



ANNUAL REPORT
2015



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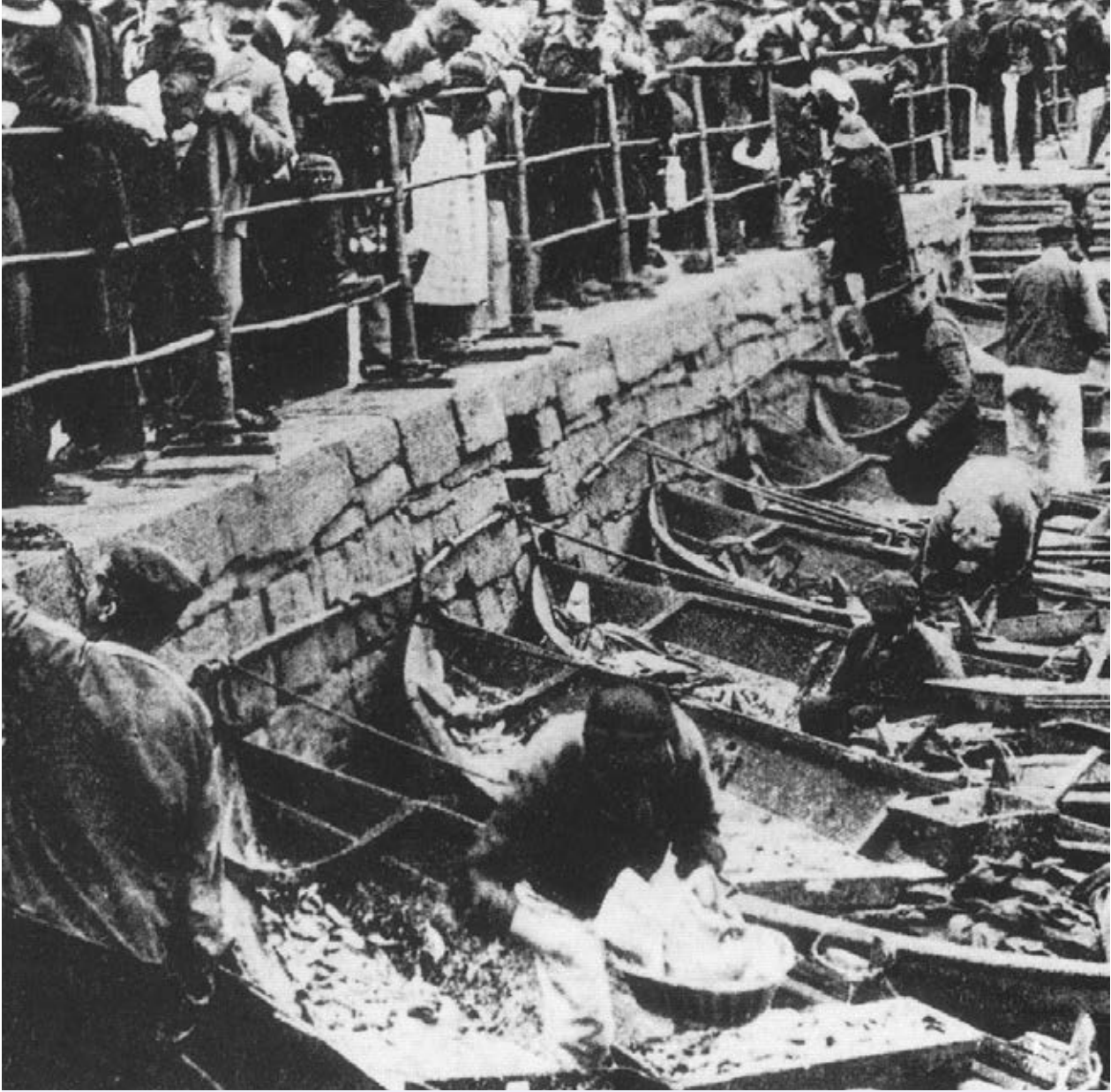
TABLE OF CONTENTS

04	HISTORY
06	MILESTONES IN 2015 AND IMPORTANT STRATEGIC EVENTS
08	KEY FIGURES FOR THE GROUP
10	ANNUAL STATEMENT BY THE GROUP CEO
13	LERØY SEAFOOD GROUP – BUSINESS OVERVIEW
27	CORPORATE GOVERNANCE
38	BOARD OF DIRECTORS' STATEMENT REGARDING SALARY AND OTHER REMUNERATION OF EXECUTIVE PERSONNEL
40	ENVIRONMENT
63	BOARD OF DIRECTORS' REPORT
70	RESPONSIBILITY STATEMENT FROM THE BOARD OF DIRECTORS AND CEO
71	INCOME STATEMENT
73	BALANCE SHEET
75	STATEMENT OF CASH FLOW
76	CHANGE IN EQUITY
77	NOTES, LERØY SEAFOOD GROUP CONSOLIDATED 2015
123	ANNUAL REPORT LERØY SEAFOOD GROUP ASA
140	AUDITOR'S REPORT
142	ADDRESSES



FINANCIAL CALENDAR 2016

- | | |
|------------|--------------------------------------|
| 12.05.2016 | PRESENTATION OF THE 1ST QUARTER 2016 |
| 18.08.2016 | PRESENTATION OF THE 2ND QUARTER 2016 |
| 10.11.2016 | PRESENTATION OF THE 3RD QUARTER 2016 |
| 21.02.2017 | PRELIMINARY RESULT FOR THE YEAR 2016 |
| 24.05.2016 | ORDINARY SHAREHOLDER'S MEETING |



Hectic trading at the fish market in Bergen.

HISTORY

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

Over time, Ole Mikkel Lerøen's operations gradually came to include retail sales in Bergen, the sale of live shellfish and a budding export business. In 1939, two of his employees, Hallvard Lerøy sr. and Elias Fjeldstad, established a wholesaler and seafood export company – Hallvard Lerøy

AS. In time, the company invested in a facility where they could receive pelagic fish, white fish and carry out fish farming. Poor results and insufficient capitalisation at the end of the 1980s and start of the 1990s forced the company to close down its facility for receipt of fish and sell its shareholding at that time in the fish farm in order to safeguard their core operation; wholesale and exports. In 1994, the company introduced a last emergency share issue and started the process of re-establishing a healthy business. At that time, the company's equity was valued at NOK 20 million, prior to an issue worth NOK 5 million.

The potential for growth within fish farming in combination with increasing customer requirements necessitated a radical change in the company's business concept

and strategy. The new strategy was extremely capital intensive. Up to 1997, the Group had been a family-owned operation. In 1997, a private placing with financial investors was carried out for the first time. The purpose of the placing was to develop the Group throughout the entire value chain, and participate in the future consolidation of the fish farming industry. The initial step of what was to become a number of major investments within fish farming occurred in 1999, when the company acquired a minority interest in what was then Hydrotech-Gruppen AS. In the summer of 2001, Norskott Havbruk AS was founded with the sole purpose of acquiring Golden Sea Products, now Scottish Sea Farms Ltd. in the UK. The Group was listed on the Oslo Stock Exchange in June 2002, providing access to the capital market for the Group and thereby strategic financial room to manoeuvre. Sufficient access to capital and expertise have been critical factors in the development of the Group from a wholesaler/seafood exporter to the current global and fully-integrated seafood corporation.

At the turn of the new millennium, large parts of the fish farming industry were seriously undercapitalised and suffering from the impact of a short-term perspective and a lack of risk management. This was not compatible with the requirements placed on enterprises in the fish farming industry at that time. Lerøy Seafood Group had achieved a more solid position by August 2003 when they purchased Nye Midnor AS as it was then called – the company that now makes up the main share of Lerøy Midt AS. The Group went on to acquire Lerøy Aurora AS in 2005, Fossen AS and the remaining shares in Hydrotech-Gruppen AS in 2006, Lerøy Vest in 2007 via a business combination and a majority shareholding in Sjøtroll Havbruk AS in 2010. The acquisition and demerger of Villa Organic were conducted in 2014. Together with highly-skilled local management, the above-mentioned companies in addition to a number of minor acquisitions have been developed via organic growth over the years to form what is now the second largest producer of Atlantic salmon and trout. The fish farming segment employed 1,252 persons at the end of 2015 in Norway.

The Group has over time made substantial investments within the processing segment (VAP). These investments in VAP (value-added processing) not only generate a wider product range and open the door to new markets, but also provide more room for manoeuvre in relation to the sale of own produced salmon and trout. The Group made their ambitions clear in 2002 with the investment in fish smoking capacity in Sweden (Lerøy Smøgen). They went on in 2005 to invest in a processing facility for white fish in Bulandet (Bulandet Fiskeindustri) in order to further expand their

product range. In 2006, the Group expanded its high-value processing plant for trout and salmon on the island of Osterøy (Lerøy Fossen). The Group's acquisition of 50.1% of the shares in the Dutch seafood company Rode Beheer BV Group took place in 2012. The Group has subsequently gone on to expand capacity at all its existing plants. The framework conditions for industrial development in Norway are increasingly unsatisfactory, resulting in a trend whereby production is outsourced from Norway to countries with low production costs. Despite this trend, Lerøy Seafood Group has invested heavily in Norway, most recently with the development and doubling in capacity of the plant on the island of Osterøy outside Bergen in 2014. The VAP segment currently employs 506 persons, including 177 employees in Norway.

The Group's ambition to increase demand for seafood in the form of new products and new markets has constantly been the driving force behind the Group's investments in the Sales & Distribution segment. This segment not only sells its own production of salmon and trout, but also has a high level of sales activity in cooperation with third parties, ensuring a wide product range for the Group within seafood. In recent years, the Group has also made significant investments in processing facilities, in order to take part in leading the "revolution" within the distribution of fresh seafood. These investments have been made in what is known as "fish-cuts", processing facilities where proximity to the customer is key. The distribution of fresh seafood requires quality throughout the entire organisation, flexibility, continuity in supply and a high level of service. Today, the Group has a number of fish-cut facilities across Europe, and sells its products to more than 70 markets worldwide. The Sales & Distribution segment currently employs 759 persons. Of these, 363 work in Norway.

Ever since its very foundation, the Group has taken a pioneering role within a number of areas in the Norwegian, and subsequently international, seafood industry. The main focus has always been on developing the markets for seafood. The Group has very frequently been the first to launch on new markets, or to commercialise new species of fish. One of the main goals for the Group is to be an innovator within seafood, preferably in cooperation with the end customer. This is important not only within product development, but also in other areas such as the development of efficient logistics and distribution. This pioneering spirit is still very much alive in the Group. At the start of 2016, Lerøy Seafood Group has the perfect position for further growth and development.



Lerøy is currently the largest producer of sushi in Norway.

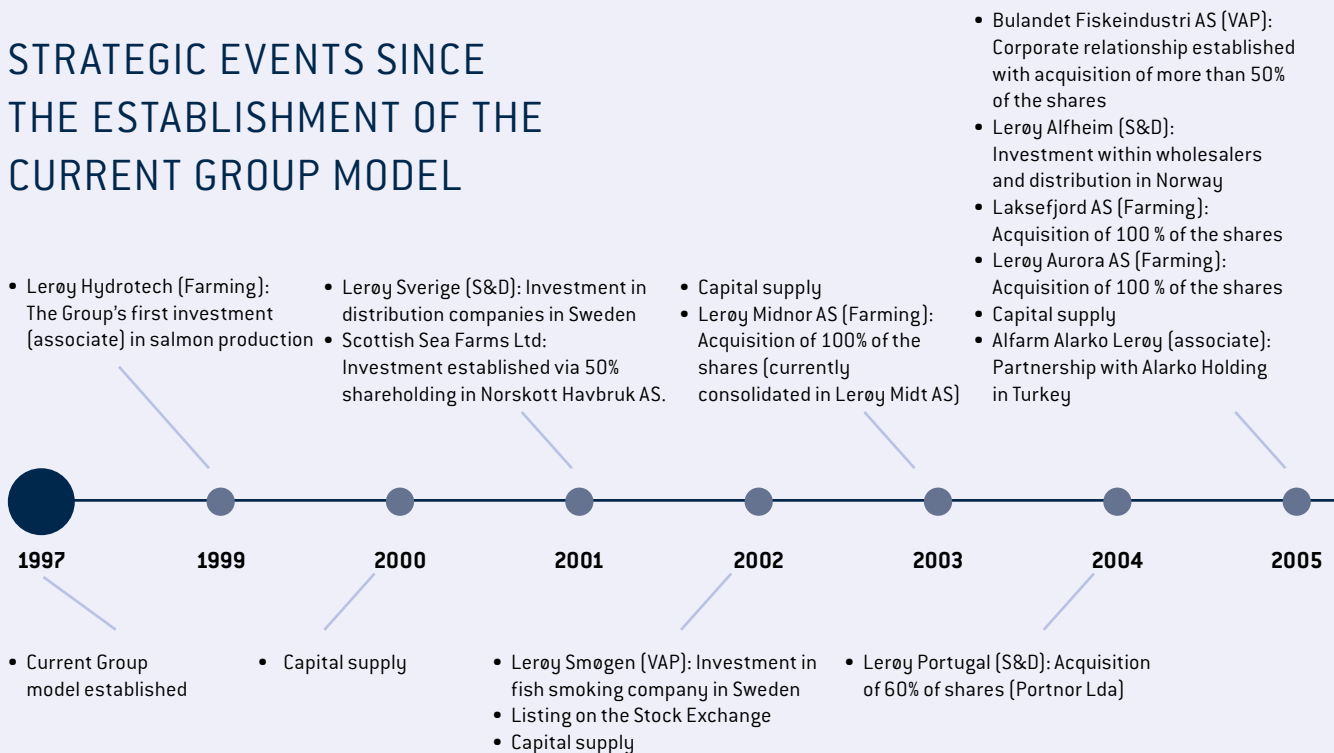
IMPORTANT MILESTONES IN 2015

ENVIRONMENT AND R&D

In 2013, the Group decided to become a significant producer of **cleaner fish**. Throughout 2015, Lerøy Seafood Group has taken a leading role in investments in cleaner fish for fish farming. The acquisition of 100% of the shares in Senja Akvakultursenter AS and 51% of the shares in Norsk Oppdrettsservice AS, in addition to the start-up of lumpfish production in a number of facilities, will – according to plans – give the Group a self-sufficient supply of cleaner fish in 2016.

Over time, the Group has invested in capacity to deliver quality smolt throughout the year, made adaptations to production at sea, but also taken measures to satisfy the market demand for all-year-round supply of salmon and trout. One central element in this process is the Group's investments in smolt facilities that make use of **recycling technology**. In 2015, Lerøy Aurora's smolt plant in Laksefjord in Finnmark delivered their first volume of smolt from their new, modern recycling plant. This represented a further boost to the Group's smolt capacity.

STRATEGIC EVENTS SINCE THE ESTABLISHMENT OF THE CURRENT GROUP MODEL



Over time, Lerøy Seafood Group has invested considerable resources in the development of technology for the production of post-smolt in **closed-containment floating facilities**. The Group has facilitated the development, production and testing of a pilot version of a post-smolt facility. The Group is also a partner on a long-term research project together with the Research Council of Norway. This project will afford the Group increased knowledge within technology and biology with a view to building and operating post-smolt facilities for the future.

Lerøy Seafood Group and Bellona operate the R&D company Ocean Forest AS. This company's goal is to exploit nutrient salts discharged from fish farms. Developments remain at an early stage, but the main aim is to achieve **increased exploitation of resources**. More specifically, Ocean Forest is involved in the production of mussel flour as a source of marine protein. The company is also involved in the cultivation of tangle, a kelp plant with an extreme growth rate in cold seasons that we hope can be used as a source of protein. Based on the results of research in 2015, the Group is confident that

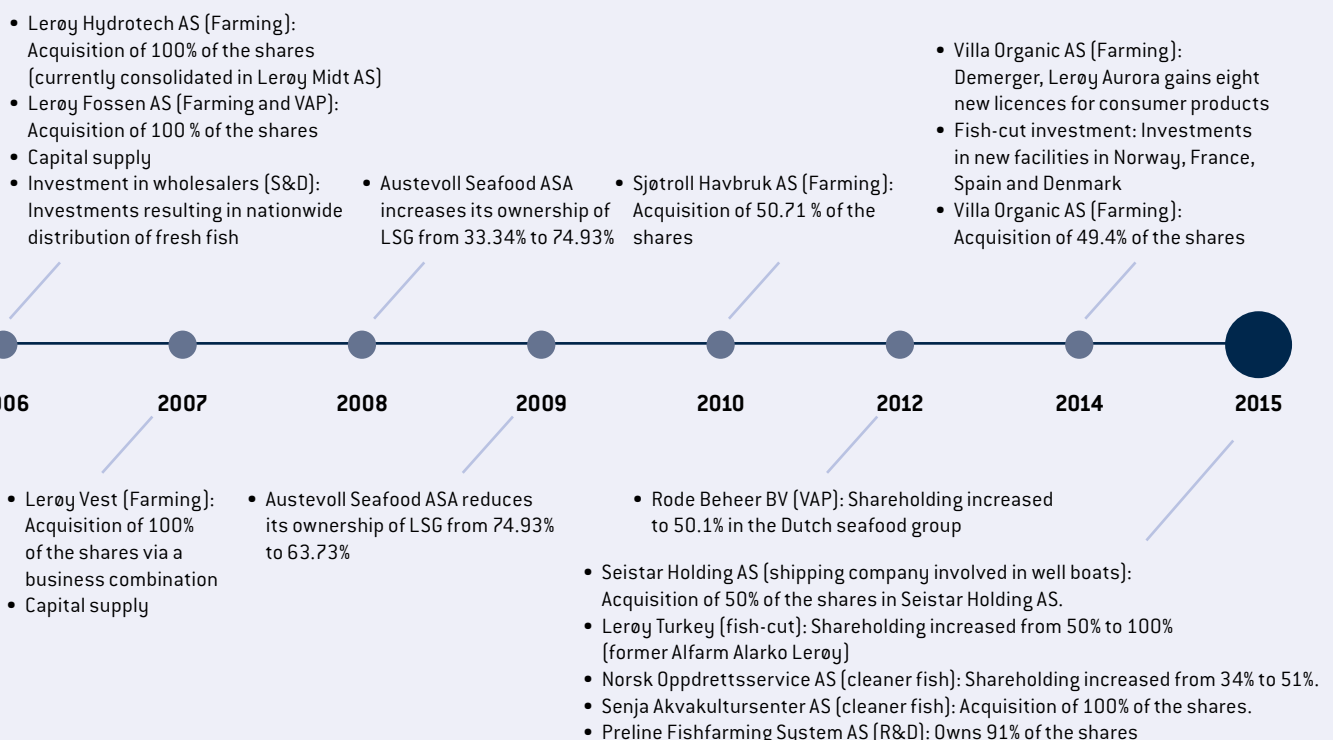
these innovations may make a positive contribution to even **more sustainable production** in the years to come.

In 2015, the Group acquired a 50% shareholding in Seistar Holding AS, a shipping company involved in **well boats**. This allows the Group more control over what is an increasingly important part of the value chain.

PRODUCT AND MARKET DEVELOPMENT

Lerøy Seafood Group is the largest producer of sushi in Norway, and has now expanded this segment with successful launches on new retail markets, including Finland and Spain. The Group has sustained its positive trend within product development in 2015, with the launch of a number of innovative products and new product types, mainly within freshly packaged fish.

On the marketing side, the Group has achieved a solid position for growth in new geographical areas via their investments in Turkey. The Group's shareholding in Lerøy Turkey (former Alfarm Alarko Lerøy) was increased from 50% to 100%.

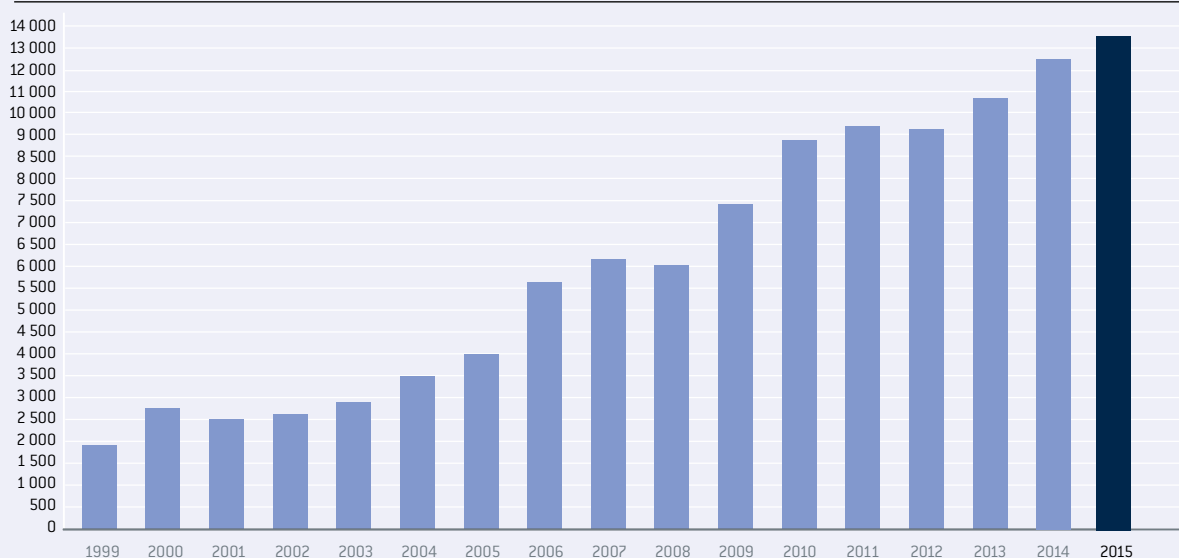


KEY FIGURES FOR THE GROUP

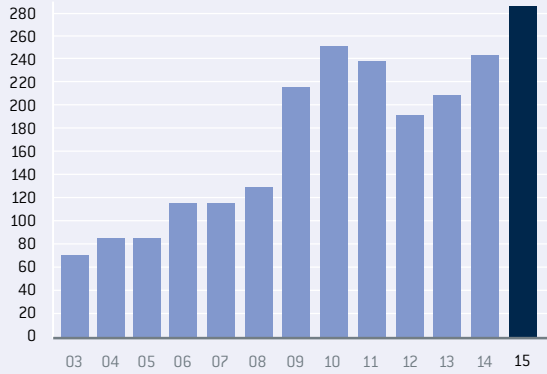
LERØY SEAFOOD GROUP CONSOLIDATED (ALL FIGURES IN NOK 1 000)

	2015	2014	2013	2012	2011	2010	2009
Operating revenue	13 450 725	12 579 465	10 764 714	9 102 941	9 176 873	8 887 671	7 473 807
EBITDA before fair value adjustment on biological assets	1 813 869	2 160 138	1 938 474	774 866	1 484 797	1 805 874	1 154 163
EBIT before fair value adj. on biological assets	1 379 953	1 788 676	1 625 799	450 098	1 212 898	1 586 249	950 156
Pre tax profit before fair value adj. on biological assets	1 320 815	1 816 813	1 630 011	379 913	1 183 314	1 623 307	926 615
Harvest volume (GWT)	157 697	158 258	144 784	153 403	136 672	116 824	108 400
EBIT/kg before fair value adj.	8.8	11.3	11.2	2.9	8.9	13.6	8.8
LSG stock price last annual trading day	330.00	273.00	177.00	129.50	84.00	192.00	105.00
Dividend paid per share (distribution year)	12.00	10.00	7.00	7.00	10.00	7.00	2.80
Dividend per share for payment following year	12.00	12.00	10.00	7.00	7.00	10.00	7.00
Profit margin before fair value adj. on biological assets	10.3 %	14.2 %	15.1 %	4.9 %	13.2 %	17.8 %	12.7 %
Operating margin before fair value adj. on biological assets	9.8 %	14.4 %	15.1 %	4.2 %	12.9 %	18.3 %	12.4 %
Earnings per share before fair value adj. on biological assets	19.38%	24.04%	21.12%	5.11%	15.13%	22.08%	12.80%
ROCE before fair value adj. on biological assets (annualised)	14.5 %	21.2 %	20.7 %	6.2 %	17.9 %	27.5 %	18.1 %
Equity ratio	54.8 %	54.4 %	54.3 %	50.7 %	50.6 %	52.8 %	51.8 %
Net interest-bearing debt	2 594 653	1 876 121	2 116 865	2 231 860	1 592 914	1 298 726	1 442 823

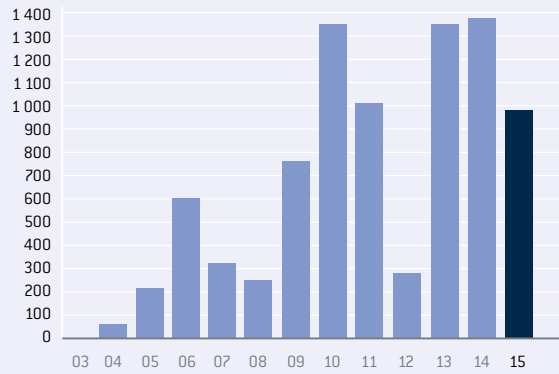
TURNOVER (NOK MILLION)



