auditing fees Group auditor	665	650
Other services Group auditor	194	314
Total	859	964

NOTE 8 ITEMS COMBINED IN THE ACCOUNTS

(All figures in NOK 1 000)

Financial revenues	2013	2012
Gain from disposal of subsidiary	38 870	0
Interest income from Group companies	5 594	1 093
Other interest income	12 647	26 859
Currency exchange gain	3 225	0
Other financial revenues	0	0
Total financial revenues	**60 336**	27 952

Financial costs	2013	2012
Interest cost	43 773	46 396
Currency exchange loss	0	2 074
Other financial costs	694	830
Total financial costs	**44 467**	49 300
Net financial items	**15 869**	-21 348

NOTE 9 INTEREST SWAP AGREEMENTS

(All figures in NOK 1 000)

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

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

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

Interest swap cost in 2013 was NOK 16 474.

AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Lerøy Seafood Group ASA

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of Lerøy Seafood Group ASA, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at 31 December 2013, and the income statement and cash flow statement, for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the balance sheet at 31 December 2013, income statement, statement of comprehensive income, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

Auditor's Responsibility

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

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

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

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

Opinion on the financial statements of the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position for Lerøy Seafood Group ASA as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the group

In our opinion, the financial statements of the group present fairly, in all material respects, the financial position of the group Lerøy Seafood Group ASA as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and the statement on Corporate Governance

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report and in the statement on Corporate Governance concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

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

Bergen, 27 March 2014
PricewaterhouseCoopers AS

Sturle Døsen
State Authorised Public Accountant (Norway)

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

ADDRESSES

Main office in Bergen, Norway

Lerøy Seafood Group ASA
Bontelabo 2, Postbox 7600
N-5020 Bergen, Norway
Phone: + 47 55 21 36 50
Fax: + 47 55 31 00 75
E-mail: hallvard@leroy.no

Hallvard Lerøy AS
Bontelabo 2, Postbox 7600
N-5020 Bergen, Norway
Phone: + 47 55 21 36 50
Fax: + 47 55 21 36 32
E-mail: hallvard@leroy.no

Leroy China Office
14th Floor A Tower,Pacific Century Place
2A Workers Stadium Road North,
Chaoyang District, Beijing 100027 China
Phone: + 86 10 6587 6955
Mobil: + 86 130 1110 5490
E-mail: juliana.guyu@leroy.no

Leroy Japan K.K.
Shinagawa Grand Central Tower 5F,
2-16-4 Konan, Minato-ku,Tokyo 108-0075, Japan
Phone: +81 3 6712 1672
E-mail: keita.koido@leroy.co.jp

Hallvard Lerøy USA Inc.
1289 Fordham Blvd., Suite 406
Chapel Hill, NC 27514, USA
Phone: + 1 919 967 1895
Fax: + 1 919 967 1833
Mobil: + 1 617 270 3400
E-mail: scott.drake@leroy.no

Lerøy Alfheim AS
Skuteviksboder 1-2, Postbox 7600
N-5020 Bergen, Norway
Phone: +47 55 30 39 00
Fax: +47 55 30 39 29
E-mail: firmapost@leroyalfheim.no

Lerøy Delico AS
Varabergmyra 2, N-4050 Sola, Norway
Phone: +47 51 71 89 00
Fax: +47 51 71 89 01
E-mail: post@leroydelico.no

Sjømathuset AS
Sven Oftedalsvei 10, N-0950 Oslo, Norway
Phone: +47 23 35 55 50
Fax: +47 23 35 55 68
E-mail: nikolai.thorstensen@leroy.no

Lerøy Trondheim AS
Pir 1 – Nr. 7 Hurtigrutekaien
Postbox 6055 Sluppen
N-7434 Trondheim, Norway
Phone: +47 55 33 41 06
E-mail: firmapost@leroytrondheim.no

Lerøy Aurora AS
Strandveien 106, Postbox 2123
N-9267 Tromsø, Norway
Phone: +47 77 60 93 00
E-mail: post@leroyaurora.no

Lerøy Fossen AS
5281 Valestrandsfossen, Norway
Phone: + 47 56 19 32 30
Fax: + 47 56 19 32 31
E-mail: gunnar.hamarsland@leroy.no

Lerøy Midt AS
N-7247 Hestvika, Norway
Phone: + 47 72 46 50 00
Fax: + 47 72 46 50 01
E-mail: post@leroymidt.no

Lerøy Midt AS
Vågeveien 6
N-6509 Kristiansund N, Norway
Phone: + 47 72 46 50 00
E-mail: post@leroymidt.no