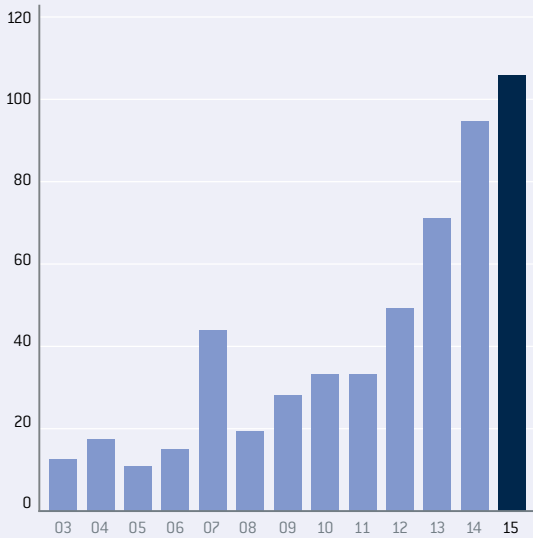
EBIT DEVELOPMENT IN SALES & DISTRIBUTION SEGMENT (NOK MILLION)



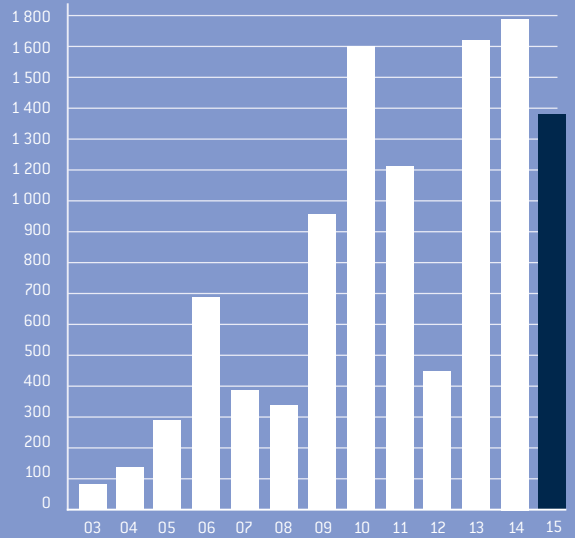
EBIT DEVELOPMENT (BEF. FV ADJ. ON BIOMASS) IN FARMING SEGMENT (NOK MILLION)



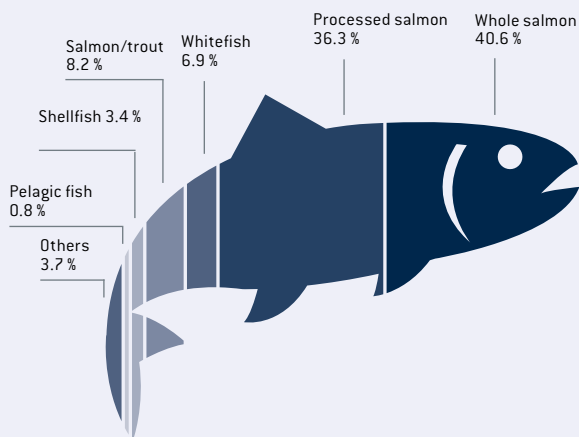
EBIT DEVELOPMENT IN VAP SEGMENT (NOK MILLION)



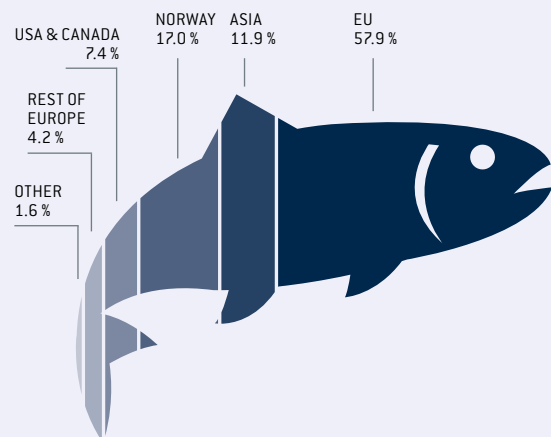
EBIT DEVELOPMENT (BEFORE FV ADJ. ON BIOMASS) IN TOTAL (NOK MILLION)



PRODUCT AREAS YTD 2015



GEOGRAPHIC MARKET YTD 2015



CONCERNED OPTIMIST

The level of activity for the Group in 2015 was high! We have achieved a stronger market position and further developed important relations with both customers and suppliers. Turnover for the year amounted to NOK 13.5 billion, up almost NOK 1 billion from 2014 and the highest turnover in the history of the Group. I am delighted to see that we are continuing as we have for the past 25 years to achieve growth, and I am constantly positively surprised by how strong demand is for seafood. This allows me to feel optimistic about the Group's position moving forward.

Lerøy Seafood Group ASA is a fully-integrated corporation in control of the entire value chain from egg to finished product and to the end customer. This affords unique opportunities to influence the development of the value chain and salmon and trout as a product category in cooperation with central end customers worldwide. The company's future development is determined by our ability to achieve continuous improvements, increased efficiency, innovation and development of sustainable solutions throughout the value chain. We shall continue to work extremely hard to sustain the positive development of the Group's market position.

At the same time, 2015 has been a year full of challenges. The Group's operating profit in 2015 was unfortunately lower than in 2014, down from NOK 1,788 billion to NOK 1,380 billion. The main reason for the decline is the increase in costs for salmon and trout production. This is cause for concern. I am very confident in the measures we have taken, and we are now focusing on turning around cost developments in 2016.

Another cause for concern that emerged in 2015 is the projected lack of growth in the Norwegian fish farming industry. We do not expect to see growth in Norwegian production in the period from 2012 to 2018, and the outlook after this period is uncertain. There is a vast potential for lasting value generation within the global growth in demand for seafood, and it is essential to ensure that this value generation can take place in Norway and not in other regions.



Today, Lerøy has three operating segments with a total of 2,527 employees distributed as follows: 1,252 in Farming, 506 in VAP and 759 in Sales & Distribution. All these entities have grown significantly in recent years.

FARMING

Lerøy Seafood Group is the world's second largest producer of Atlantic salmon and trout with a total production in 2015 of 158,000 tonnes, on a par with the volume reported in 2014. The framework conditions for the production of salmon and trout in Norway are increasingly stringent. It takes time to adapt to these conditions and we are working very hard to do so. The outlook for growth in the Norwegian fish farming industry is at an all time low. Despite this, there remains considerable potential to generate value from the global growth in demand for salmon and trout. It is extremely important that politicians allow Norway to take part in this value generation.

Norway has the most sustainable salmon production in the world. We also have the most stringent statutory requirements on our production processes. The abolition of feed quotas and the introduction of the so-called MAB regime in 2005 were forward-looking and positive political decisions. We are in dire need of more such forward-looking measures that can promote increased value generation.

The Norwegian coastline seems designed for fish farming and for the production of Atlantic salmon and

rainbow trout in particular. When compared with other production processes for protein, the fish farming industry makes very efficient use of space and is, on a global scale, a very competitive form of food production in terms of environmental protection. It goes without saying that it is in the greatest interest of the seafood industry to achieve sustainable fish farming. Moreover, it is in the interest of society that the fish farming industry – as with other industries – is evaluated comprehensively with a view to sustainability, applying criteria for economic, social and environmental sustainability when assessing future growth.

From the year 2000 until the time of writing, the number of facilities in use in Norway for fish farming has practically been halved, while salmon production has almost doubled in volume. The transition to fewer, larger facilities located in more appropriate areas has provided a substantial reduction in utilisation of land and sea areas per kilo fish produced, and has simultaneously afforded substantial gains for the environment. Today, the Norwegian fish farming industry utilises as little as 0.5% of the Norwegian coastline, within the maritime boundaries. At the same time, access to land and sea areas is the greatest obstacle to the future growth of the industry. I find it almost impossible to comprehend that Norway could have arrived at such an impasse.

When the Norwegian Storting and government adopt the annual allocations of MAB or licences, it is of decisive importance that the municipalities follow up by setting aside land and sea areas accordingly. Spin-off effect analyses published by Nofima in December 2014, indicate that the Norwegian fish farming industry purchased goods and services in Norway for a total of NOK 34.3 billion, and generated NOK 42 billion in export income for the nation. These figures were significantly higher in 2015. The fish farming industry of the future will continue to develop towards solutions that are even more efficient in terms of space and the environment. At the same time, concepts will be developed involving multitrophic aquaculture (IMTA) that combine current species with the production of algae and mussels, and allowing for the cultivation of marine proteins for consumers and for fish farming. This can be exemplified in our cooperation with Bellona, represented by Ocean Forest.

We also experienced a tragic and unfortunate incident in 2015. On 31 August 2015, the worst possible accident occurred and we lost our colleague, Frode Pletten, in an accident at our facility in Ålforo in Fitjar. Frode was a very

talented and highly respected colleague, with a vast capacity and enthusiasm for work. He was a joy to work with and a supportive colleague for all his co-workers. Frode will be missed both as a colleague and as a friend.

VAP

In recent years, Lerøy has invested heavily in this segment. It is therefore very rewarding to note that 2015 is the best year we have had in terms of volume, turnover and earnings. VAP currently comprises four factories with a wide product range and diverse number of markets and segments. I am confident that with today's organisation, we are in an excellent position to achieve sustained growth within this category. A strong focus in the future on innovation, improved efficiency, technological developments, automation, production and sale of high quality products will be decisive factors for our competitiveness and future growth. One of the most difficult challenges we face is the fluctuating supply of raw materials over a one-year period. If we are to achieve optimal operations and provide a reliable workplace for all our employees, we need to increase stability in our production of salmon and trout throughout the year. A more flexible MAB scheme would be an important factor in achieving this goal.

SALES & DISTRIBUTION

Lerøy is much more than just salmon and trout. With our increasingly comprehensive distribution network, we sell, produce, package and distribute a significant volume of all types of seafood. We are now one of the world's largest seafood corporations with a main focus on sales of fresh seafood. We have achieved a remarkable development within this segment via major investments in our distribution network throughout Europe, but also dedicated employees who work hard to ensure that our customers receive deliveries of fresh seafood every day. Lerøy follows a clear strategy to invest in new markets in order to further boost demand for seafood from Lerøy. This process takes time, but our hard work is bearing fruit. We have proven over time that we have the capacity to develop the seafood category by applying motivation and innovation, and we have no intention of stopping now.

I would like to end by thanking all our employees and partners for their wonderful efforts in 2015!



Henning Kolbjørn Beltestad
CEO

Lerøy Seafood Group



Trout - a stunning colour and delightful texture

BUSINESS OVERVIEW

LERØY – IN EVERY KITCHEN

LERØY SEAFOOD GROUP, VISION

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

The seafood market exacts ever-increasing demands on traceability, food safety, product quality, cost-efficiency, sustainability, continuity of supply and a higher level of processing. The Group maintains a strong focus on the market, and a vertically integrated value chain is of decisive importance in order to offer end customers the right product at the right time. By actively developing new markets and new products from fisheries and aquaculture based on sustainable principles, the Group aims to develop profitable, efficient and binding alliances both nationally and internationally for both supply and marketing.

Historically, the Group's growth has been based on sound operations, acquisitions, development of acquired companies and building of alliances. The corporate management and the Board of Directors continuously target strategic, forward-looking models for the Group's activities, and these will include business combinations and acquisitions; both upstream and downstream.

The Group's strategy is based on economic and environmental sustainability. Lerøy Seafood Group is one of the world's largest companies in the seafood sector, and has a business model that shall allow the Group to choose and develop sustainable solutions throughout its value chain.

The Group's operations are based on what is produced in the sea, and are highly dependent on the proper management of these resources, allowing for growth for the industry and the supply of seafood of an equally high quality also in the future. Lerøy Seafood Group has several environmental goals with indicators measured at least every month. These are described in the chapter entitled "Environment – Sustainability" and in the company's Environmental Report.

HISTORY AND KEY FOCUS POINTS

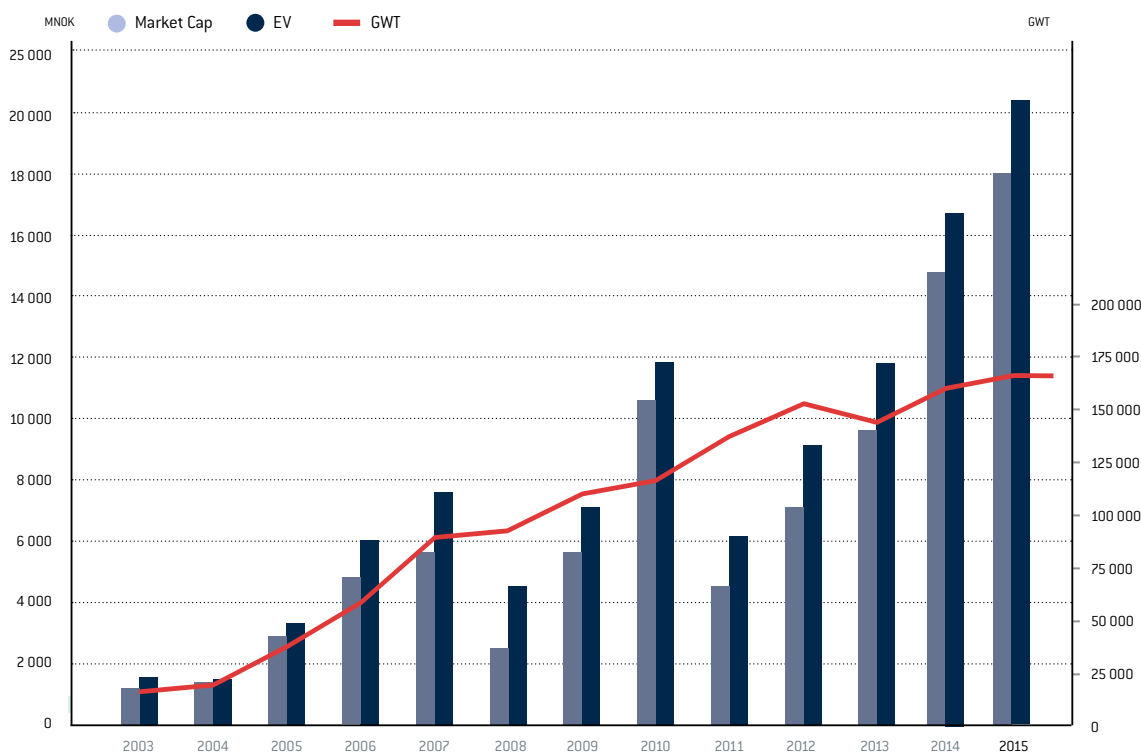
Lerøy Seafood Group has achieved significant organic growth over the past fifteen years, but has also carried out a number of acquisitions. As of today, the Group is the world's second largest producer of Atlantic salmon and trout, and one of the world's largest seafood exporters. The seafood industry, and particularly aquaculture, is still a young industry with substantial potential for future 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. Future investments must also lay the foundations for sound operations and profitability. This criterion includes a special focus on management expertise and, of equal importance, the expertise within the organisation as a whole.

The Group's core activities demand various forms of expertise and a high degree of adaptability. For this reason, our organisation is made up of people from different sectors of trade and industry with a wide range of formal backgrounds and practical experience. As the Group is involved in a global industry which experiences continuous fluctuations in general conditions, it is paramount that our employees remain up to date and expand their knowledge and areas of expertise. The Group is made up of a young yet highly experienced organisation. With the constant 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' focus on the Group's competitive edge and earnings is a direct result of their commitment to ensure that the individual companies fulfil future requirements and thereby achieve the Group's strategic goals and performance requirements.

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

DEVELOPMENT SINCE STOCK EXCHANGE LISTING



must lead the competition for result-oriented and skilled personnel with a high capacity for work and change.

The growth of Lerøy Seafood Group generates an increasing demand for business systems, risk management and capital. The Group maintains a continuous focus on developing business systems which may grow with the company and which provide a competitive edge on the marketplace. Risk management is key and involves all parts of the Group's operations. The Group's production companies face a substantial biological risk, and there is also substantial risk associated with the Sales & Distribution activities. The 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.

Fish farming is a capital intensive industry. 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. 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. The company's financial contingency planning, both present and future, will allow the Group to take part

in the current process of value generating structural reorganisation of the industry.

LERØY SEAFOOD GROUP, VALUE CHAIN AND THE DIFFERENT SEGMENTS

One paramount element in Lerøy Seafood Group's strategy is to be a fully-integrated supplier of the Group's key products, Atlantic salmon and trout, and business is currently operated via a number of subsidiaries in Norway and abroad. The Group reports within three segments: Farming, Value-added Processing (VAP) and Sales & Distribution (S&D). The Group views its operations as regional with a global perspective. The Group aims to be an enterprise with local roots in communities where they have operations, thereby making a contribution to all local communities irrespective of region and nationality.

The Farming segment comprises the Group's activities involving production of salmon and trout and includes harvesting and an increasing volume of filleting. The Group companies in this segment represent a major employer along the Norwegian coastline, and strive to be visible and supportive in all operating regions.

The VAP segment is mainly involved in high-value processing of mainly salmon and trout, but also other species. The segment's products are increasingly sold to a global market.

PRODUCTION				SALES & DISTRIBUTION
FARMING			VAP	
SMOLT	FARMING	HARVEST	PROCESSING	
LERØY VEST				HALLVARD LERØY
SJØTROLL HAVBRUK				HALLVARD LERØY - JAPAN
LERØY MIDT			BULANDET FISKEINDUSTRI	HALLVARD LERØY - CHINA
LERØY AURORA			LERØY SMØGEN	HALLVARD LERØY - FRANCE
			LERØY FOSSEN	LERØY - USA
			RODE BEHEER BY GROUP	
				LERØY SVERIGE
				SAS HALLVARD LERØY
				LERØY TURKEY
				LERØY PORTUGAL
				LERØY FINLAND
				SJØMATGRUPPEN
				SAS FISHCUT
				SAS EUROSALMON
				LERØY PROCESSING SPAIN
				SJØMATHUSET

The Sales & Distribution segment has a global reach, and is involved in sales, market development, product development, distribution and simple processing of the Group's own raw materials, but also a large volume of raw materials from partners and the Group's network of suppliers.

FARMING

In order to meet the seafood market's increasingly strict requirements on traceability, food safety, product 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 be a fully-integrated supplier. Control over the entire value chain has been a core part of the Group's strategy since 1997, comprising guaranteed coordinated growth within central parts of the production chain. Measures implemented to achieve this goal comprise major investments in new smolt production, including production based on recycling technology. The Group has carried out major developments, including a new facility completed in 2013 in Central Norway, completion of a new facility in North Norway in 2015 and completion of a new facility in West Norway this winter.

Since 2002, the Group's production of salmon and trout has enjoyed a tremendous development and now comprises units that in total harvested 158,000 tonnes of salmon and trout from 146 licences in 2015. The Group is thus the second largest producer of Atlantic

salmon and trout in the world. Production takes place in three regions in Norway. The northernmost region comprises Troms and Finnmark counties where Lerøy Aurora AS produces salmon from 26 licences. In Central Norway, Lerøy Midt AS produces Atlantic salmon from 57 licences. The third and final region is West Norway where Lerøy Vest AS and Sjøtroll Havbruk AS produce salmon and trout from 63 licences. In addition, the Group's production of salmon in Scotland is effectuated through the associate Norskott Havbruk AS. The Group owns 50% of this company, which harvested 27,000 tonnes of salmon in 2015. Lerøy has estimated a harvest volume of 170,000 tonnes in Norway in 2016, or 183,000 tonnes including the volume from Norskott Havbruk. The Group believes they have the potential to achieve further growth in volume within their existing licences.

Higher feed costs driven mainly by the weaker Norwegian krone and increased costs incurred for combating salmon lice are the main reasons behind the increase in costs for the Group per kilo produced of salmon and trout in 2015, when compared with 2014. Politicians continue to stipulate increasingly stringent framework conditions for fish farming in Norway. Adaptation to the amendments to the salmon lice regulations introduced in 2013 has been and continues to be a challenge. These challenges have had a negative impact on both the Group's and the Norwegian fish farming industry's costs and production volume. At the same time, the Norwegian fish farming industry, despite

LOCAL ROOTS YET A GLOBAL PERSPECTIVE



WE HAVE OPERATIONS IN 52 MUNICIPALITIES IN NORWAY

- Farming
- Sales & Distribution
- VAP

1 LERØY AURORA AS

Number of licences: 26 • 2015 GWT: 29 200

2 LERØY MIDT AS

Number of licences: 57 • 2015 GWT: 71 400

3 LERØY VEST AS

Number of licences: 37 • 2015 GWT: 33 200

4 SJØTROLL HAVBRUK AS

Number of licences: 26 • 2015 GWT: 23 800



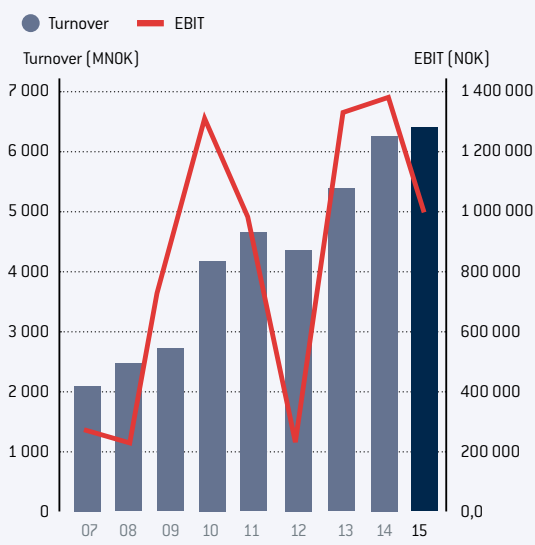
its relatively young age, has always displayed the ability to solve new challenges.

The problems involving salmon lice will be solved, but the Group fully acknowledges the investments, innovation and education required to succeed. In the long term, the problem of salmon lice must be solved by means of prevention rather than treatment. Investments in measures to prevent salmon lice saw a substantial increase in 2015 and are projected to be even higher in 2016. The number of treatments was reduced by 35% in 2015 when compared with 2014. Nonetheless, the Group remains in a transitional phase in 2015, incurring substantial costs for both prevention and treatment.

The Group is not satisfied with cost developments in 2015, and a number of measures have been introduced to reduce costs. These include a major investment in the use of cleaner fish, improved well boat capacity and more mechanical cleaning. Other key factors in the fight against salmon lice include a focus on lice and in-house training.

The Norwegian krone remains weak. At the start of 2016, feed prices are expected to be higher than in 2015. Despite the increase in feed costs, the Group is confident that they have the capacity to level off costs per kilo produced in 2016 and, in the long term, achieve a reduction in costs.

DEVELOPMENT IN TURNOVER AND EBIT FOR FARMING





Realised prices for the Group for salmon and trout combined were up 3% measured in Norwegian krone, although realised prices for trout were significantly lower in 2015 than in 2014. The global production of salmon increased by 4% in 2015 when compared with 2014, but the impact of the ban on imports to Russia of products including Norwegian salmon and trout, introduced on 7 August 2014, resulted in a much higher export rate to important markets than indicated by the global growth in production. Another important factor for the market and prices realised in 2015 was the considerably weaker Norwegian krone, making Norwegian salmon products much more competitive.

In total, these factors resulted in a market price for salmon, measured in Euro, which was lower in 2015 than in 2014. Due to the weaker Norwegian krone, this decline translated to a 2% increase when measured in Norwegian krone. For most of 2015, salmon prices measured in Norwegian krone were close to the average prices over the past 10 years when adjusted for inflation. The strong growth in volume delivered to Europe bears witness to high demand from this market. Towards the end of 2015 and the start of 2016, the growth in the volume of exports to Europe has come to a standstill due to a limited supply of salmon. The high demand has resulted in high prices measured both in Euro and the Norwegian krone. The strong demand for salmon and trout, combined with the projected limited growth in supply in the near future, gives grounds for optimism despite the problems related to regulatory framework conditions.

The impact of the ban on imports was significant, but given that 50% of Norwegian trout exports would normally go to Russia, it was unavoidable that the trout market would suffer much more. This negative impact was further reinforced when Russia's neighbouring countries introduced a ban on imports in August 2015, a ban which has subsequently been lifted. Lerøy Seafood

Group is the world's largest producer of trout. The prices realised in 2015 and the profit figure are therefore considerably impaired by the fact that prices realised for trout were lower than prices realised for salmon. The Group is not satisfied with the realised prices for trout in 2015, but has introduced a series of measures on a number of markets. At the start of 2016, the Group has a more optimistic outlook to the developments in trout prices, but expects the prices realised for trout to remain lower than realised prices for salmon in 2016.

These factors in total, comprising volume, price and cost, gave an increase in turnover for the Farming segment, from NOK 6,243 million in 2014 to NOK 6,494 million in 2015. During the same period, the operating profit fell from NOK 1,380 million in 2014 to NOK 988 million in 2015. The operating profit per kg produced fell from NOK 8.7 in 2014 to NOK 6.3 in 2015.

NORTH NORWAY

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

Lerøy Aurora AS is the backbone for production in North Norway. Lerøy Aurora AS is a fully integrated producer of Atlantic salmon. The company had 26 licences in 2015 and harvested 29,200 tonnes of Atlantic salmon, up from 26,800 tonnes in 2014. Access to new licences paves the way for continued growth, and Lerøy Aurora estimates harvest of 34,000 tonnes of Atlantic salmon in 2016.

In 2014 and 2015, Lerøy Aurora has developed new capacity for the production of smolt at their facility in

Region	Licences	Smolt cap. (in mill)	2011 GWT	2012 GWT	2013 GWT	2014 GWT	2015 GWT	2016E GWT
Lerøy Aurora AS*	26	12	18 100	20 000	24 200	26 800	29 200	34 000
Lerøy Midt AS	57	22	62 300	61 900	58 900	68 300	71 400	65 000
Lerøy Sjøtroll	63	23	56 200	71 600	61 700	63 200	57 100	71 000
Total Norway	146	52,1	136 600	153 400	144 800	158 300	157 700	170 000
Villa Organic AS**						6 000		
Norskott Havbruk (UK)***			10 900	13 600	13 400	13 800	13 500	13 000
Total			147 500	167 100	158 200	178 100	171 200	183 000

● Associates

* Includes volume from Lerøy Finnmark AS from and including second half 2014

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

*** LSG's share, not consolidated

Laksefjord. This investment that cost around NOK 150 million will increase production capacity in Laksefjord to 11.5 million smolt weighing 80/100 grams. The investments also make it possible to take seawater on land, allowing production of larger smolt. The new facility will afford Lerøy Aurora access to more and larger high quality smolt, thereby increasing production volumes and minimising production time at sea. The Group has high expectations for this investment, and expects it to produce further improvements to the already excellent operations at Lerøy Aurora.

Lerøy Aurora's salmon processing facility on the island of Skjervøy is one of the most modern in Norway. Not only does this facility harvest its own fish, it is also a major supplier to external customers. The facility on Skjervøy invested in a fully-automatic filleting line in 2015, providing an impressive increase in filleting capacity.

Due to higher feed prices, Lerøy Aurora experienced an increase in release from stock costs in 2015 when compared with 2014. In total, the region of North Norway reported an operating margin per produced kg of NOK 15.4, up from NOK 13.8 in 2014. The Group is very satisfied with Lerøy Aurora's developments and will do its utmost to allow Lerøy Aurora to continue to grow within its region in the years to come.

CENTRAL NORWAY

Lerøy Midt AS owns 57 licences and has substantial processing capacity. In 2015, the company harvested 71,400 tonnes of Atlantic salmon, up from 68,300 tonnes in 2014. The second half of 2015 was a very

difficult period for Lerøy Midt. The company was obliged to carry out early harvest at their facility, resulting in a lower average weight than planned for harvested salmon. The company's costs per kg produced were consequently higher and the early harvest had a negative impact on prices realised in the second half of 2015. The obligatory early harvest will affect production volume, sales volume and cost levels at the start of 2016. For 2015 in total, Lerøy Midt reported an operating margin per produced kg of NOK 6.5, down from NOK 9.8 in 2014.

Neither the Group nor Lerøy Midt AS are satisfied with the company's performance in 2015, but Lerøy Midt has a motivated organisation and follows a clear strategy to regain their position as one of the world leading enterprises in the industry. An impressive number of measures have been implemented to improve the supply of cleaner fish, large well boat capacity and access to mechanical cleaning. The company expects to report much more positive results in 2016. Projected harvest volume for 2016 is 65,000 tonnes.

Despite the problems encountered, Lerøy Midt has continued to record positive results from their recycling technology for smolt production in Belsvik in 2015. The facility in Belsvik was completed in 2013. The facility had a total cost of NOK 350 million and has production capacity of around 14 million smolt weighing 80/100 grams. The new facility can report very successful operations, and the Group has high expectations for how the facility will further optimise operations at sea, in addition to supplying smolt of an extremely high quality.

WEST NORWAY

Region Vest (West Norway) comprises **Lerøy Vest AS**, a wholly-owned subsidiary of Lerøy Seafood Group, and **Sjøtroll Havbruk AS**, of which Lerøy Seafood Group owns 50.71% of the shares.

Lerøy Vest AS has 37 licences and harvested 33,200 tonnes of Atlantic salmon and trout in 2015, compared with 36,900 tonnes in 2014. In addition to facilities for on growing in the sea, Lerøy Vest AS produces smolt. 2014 was a very difficult year in terms of production in Hordaland due to an unusually warm summer and a very low flow of fresh water in the fjord systems. This situation improved in 2015, but the conditions in 2014 still had an impact on the fish harvested in 2015. The cost level in 2015 is higher than deemed normal by the Group, but the Group remains confident that the measures implemented will gradually have a positive effect in 2016. In 2015, Lerøy Vest also faced the previously mentioned challenges on the trout market. The operating margin reported was NOK 1.1 per produced kilo in 2015, down from NOK 6.2 in 2014.

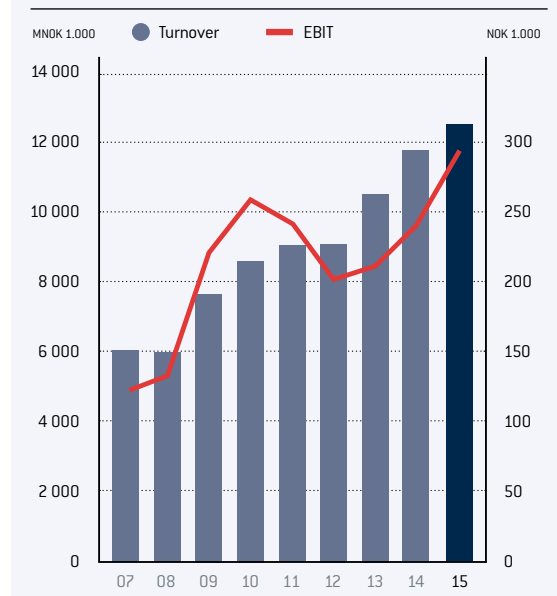
Sjøtroll Havbruk AS has 26 licences and harvested 23,800 tonnes in 2015, down from 26,300 tonnes in 2014. Sjøtroll Havbruk AS is involved in the production of fry/smolt, consumer products, slaughtering and processing. Due to the same reasons as for Lerøy Vest, the company reported low earnings in 2015 with an operating margin per produced kilo of NOK 1.4, down from NOK 4.3 in 2014.

The situation in total and earnings in Hordaland in the last years have not been satisfactory. A number of measures have been introduced to remedy the situation. In 2016, the companies will be more self-sufficient in terms of cleaner fish (lumpfish), will have access to larger well boats and more equipment for mechanical cleaning. Moreover, the Group is taking action to improve the level of collaboration between the fish farming businesses in the region.

PROCESSING (VAP)

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

TURNOVER AND EBIT SALES & DISTRIBUTION



capacity is dedicated to processing Atlantic salmon and trout.

Lerøy Fossen AS is exclusively a salmon and trout processing company and has the largest fish smoking facility in Norway. The company has strong local roots and a high focus on quality. The company's products are sold all over the world, and fit exceptionally well into Lerøy Seafood Group's marketing strategy which calls for increasing levels of processing. A total investment of NOK 50 million was made in 2014 and 2015 to double capacity at the facility. The new capacity was only partially utilised in 2015 and the company can significantly improve its capacity utilisation.

Lerøy Smøgen Seafood AB is a Swedish seafood company involved in the production of various types of smoked seafood products. It also produces and distributes seafood salads and products based on shellfish in brine. Its products are marketed in a number of countries. Lerøy Smøgen Seafood AB is an important incubator for new products in Lerøy Seafood Group ASA. The Group made an investment of SEK 75 million in 2013 to extend the facility in Smøgen. This facility is now one of the most modern and efficient plants in the world for the production of highly processed seafood, including salmon. Turnover in Smøgen increased as a result of the higher capacity in 2014, and has continued to rise in 2015.

Lerøy Seafood Group carried out a substantial boost to investments in processing in 2012 with the acquisition of 50.1% of the Dutch seafood group, **Rode Beheer B.V.**

(Rode). 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. Rode enjoys an excellent geographical position for supplying high-quality seafood to customers in markets such as the Benelux countries, Germany and France. Lerøy Seafood Group ASA is very satisfied with the company's development.

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

SALES & DISTRIBUTION

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

The Group divides its products into the main sectors of salmon products, white fish, pelagic fish and shellfish. On the market for salmon products, the Group sells and distributes its own production volume but also has alliances with a number of other seafood producers. This affords economies of scale via increased exploitation of the Group's sales network. White fish is almost exclusively based on raw materials caught in the wild. With such extensive processing capacity and sales and distribution network, the Group is a very attractive partner for companies involved in fishing that target high quality fresh and frozen seafood. The Group is confident that this area provides the potential for considerable development.

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. The Group is also a supplier of shellfish and fresh pelagic fish to both Norway and Europe. Fresh pelagic fish currently

represents a small but interesting niche market.

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

Lerøy Seafood Group has a long-term goal for growth of the Sales & Distribution segment so that it can in time generate an operating margin of between 2.5 and 3.0 % per year. In 2015, the segment reported turnover of NOK 12.6 billion, up from NOK 12.0 billion in 2014. The operating margin in 2015 was 2.3%, up from 2.0% in 2014. Operating profit for the segment was up from NOK 241 million in 2014 to NOK 287 million in 2015. In recent years, the Group has made significant investments in so-called "fish-cuts". These are factories/facilities on the end market with relatively simple processing, large volumes and where proximity to the end customer is key. In many ways, these "fish-cuts" represent a revolution in the distribution of fresh fish. New consumer-oriented packaging and short and efficient logistics systems make it possible for many more retailers to sell fresh fish. This development is a very important driver for demand for both salmonids and fresh fish in general.

The Group opened several new fish-cuts in 2014 and 2015, incurring start-up costs. The Group has started to report a positive yield from several of these investments in 2015, and has a good position on several markets.

Hallvard Lerøy AS has the highest turnover of all the Group companies and reported both record-high turnover and profit in 2015. The company reported turnover of NOK 11.0 billion in 2015 compared with NOK 10.7 billion in 2014. Hallvard Lerøy is a market-oriented organisation with a focus on customer needs, providing the basis for cost-efficient management of individual customers. The Group can meet market demand for a diversified product range through its own production volume and its well-established cooperation network with producers and fishing boats.

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 associates in Sweden, Finland, France, the Netherlands, Spain,

Portugal and Turkey. Hallvard Lerøy AS also has sales offices in China, Japan, France and the USA. The sales offices and the associates therefore cover different parts of the Group's international markets. The Group's presence in central markets allows for closer follow-up of key customers and for the development of 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 via Lerøy Sjømatgruppen where the Group's Norwegian wholesalers participate together with other external companies. This 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 long-term agreement with Norway's largest grocery chain in 2013. On the basis of this agreement, a new, production plant for fish was established: Sjømathuset AS. The new facility started operations in 2014 and has paved the way for a revolution within freshly packaged fish and sushi in Norway. Production volume at the facility is high and on the increase, and the Group is looking forward to developing the seafood category in Norway together with the largest grocery chain in Norway.

Lerøy Sverige AB is a holding company for the three Swedish companies Lerøy Allt i Fisk AB, Lerøy Stockholm AB and Lerøy Nordhav AB. Lerøy Allt i Fisk AB in Gothenburg is a full-range seafood company holding a particularly strong position on the Swedish catering and institutional households market. Lerøy Stockholm AB is located in Stockholm and is one of the city's largest distributors of seafood, with a particularly high level of expertise in the grocery trade. The Swedish market has been difficult for several years now but remains an important market for Lerøy. The Group and the Swedish businesses have implemented several major initiatives to cultivate operations in 2014 and 2015, and earnings have seen a considerable improvement in 2015. 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 to see a sustained positive development in Sweden in 2016.

The sales and distribution activities in France are of vital importance and currently consist of **SAS Hallvard Lerøy**,

which has two fish cuts and a sales office in Boulogne, France. France represents an important market for Lerøy. Subsequent to the construction of a new facility completed in 2013, the subgroup SAS Hallvard Lerøy now has two major facilities for processing and distribution of fresh seafood in France. The Group has a close cooperation with local management in France regarding further development of operations. In 2014, the Group opened sales and distribution activities in Spain with the establishment of **Lerøy Processing Spain**. The company has a modern facility in a central location on the outskirts of Madrid. Utilisation of the facility will be based on the same model as Sjømathuset in Oslo, and the facility has now become a major producer of sushi among other products. Sushi production started in 2015, and the company projects further growth in 2016.

Operations in Portugal are run by **Lerøy Portugal Lda**. This 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 in Portugal.

Lerøy Finland OY was consolidated into Lerøy Seafood Group in 2011. Lerøy Finland OY is located in Åbo/Turku in Finland, and enjoys a strong position within the sale and distribution of seafood on its domestic market. Development of this market has proved extremely difficult, but the Group has reported improvements at the start of 2016.

The Group's operations in Turkey are managed by **Lerøy Turkey**. In close collaboration with Hallvard Lerøy AS, the company has developed the Turkish market for Atlantic salmon. In 2015, Lerøy Seafood Group increased its shareholding in the company from 50% to 100%. The former name of the company, before it became a subsidiary, was **Alfarm Alarko Lerøy**. Turkey is an exciting market with significant potential. 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 fish processing and smoking.

ASSOCIATES

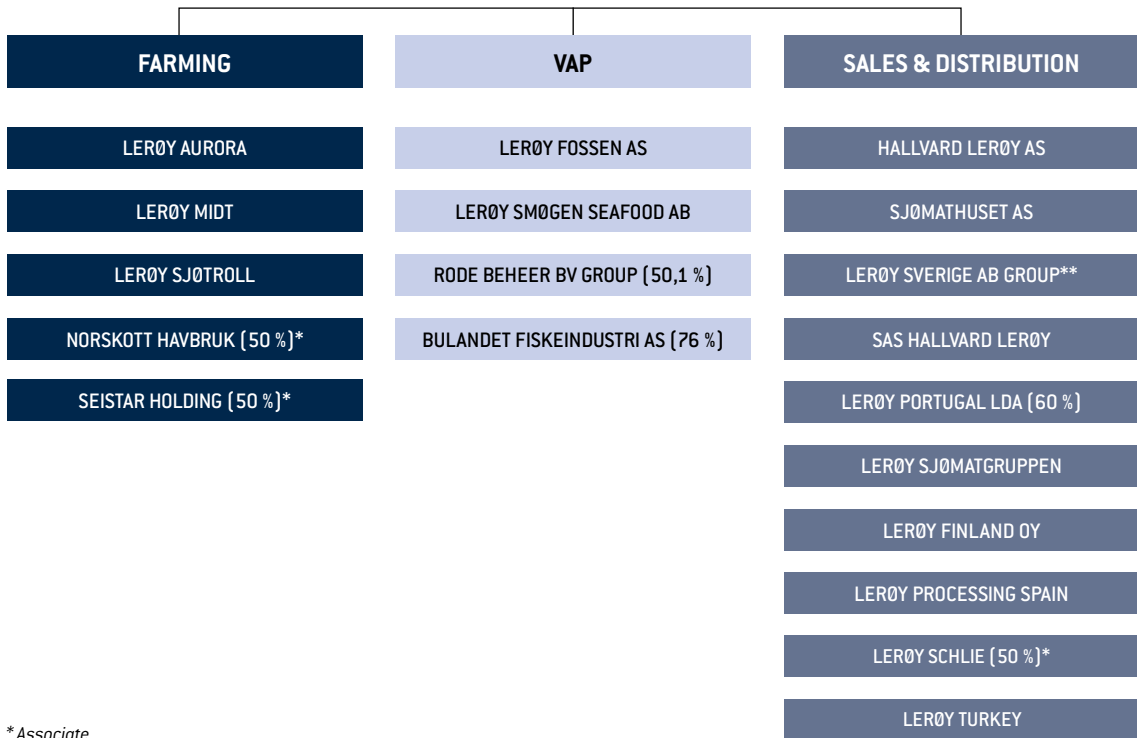
Lerøy Seafood Group ASA has ownership interests in several associates, of which Norskott Havbruk AS and Seistar Holding AS are the two largest.

Norskott Havbruk AS is 50% owned by Lerøy Seafood Group ASA and the fish farming company SalMar ASA respectively. Norskott Havbruk AS was set up in 2001 for the sole purpose of acquiring the company currently named Scottish Sea Farms Ltd. (SSF). SSF is the second largest fish farming company in Scotland with a harvest volume of 27,000 tonnes of salmon in 2015. SSF produces smolt and is largely self-sufficient in the supply of smolt. The company runs two modern land-based plants for processing salmon in Scotland and on the Shetland Islands. The company works hard to consolidate its 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 market segments with a focus on high quality, for instance under the respected brand name Label Rouge. The projected volume of harvested salmon for 2016 is 26,000 tonnes. SSF has a high potential for organic growth in the years to come, and aims to achieve an annual harvest volume of between 35,000 to 40,000 tonnes from existing licences. In order to achieve this goal, the company plans to make further investments within smolt production over the next two years.

In 2015, the Group acquired a 50 % shareholding in **Seistar Holding AS**, a shipping company involved in well boats. Seistar Holding AS is a supplier of well boat services to companies in West Norway. The company has ordered a new large well boat scheduled for delivery in the late summer of 2016.

For some time now, the Group has had a working relationship with Brdr. Schlie in Denmark. In 2013, both parties entered into a joint venture and founded **Lerøy Schlie A/S**, with a 50% stake each. Lerøy Schlie A/S has started operations in a facility for processing and packaging of fresh fish, primarily for distribution in Denmark. In 2015, the company has significantly increased activities, and now has an excellent position for growth in Denmark and surrounding countries.

LERØY SEAFOOD GROUP ASA



* Associate

** Excluding Lerøy Smøgen Seafood AB

PRIORITY TASKS

Lerøy Seafood Group's vision is to be the leading and most profitable global supplier of quality sustainable 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 have plenty of 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 a sufficient range of products and that our solutions are cost-efficient and adapted to the various markets and therefore also profitable.

Market orientation

Emphasising development in new and existing markets based on forward-looking solutions and alliances that will ensure profitability and increased market share. Being among the leading companies within product development to ensure customer satisfaction and thereby profitability.

Environment and quality

Maintain a strong focus on positive attitudes towards quality and the environment among management and employees. Further development of processes and routines throughout 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 and adaptability in all segments 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.

CORPORATE MANAGEMENT



Sjur S. Malm
CFO
Lerøy Seafood Group

Henning Beltestad
CEO
Lerøy Seafood Group

Stig Nilsen
EVP Farming
Lerøy Seafood Group



CORPORATE GOVERNANCE

Corporate Governance is an international concept which tentatively may be translated to Norwegian as Shareholder Management and Control. In this chapter, the Board of Directors of Lerøy Seafood Group will provide a description of Corporate Governance within the Group.

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

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

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

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

The Group's basic corporate values are based on the Group's vision to be the leading and most profitable global supplier of sustainable quality seafood. The Group's core activities comprise a vertically integrated value chain for the production of salmon and trout; processing of seafood; purchasing, sales and marketing of seafood; distribution of seafood; 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 ASA has prepared a set of ethical guidelines for Group employees, aiming to establish common principles and regulations which govern all employees within Lerøy Seafood Group ASA and its subsidiaries. The Group's ethical code of conduct reflects the values represented by the Group and guides the employees as to the use of the correct principles for business conduct, impartiality, conflicts of interest, political activity, entertaining expenses, processing information and duty of confidentiality, relationships with business partners, corruption,

whistle-blowing, bribes etc. Each employee is individually responsible for practising the ethical code of conduct. 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 systems and procedures. The Group has a principal rule that the strictest requirements shall be met.

In the event of nonconformities, measures shall be implemented to improve the situation. The Group's goal is to contribute positively and constructively to 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 setting out the status of, and providing an overview of, all environmental aspects within the Group's value chain. The Group has stipulated target areas, key performance indicators and environmental goals. A short summary of the main content of the Environmental Report can be found under the chapter entitled "Environmental Report". The Environmental Report is published in its entirety on www.lsg.no.

2. BUSINESS

According to Lerøy Seafood Group's Articles of Association, the company's purpose is as follows: "The Company's objectives are acquisition and management of shares and activities related thereto".

The parent company's Articles of Association exclusively reflect that the parent company is a holding company established for the purpose of owning other companies. The Group's goals and main strategies are presented in total in the annual report, 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 in addition to product development.

3. EQUITY AND DIVIDENDS

Technical information

As of 31 December 2015, Lerøy Seafood Group ASA had 54,577,368 shares, each with a face value of NOK 1. The number of shareholders as of 31 December 2015 was 2,809, of whom 305 were foreign shareholders. The company's register of shareholders, see 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 Ticker code for the Group's shares on the Oslo Stock Exchange's main list is LSG. The company's organisation number in the Register of Business Enterprises is 975 350 940.

Equity

The Group is financially sound with book equity of NOK 8,764 million as of 31 December 2015, which corresponds to an equity ratio of 54.8%. At the end of 2015, the company had 54,577,368 shares outstanding. All shares carry the same rights in the company. As of 31 December 2015, the company owned 329,776 treasury 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 a 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 financial goals established by the Board and management must be reflected in specified requirements for financial adequacy 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 in response to changes in significant external parameters such as interest levels, and 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 generate financial value 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 has satisfactory financial contingency for new and profitable investments. In the long run, financial value generation will increasingly be in the form of higher share prices rather than in declared dividends.

The Board has recommended a dividend payment for 2015 of NOK 12.00 per share, on a par with the dividend payment in 2014. The recommendation implies a dividend ratio higher than 40%, but the Board has placed emphasis on the desire for stable dividend payments and the company's good financial adequacy and positive outlook.

Mandates granted to the Board of Directors

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

Mandate for the Board to purchase treasury shares

The Board was authorised for the first time to purchase treasury shares by the annual general meeting on 12 May 2000. This mandate was last exercised in 2011 with the acquisition of 100,000 treasury shares. The mandate was recently renewed at the annual general meeting on 21 May 2015 and authorises the acquisition of up to 5,000,000 shares over a period of 18 months from the date on which the resolution was adopted. An extension of the mandate will be recommended to the annual general meeting on 24 May 2016. As of



Cod with olive and basil

31 December 2015, the company owned 329,776 treasury shares.

Mandate to increase share capital by issuing shares for private placings for external investors and individual shareholders in Lerøy Seafood Group ASA

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 annual general meeting of 4 May 1999 and subsequently renewed by the annual general meeting on 21 May 2015. The Board has not exercised this mandate in 2015. It will be recommended that an equivalent mandate be approved by the annual general meeting on 24 May 2016.

The Board's mandate is valid for a period exceeding one year and is not limited to specifically defined objectives as recommended by the NUES. This is principally for operational reasons, but also in order to clearly show

that the company is growth-oriented and that shares are regarded as potential means of payment. This practice is established to ensure an optimum strategic business development for the company. However, the company has established the practice of having the mandates renewed annually at each annual general meeting.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

The company has only one class of shares and each share carries one vote at the general meeting. Shareholders' rights are governed by the Public Limited Companies Act (Norway), see in particular chapter 4 of the Act. Lerøy Seafood Group's Articles of Association and agreements are all worded to ensure equal treatment of shareholders.

Equal treatment of shareholders and transactions with close associates

Lerøy Seafood Group ASA has a strict policy of providing correct and open information to shareholders, potential shareholders and other stakeholders.

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 are documented and executed according to the arm's length principle.

The company has prepared guidelines to ensure notification by board members and executive personnel to the Board of Directors of any significant interest in an agreement signed by the company. If enterprises with associations to board members perform work for Lerøy Seafood Group ASA's Board of Directors, the question of independence is treated specifically by the Board.

5. FREELY NEGOTIABLE SHARES

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

6. GENERAL MEETINGS

Notice of and holding annual general meetings

Lerøy Seafood Group ASA held its annual general meeting in the company's head office at Bontelabo, Bergen on Thursday, 21 May 2015. 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 content and availability of supporting information.

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

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

The Chairman of the Board represented the Board of

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

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

The notice and holding of the annual general meeting in 2015 complied with the practice established by Lerøy Seafood Group ASA in recent years.

Participation by proxy

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

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

No extraordinary general meetings were held in 2015.

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

7. NOMINATION COMMITTEE

The Nomination Committee consists of three members elected by the general meeting for a period of two years.

The company's nomination committee is charged with preparing proposals for the composition of an owner elected board of directors and to submit recommendations to the shareholders' meeting for appointments to the board. At present, the members of the Nomination Committee are Helge Møgster (Chairman),

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

The Nomination Committee makes a recommendation regarding remuneration to the members of the board. The general meeting makes the final decision regarding fees to be paid to the members of the company's board and Nomination Committee.

Information on the members of the Nomination Committee is published at www.lsg.no. The Nomination Committee will be facilitated contact with the shareholders, the board members and the CEO when working on the recommendation of candidates. In addition, shareholders are permitted to recommend candidates to the Committee.

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

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

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

Corporate assembly

Lerøy Seafood Group ASA does not have a corporate assembly.

Composition and independence of the Board of Directors

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

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 board members 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.), it has been deemed unnecessary so far to establish so-called 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 elected 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

The 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 took a foundation course in law at the University of Bergen. Helge Singelstad has previously held positions as CEO, Vice CEO and CFO of Lerøy Seafood Group. Consequently, he has broad knowledge of the Group and the industry. Helge Singelstad is Chairman of the Board of Austevoll Seafood ASA and Vice Chairman of the Board of 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 of 31 December 2015, 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 annual general meeting on 26 May 2009. Arne Møgster holds a Bachelor degree in Business Administration and an MSc in International Shipping. Arne Møgster is the CEO of Austevoll Seafood ASA and board

member in a number of companies. As a shareholder in Laco AS, Arne Møgster indirectly owns shares in Lerøy Seafood Group ASA.