Lerøy Vest AS
Sjøtrollbygget
5397 Bekkjarvik, Norway
Phone: +47 91 91 18 00
Fax: +47 56 18 18 01
E-mail: post@leroyvest.no

Sjøtroll Havbruk AS
N-5397 Bekkjarvik, Norway
Phone: + 47 91 91 18 00
Fax: + 47 56 18 18 01
E-mail: firmapost@sjotroll.no

Bulandet Fiskeindustri AS
Nikøy
N-6987 Bulandet, Norway
Phone: +47 57 73 30 30
Fax: +47 57 73 30 39
E-mail: bulandet.fiskeindustri@bufi.no

Lerøy Schlie AS
Peder Skramsvej 4
9850 Hirtshals, Denmark
E-mail: leroyschlie@leroy.no

Lerøy Sverige AB
Boks 24
SE-45625 Smøgen, Sweden
Phone +46 88 11 400
E-mail: info@leroy.se

Lerøy Allt i Fisk AB
Fiskhamnen
SE-41458 Gøteborg, Sweden
Phone: + 46 31 85 75 00
Fax: + 46 31 42 59 55
E-mail: alltifisk@leroy.se

Lerøy Nordhav AB
Tenngatan 7,
SE 23435 Lomma, Sweden
Phone: + 46 40 41 91 20
Fax: + 46 40 41 91 28
E-mail: info.nordhav@leroy.se

Lerøy Stockholm AB
Vindkraftsvägen 5
SE-135 70 Stockholm, Sweden
Phone: + 46 88 11 400
Fax: + 46 86 02 2197
E-mail: stockholm@leroy.se

Lerøy Smøgen Seafood AB
Postbox 24
SE-456 25 Smøgen, Sweden
Phone: + 46 52 36 67 000
Fax: + 46 52 33 83 43
E-mail: smogenseafood@leroy.se

Lerøy Finland Oy
Pajakatu 2
FI-20320 Turku, Finland
Phone: + 358 2 434 9800
Fax: + 358 2 434 9850
E-mail: info@leroy.fi

SAS Hallvard Lerøy
No.2&3 Rue Huret Lagache
Terrasse Bat 1
F-62200 BOULOGNE-SUR-MER
FRANCE
Phone: + 33 32 18 75958
Fax: + 33 32 18 75965
E-mail: henri.lapeyrere@h-leroy.com

SAS Fish Cut
Zac Artoispole 1,47 Allee Du Portugal
62118 MONCHY LE PREUX
FRANCE
Phone: + 33 32 11 56907
Fax: + 33 32 11 56908

SAS Eurosalmon
ZAC DES GOUCHOUX EST
127 Rue des Mures
FR-59 220 ST JEAN D'ARDIERES
FRANCE
Phone: + 33 47 40 77070
Fax: + 33 47 40 77079

Nordvik SA
170 Rue Vanheeckhoet, 62480 LE PORTEL
F-62200 BOULOGNE-SUR-MER
FRANCE
Postadresse: B.P. 73,
62201 BOULOGNE-SUR-MER CEDEX, FRANCE
Phone: + 33 32 18 74618
E-mail: stephanie.nordvik@wanadoo.fr

Lerøy Porugal Lda
Escritorio 11/12, Marl Lugar Di Ouintanilho,
Pavilhao R-07
2670-838 S. Juliao Do Tojal-Loures, Portugal
Phone: +351 210 988 550
Fax: +351 211 922 833
E-mail: johnnythomassen@leroy.pt

Scottish Sea Farms Ltd.
Laurel House
Laurel Hill Business Park
Stirling FK7 9JQ, Scotland
Phone: + 44 1786 445 521
Fax: + 44 1786 450 164
E-mail: admin@scottishseafarms.com

Alfarm Alarko Lerøy
Atatürk Mah. Girne Cad., No. 33,
P.O. Bos 34752, Atasehir, Istanbul, Turkey
Phone: + 90 216 629 0685
Fax: + 90 216 629 0686
E-mail: bulent.isik@alarko-leroy.com.tr

Photo: Gidske Stark cover, Hans Petter Vestre pg. 2-3, Øystein Klakegg pg. 10, pg. 22, pg. 25, pg. 35, pg. 54, Tove Lise Mossestad pg. 21, pg. 26-27, pg. 29-30, pg. 102 and Kjell Ove Storvik pg. 62.

Lerøy Seafood Group ASA
Bontelabo 2, P.O. Box 7600
N-5020 Bergen, Norway
www.lsg.no

LERØY

MILJØMERKET

The Annual Report is printed on environmental approved paper.