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

Board member **Hege Charlotte Bakken** (1973) was appointed to the Board by the extraordinary general meeting on 12 December 2008. Hege Charlotte Bakken holds an MSc degree from the Norwegian University of Life Sciences and an Executive MBA from ESCP EAP European School of Management in Paris. Hege Charlotte Bakken is an independent strategy and management consultant at Stella Polaris and the former COO of Marvesa Holding NV, as well as former 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 a member of the boards of Pronova Biopharma Norge AS and Pronova BioPharma ASA. She owns no shares in the company as of 31 December 2015.

Board member **Didrik Munch** (1956) was appointed to the Board by the annual general meeting on 23 May 2012. Didrik Munch has a degree in law from the University of Bergen and qualified as a police officer at 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 in finance, primarily in the DnB system. 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 of Bergens Tidende AS (a 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 sat on the boards of a number of companies, both as chairman and ordinary member. He is currently a member of the boards of Nye Wermlands Tidningen AB and Grieg Star AS. By virtue of

these positions, Didrik Munch is also Chairman of the Board of a number of companies, including Aftenposten, VG, Bergens Tidende and Finn.no. He owns no shares in the company as of 31 December 2015.

Board member **Marianne Møgster** (1974) was appointed to the Board by the annual 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 Subsea ASA. Marianne Møgster has experience from positions with companies such as DOF Subsea, StatoilHydro and Norsk Hydro. She has experience as a board member with companies in the DOF Subsea Group and Capital Corporate. Marianne Møgster indirectly owns shares in Lerøy Seafood Group ASA as a shareholder of Laco AS.

Board Member **Hans Petter Vestre** (1966) was appointed to the Board as the employees' representative at the annual 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 2015.

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

Encouraging the board members to own shares in the company

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

9. THE WORK OF THE BOARD OF DIRECTORS

The tasks of the Board of Directors

The Board of Directors shall establish an annual plan for its work, with a focus on goals, strategy and execution, in order to ensure continuous follow-up and further



Product Development Manager in Lerøy, Fredrik Hald, with ready-to-serve spring trout.

development of the company. For several years, as well as in its seven meetings in 2015, the Board has maintained a particular focus on the connection between practical operations and strategic business development. The Board works purposefully together with the company management to make the Group the most profitable, fully integrated global seafood company. This work has for a considerable time been carried out in accordance with our public announcements. The Board's work reflects this strategy and the results are shown through management implementation. Although the strategic development of the company is a continuous process and part of the work of the Board of Directors, the company also holds strategy meetings. Strategy meetings were held in 2015.

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 in close dialogue with the company's Chairman of the Board.

Independent consideration of business of a significant nature, where the Chairman of the Board plays an active role

The Chairman of the Board is not involved in cases where he/she has a personal interest. Such business is dealt with by one of the other board members. There has been no business 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 business for and submits recommendations to the Board of Directors. Lerøy Seafood Group ASA's audit committee consists of Didrik Munch (Chairman) and Britt Kathrine Drivenes. The audit committee reports to the Chairman of the Board. The audit committee conducts quality assurance of internal control and reporting. It is also responsible for the Board of Directors' dialogue with and monitoring of the external auditor. The audit committee held three meetings in 2015. 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 and expectations made on the Group. The Board's assessment of its own performance and of Group management must of necessity be seen in conjunction with the Group's performance. To date, the Board has not issued reports on its assessment of its own work; this is a conscious priority decision and must be viewed in connection with other announcements in the company's communications to the public. Moreover, external assessments of the Board's work are probably the most influential and are likely to remain so in the future.

10. RISK MANAGEMENT AND INTERNAL CONTROL

Risk management and internal control

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

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

Operating risk

Fish farming takes place 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 2015, ref. the more detailed description in the Group's Environmental Report. Keeping animals in intensive cultures will always represent the risk of illness. Fish are particularly vulnerable to illness when they start life at sea, as they are exposed to stress during this period and have to adapt to a completely new environment. The risk of illness can be reduced by ensuring high quality smolt, vaccinations, good conditions and the correct locations for the fish. The Group also has a focus on sustainable feed.

For more 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. The Group seeks to reduce this risk factor by ensuring that a certain proportion of sales are 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. Russia introduced a ban on imports of salmon and trout from Norway on 7 August 2014. As Russia is normally a major market for Norwegian salmon and trout, the import ban had a negative impact on realised prices for trout in 2015.

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 customer receivables, 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 customer receivables are mainly covered by credit insurance or other forms of security. All new customers are subjected to a credit rating.

Interest rate risk

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

Liquidity risk

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

impacted by the developments in prices for marine raw materials and agricultural products.

Review by the Board of Directors

A significant share of the work of the Board of Directors is ensuring 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 evaluations 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 evaluations 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 reporting entities are responsible for continuous financial monitoring and reporting. The entities all have management groups and financial functions which are adapted to their organisation and business. 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

Reporting entities 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, with the review 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.



Employees are kept busy in Lerøy Aurora's filleting hall on Skjervøy island.

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

Information and communication

The Group has a strict policy of providing correct and open information to shareholders, potential shareholders and other stakeholders. Item 13, "Information and communication" contains 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, in particular significant weak points identified during internal control related to the process of financial reporting.

The Board of Directors

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

11. REMUNERATION OF THE BOARD OF DIRECTORS

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

of independence is treated specifically by the Board. Remuneration of the Chairman of the Board and other board members is recommended by the Nomination Committee and adopted by the general meeting. The general meeting on 21 May 2015 adopted remuneration of the Board of Directors 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 that represents a duty to report. Lerøy Seafood Group ASA is invoiced for the services of the Chairman, and for consultancy fees related to the role as working Chairman of the Board from the Group's leading company, Laco AS, where the Chairman of the Board is an employee.

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

Annual remuneration of the members of the Nomination Committee totalled NOK 35,000 per member.

12. REMUNERATION OF EXECUTIVE PERSONNEL

This item is referred to in the chapter regarding the Board of Directors' Statement regarding salary and other remuneration of executive personnel.

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

13. INFORMATION AND COMMUNICATION

Lerøy Seafood Group ASA has a strict policy of providing correct and open information to shareholders, potential shareholders and other stakeholders. 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 will also hold presentations for investors and analysts. Lerøy Seafood Group aims to keep its shareholders informed via the annual reports, 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 annual general meeting.

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

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

14. TAKE-OVERS

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

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

15. AUDITOR

Auditing - annual plan

For a number of years, Lerøy Seafood Group ASA has engaged the services of PriceWaterhouseCoopers AS

as Group auditor. The company's auditor follows an auditing plan which has been reviewed in advance together with the audit committee and management. The auditor and audit committee perform an annual audit of the company's internal control, including identified weak points and recommended improvements. The Board is informed of the general nature of the services the administration buys from the auditor.

Treatment of the financial statements

The auditor holds meetings 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 annual reports are to be approved, and also holds a meeting on the subject of the annual report with the Board of Directors, at which the management does not attend. During these meetings, the auditor reviews any significant changes in the company's accounting principles, evaluations of significant accounting estimates and all significant factors on which the auditor and management disagree. To date, there has been no such disagreement on any factors.

Auditor - other services

The auditor prepares a written confirmation of independence for the audit committee, with 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 annual general meeting is also notified of remuneration of the auditor.

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

BOARD OF DIRECTORS' STATEMENT

Regarding salary and other remuneration of executive personnel in Lerøy Seafood Group ASA

The guidelines for financial year 2015 have been followed by the company. Application of the same guidelines is recommended for the upcoming financial year.

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

MAIN PRINCIPLES IN THE COMPANY'S SALARY POLICY

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

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

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

PRINCIPLES FOR COMPENSATION IN ADDITION TO BASE SALARY

Basis: Base salary

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

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

Additional compensation: Bonus scheme

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

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

Options

The Group does not currently have an option programme.

Pension schemes

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

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

Severance pay

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

Non-pecuniary benefits

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

Other benefits

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

PROCEDURE FOR STIPULATION OF EXECUTIVE PERSONNEL SALARIES

Introduction

For information on remuneration of individual executive personnel, please refer to the relevant note to the accounts.



Scallops - Italian style

Stipulation of salary for Group CEO

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

Stipulation of salary for Group management

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

Establishment of incentive schemes

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

Remuneration of the Board of Directors

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

STIPULATION OF SALARY FOR EXECUTIVE PERSONNEL IN OTHER GROUP COMPANIES

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

Bergen, 14 April 2016

The Board of Directors of Lerøy Seafood Group ASA



ENVIRONMENT -SUSTAINABILITY

”TAKE ACTION TODAY FOR A DIFFERENCE TOMORROW”

Norway has internationally unparalleled conditions for seafood 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. The Group has built robust systems for biological, environmental and economic monitoring and reporting, creating a closely knit operating community among the corporate management and local

managers. Lerøy Seafood Group shall take a leading role in constantly improving the interaction between fish farming and the environment, aiming at providing a safe working environment and generating positive and lasting environmental gains.

One important aspect in our efforts to reach our environmental targets for fish farming is certification according to international environmental standards, including GLOBAL G.A.P. and the ASC standard.

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

Group was the first fish farming corporation in the world to achieve ASC certification for its entire value chain – from production to consumer. The Group is experiencing significant demand for ASC certified salmon, and has increased its production of ASC fish in 2015 to ensure continuity of supply of ASC certified products.

The following areas are of particular importance for the operational part of the Group's environmental work within fish farming activities:

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

Throughout 2015, the Group has implemented special measures within prevention of salmon lice and accidental release, based on the experience gained after hurricane Nina in January 2015.

Lerøy Seafood Group has fish farming activities in three regions: North Norway, Central Norway and West Norway. While Lerøy Seafood Group in North Norway has not experienced problems with excessive levels of salmon lice, our companies in Central Norway and West Norway have incurred higher than normal costs in 2015 in order to keep lice under the limits specified in the salmon lice regulations. This is a problem we share with the rest of the industry in these two regions. Having documented positive results with the use of lumpfish as a lice eater, Lerøy Seafood Group has decided to invest heavily in our own production of lumpfish as a cleaner fish at our facilities. In 2015, the Group has built up capacity that allows for self-sufficient supply of lumpfish in 2015. Our lumpfish strategy, in combination with other mechanical methods, ensures a substantial reduction in the use of medical treatment in 2016, aiming to eliminate all use of current medical methods within a two-year period.

In addition, the Group has invested substantial resources in development projects to strengthen sustainability within fish farming, including:

- Raw materials for fish feed
 - Ensuring compliance with our requirements for sustainable and regulated fishing
 - Ensuring that fish health, fish welfare and the environment are taken into account when developing and producing new raw materials for fish feed
 - Contributing to the production of new marine raw

- materials for fish feed
- Development of new technology for fish farming in both fresh water and at sea
- Paving the way for improvements to 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 main operating segment and have developed operating procedures specifically to ensure that they can reach the goals set for such important environmental work. The Group also carries out regular internal and external audits to ensure full correspondence between operating procedures and proper conduct. The Group has implemented advanced technology to secure and monitor operations. In addition, we have further developed our requirement specifications for our suppliers, aiming to promote their active participation towards achievement of our environmental targets.

For Lerøy Seafood Group, it is essential to maintain a focus on the entire concept of sustainability, a concept that encompasses not only the environment, but also social and economic factors. Our industry plays a significant role within society, and Lerøy Seafood Group in Norway aims to take its social responsibility very seriously, and to ensure that the social benefits provided by our activities are safeguarded by maintaining robust and profitable businesses, providing spin-off effects within local communities and having a clear environmental management within fish farming.

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

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



Stig Nilsen
EVP Farming
Lerøy Seafood Group

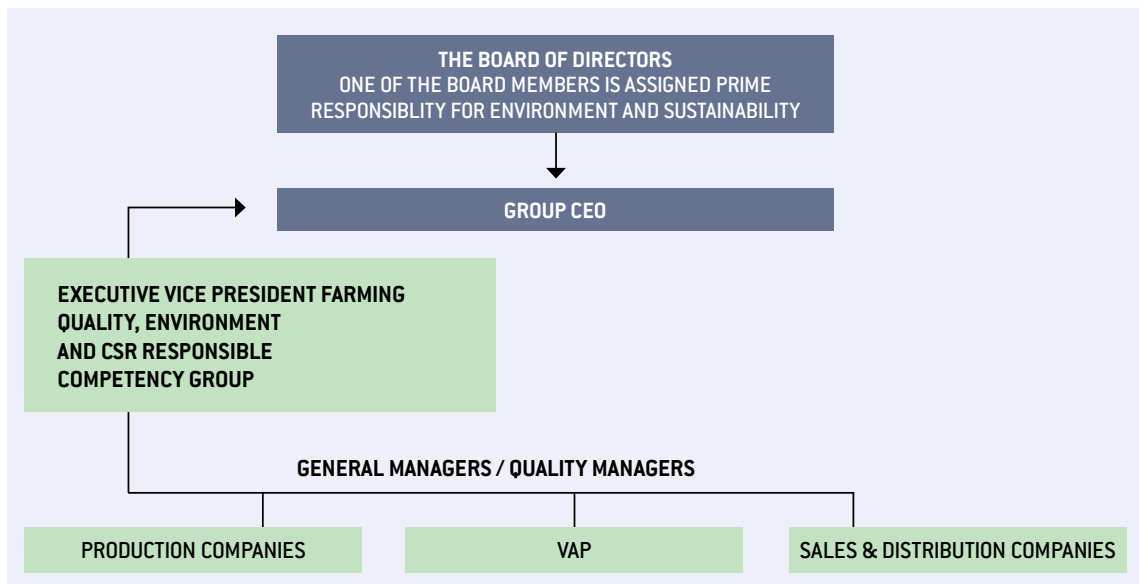
ORGANISATION OF ENVIRONMENT AND SUSTAINABILITY

The Board of Directors of Lerøy Seafood Group ASA has one member who is assigned extended responsibility for the environment and sustainability. In the Group, the CEO has main responsibility for this area. The Quality, Environment and CSR (Corporate Social Responsibility) Manager, is responsible for coordinating work for all the companies within the Group. Responsibility is also delegated to the Managing Director of each subsidiary, while the Quality Manager or his/her delegate 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 Manager. The Quality, Environment and CSR Manager 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



Lerøy Sjøtroll



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.

A materiality assessment was performed in 2015, involving interviews of in-house and external stakeholders. The assessment concluded that our sustainability reports should focus on five main areas: product, employee, environment, society and value chain. These areas will therefore receive particular focus in the company's GRI and sustainability report.

VISION

We shall be the leading and most profitable global supplier of sustainable quality seafood.

ENVIRONMENTAL POLICY

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

We will furthermore strive to find the most environmentally friendly and sustainable systems for our products through close cooperation with our customers and suppliers of fish feed and transport. Lerøy Seafood Group also seeks continuously to identify

improvements which may reduce pollution and help protect the environment.

The management and employees will focus on the goals set, and the environment and sustainability will be important focus areas for Lerøy Seafood Group in the years to come.

ENVIRONMENTAL VISION

Take action today – for a difference tomorrow

ENVIRONMENTAL TARGETS

As previously mentioned, Lerøy Seafood Group is a company with activities that cover every part of the value chain.

Environmental targets have been established for all focus areas in the entire value chain. All key performance indicators are measured on a monthly basis and utilised internally in order to achieve improvements within individual companies and for benchmarking between comparable companies.

Environmental targets have been established for the following indicators:

- 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 salt
- energy consumption per kWh/tonne produce
- water consumption per m³/tonne produce
- volume of packaged raw materials
- andel emballert råstoff

LICE

Our evaluation of the salmon lice situation in 2015, based on our average figures, shows that we achieved one of the best results in a long time. However, there were major differences among the geographical locations in 2015. Lerøy Aurora AS in North Norway were very successful in combating salmon lice. Lerøy Sjøtroll in West Norway increased their investments in lumpfish and cleaner fish, resulting in a significant reduction in the number of treatments required. In Central Norway, however, we experienced an autumn with abnormally difficult challenges that also had a major impact on production. The challenges faced in Central Norway required early harvest of fish in certain locations and, in general, an increase in input factors to combat and control salmon lice.

In order to meet this challenge, the Group has further developed its salmon lice strategy and will be implementing additional measures in 2016 to achieve their goal of a sustained low level of lice. The use of cleaner fish is a central element in this strategy and has, over time, proved to be one of the most efficient methods for continuous lice control. The Group continues to advance its expertise and production of own cleaner fish. In 2016, the Group will be in a much stronger position in which to meet the challenges presented by this parasite.

Methods to combat lice that do not involve medical treatment will help support the work carried out with cleaner fish and in total will help us achieve our goal for a sustained low level of lice at the same time as minimising our need for treatments. The implementation of a new method, including fresh water, temperate water and various mechanical alternatives, will further reduce our reliability on current delousing agents.

The Group makes an active contribution to a joint effort in collaboration with other businesses and research groups to establish new knowledge and new tools for the integrated fight against salmon lice. New knowledge and new tools are implemented as they emerge and will form part of the Group's future lice strategy, together with existing measures.

Chitin inhibitors are a group of delousing agents used in Norway and abroad to fight salmon lice. At present, it is suspected that chitin inhibitors may cause damage to certain species during ecdysis. The severity of this problem has not however been documented, making

it difficult to reach a conclusion on the use of chitin inhibitors. Chitin inhibitors have been approved by Norwegian authorities for use to combat salmon lice, but Lerøy Seafood Group has decided to take a precautionary approach. Unnecessary use of chitin inhibitors shall therefore be eliminated due to resistance problems. Any use of chitin inhibitors requires special approval.

Since 2011, the Group has utilised chitin inhibitors on one occasion at one facility.

Lerøy Seafood Group is working hard to achieve its long-term goal to eliminate the use of medicines to combat salmon lice, if justifiable in relation to regulations and factors relating to fish health.

Main goal:

"We aim to avoid salmon lice of reproductive age in our fish farms and we aim to avoid use of medicines in treating lice infestation".



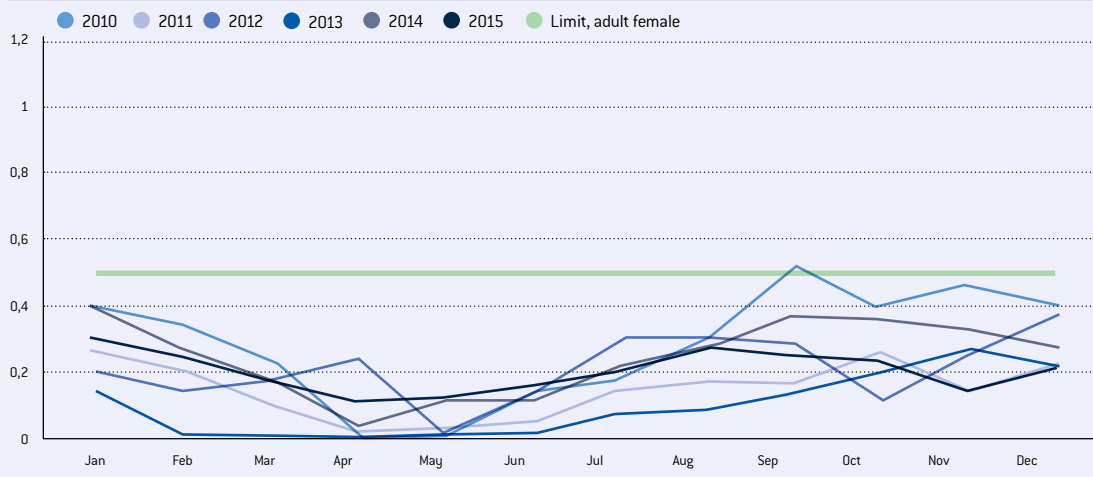
Lerøy is confident that cleaner fish is a positive measure in prevention of salmon lice, and has now developed own production of lumpfish in all three regions where we have Farming operations. Norsk Oppdretts Service, the main supplier of lumpfish to Lerøy Sjøtroll, received the Directorate of Fisheries' Environment Award 2015 at the Aqua Nor fair last year. The company shared the award with Akvaplan Niva.

CHEMICALS USED IN DELOUSING AGENTS, LERØY SEAFOOD GROUP (ACTIVE AGENTS)

	FEED (GRAM)	VIA BATHS (GRAM)	HYDROGEN PEROXIDE (KG*)
2013	2.08	0.01	0.00
2014	3.06	2.35	38.74
2015	3.91	0.18	44.94

* Hydrogen peroxide is also used for AGD treatment.

DEVELOPMENT OF FULLY DEVELOPED FEMALE SEA LICE WITH EGG STRINGS, LERØY SEAFOOD GROUP (AVERAGE NUMBER OF LICE PR FISH)



Lumpfish

ACCIDENTAL RELEASE

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

Three incidents involving accidental release were registered by Lerøy Seafood Group in 2015, with a total of 7,340 fish. This corresponds to 0.007 % of the total number of fish in the sea in 2015, and 4.6 % of the total figure for accidental release in Norway.

Date	Company	Location	Species	No. of units
12.01	Lerøy Vest	13563	Trout	7,264
11.04	Lerøy Vest	10375	Salmon	14
04.07	Lerøy Midt	19855	Salmon	60

12.01.15 Accidental release of trout caused by hurricane Nina. The recapture ratio for these fish was 89.5%.

11.04.15 Accidental release during delousing.

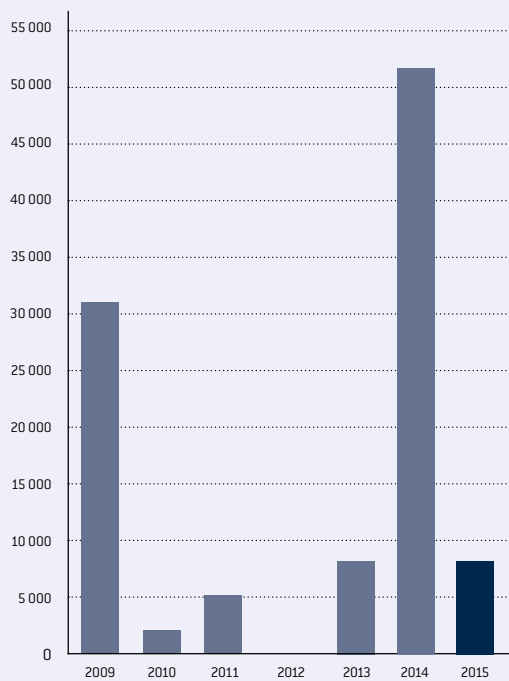
04.07.15 Accidental release after storm, hole in net caused by friction.

None of our young fish facilities reported accidental release in 2015. When the Group experiences accidents

that could have caused, or actually did cause, accidental release of fish, it is of utmost importance that all circumstances surrounding the incident are made known to everybody in the organisation. Such incidents are used actively in personnel training and for optimising routines and equipment. An increased focus on accidental release in recent years has already resulted in several amendments to our facilities in order to prevent similar incidents in the future.

Main goal: "Zero accidental release".

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



Internal audit at location with focus on accidental release - Lerøy Midt.



LOCATIONS

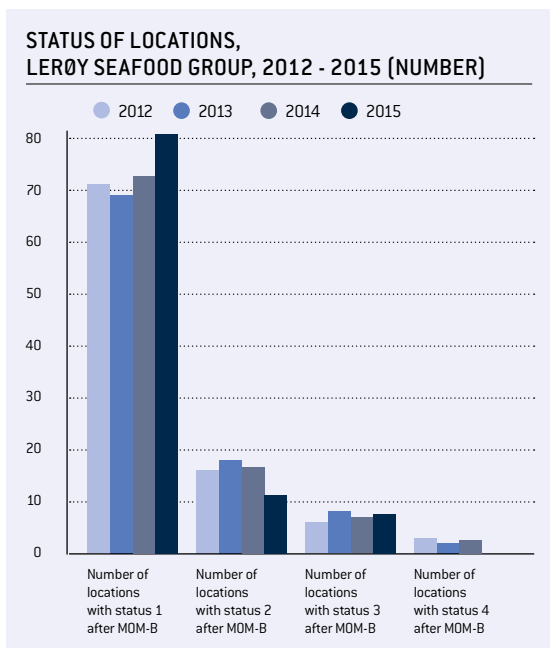
All the locations utilised by Lerøy Seafood Group are approved for fish farming by a number of Norwegian bodies.

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:

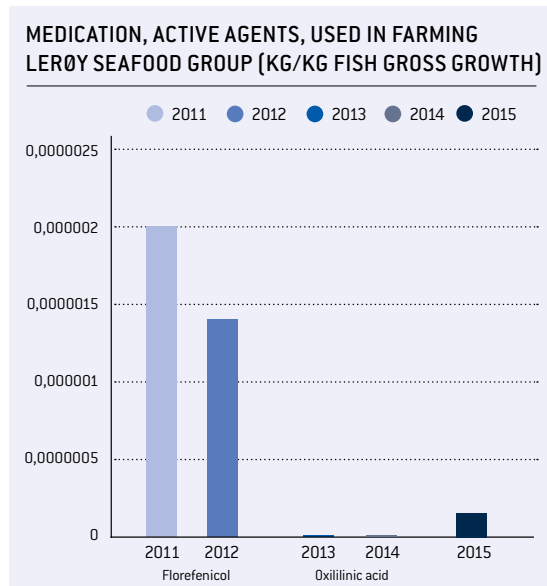
- M - matfiskanlegg (production facility)
- O - overvåkning (monitoring)
- M - modellering (models)



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 illness. In 2015 Lerøy Seafood Group utilised 246,520 tonnes of fish feed and 38.4 kg of antibiotics, active substances. This corresponds to 0.00000016% of antibiotics in our fish feed. The graphs display utilisation of antibiotics in Norway by the fish farming industry, by agriculture and by Lerøy Seafood Group.

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





PRELINE

PRELINE

Lerøy Seafood Group has enjoyed a collaboration with Preline AS since 2010, working toward the development of a closed containment facility for post-smolt production. This collaboration has resulted in what is close to a full-scale pilot facility that was launched to sea in the winter of 2015 at Sagen, Samnanger municipality in the region of Hordaland. In a Preline facility, smolt will be produced in a closed containment facility at sea.

The smolt will remain in the facility until they weigh approx. 1 kg, when they will be transferred to open cages. This will reduce the amount of production time in open cages. The first fish were released to the facility in the spring of 2015, and production round no. 2 started in October. To date, we have recorded positive results in terms of growth and survival. There have been no salmon lice in the facility since start-up – an encouraging sign but not surprising given that all the water in the facility is taken from sea depths far below the level where you normally find salmon lice larvae.

Lerøy Seafood Group currently owns 91% of the shares in Preline AS. Lerøy is also a partner with CtrIAQUA, a centre for research-based innovation (SFI) (2015-2022).

Together, both parties aim to develop and document a range of post-smolt concepts.

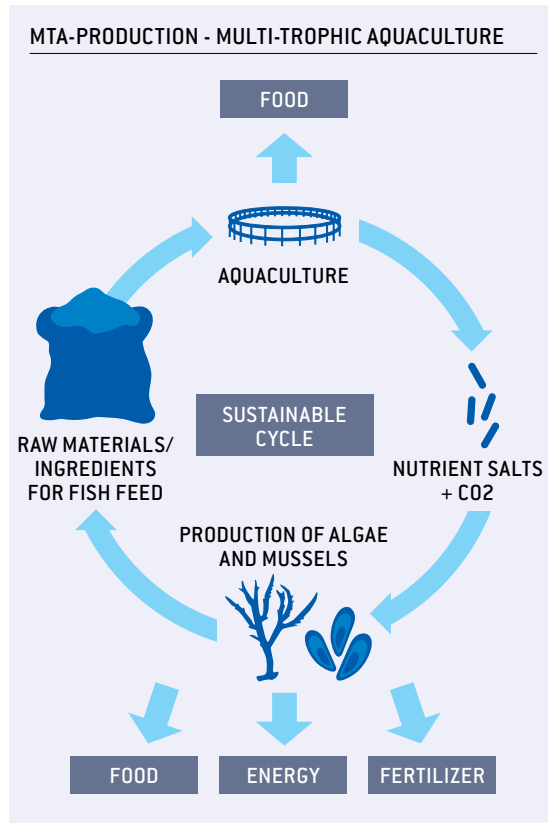
RESEARCH, DEVELOPMENT AND INNOVATION

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

The Group's R&D&I efforts in 2015 have focused on five main subjects:

- 1) Combating salmon lice
- 2) Feed/feed utilisation/feeding strategies
- 3) Fish health
- 4) Technology
- 5) IMTA

An increase in innovation is increasingly underlined as a fundamental element for the future of Norway. Lerøy Seafood Group is recognised for its innovative efforts over the past century. We aim to continue in this way, and our ambition is to be at the very forefront of innovation within every part of our value chain.





Lerøy Aurora

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 marine 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. The use of cuttings shall receive highest priority as far as possible.

Certification schemes shall have guidelines which comply with the requirement for sustainability, including for small pelagic fishing. Palm oil shall not be used. Raw materials based on Soya require "Round Table for Responsible Soy (RTRS)" certification or similar.

FISH FEED

Fish feed is the most important input factor for production, and quality assurance of feed and feed raw

materials is therefore absolutely essential. In 2015, Lerøy Seafood Group purchased feed from all the three major suppliers in Norway – EWOS, Skretting and BioMar.

Lerøy Seafood Group works closely together with our feed suppliers and takes an active and influential role in the further development of feed composition in order to ensure that it is as highly adapted as possible to our fish farming environment, our fish material and our market strategy. In order to facilitate these efforts, the Group has developed highly modern R&D facilities where feed tests can be carried out. In 2015, several trials were performed on both the use of new raw materials in feed and in benchmarking existing feed concepts. Lerøy Seafood Group has a particular focus on product quality for the end customer. Throughout the year, the Group has intensified its efforts on sustainability and certification schemes for individual raw materials. Salmon from Lerøy shall have a high level of the long chain Omega-3 fatty acids, EPA and DHA.

Fish oil is currently the only Omega 3 rich source of oil available when it comes to the essential fatty acids, EPA and DHA. The aquaculture industry currently consumes up to 80% of the worldwide production of fish oil. Lerøy has chosen to sustain a higher level of Omega 3 in their fish feed than the industry standard, with a view to both fish welfare and the quality of the end product. We are actively involved in measures to optimise utilisation of this valuable raw material and to identify other good and sustainable sources of Omega 3.

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 Group has full traceability for all raw materials

used for feed, comprising species and origin. The feed suppliers carry out audits of own suppliers and Lerøy Seafood Group executes annual audits of the feed companies. These measures, combined with internal control activities of feed suppliers and traceability, allow us to maintain control of feed content and quality.

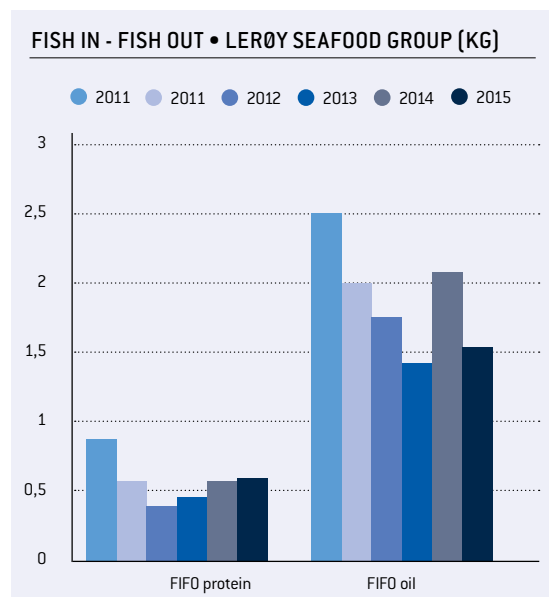
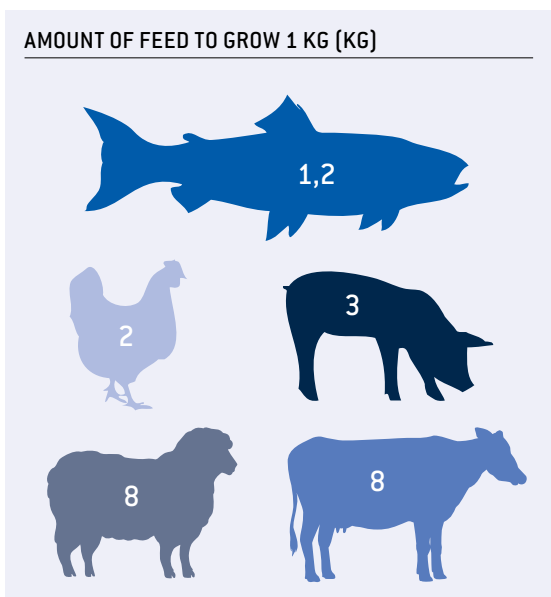
Access to raw materials for fish feed is good, despite a number of external factors which impact on supply. There are no special requirements on the raw material

content of feed for fish (for example fishmeal), but fish require feed with a high nutritional content.

In 2015, there has been an increasing demand for marine raw materials. This coincided with a powerful El Niño in South America, putting pressure on the supply of marine raw materials. The Group has taken an active approach to these challenges and has been able to find successful and sustainable solutions in cooperation with the feed industry.

MARINE RAW INGREDIENTS IN FISH FEED, LERØY SEAFOOD GROUP 2015

English	Latin	Norwegian	% Fish meal	% Fish oil
Blue whiting	<i>Micromesistius poutassou</i>	Kolmule	32.30	5.91
Capelin	<i>Mallotus villosus</i>	Lodde	10.69	6.20
Capelin trimmings	<i>Mallotus villosus</i>	Loddeavskjær	2.56	2.05
Herring	<i>Clupea harengus</i>	Sild	1.26	1.76
Herring trimmings	<i>Clupea harengus</i>	Sildeavskjær	14.79	9.32
Horse mackerel	<i>Trachurus trachurus</i>	Hestmakrell	0.05	0.00
Jack mackerel	<i>Trachurus murphyi</i>	Stillehavsmakrell	0.55	0.00
Krill	<i>Euphausia superba</i>	Krill	2.66	0.00
Mackerel trimmings	<i>Scomber scombrus</i>	Makrellavskjær	1.29	1.87
Menhaden	<i>Brevoortia patronus</i>	Beinfisk	0.00	11.89
Norway pout	<i>Trisopterus esmarkii</i>	Øyepål	2.01	1.55
Peruvian anchoveta	<i>Engraulis ringens</i>	Ansjos	8.80	27.68
Pilchard	<i>Sardina pilchardius</i>	Sardin	0.00	4.35
Sandeel	<i>Ammodytes marinus</i>	Tobis	4.93	8.38
Sprat	<i>Sprattus sprattus sprattus</i>	Brisling Nordsjøen	6.48	5.73
Sprat	<i>Sprattus sprattus balticus</i>	Brisling Østersjøen	0.88	4.11
Whitefish trimmings		Hvitfiskavskjær	10.74	9.20
Total			100.00	100.00



RAW MATERIALS FOR FISH FEED

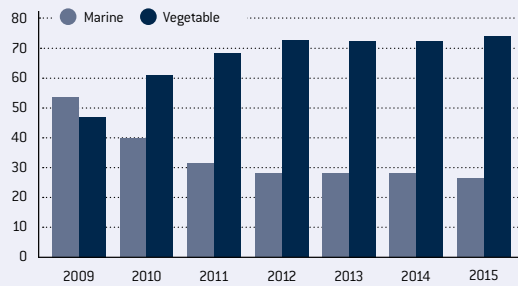
In the future, the fish farming industry will require alternative sources of raw materials for fish feed. Originally, fish feed had a 70% content of marine raw materials. In recent years, this percentage has been gradually reduced and replaced by vegetable raw materials. Today, the feed we utilise contains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

This change was mainly brought about due to the supply of raw materials. 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. Among all farmed animals, salmon is the most efficient at converting raw materials into consumable goods. The volume of wild fish caught and utilised for fishmeal and oil remains relatively stable and will most likely not increase in the near future.

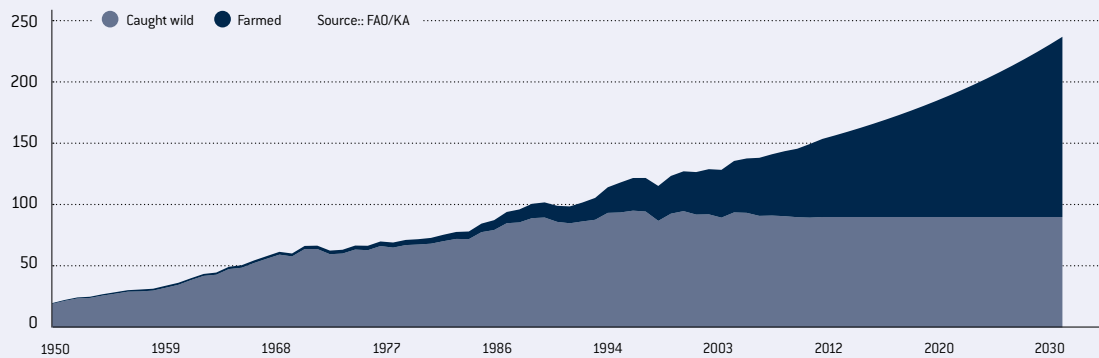
The steady growth of the fish farming industry, particularly in Asia, and the vast increase in direct

consumption by humans, for example Omega 3 capsules, have resulted in higher prices and a reduced supply of marine raw materials for other markets such as fish feed. The introduction of new raw materials for fish feed is one of the focal areas in Ocean Forest. Here, we aim to make use of nutrient salts to produce new materials for fish feed. Flour from mussels is one example of this.

DEVELOPMENT OF RAW MATERIALS IN FEED (%)



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





Salmon tartare with own produced kelp from Ocean Forest, prepared by Lerøy's Culinary Team.

OCEAN FOREST

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

The company's vision is as follows: The Ocean – future major source of new production of sea food, feed ingredients and energy/biomass, through the capture of CO₂.

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 significant value generation 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 forming an interaction in harmony with their environment. Mussels, kelp and other invertebrates filter large organic particles from fish feed and small lice larvae from fish farming plants. At the same time, these organisms absorb excess nutrient salts along with vast volumes of CO₂.

An increased production of these valuable new species may generate increased value and at the same time provide valuable quality ingredients that can be exploited to produce good quality marine sources for fish feed, food production and bio-energy.

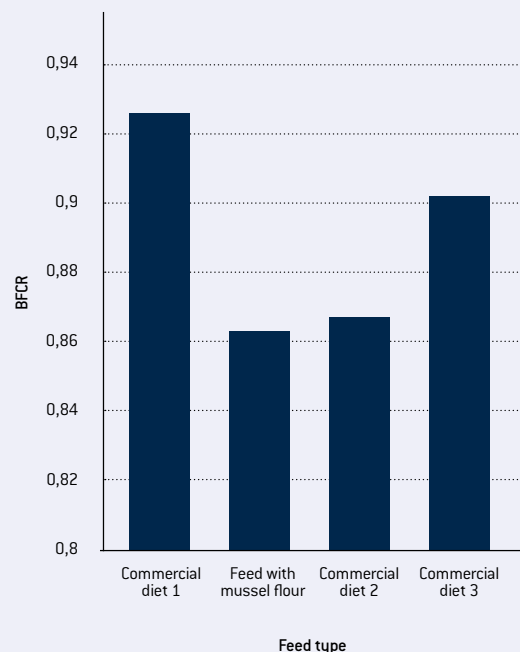
Ocean Forest AS is a joint venture between Lerøy Seafood Group ASA and Bellona Holding AS, and had its first entire year of operations in 2014. The company's personnel are all employees of different Lerøy Seafood Group companies. The new company has focused on establishing a knowledge base for production of oligotrophic species such as mussels and different macro-algae based on recycling of nutrient salts.

The company has licences for production of macro-algae such as sweet tangle, winged kelp and dulse, in addition to the production of mussels. These licences are linked to Lerøy Sjøtroll's three facilities in Hordaland.

In 2015, a major project was implemented involving macro-algae and tests on a range of cultivation techniques and substrates for sweet tangle and winged kelp. The project and its impact on the environment surrounding the facilities are closely monitored by the Institute of Marine Research in Bergen.

Ocean Forest has also collaborated with Pelagia Karmsund Fiskemel to carry out full-scale tests of production of flour from mussels. The goal for this project is to find a replacement for fishmeal. The flour produced has been tested in several feed trials with salmon, and has shown very positive results. This new production method shall now be optimised.

GROWTH TRIALS WITH SALMON INDICATED EQUAL GROWTH BUT A LOWER FEED FACTOR WHEN FISHMEAL WAS REPLACED WITH MUSSEL FLOUR.





OCEAN
FOREST

A SUSTAINABLE SEAFOOD INDUSTRY

OCEAN FOREST HAS AMBITIOUS OBJECTIVES:

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



The Ocean Forest stand at AquaNor 2015 attracted a lot of interest.



Kelp production - Ocean Forest

SALMON – AN IMPORTANT SOURCE OF PROTEIN FOR THE FUTURE

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

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

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

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

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

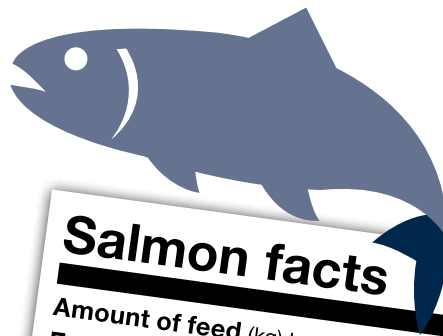
Salmon production may still involve certain challenges, but the positive aspects of this source of protein far outweigh the negative. If you eat salmon, then another foodstuff is saved. If we did not eat salmon, somebody else, somewhere in the world, would have to produce another source of food. No matter what type of food we

produce, we leave a footprint. The question we have to ask ourselves for the future is how we can make this footprint as small as possible. Salmon production is one of the answers to this question. Salmon is the first fish to compete practically across the board with other proteins. It can compete with both white and red meat, and does so in every corner of the world. Not only is salmon an attractive and tasty product, it is also healthy and is acceptably priced. The increase in the middle class worldwide implies an increased demand for proteins.

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

So why shall salmon be part of this increase?

- Production of salmon is three-dimensional and does not require a lot of space. A salmon farm normally comprises eight rings. Each ring contains 97% water and 3% fish. One salmon farm alone can produce 8,000 tonnes of salmon. In order to produce a similar volume of beef, you require approx. 27,000 cows.
- Salmon is a poikilothermic animal, which means that it adapts to sea temperatures. It does not need a "roof over its head", eliminating the requirement to supply energy to keep the salmon warm. 27% of the energy utilised in fish feed is reproduced in the edible part of a salmon. By comparison, this figure is 10% for chicken and 14% for pork. In addition, salmon has a higher exploitation rate of protein and phosphorus from its feed.
- Salmon need approx. 1.2 kg of feed to grow 1 kg. Chickens need 2 kg, pigs 3 kg, sheep and cattle 8 kg.
- Salmon has a minimal requirement for fresh water when compared with land-based animals. The water footprint for production of salmon is 1.95 litres per kg of edible meat, compared with 4.325 litres per kg of edible meat for chicken. The same figure for pork is 5,988 litres/kg and for beef 15,415 litres/kg.
- Salmon has a low CO₂ footprint – approx. 2.5 kg CO₂e/kg protein. By comparison, chicken has a CO₂ footprint of 3.4, pork has 3.9 and beef has approx. 30.
- You get a high yield from salmon, i.e. you can eat 68%



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

- Salmon is healthy! Salmon has a high Omega-3 content and a low Omega-6 content. We tend to focus on Omega-3 in our diets and forget Omega-6. The World Health Organization, WHO, is concerned about the high consumption of Omega-6 in our diets, and recommends that we all reduce the amount of Omega-6 we take.

In addition, salmon contains Vitamins A, E and D and is rich in the minerals zinc and iodine. The health authorities recommend that we eat more fish and reduce our consumption of red meat. An increase in our consumption of seafood will improve public health. It has been documented that salmon has a positive effect on cardiovascular diseases, and several trials have shown a positive impact on other lifestyle diseases such as dementia, diabetes, depression etc.

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

Salmon facts	
Amount of feed (kg) to grow 1 kg	1.2
Energy retention %	27
Protein retention %	24
Water footprint: liters/kg edible meat	1 950
CO2 footprint: kg CO2e/kg edible product	2.5
Agricultural land occupied: m2/kg edible product	3.2
Use of antibiotics	No
Omega 3 content: g, pr 100 g	10.9
Important minerals and vitamins: Selenium, Iodine, Vitamin A, D and E, B6 og B12	
Yield %, from whole fish	68

Sushi from Lerøy at the Norwegian Rowing Association's stand at the 2015 exhibition for sports.



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 2015.

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 fish farming companies 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, e.g. fish feed and transport services, have not been included in the calculations. Lerøy Seafood Group is currently working on obtaining a good basis for calculating the above. The tables below provide a summary of consumption of fossil fuels, electricity and greenhouse gas emissions.

DIRECT EMISSIONS

Direct emissions of CO₂, CH₄, and N₂O are calculated on the basis of available data.

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

Undefined fossil fuels are defined as diesel/heating oil in this context.

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

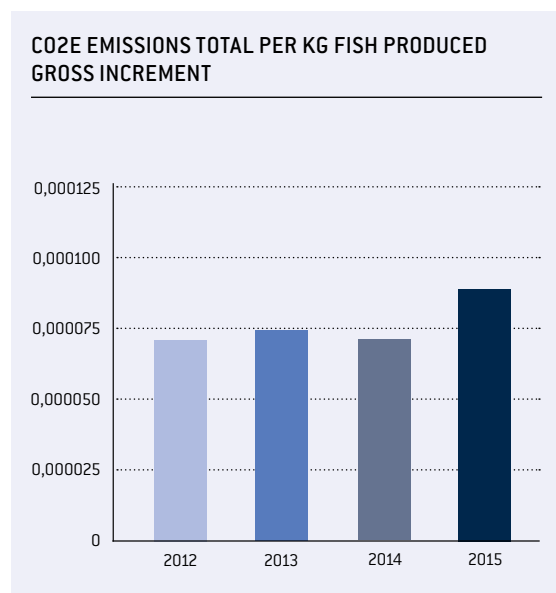
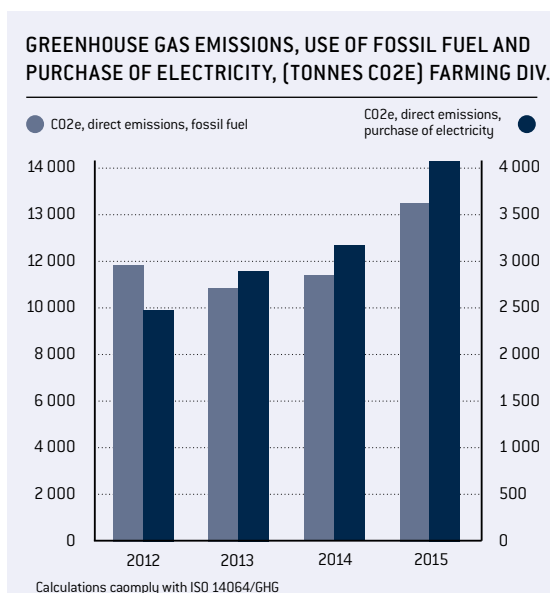
Emissions from combustion of marine gas oil are assumed to come from boats and this has allowed for calculation of CO₂, CH₄, and N₂O-emissions. All CH₄ and N₂O emissions are converted to CO₂ equivalents in order to allow total reporting. All factors utilised for the calculation of direct emissions of 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 tonne CH₄ will have an equal impact on global warming as emissions of 25 tonnes CO₂.



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 for their quality systems and procedures, and carrying out analyses and monitoring operations. Our quality team carries out from 250 to 300 quality audits every year. Moreover, the products are controlled by Lerøy Seafood Group at different stages throughout the entire production process; from egg/processing plants to finished product in a box and, in certain cases, up to delivery to the customer.

For many years, Lerøy Seafood Group has followed a definitive strategy for quality assurance. The Group companies have developed different control systems based on their position in the value chain. We have certification including GLOBAL G.A.P., 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 2015, Hallvard Lerøy AS carried out seven recall tests.

Preparedness group

The preparedness group is made up of: the CEO, the EVP Farming, the technical director for fish feed/R&D and quality/environment and CSR responsible in Lerøy Seafood Group. The preparedness group has primary responsibility, both internally and externally, for communications, handling and execution of any relevant challenges/crises.

TRACEABILITY - OPENNESS

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

In 2015, Norgesgruppen and Lerøy Seafood Group launched a new concept under the brand name Gladlaks. The fundamental principle of this new concept is traceability. The concept has its own website: Gladlaks.no. Consumers can use this website to gain a full insight into the entire value chain for products purchased simply by entering a traceability code that they find on the product packaging.

Register the number on the package at www.gladlaks.no to find information on the history of the fish, from roe to packaging.





Winners of the Norwegian Championships in rowing in 2015 - Marianne Madsen (Christiania rowing club) and Olaf. K. Tufte (Horten rowing club).



Lerøy Bergen Cup – Handball



The Norwegian Skating Association

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 code of conduct has been reviewed by the Board of Directors and implemented in every Group company. The Group is responsible for ensuring practice of the ethical code of conduct, but each employee also bears an individual responsibility to follow the code of conduct when carrying out tasks for the Group. The company management is responsible for ensuring full practice of and compliance with the ethical code of conduct.

The ethical code of conduct has been divided into two separate areas and comprises the following:

- Part 1: Factors relating to the companies, suppliers and subcontractors
- Part 2: Factors relating to the individual employee.

Key words for the contents of the ethical code of conduct:

- 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
- Factors involving HSE
- Forced labour/discrimination
- Exploitation of resources and impact on local environment
- Corruption
- Notification of censurable conditions
- Ethical guidelines for employees representing the company outside the workplace

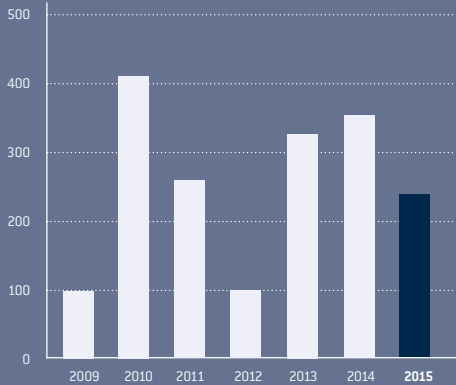
Lerøy Seafood Group is fully committed to developing the local communities where the Group's different facilities are located, and aims to generate increased earnings for these communities by purchasing the highest ratio possible of local goods, equipment and services. Lerøy Seafood Group's companies in Norway purchased goods, equipment and services totalling NOK 11 billion in 2015. The figures show that the Group purchased these goods, equipment and services from more than 295 different municipalities in Norway. In 2015, the Group had facilities located in 52 different Norwegian municipalities. Our employees paid income tax totalling NOK 236 million to 131 different municipalities. Based on our activities over the past seven years, Lerøy Seafood Group as a corporation has paid NOK 1.8 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.

IN 2015, LERØY SEAFOOD GROUP MADE NUMEROUS DIFFERENT CONTRIBUTIONS TO MUNICIPALITIES AND LOCAL COMMUNITIES.

LERØY SEAFOOD GROUP HAS PAID A TOTAL OF NOK 1.8 BILLION IN TAX IN RECENT YEARS (TAX PAYABLE 2009-2015)



The Group had operations in **52** different Norwegian municipalities.

Our employees paid income tax to **131** different Norwegian municipalities, totalling **NOK 236 million**.

We purchased goods and services for a total **NOK 11 billion** from **295** different Norwegian municipalities.

Our operations generated **NOK 8.3 billion** in value generation *

* Each full-time equivalent within our production of consumer products represents value generation of NOK 3.5 million.

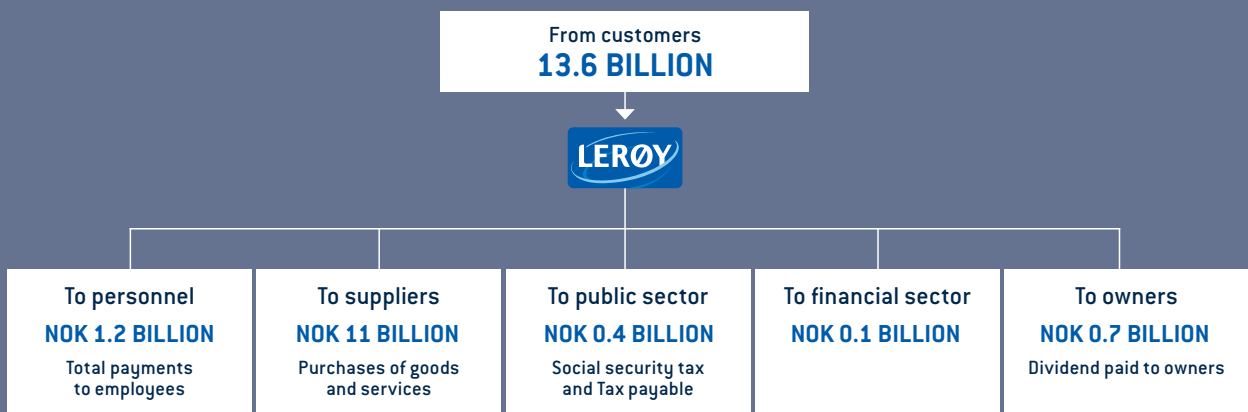
Source: Nofima report

"National spin-off effect of fish farming industry". The figures are based on 2013 figures.



Tertnes

ECONOMIC VALUE GENERATION AND DISTRIBUTION PER SECTOR IN 2015





BOARD OF DIRECTORS' REPORT 2015

FINANCIAL MATTERS

Lerøy Seafood Group ASA reported an annual turnover in 2015 of NOK 13,451 million, up from NOK 12,579 million in 2014. This is to date the highest turnover ever reported by the Group. The increase in turnover is attributed to higher prices realised and a positive development in Group activities downstream. The level of activity in the Group is satisfactory and affords the Group good opportunities to improve its position as a leading producer, processing company and distributor of seafood.

The Group's operating profit before biomass adjustment was NOK 1,380 million in 2015 compared with NOK 1,789 million in 2014. Profit before tax and biomass adjustment was NOK 1,321 million in 2015 compared with NOK 1,817 million in 2014. Earnings per share when adjusted for biomass and minority interests totalled NOK 19.4 compared with NOK 24.0 per share in 2014.

The Farming segment generated an operating profit before biomass adjustment of NOK 988 million in 2015 compared with NOK 1,380 million in 2014. Harvest volume in 2015 was 158,000 tonnes and was on a par with the figures in 2014, and prices realised for salmon and trout were up 3% when compared with 2014. Contracts and long-term customer relationships are an important part of the Group's strategy. The Group had a 33% share of contracts in 2015. The decline in operating profit for the Farming segment when compared with 2014 is attributed to higher release from stock costs per kilo produced of salmon and trout. The most significant factor behind the decline was increased feed costs and a growth in direct and indirect costs related to compliance with the authorities' limitations on salmon lice.

The VAP segment generated an operating profit of NOK 106 million in 2015 compared with NOK 95 million in 2014. The investments made by the Group in recent years to increase capacity have now resulted in a higher level of activity. Turnover was up 19% compared with 2014, while the operating margin fell from 5.9% in 2014 to 5.5% in 2015.

Sales & Distribution reported operating profit of NOK 287 million in 2015, compared with NOK 241 million in 2014. The Group has invested heavily in so-called "fish-cuts" in recent years in order to ensure proximity

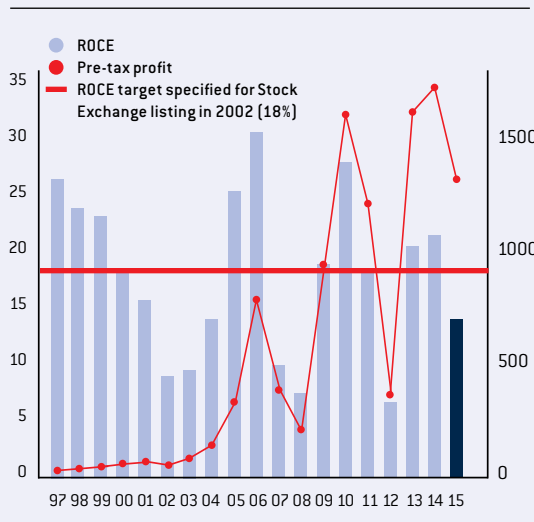
to end customer and to allow the Group to provide customers with quality products and the required level of service, including precise deliveries and flexibility. Turnover for this segment was up 5% compared with 2014, while the operating margin was 2.3%, an increase from 2.0% in 2014.

Prior to biomass adjustments, the Group's income from associates totalled NOK 70 million in 2015, compared with NOK 148 million in 2014. The Group's share of Villa Organic was consolidated as a wholly-owned Group holding as of July 2014. With this transaction, the number of wholly-owned licences owned by the Group increases by eight, which gives room for significant growth in production in Lerøy Aurora's region. Lower earnings for Norskott Havbruk and the fact that the Group's share of Villa Organic is now a wholly-owned Group holding are the most important factors behind the fall in earnings from associates from 2014 to 2015.

The Group's net financial items for 2015 were negative at NOK 129 million compared with a negative figure of NOK 120 million in 2014.

The profit achieved in 2015 corresponds to profit before biomass adjustment of NOK 19.4 per share, compared with NOK 24.0 per share in 2014. The Board of Directors intends to recommend a dividend payment for 2015 of NOK 12.00 per share to the company's annual general

DEVELOPMENT IN RETURN ON CAPITAL EMPLOYED AND PROFIT BEFORE TAX AND VALUE ADJUSTMENT FOR FISH IN SEA



meeting in 2016. This is on a par with the dividend payment in 2014. 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 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 2015 was 14.5% compared with 21.2% in 2014. The Group is financially sound with book equity of NOK 8,764 million, equivalent to an equity ratio of 55%. At the end of 2015, the company had 54,577,368 shares outstanding. The Group's net interest-bearing debt at the end of 2015 was NOK 2,595 million compared with NOK 1,876 million at year-end 2014.

Tied up working capital was higher in 2015, totalling NOK 662 million. This is mainly due to the higher production costs for fish in sea, and has had a negative impact on cash flow from operating activities. Cash flow from operating activities in 2015 was NOK 767 million. A total of NOK 680 million has been paid in dividends, in addition to investments in fixed assets of NOK 566 million and tax payments totalling NOK 376 million. The Group has a balance sheet total of NOK 15,984 million as of 31 December 2015 compared with NOK 14,858 million as of year-end 2014. With effect from and including 2009, the Group has increased production of salmon and trout by 70%, paid NOK 67.80 per share in dividends (including the proposed dividend for the present year) and paid NOK 1.8 billion in tax, including tax payable for 2015. The Group's financial position is strong and shall continue to 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.

RISKS AND UNCERTAINTIES

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

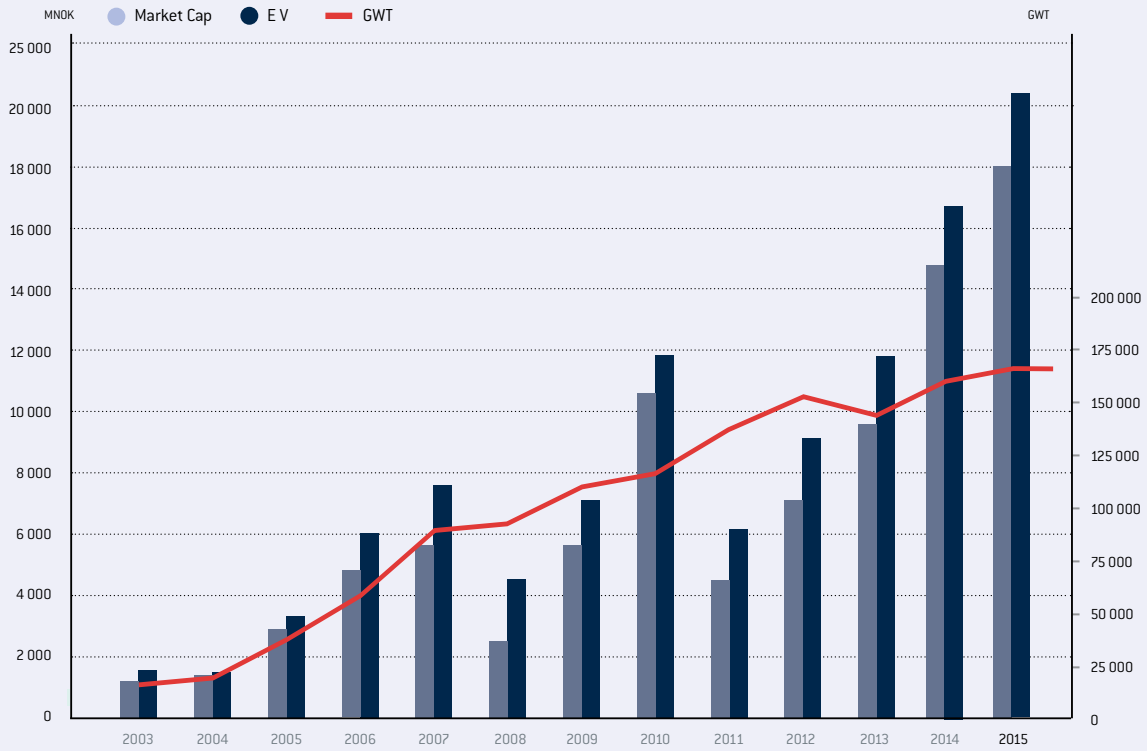
The future development of the Norwegian fish farming industry, including industrial development and employment, is as always entirely dependent upon environmentally and financially sustainable production methods, but also on fact-based, competent and long-term decision-making regarding regulatory regimes.

The framework conditions for fish farming in Norway are increasingly stringent. This is positive, but there are grounds for questioning some of the reasons for introducing such stringent regulation. The new salmon lice regulation introduced in 2013, for example, stipulated a substantially stricter regulation of the number of salmon lice permitted per fish. At that time, the Group and the industry at large requested comprehensive knowledge-based documentation including impact studies for the new regulation, but their requests went unheard. Several parties in the industry claimed that such an immediate change would result in an increase in the number of treatments and thereby problems with resistance among salmon lice. Since 2014, the Group has invested heavily in preventive measures to combat salmon lice, and aims to continue to do so. The Group believes that the industry is currently in a transitional phase, and that the prevention and treatment of salmon lice require major costs. The Board of Directors is concerned about the estimates of a decline of 4 percent in Norwegian salmon production in 2016. Official reports indicate that the industry has a high potential for long-term growth, and it is important to facilitate such growth. Norwegian politicians and industrial enterprises rely on close and mutually trusting cooperation in order to facilitate increased value generation in something quite unique – a competitive Norwegian industry on the global food market. Insufficient growth is a considerable risk factor for value generation in the long term. This applies to both the position of salmon on the market and the competitive strengths of Norwegian producers. Growth is also an essential element for development of and recruitment to the industry.

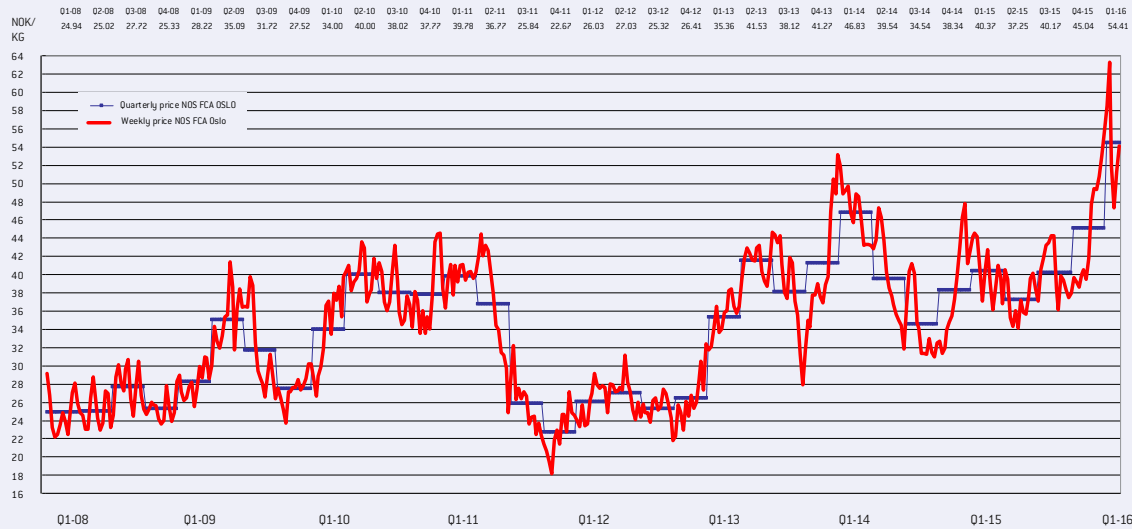
At the end of 2015, the Group had live fish worth around NOK 4.3 billion on its balance sheet. Biological risk has been and will continue to be a substantial risk for Group operations. Assessing and managing biological risk must therefore be a part of the Group's core expertise.

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

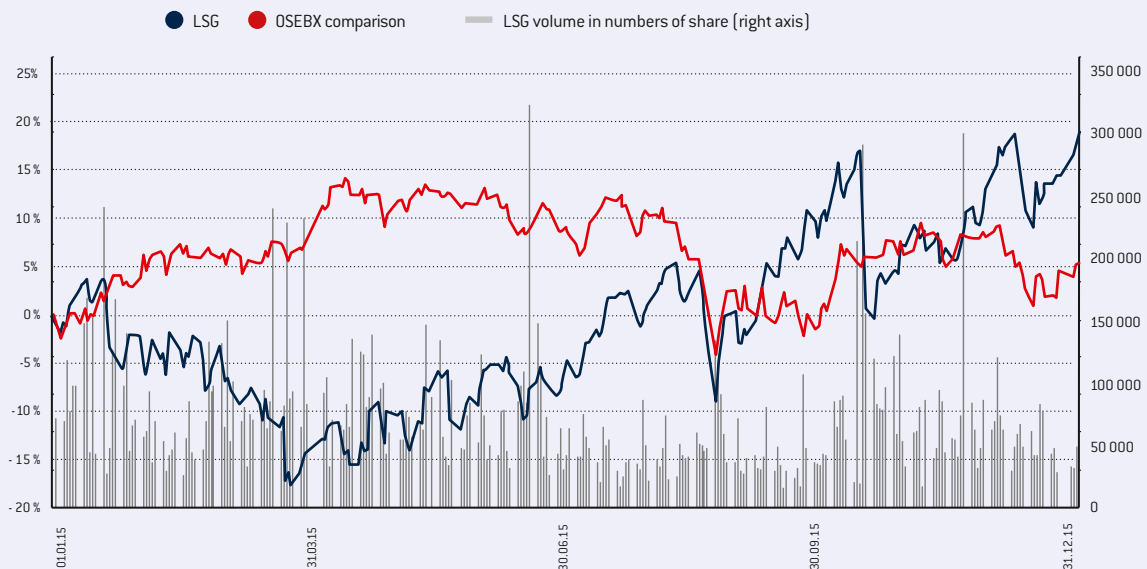
DEVELOPMENT SINCE LISTING ON STOCK EXCHANGE



SPOT PRICES, FRESH ATLANTIC SALMON CROSS-SECTION, FCA OSLO AS OF WEEK 1 2008 – WEEK 6 2016 (SUPERIOR QUALITY)



LERØY SEAFOOD GROUP AND OSEBX IN 2015



to the risk represented by the constant threat of long-term political trade barriers imposed by the European Commission. It is also a fact that Russia has increasingly become a major market for Atlantic salmon and trout. The political trade barriers now imposed on exports of Norwegian salmon and trout to both Russia and China are an embodiment of political risk in practice. This situation represents a short-term obstacle to the Group's marketing goals and value generation. However, the market for high-quality seafood is global and is experiencing strong growth, and this provides grounds for an optimistic outlook, indicating that the Group has the perfect position to sustain positive development.

The Board of Directors maintains a strong focus on purposeful and systematic management of risk in all parts of the organisation. This policy is seen as essential in securing long-term value generation for shareholders, employees and society in general. The Group's overall financial strategy is to balance and ensure financing, suitable financial covenants, liquidity, customer credit, currency and market risk. Considerable importance is also attached to having efficient and sustainable solutions in all parts of the Group's value chain.

STRUCTURAL CONDITIONS

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

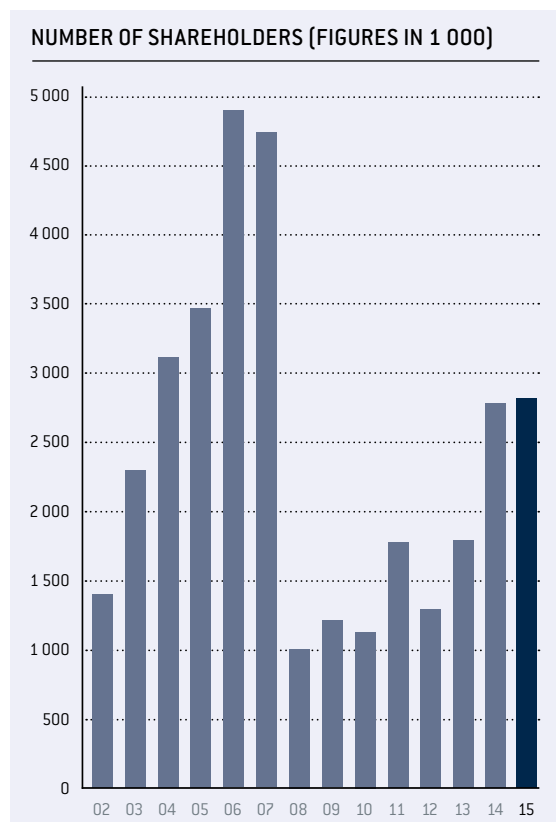
Through organic growth and a series of acquisitions carried out since the Group was listed on the Stock Exchange in the summer of 2002, the Group is now the world's second largest producer of Atlantic salmon and trout. In recent years, the Group has also developed and consolidated its position as a central actor in the distribution of seafood in Norway and abroad.

The Group's financial position is very strong, and it remains important for the Board that the Group, through its operations, retains the confidence of participants in the various capital markets. The Group's strong balance sheet in conjunction with current earnings enables the Group to continue as a leading participant in the global and national value-generating structural changes within the seafood industry. Lerøy Seafood Group shall continue to selectively assess potential investment and merger alternatives and alliances that could strengthen our platform for further profitable growth and lasting value generation. This

includes investment opportunities both upstream and downstream.

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

Being listed on the Stock Exchange affords the company a marketplace for its shares, improved access to venture capital as well as the opportunity to use the company's shares as a payment medium in future acquisitions or business combinations. As of 31 December 2015, the company had 2,809 shareholders against a comparison figure of 2,738 shareholders at the end of December 2014.



EMPLOYEES

The parent company Lerøy Seafood Group ASA has its head office in Bergen, Norway. In addition to the Group CEO, the parent company has eight employees.

Administratively, all personnel functions are handled by the wholly-owned subsidiary Hallvard Lerøy AS.

At year-end the Group had 2,527 employees, with 837 women and 1,690 men, compared with a total of 2,306 employees at year-end 2014. The ratio of female employees is up from 31.5% in 2014 to 33.1% in 2015. Of the Group's total number of employees, 1,802 work in Norway and 725 abroad. Independently of the demand for equal opportunities for men and women, the Group has always placed decisive emphasis on individual skills, performance and responsibility in its recruitment policy and salary systems. Furthermore, the Group seeks to ensure at all times equal employment opportunities and rights for all employees and works hard to prevent discrimination based on national origin, ethnicity, skin 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 workplaces and work tasks where possible.

The company is a player in a global industry where the constant rate of change in framework conditions requires flexible employees who are dynamic and willing to adapt and learn.

The Board of Directors would like to take this opportunity to praise the employees' efforts, their understanding of the need for an operational focus which targets results and for their willingness to adapt to change throughout the entire organisation. The Board of Directors would like to thank all employees for their hard work in 2015.

HEALTH, SAFETY AND THE ENVIRONMENT

On 31 August 2015, one of our companies experienced the worst possible accident. One of Sjøtroll Havbruk AS' employees died in an accident at work. This was a very tragic accident that has had a vast impact on the Group and will continue to do so for a long time. Apart from this tragic fatality, only minor injuries were registered among the employees in 2015.

Total sick leave was 5.8 %, slightly up from 5.7 % in 2014. Sick leave comprises 3.2 % long-term sick leave and 2.6 % short-term sick leave. The Board of Directors is not happy with the increase in sick-leave, but is pleased

to observe that the Group works actively to keep sick leave as low as possible. The organisations within the individual subsidiaries are continuously developed in order to ensure that they can deal with new challenges and changes in framework conditions. The working environment and cooperative atmosphere are good.

EXTERNAL ENVIRONMENT

From 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, and have implemented monitoring of such pollution at all the company's facilities. The Group's operations are closely linked to natural conditions in Norwegian and international fresh and salt waters. The Group's operations rely on access to clean fresh and sea waters. The Board and Group are confident that operations in 2015 have been sustainable, and have compiled a comprehensive report on the environment as part of the consolidated financial statements, and available at www.lsg.no. In addition, the Group documents its sustainability in several national and international reports on fish farming. The Group invests in minimising its impact on the external environment, and continuously works hard to encourage both management and employees to maintain a proactive approach towards environmental protection.

RESULT AND ALLOCATIONS, LERØY SEAFOOD GROUP ASA

In 2015, Lerøy Seafood Group reported an annual result of NOK 853 million, against a comparative amount of NOK 911 million in 2014. The company's accounts are submitted on assumption of going concern.

The Board proposes the following allocation of the 2015 annual result (NOK 1,000):

Dividend (NOK 12.00 per share):	654,928
Transferred to other equity:	198,276
Total allocations:	853,205

The Group's parent company is financially sound with an equity ratio of 71% and has satisfactory financing compatible with the Group's strategy and operational plans.

MARKET AND OUTLOOK

It is of decisive importance that the Group and the Norwegian fish farming industry as a whole uphold the capacity for sustainable operations in the future. The

industry and society are mutually reliant on trusting and proper dialogue. The authorities and the industry must collaborate to ensure that future framework conditions are based on fact-based knowledge, so that such conditions in turn afford the potential for growth, improved competitive strengths and increased value generation. It is important that the industry and political premise setters do their utmost to ensure that the industry can exploit its potential for a lasting increase in value generation and increased employment. It is crucial that Lerøy Seafood Group and the industry are able to continue to solve current challenges, but of equal importance is the willingness among both local and national politicians to take a long-term perspective towards decision-making and framework development in order to allow the industry to fully exploit its major potential. The rapid response from the Norwegian authorities to the industry's need to implement provisional growth in maximum allowable biomass (MAB) for trout, as a result of the above-mentioned trade barriers, is positive for value generation and facilitates continuity in employment. We believe there is a need for a knowledge-based, forward-looking regulation of the Norwegian fish farming industry that is based on the fact that Norway has natural, environmentally sustainable premises for the production of seafood along the coast, in the sea. The regulatory authorities must base their decisions on professional and objective impact analyses and put an end to over-hasty introduction of regulations founded on misinformation and undocumented claims about the activities of our industry. In our opinion, fish farming also provides an excellent opportunity to sustain and increase employment, thereby ensuring settlement in areas close to the coast.

2015 saw a 3.6% growth in the global supply of Atlantic salmon, substantially lower than the 9.1% growth in 2014. The market in 2015 was substantially impaired however by the ban on imports to Russia, in that growth on other important end markets was significantly higher than indicated by the growth in supply. The weaker Norwegian krone has had a considerable impact on realised prices for the Group. For Atlantic salmon sold in Euro in 2015, the prices translated to Norwegian krone reached record heights. When measured in Euro however, the prices were closer to the 10-year average when adjusted for inflation.

There are current expectations for a global decline in the supply of Atlantic salmon of 3.6% in 2016, with Norwegian production estimated to fall by 4.1% and production in

Chile to fall by 7.3%. The lack of growth in Norway in recent years is attributed to the fact that businesses in the industry are essentially exploiting their licence rights. The Board of Directors is concerned about the long-term impact of the lack of growth in Norwegian production since 2012. In the short term however, the decline in global production and the weak Norwegian krone allow for an optimistic outlook to prices for Atlantic salmon and trout.

The Board of Directors' Report for 2014 predicted a negative impact on Group earnings in 2015 caused by the ban on imports of Norwegian salmon and trout to Russia, introduced on 7 August 2014 – with a particular impact on trout as the Group is the world's largest producer of trout. This materialised – the prices realised by the Group for trout were significantly lower than the prices realised by the Group for salmon in 2015. A number of measures have been implemented to rectify this situation, but trout prices remain substantially lower than salmon prices at the start of 2016. The Board of Directors and management expect the measures implemented to gradually increase trout prices so they are closer to salmon prices throughout 2016.

In line with its market strategy, the Group exported a broad range of seafood products from Norway to a large number of countries in 2015, the most significant market being the EU. It is satisfying to observe the positive developments generated by our efforts related to distribution of fish in the Nordic countries and Europe, and how these strengthen our own and our customers' position on this important seafood market. There is a healthy demand for the Group's products. Competition on the international food markets 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.

Cost developments per kilo produced of salmon and trout in 2014 and 2015 are cause for concern in terms of the industry's competitiveness against other food products. We have underlined that feed prices and the management of regulatory factors involving salmon lice have driven up costs. The Group has made substantial investments in the use of cleaner fish. In locations where cleaner



Fishsoup

fish have been in use, the Group has achieved positive results. However, as previously reported, the Group will not reach full-scale self-sufficiency in cleaner fish until 2016. The Group also acknowledges that the farming of lumpfish remains in the start-up phase, and that there will be improvements in both the production and exploitation of lumpfish that will gradually yield improvements in the production of salmon and trout. Cleaner fish represent an important tool, but other measures are also required to achieve optimal production including mechanical cleaning and fresh water treatment. In 2016, the Group will have a much higher well boat capacity for fresh water treatments and significantly increased capacity for mechanical cleaning. In 2015, the Group was in a transitional phase, requiring extraordinarily high direct and indirect treatment costs in addition to major costs for prevention. Prevention costs are estimated to increase in 2016, but the Group has a specific target to reduce the number of treatments, thereby reducing direct and, not least, indirect treatment costs in 2016. We currently expect feed costs for fish harvested in 2016 to be somewhat higher than in 2015. Nonetheless, the Board of Directors still sees the potential for cost reductions in other areas in 2016. Measures and investments will over time – as we see the current situation – again show a decline in costs, although the present year will have higher costs than what we feel is normal.

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. One very positive factor was the re-establishment of imports to parts of the EAEU customs union towards the end of October 2015. At the time of writing, it appears that there are very limited opportunities for growth in the global supply of salmon and trout for the next few years. The firm of analysts, Kontali, currently estimates a decline in the supply of Norwegian salmon in 2016. The industry has not reported a growth in Norwegian production since 2012. Given the prevailing political framework, neither are there any prospects for growth in the medium term. This gives rise to expectations for a good market for seafood in 2016 as well. The Board of Directors has a positive outlook due to their confidence in the potential for substantial improvements to own production.

The Group currently estimates a total harvest volume of 183,000 GWT for 2016, including the share of LSG's volume from associates. The management and Board of Directors currently expect the Group to achieve a higher profit in 2016 than in the year that has passed, based on the potential for improved productivity and the positive market outlook.

Bergen, 14 April 2016



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 2015 are prepared in conformance with current, applicable accounting standards, and give a good and fair view of the company's and the Group's assets, liabilities, financial position and profit or loss as a whole. We also declare that the annual report gives a fair view of the company's and the Group's development and position, together with a description of the principal risks and uncertainties facing the entity and the Group.

Bergen, 14 April 2016

Helge Singelstad
Chairman

Arne Møgster
Board Member

Britt Kathrine Drivenes
Board Member

Hege Charlotte Bakken
Board Member

Didrik Munch
Board Member

Marianne Møgster
Board Member

Henning Beltestad
Group CEO

Hans Petter Vestre
Employee's representative

INCOME STATEMENT

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

LERØY SEAFOOD GROUP CONSOLIDATED	Notes	2015	2014
OPERATING REVENUE AND OPERATING COSTS			
Operating revenue	13/19	13 450 725	12 579 465
Other gains	13/23	34 206	117 409
Cost of materials	15/19	9 278 374	8 450 392
Change in inventories		-465 960	-447 053
Salaries and other personnel costs	11/14	1 411 024	1 270 880
Other operating costs	14	1 447 625	1 262 518
EBITDA before fair value adjustment on biological assets		1 813 869	2 160 138
Depreciation	2/3	433 916	369 480
Impairment loss	3	0	1 982
Operating profit before fair value adjustment on biological assets		1 379 953	1 788 676
Fair value adjustment on biological assets	7	188 508	-327 414
Operating profit		1 568 461	1 461 262
ASSOCIATES AND NET FINANCIAL COSTS			
Income from associated companies	4/13	61 376	91 939
Net financial items	5/15/21	-128 728	-119 790
Profit before tax		1 501 110	1 433 411
Total tax cost	12	-268 226	-328 939
ANNUAL PROFIT		1 232 883	1 104 473
Of which controlling interests		1 179 718	1 055 916
Of which non-controlling interests		53 165	48 557
Earnings per share	16	21.62	19.35
Diluted earnings per share	16	21.62	19.35

COMPREHENSIVE INCOME

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

LERØY SEAFOOD GROUP CONSOLIDATED	2015	2014
The year's result to equity	1 232 883	1 104 473
Items that will not be reclassified subsequently to profit or loss		
Estimate differences pension plans	11 1 502	-3 231
Gain on shares for sale reclassified to income statement	0	-12 871
Conversion differences that are reclassified to profit and loss in the period	3 929	0
Items that will be reclassified subsequently to profit or loss when specific conditions are met		
Conversion differences related to subsidiaries	21 38 162	32 047
Conversion differences from associated companies	21 58 749	62 455
Change in fair value of financial instruments (cash flow hedges)	5 4 829	-72 200
Change in value from associated companies	-2	-16
COMPREHENSIVE INCOME	1 340 052	1 110 657
Of which controlling interests	1 274 774	1 049 590
Of which non-controlling interests	65 278	61 067

The items included in comprehensive income are after tax

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

BALANCE SHEET

All figures in NOK 1 000

LERØY SEAFOOD GROUP CONSOLIDATED	Notes	31.12.15	31.12.14
NON-CURRENT ASSETS			
Deferred tax asset	12	41 536	42 263
Licences, rights and goodwill	2/6	4 349 916	4 234 391
Buildings, real estate, operating accessories	3/6/18	2 899 633	2 676 716
Shares in associated companies	4/6/13	670 952	566 965
Shares available for sale	4/5	7 293	8 066
Long-term receivables		17 246	32 263
TOTAL NON-CURRENT ASSETS		7 986 576	7 560 664
CURRENT ASSETS			
Biological assets	6/7	4 320 830	3 681 993
Other inventories	6/8	552 065	524 947
Customer receivables	5/6/9	1 568 820	1 427 796
Other receivables	5/9	307 798	302 692
Cash and cash equivalents	5/6	1 247 614	1 360 272
TOTAL CURRENT ASSETS		7 997 127	7 297 700
TOTAL ASSETS		15 983 703	14 858 364

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

BALANCE SHEET

(All figures in NOK 1 000)

LERØY SEAFOOD GROUP CONSOLIDATED	Notes	31.12.15	31.12.14
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
Retained earnings		5 099 758	4 476 377
Non-controlling interests		878 357	817 282
TOTAL EQUITY		8 764 052	8 079 596
LONG-TERM LIABILITIES			
Long-term interest-bearing debt	5/6/18	2 377 123	2 767 118
Deferred tax	12	1 567 973	1 531 262
Pension liabilities	11	3 765	6 878
Other long-term liabilities	5	126 674	131 980
Total long-term liabilities		4 075 535	4 437 238
SHORT-TERM LIABILITIES			
Trade payables	5	915 981	1 053 524
Short-term loans	5/6	1 465 144	469 276
Public duties payable		123 457	70 073
Taxes payable	12	200 151	335 062
Other short-term liabilities	5/10/6	439 383	413 595
Total short-term liabilities		3 144 116	2 341 530
TOTAL LIABILITIES		7 219 651	6 778 768
TOTAL EQUITY AND LIABILITIES		15 983 703	14 858 364

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

Bergen, 14 April 2016
Board of Directors of Lerøy Seafood Group ASA


Helge Singelstad
Chairman of the Board


Marianne Møgster


Arne Møgster


Didrik Oskar Munch


Britt Kathrine Drivenes


Hege Charlotte Bakken


Hans Petter Vestre
Employees' representative


Henning Beltestad
CEO

CASH FLOW STATEMENT

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

LERØY SEAFOOD GROUP CONSOLIDATED	Notes	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1 501 110	1 433 411
Taxes paid during the period		-376 423	-344 473
Other gains		-34 206	-117 409
Depreciation	2/3	433 916	369 480
Impairment loss	3/15	0	27 982
Profit impact associated companies	4	-61 376	-91 939
Change in fair value adjustment of biological assets	7	-186 524	325 957
Change in inventories/biological assets	7/8	-465 960	-368 840
Changes in customer receivables	9	-114 825	64 242
Changes in trade payables		-150 131	-71 192
Change in net pension liabilities/premium fund	11	-3 113	3 651
Net financial items classified as financing activities		128 728	103 978
Change in other accruals		95 357	79 999
Net cash flow from operating activities		766 552	1 414 845
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of fixed assets	3	85 336	18 278
Payments for acquisitions of fixed assets	3	-651 548	-601 035
Payments for acquisitions of intangible assets	2	-10 053	-2 615
Proceeds from sale of shares in AC and other businesses	4	899	44 891
Payments for acquisitions of shares in AC and other businesses	4	-61 690	-8 340
Dividend payments received from associated companies (AC)	4	49 000	36 250
Payments for acquisition of Group companies	4	-87 950	-1 082
Cash and cash equivalents from business combinations		8 254	133 557
Proceeds/payments on other loans (short and long-term)		11 021	-26 562
Net cash flow from investing activities		-656 731	-406 658
CASH FLOWS FROM FINANCING ACTIVITIES			
Movement in short-term interest-bearing debt		637 765	-130 476
Proceeds from establishing new long-term debt		356 098	1 324 363
Downpayments of long-term debt		-408 261	-1 037 336
Interest payments received		12 169	21 006
Interest paid		-139 925	-126 984
Equity contributions		973	0
Dividends paid		-680 325	-578 926
Net cash flow from financing activities		-221 506	-528 353
Net cash flow in the accounting period		-111 685	479 834
Cash and cash equivalents at start of period		1 360 272	872 513
Currency translation differences		-972	7 925
Cash and cash equivalents at end of period		1 247 614	1 360 272
This consists of:			
Bank deposits, etc.		1 247 614	1 360 272
Of which restricted funds		57 257	50 899
Unused overdraft facilities		1 170 952	1 944 619

CHANGE IN EQUITY

(All figures in NOK 1 000)

LERØY SEAFOOD GROUP CONSOLIDATED	Share capital	Own shares	Premium reserve	Currency conver- sion dif- ferences	Cash flow hedges	Other equity	Non-con- trolling interests*	Total equity
Equity 01.01.14	54 577	-330	2 731 690	-31 590	-23 462	4 024 315	793 747	7 548 947
Profit for the period						1 055 916	48 557	1 104 473
Other comprehensive income				81 992	-72 200	-16 118	12 510	6 184
Total comprehensive income for 2014	0	0	0	81 992	-72 200	1 039 798	61 067	1 110 657
TRANSACTIONS WITH OWNERS								
Withdrawal NCI						2	-1 084	-1 082
Dividend payments						-545 774	-36 448	-582 222
Dividend paid on own shares						3 298		3 298
Total transactions with shareholders	0	0	0	0	0	-542 475	-37 532	-580 007
Equity 31.12.14	54 577	-330	2 731 690	50 402	-95 662	4 521 638	817 282	8 079 596
Profit for the period				3 929	-2 489	1 178 277	53 165	1 232 883
Other comprehensive income				84 799	4 829	5 428	12 113	107 169
Total comprehensive income for 2015	0	0	0	88 728	2 340	1 183 705	65 278	1 340 052
TRANSACTIONS WITH OWNERS								
Dividend payments						-654 928	-29 354	-684 282
Dividend paid on own shares						3 957		3 957
Business combinations							24 020	24 020
New equity in connection with establishment of new subsidiary							973	973
Other changes						-422	158	-264
Total transactions with shareholders	0	0	0	0	0	-651 393	-4 203	-655 596
Equity 31.12.15	54 577	-330	2 731 690	139 130	-93 321	5 053 950	878 357	8 764 052

* Non-controlling interests. Other components of equity are allocated to Lerøy Seafood Group's shareholders.

Treasury shares:

Lerøy Seafood Group ASA owns 329 776 treasury shares (own shares) of a total number of 54 577 368 shares. The portion of treasury shares is 0.6%. The purchase price paid for treasury shares is split into two different categories in the table above, where the face value of treasury shares is included in "paid in capital" (NOK -330), and the purchase price exceeding the face value of treasury shares (NOK -20 149) is included in "other equity". The average purchase price of treasury shares is NOK 62.10 per share.

NOTES TO THE CONSOLIDATED ACCOUNTS, LERØY SEAFOOD GROUP ASA 2015

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 2015 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 financial statements were submitted by the Board of Directors on 14 April 2016.

(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.

Transactions, balances and unrealised gains or losses between the companies within the Group, are eliminated.

Each business combination is accounted for by applying the acquisition method. The consideration paid is measured at fair value of transferred assets, liabilities assumed and equity instruments issued. It also includes fair value of all assets or liabilities resulting from the agreement for contingent consideration. Identifiable assets acquired and liabilities assumed, including contingent liabilities, are recognised and accounted for at fair value as of acquisition date. The part of the acquisition price that cannot be ascribed to specific assets represents goodwill. Acquisitions effectuated before 1 January 2004 are not corrected as a consequence of the transition to IFRS (use option is exercised). In a business combination achieved in stages, the previously held equity interest in the acquiree should be remeasured at its acquisition-date fair value. The resulting gain or loss, if any is to be recognised in profit or loss, will be included in the accounting line for other gains and losses.

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

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

The companies that the consolidated accounts comprise, are identified in paragraph (E) Reporting by segments.

Non-controlling interests

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

Associated companies and joint ventures

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

(D) OPERATING REVENUES

Operating revenues from sale of goods are booked when a decisive part of risk and ownership benefits have been transferred to the buyer, which normally is at the time of delivery.

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

(E) REPORTING BY SEGMENT

Segment reporting is now at a more aggregate level than for in-house reporting to the Group management, and is based on similar economic characteristics such as type of organisation and commercial risk. The Group's operating segments are (1) Farming, (2) VAP and (3) Sales & Distribution.

Farming consists of the cash generating units Lerøy Aurora, Lerøy Midt og Lerøy Sjøtroll (ref note 2). Aggregation is based on similarity. The units operate in the same business. They have the same customers, the same commercial risk and the same business processes. The only thing that differs is geographic location. Based

on this it has been decided to aggregate these units into one operating segment.

VAP consists of the cash generating units Rode and the other VAP companies (Lerøy Fossen AS, Lerøy Smøgen Seafood AB and Bulandet Fiskeindustri AS). These units are aggregated into one operating segment due to similarities in type of business, commercial risk and business processes.

Sales & Distribution comprises Hallvard Lerøy AS, Lerøy Sverige AB (Group) excluding Lerøy Smøgen Seafood AB, Lerøy Alfheim AS, Lerøy Portugal Lda, Lerøy & Strudshavn AS, SAS Hallvard Lerøy, SAS Fish Cut, SAS Eurosalmon, Lerøy Processing Spain S.L and Lerøy Quality Group AS, Lerøy Trondheim AS, Lerøy Delico AS (Group), Lerøy Nord AS, Sjømatuset AS, Lerøy Sjømatgruppen AS, Lerøy Finland OY, Lerøy Turkey, Lerøy Culinaire B.V and Lerøy Germany GmbH. Once again, aggregation into one operating segment is based on similarities in business, commercial risk and business processes.

Lerøy Seafood Group ASA and Preline Fishfarming System AS are not assigned to any of these segments.

(F) CURRENCY

The consolidated accounts are presented in NOK, the functional currency for the parent company and the Norwegian subsidiaries. Cash items in foreign currency are valued at the respective rates of exchange at the end of the accounting year. Gains and losses on foreign currency are included in the item "Purchases". item (W) 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 licences 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. Farming 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. More detailed information as to why licences are regarded as indefinite and not depreciated can be found in chapter (Y) below.

(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

Live fish is a biological asset. Accounting for biological assets is regulated by IAS 41 Agriculture. The main rule is that assets of this nature must be measured at fair value less costs to sell. 'Fair value' refers to the price that would have been achieved on sale of the asset in an orderly transaction between market participants at the measurement date under the prevailing market conditions. Measurement of fair value is regulated by IFRS 13.

Fair value is calculated using a valuation model (level 3 in the fair value hierarchy). See Note 5 for information on the fair value hierarchy. When calculating fair value, the price is adjusted for quality differences (superior, ordinary and process) and logistics costs. The volume is adjusted for gutting loss. The Group distinguishes between fish in sea weighing more than 4 kg and fish in sea weighing less than 4 kg. Fish over 4 kg (ready for harvest) are valued at net selling price – taking into account the factors mentioned above – using an average price based on the spot price on the balance sheet date and prices in contracts signed for the future. Reference is made to the parameters in the note on biomass. Fair value of fish in sea with an average weight of less than 4 kg is valued in the same way but adjusted based on the stage reached in the growth cycle. The adjustment represents an estimate of the cost of bringing the fish to

harvest weight, plus a deduction for risk. Slaughter costs are taken into consideration. Fair value may be lower than historical cost.

Other biological assets such as roe, fry and smolt are also measured at fair value. However, because little biological transformation takes place (IAS 41.24) and due to the product's low value, low uniformity and a very limited market due to restrictions linked to use, cost is assumed to be a reasonable estimate of fair value. The same applies to cleaner fish.

In autumn 2015, the Financial Supervisory Authority of Norway published a report on thematic supervision of fish farming companies involving inspection of six listed fish farming companies, including Lerøy Seafood Group. Two topics were discussed relating to biological assets: how the fish farming companies handle mortality and the calculation of fair value. The Financial Supervisory Authority concluded that there were greater differences in practice between the companies than indicated in their annual reports. Differences of this nature impair intercompany comparability. The full report is available on the Financial Supervisory Authority's website. The Authority did not conclude that there were errors in the reported figures for the companies it investigated. However, the Authority encouraged the industry to try to develop common principles for handling mortality and a common valuation model, in order to increase comparability in future reporting. The companies concerned have therefore joined forces in a cross-industry group to address the issues highlighted by the Financial Supervisory Authority. The period of time from when the Authority's report was complete until the end of 2015 was, however, too short for the industry to implement any major changes. As a result, the only change made was to provide more information in the note on biomass when compared with last year. The aim is to achieve the most uniform method possible for stating the amounts for biological assets, and associated income statement items and key figures for the 2016 financial year.

(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) CUSTOMER RECEIVABLES AND TRADE PAYABLES

Customer 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. 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 the balance sheet date.

(L) LIQUID ASSETS

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

(M) SHARES

Shares are booked at fair value on balance sheet day. Shares held for trading purposes are classified as current assets. Changes in the values of these shares are recognised on the income statement. For shares in 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 25% (or at local rates in other countries) on the basis of the temporary differences that exist between accounting and taxable values, as well as the assessed deficit to be carried forward at the end of the financial year. Temporary tax-increasing and tax-decreasing differences which reverse or may reverse the figures in the same period and within the same tax regime, are reconciled and booked at net value.

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

(P) INTEREST-BEARING LOANS AND OVERDRAFT FACILITIES

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

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

(Q) DIVIDENDS

Dividends are booked when they have been adopted by the general meeting. See also note 17.

(R) 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.

(S) 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 treasury shares, the purchase amount, inclusive of directly ascribable costs, is entered as a change in equity. Treasury shares are represented as a reduction in equity.

(T) CASH FLOW STATEMENT

The consolidated cash flow statement shows the total consolidated cash flow broken down by operating, investing and financing activities. Acquisitions of subsidiaries are considered an investing activity for the Group and are shown separately with the deduction of cash reserves in the company acquired. The statement shows how the various activities affect cash 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.

(U) FINANCIAL RISK MANAGEMENT

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

Currency risk

The Group has international operations requiring a number of currencies, and is thus exposed to currency risk. Forward exchange contracts together with negative and

positive balances on multi-currency accounts, are used to hedge, as far as possible, against the currency risk in 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. The company seeks to keep the net exposure associated with monetary assets and liabilities in foreign currency on an acceptable level by buying and selling foreign currency at day-rates whenever necessary to counter any short-term imbalances. Currency derivatives are traded to hedge future income payments in accordance with the Group's strategy for currency risk management. An overview of currency derivatives as per 31.12. is shown in 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 significant for an understanding of the accrual of cash flows. The figures in the table are non-discounted contractual cash flows.

Credit risk

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

(V) NEW AND AMENDED STANDARDS IMPLEMENTED BY THE GROUP

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

The following standards have been adopted by the Group

for the first time for the financial year beginning on or after 1 January 2015 and have a material impact on the Group:

The amendment to IFRIC 21 Levies establishes that levies imposed by a government that are not tax shall not be recognised as a liability until the liability is incurred, i.e. that it is not possible to avoid this. The amendment has no material impact on the consolidated financial statements.

IFRS 2 Share-based Payment has been amended such that the vesting conditions for share-based remuneration are now divided into service conditions and conditions linked to achievement of targets. The amendment had no material impact on the consolidated financial statements.

IFRS 3 Business Combinations has been amended such that contingent considerations that are not equity shall always be measured on an ongoing basis at fair value via profit/loss. The amendment had no material impact on the consolidated financial statements.

IFRS 8 Operating Segments has been amended to require entities to account for valuations made if operating segments are aggregated. The operating segments that have been merged must be identified, and information must be disclosed as to which economic indicators have been valued in reaching the conclusion that they have equivalent economic characteristics. The amendment also requires a reconciliation of the segment assets against the balance sheet if this information is disclosed to the chief decision-maker. The amendment had no material impact on the consolidated financial statements.

IFRS 13 Fair Value Measurement has been amended to clarify that interest-free short-term receivables and payables can continue to be measured at the invoice amount if the impact of discounting is immaterial. The amendment had no material impact on the consolidated financial statements.

IAS 19 Pensions has been amended such that the employee's share of the annual pension premium subsequently reduces the pension cost for the year when the employee's share represents a fixed percentage of the salary. The amendment had no material impact on the consolidated financial statements.

The amendment to IAS 24 Related-party Disclosures

requires a more comprehensive definition of key management personnel to include hired-in companies providing management services. The amendment had no material impact on the consolidated financial statements.

Other standards, amendments and interpretations that came into force for the 2015 financial year were not material for the Group.

(b) Standards, amendments and interpretations of existing standards that have not yet come into effect and where the Group has not chosen early adoption

A number of new standards, amendments to standards and interpretations are mandatory for future financial years. The most important of these for which the Group has not chosen early adoption are disclosed below.

IFRS 9 Financial Instruments replaces IAS 39 and addresses classification, recognition and measurement of financial assets and liabilities as well as hedge accounting. Going forward, the categorisation will be more closely linked to the entity's hedge accounting. New rules have been issued governing hedge accounting. The Group does not expect the new classification, recognition and measurement rules to have any impact on the accounts. The Group needs to carry out a detailed assessment of the debt instruments classified as financial assets available for sale. However, it looks as though they will satisfy the conditions for classification at fair value via expanded profit/loss, based on the current business model for these assets. The Group does not therefore expect any change in the method of accounting for these assets. Neither does the Group expect any impact on financial liabilities as the new requirements only affect the method of accounting for financial liabilities at fair value via profit/loss, and the Group has no such liabilities. The new rules for hedge accounting mean that the method of accounting is more closely linked to the Group's risk management in practice. In general terms, it will become easier to use hedge accounting in future as the standard introduces a more principle-based approach. The new standard also entails expanded disclosure requirements and changes in the presentation. The standard enters into force for the 2018 financial year, but early adoption is permitted. The Group has not fully assessed the impact of IFRS 9.

IFRS 15 Revenue from Contracts with Customers will replace IAS 18, which covers contracts for goods and services, and IAS 11, which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service is transferred to the customer; 'control' replaces the current condition of risk and return. The Group management is in the process of assessing the impact of the new rules, and the following areas have been identified as likely to be affected: - Delivery obligations where revenue recognition will depend on transfer of control rather than transfer of risk and return. The Group is not currently able to assess the impact of the new rules on the consolidated financial statements. The Group will carry out more detailed assessments of the impact over the next 12 months. The standard enters into force for the 2018 financial year, but early adoption is permitted.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

(W) DERIVATIVES

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

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

Fair value of derivatives is shown in note 5. 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 short-term liabilities if the hedging object matures in less than 12 months.

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

Gains and losses on foreign exchange are included in the item "Cost of materials".

The effective share of change in fair value of derivatives

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

(X) 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 stakeholders 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.

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

Below is a detailed description of the Group's assessments in situations where the Group has established that an asset has an indefinite useful life, cf. IAS 38.122.

Intangible assets with an indefinite useful life are not amortised, but tested for impairment once a year as a minimum. Reference is made to the Note on intangible assets for information on impairment tests.

Licence scheme in Norway

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

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

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

Principal terms for different types of licences

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

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

Farming licences are limited in number, i.e. the enterprises are only granted new licences (more production volume) subsequent to politically adopted allocation

rounds. The current Maximum Allowable Biomass is 780 tonnes of salmon or trout per licence. For Troms and Finnmark counties (region of North Norway) however, the Maximum Allowable Biomass is 945 tonnes of salmon or trout per licence. There are also some licences that, for historical reasons, have a different MAB limit than 780 tonnes. LSG with its subsidiaries has a sufficient number of locations (location MAB) in the different regions to achieve a satisfactory exploitation of the Group's total MAB. All commercial licences are currently operational.

Green farming licences are licences that were awarded in 2015 via a dedicated licensing round. Special conditions were attached to these licences, mainly concerning environmental improvement measures. The licences were awarded via open auctions or competitively, based on environmentally focused technology and operating concepts.

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

Research and development licences are licences awarded in connection with research and development projects in the industry, where dedicated licences are required to carry out the R&D activity.

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

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

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

agreement is also required governing the right to utilise the water source.

Duration and renewal

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

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

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

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

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

Research and development licences are time-limited, and in principle are valid for the duration of the project. They are often linked to the lifecycle of the salmon, i.e. three years. Applications may be made to renew R&D licences operated in close collaboration with research environments for a further three-year period after the end of the project.

The brood stock licences are granted for 15 years at a time, and applications have to be submitted for their renewal – provided that the licence holder is still involved

in production of brood stock for salmon or trout. Brood stock production is an integral part of LSG's value chain (brood stock production takes place before production of roe and juvenile fish in the value chain), and is therefore closely linked to the breeding system for salmon and trout. The Group's applications for renewal of brood stock licences have always been approved, in line with the prevailing practice in the industry.

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

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

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

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

Costs related to licences

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

The costs of maintaining aquaculture licences in Norway are insignificant. There are no annual fees or other types of duties attached to the actual licence. However, there are certain fees to be paid for inspection and control of the licences. Fees also have to be paid to establish new locations and/or to extend/amend locations. As a main

rule, an amount of NOK 12,000 is paid per licence involved in an application for amendment at location level, cf. section 2 of the Regulation relating to fees and duties for aquaculture activities. All fees and costs are immediately recognised as an operating expense.

Assessment of economic life

According to past and present legislation and the general interpretation and practice in the industry, Norwegian fish farming licences are not a time-limited right, and licences should therefore not be subject to amortisation. Where time-limited R&D licences are concerned, these are awarded free of charge so amortisation is not relevant.

Farming licences and juvenile fish licences

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

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

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

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

Brood stock licences

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

IAS 38.94 states that if the contractual or legal rights can be renewed for a limited period of time, the useful life of the intangible asset should include the renewal period(s)

only if there is documented evidence to support that the cost of the renewal for the entity is not significant. IAS 38.96 provides guidelines describing factors that can be included in this assessment. The following factors have been central to LSG's assessment of indefinite useful life for the brood stock licences:

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

Demonstration licences

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

NOTE 1 IMPORTANT ACCOUNTING ESTIMATES AND ASSESSMENTS

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

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

(a) Value adjustment of biological assets

Accounting of live fish in companies listed on the stock exchange is regulated by IAS 41 Agriculture. IAS 41 governs the measurement 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 at fair value. See the accounting principles (I) for further details.

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

A sensitivity analysis for the prices of Atlantic salmon and trout at 31.12.2015, 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	-64 459	-128 914	-319 468
Price increase per kilo	NOK/kg 1.00	NOK/kg 2.00	NOK/kg 5.00
Increased operating result	64 741	129 483	324 619

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

(Alle tall i NOK 1.000)

RECONCILIATION CARRYING VALUE, GROSS VALUE AND LIFE

2014	Goodwill	Licences	Rights	Total
AS OF 1 JANUARY 2014				
Acquisition cost	2 008 485	1 932 794	68 619	4 009 898
Accumulated amortisation			-22 757	-22 757
Balance sheet value as of 01.01.14	2 008 485	1 932 794	45 862	3 987 141
FINANCIAL YEAR 2014				
Balance sheet value as of 01.01.2014	2 008 485	1 932 794	45 862	3 987 141
Conversion difference	10 451		101	10 552
Additions from business combinations	62 870	176 208		239 078
Correction (incorrect grouping 2013)	900	-900		0
Acquisition of intangible assets			2 615	2 615
Amortisation for the year			-4 994	-4 994
Balance sheet value as of 31.12.2014	2 082 705	2 108 102	43 584	4 234 391
AS OF 31 DECEMBER 2014				
Acquisition cost	2 082 705	2 108 102	71 361	4 262 168
Accumulated amortisation			-27 777	-27 777
Balance sheet value as of 31.12.14	2 082 705	2 108 102	43 584	4 234 391
Assets with unlimited useful life	2 082 705	2 108 102	2 000	4 192 807
Assets with limited useful life			41 584	41 584
Balance sheet value as of 31.12.14	2 082 705	2 108 102	43 584	4 234 391
2015				
FINANCIAL YEAR 2015				
Balance sheet value as of 01.01.2015	2 082 705	2 108 102	43 584	4 234 391
Conversion difference	7 865		96	7 961
Additions from business combinations	42 469	60 000	51	102 520
Acquisition of intangible assets		10 000	53	10 053
Amortisation for the year			-5 009	-5 009
Balance sheet value as of 31.12.2015	2 133 039	2 178 102	38 775	4 349 916
AS OF 31 DECEMBER 2015				
Acquisition cost	2 133 039	2 178 102	71 590	4 382 731
Accumulated amortisation			-32 815	-32 815
Balance sheet value as of 31.12.2015	2 133 039	2 178 102	38 775	4 349 916
Assets with unlimited useful life	2 133 039	2 178 102	2 000	4 313 141
Assets with limited useful life			36 775	36 775
Balance sheet value as of 31.12.2015	2 133 039	2 178 102	38 775	4 349 916

SPECIFICATION OF INTANGIBLE ASSETS PER ACQUISITION, PER SEGMENT

31.12.14	Region	Acquisition year	Goodwill	Licences	Rights	Total
FARMING						
Lerøy Midt Group	Central Norway	2003 and 2006 ¹⁾	956 509	644 100		1 600 609
Lerøy Aurora Group	North Norway	2005 and 2014 ²⁾	134 567	292 771	2 000	429 338
Lerøy Vest AS	West Norway	2007	535 001	497 718	20 596 ³⁾	1 053 315
Sjøtroll Havbruk AS	West Norway	2010	205 954	673 513		879 467
Total Farming segment			1 832 031	2 108 102	22 596	3 962 728
VAP						
Lerøy Smøgen Seafood AB		2002 and 2003	15 612			15 612
Lerøy Fossen AS		2006	23 976			23 976
Rode Beheer BV Group		2012	127 702			127 702
Total VAP segment			167 290	0	0	167 290
Total S&D segment			83 385	0	20 988	104 373
Total			2 082 706	2 108 102	43 584	4 234 391

31.12.15	Region	Acquisition year	Goodwill	Licences	Rights	Total
FARMING						
Lerøy Midt Group	Central Norway	2003 and 2006 ¹⁾	956 509	644 100		1 600 609
Lerøy Aurora Group	North Norway	2005 and 2014 ²⁾	134 567	312 771	2 000	449 338
Lerøy Vest AS	West Norway	2007	535 001	507 718	18 724 ³⁾	1 061 443
Sjøtroll Havbruk AS	West Norway	2010	205 954	673 513		879 467
Norsk Oppdrettsservice Group	West Norway	2015	13 295	40 000		53 295
Total Farming segment			1 845 326	2 178 102	20 724	4 044 151
VAP						
Lerøy Smøgen Seafood AB		2002 and 2003	15 612			15 612
Lerøy Fossen AS		2006	23 976			23 976
Rode Beheer BV Group		2012 ⁴⁾	135 972			127 702
Total VAP segment			175 560	0	0	167 290
Total S&D segment		⁵⁾	112 153	0	18 051 ⁵⁾	130 204
Total			2 133 039	2 178 102	38 775	4 349 916

¹⁾ Consists of the Midnor acquisition from 2003 and the Hydrotech acquisition from 2006. The companies are now merged.

²⁾ Consists of the Aurora acquisition from 2005 and the Lerøy Finnmark (Villa) acquisition from 2014. The companies are now merged.

³⁾ These assets have a definite useful life and are subject to amortisation. The other assets listed are not amortised.

⁴⁾ The change comes from the currency conversion differences related to foreign subsidiaries to NOK (IAS 21)

⁵⁾ Most of the change relates to the acquisition of Lerøy Turkey (NOK 27.6 million). The remaining change is conversion differences.

Licences

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

Licences in the sea	Fish farming licences				Brood stock licences		Total	
	Commercial		Other types *)		Commercial		All types	
	Volume (MAB)	Number	Volume (MAB)	Number	Volume (MAB)	Number	Volume (MAB)	Number
Lerøy Aurora (North)	23 625	25	1 680	2			25 305	27
Lerøy Midt (Central)	41 340	53	1 560	2	2 340	3	45 240	58
Lerøy Sjøtroll (West)	44 980	57	3 370	5	1 560	2	49 910	64
Total	109 945	135	6 610	9	3 900	5	120 455	149

*) Other types	R&D - licences (definite useful time)		Green farming licences		Demonstration licences		Slaughter cage licences	
	Volume (MAB)	Number	Volume (MAB)	Number	Volume (MAB)	Number	Volume (MAB)	Number
Lerøy Aurora (North)					780	1	900	1
Lerøy Midt (Central)					780	1	780	1
Lerøy Sjøtroll (West)	1 560	2 ⁶⁾	780	1			1 030	2
Total	1 560	2	780	1	1 560	2	2 710	4

⁶⁾ The R&D licences were granted for free in 2015, and have a limited life time of 3 years (until 2018). LSG also has the following commercial juvenile fish licences for production of salmon and trout:

Lerøy Aurora (North Norway) 1 licence covering 7.5 million individuals.
 Lerøy Midt (Central Norway) 7 licences totalling 27.5 million individuals.
 Lerøy Sjøtroll (West Norway) 15 licences covering 41.9 million individuals.

The total number of licences has been reduced by one compared with last year (- 2.5 million individuals). This is because one licence was changed (with approval) from production of salmon to production of cleaner fish. When it comes to the production of cleaner fish (lumpfish and ballan wrasse) the Group holds six such licences, allowing production of 13.5 million individuals. For a more detailed explanation of why licences are deemed to have an indefinite useful life and are therefore not subject to amortisation, see note Y on accounting principles.

Rights

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

	Water rights		Delivery contracts	Other assets	Total
	Time indefinite	Limited			
Book value as of 31.12.2015					
Total Farming segment	2 000	18 724			20 724
Total VAP segment					0
Total Sales & Distribution segment			15 500	2 551	18 051
Total	2 000	18 724	15 500	2 551	38 775
Accumulated acquisition cost	2 000	44 973	20 000	4 617	71 590
Accumulated amortisation	0	-26 249	-4 500	-2 066	-32 815
Total	2 000	18 724	15 500	2 551	38 775

Life	No time limitation	25 years	7 to 10 years	3-5 years
Amortisation method	none	straight line	straight line	straight line

Cash-generating units (CGU)

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

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

Farming

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

In the region for North Norway Lerøy Aurora AS Group is defined as one CGU. The Group operates as one unit. This cash-generating unit is referred to as "Lerøy Aurora".

In the region of Central Norway Lerøy Midt AS Group is defined as one CGU. The Group operates as one unit. This cash-generating unit is referred to as "Lerøy Midt".

The region for West Norway has two units – Lerøy Vest AS and Sjøtroll Havbruk AS – which have been combined to one CGU subsequent to their joint operation agreement entered into in 2014. The two companies have joint management and operate in practice as one unit. This cash-generating unit is referred to as "Lerøy Sjøtroll". In addition the cleaner fish company Norsk Oppdrettsservice AS Group, acquired in 2015, is defined as a separate CGU. The company has its own management.

VAP

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

Sales & Distribution

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

Book value of intangible assets per CGU	Goodwill	Licences	Rights	Total
Lerøy Aurora	134 567	312 771	2 000	449 338
Lerøy Midt	956 509	644 100	-	1 600 609
Lerøy Sjøtroll	740 955	1 181 231	18 724 ¹⁾	1 940 910
Norsk Oppdrettsservice (NOS)	13 295	40 000	-	53 295
Rode Beheer BV Group	135 972	-	-	135 972
Other VAP companies	39 588	-	-	39 588
Sales & Distribution	112 153	-	18 051 ¹⁾	130 204
Total	2 133 039	2 178 102	38 775	4 349 916

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

Book value of intangible assets that are amortised: 36 775

Book value of intangible assets that are not amortised but tested for impairment: 4 313 141

Impairment tests

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

The impairment test did not produce grounds for write-down of goodwill or intangible assets with an indefinite useful life in 2015. The management's calculations show that this conclusion is robust in the face of reasonable changes in conditions in the future. Historically (until 2012), the Group has experienced a significant production growth per licence in Norway. The model is based on an assumption of zero growth in volume which is a very conservative projection in a long term perspective. It is probable that such a low growth rate would result in a margin expansion, a condition which is barely covered by the model.

The critical value for the required rate of return on total assets before tax is between 8.3% and 61.8%. The cash-generating unit (CGU) Norsk Oppdrettservice AS Group, which was acquired in 2015, is naturally pulling down the critical value due to the fact that the assumptions that the acquisition were based upon, have not changed much in the period from the purchase date and the date for testing. The remaining CGUs in the farming segment have a critical value between 14.7% and 43.2%. For the VAP and Sales & Distribution segments, the book values are almost totally justified by the estimated profit/loss for the next five years – in other words, the book values for this segment are not critically reliant on the conditions related to the terminal element.

The Farming segment requires an EBIT in the terminal element of an amount from NOK - 1.1 to NOK 1.9 per kg. This amount corresponds by a good margin with the historical figures reported.

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

Key premises and sensitivity estimates

Key premises:	2015	2014
Discount rate (WACC) before tax	7.7 %	7.7 %
Discount rate (WACC) after tax	5.8 %	5.6 %
Nominal rate of growth	2.5 %	2.5 %
Projected inflation	2.5 %	2.5 %
Projected real growth	0.0 %	0.0 %

Sensitivity analysis per CGU	Book value tested	WACC applied	Critical terminal value (with WACC)	Critical WACC
Lerøy Aurora	449 338	7.7 %	-1.1 ²⁾	43.2 %
Lerøy Midt	1 600 609	7.7 %	0.8 ²⁾	20.9 %
Lerøy Sjøtroll	1 922 186	7.7 %	1.9 ²⁾	14.7 %
Total for Farming segment, exclusive Norsk Oppdrettservice	3 972 132	7.7 %	0.8 ²⁾	21.0 %
Norsk Oppdrettservice	53 295	7.7 %	2.1 ³⁾	8.3 %
Rode Beheer BV Group	135 972	7.7 %	0.5 ³⁾	22.9 %
Other VAP companies	39 588	7.7 %	1.0 ³⁾	17.5 %
Total for VAP segment	175 560	7.7 %	0.8 ³⁾	19.8 %
Sales and Distribution	112 153	7.7 %	-0.3 ³⁾	61.8 %
Total	4 313 141	7.7 %		

²⁾ The terminal value for Farming, excluding Norsk Oppdrettservice (NOS), is estimated on the basis of EBIT/kg.

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

NOTE 3 TANGIBLE FIXED ASSETS

(All figures in NOK 1 000)

2014	Real estate	Buildings	Machines, furnishings, equip., etc.	Total
1 JANUARY 2014				
Acquisition cost	71 725	1 118 366	2 993 257	4 183 348
Accumulated depreciation	0	-233 059	-1 534 777	-1 767 836
Accumulated impairment loss		-15 000	-23 500	-38 500
Balance sheet value 01.01.14	71 725	870 307	1 434 980	2 377 012
ACCOUNTING YEAR 2014				
Balance sheet value 01.01.14	71 725	870 307	1 434 980	2 377 012
Conversion differences	1 071	8 400	3 579	13 050
Tangible fixed assets acquired	0	109 568	493 899	603 467
Effect of business combinations	1 463	22 774	39 387	63 624
Tangible fixed assets sold	-374	-9 129	-4 465	-13 968
Depreciation for the year	0	-56 917	-307 570	-364 487
Impairment loss	-1 103	-879	0	-1 982
Balance sheet value 31.12.14	72 782	944 124	1 659 810	2 676 716
31 DECEMBER 2014				
Acquisition cost	73 974	1 241 280	3 541 784	4 857 038
Accumulated depreciation	0	-281 406	-1 858 474	-2 139 880
Accumulated impairment loss	-1 192	-15 750	-23 500	-40 442
Balance sheet value 31.12.14	72 782	944 124	1 659 810	2 676 716
2015				
ACCOUNTING YEAR 2015				
Balance sheet value 01.01.15	72 782	944 124	1 659 810	2 676 716
Conversion differences	1 022	14 547	5 801	21 370
Tangible fixed assets acquired	71 358	59 387	520 803	651 548
Effect of business combinations	20 196	4 654	17 436	42 285
Tangible fixed assets sold	-40 270	-13 640	-9 469	-63 379
Depreciation for the year	0	-60 094	-368 814	-428 907
Balance sheet value 31.12.15	125 088	948 978	1 825 567	2 899 633
31 DECEMBER 2015				
Acquisition cost	125 088	1 275 479	4 071 951	5 472 518
Accumulated depreciation	0	-310 703	-2 222 884	-2 533 587
Accumulated impairment loss	0	-15 798	-23 500	-39 298
Balance sheet value 31.12.15	125 088	948 978	1 825 567	2 899 633

In 2015 fixed assets acquired do not include any capitalized interests. In 2014, a figure of NOK 2.0 million was included.

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.

Subsidiaries	Segment	Location	Acquisition year	Ownership / voting shares
Lerøy Midt AS	Farming	Tromsø	2003 and 2006	100 %
Lerøy Aurora AS	Farming	Tromsø	2005 and 2014	100 %
Lerøy Vest AS	Farming	Hitra	2007	100 %
Sjøtroll Havbruk AS	Farming	Bergen	2010	50,71 %
Norsk Oppdrettsservice AS	Farming	Austevoll	2015	51,00 %
Lerøy Fossen AS	VAP	Bergen	2006	100 %
Rode Beheer BV	VAP	Urk, Netherland	2012	50,11 %
Hallvard Lerøy AS	S&D	Bergen	1939 *	100 %
Lerøy & Strudshavn AS	S&D	Bergen	1927 *	100 %
Lerøy Sverige AB	S&D	Gothenburg, Sw.	2001	100 %
Lerøy Alfheim AS	S&D	Bergen	2005	100 %
Lerøy Portugal Lda	S&D	Portugal	2005	60 %
Lerøy Delico AS	S&D	Stavanger	2006	100 %
Lerøy Trondheim AS	S&D	Trondheim	2006	100 %
Sjømathuset AS	S&D	Oslo	2006	100 %
Lerøy Finland OY	S&D	Finland	2011	100 %
Lerøy Processing Spain S.L	S&D	Madrid, Spain	2012	100 %
Lerøy Nord AS	S&D	Tromsø	2015	51 %
Lerøy Turkey	S&D	Turkey	2015	100 %
Preline Fishfarming System AS	Elimination/ASA	Skien	2015	91 %

*) The date for establishment. The companies were a part of the "old Lerøy-group" before Lerøy Seafood Group ASA was established in 1995

CHANGES IN THE GROUP IN 2015

Lerøy Turkey

At the start of 2015, the Group increased its shareholding in Alfarm Alarko Lerøy from 50% to 100% through the acquisition of the remaining 50% of the company's shares. The company changed from an associated company to a subsidiary, and changed its name to Lerøy Turkey.

Preline Fishfarming System AS

At the start of 2015, the Group acquired 91% of the Norwegian company Preline Fishfarming System AS. The company is an R&D company with the objective of developing a closed-containment production solution for smolt in sea.

Senja Akvakultursenter AS

At the start of 2015, the Group acquired 100% of the Norwegian company Senja Akvakultursenter AS through Lerøy Aurora. The company is a producer of cleaner fish.

Norsk Oppdrettsservice AS

The Group acquired 34% of Norsk Oppdrettsservice AS, a producer of cleaner fish, in 2014. In 2015, the Group exercised a purchase price option, from 1st of January 2015, which allowed the Group to buy 17% more of the shares, totalling 51%. The company changed from an associated company to a subsidiary. The company changed from an associate in 2014 to a subsidiary in 2015, with effect from the start of the financial year.

The economic effect from business combinations is presented in the purchase price allocation and value added analysis in note 23, which is in line with IFRS 3.

Associated companies	Ownership	Country	Business place	Owner/ voting rights 01.01	Owner/ voting rights 31.12	Net book value as of 31.12 *
Associated companies considered as material						
Norskott Havbruk AS	LSG ASA	Norway	Bergen	50 %	50 %	574 502
Seistar Holding AS	LSG ASA	Norway	Austevoll	50 %	50 %	76 000
Total						650 502
Other associated companies						
Lerøy Schlie	LSG ASA	Denmark	Hirtshals	50 %	50 %	4 517
Alfarm Alarko Lerøy **	LSG ASA	Turkey	Istanbul	50 %	0 %	0
Ocean Forest	LSG ASA	Norway	Bergen	50 %	50 %	346
Norsk Oppdrettsservice AS **	LSG ASA	Norway	Flekkefjord	34 %	0 %	0
Seafood Innovation Cluster AS	LSG ASA	Norway	Bergen	20 %	20 %	16
Kirkenes Processing AS	Lerøy Aurora AS	Norway	Kirkenes	50 %	50 %	4 055
Romsdal Processing AS	Lerøy Aurora AS	Norway	Midsund	50 %	50 %	4 122
Norway Salmon AS	Lerøy Midt AS	Norway	Rørvik	50 %	50 %	1
Sørsmolt AS	Lerøy Vest AS	Norway	Sannidal	49 %	49 %	7 393
Total						20 450

*) Net book value recognised according to the equity method

***) The companies have changed from associated companies to subsidiaries

2015	Norskott Havbruk AS Group	Seistar Holding AS Group	Alfarm Alarko Lerøy	Other compa- nies	Total associated companies
Calculation of carried value at 31.12.15					
Opening balance 01.01.15	520 620	0	27 721	18 624	566 965
Companies acquired / capital increase		61 500		4 066	65 566
Reduction due to changed status from associates to subsidiaries			-27 698	-5 000	-32 698
Share of this year's profit	41 408	17 500	-23	2 491	61 376
Dividend distributed	-46 000	-3 000			-49 000
Currency conversion differences *	58 475			270	58 745
Other changes over equity	-2				-2
Closing balance as of 31.12.15	574 502	76 000	0	20 450	670 952

*) Currency conversion difference relates to conversion of the sub-group Scottish Seafarms, owned by Norskott Havbruk AS, where functional and reporting currency is GBP

Information for the investments in associates considered material to the Group	Norskott Havbruk AS Group	Seistar Holding AS Group
Business place	Bergen	Austevoll
Owner and voting rights	50 %	50 %
Historic cost	163 273	61 500

Financial information for 2015	100 %	100 %
Non-current assets	880 285	135 115
Current assets	1 036 335	71 423
Total assets	1 916 620	206 538
Long-term debt	552 783	74 141
Short-term debt	214 833	22 697
Total debt	767 616	96 838
Net interest-bearing debt	481 977	12 934
Equity	1 149 004	109 701
Sales	1 498 486	111 503
Pre-tax profit	90 418	38 166
Profit after tax	82 816	35 000

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. Key figures for the company's inventory of fish in sea are as follows for 2015:

Biological assets in associated companies	Norskott Havbruk AS (Group)	
Ownership:	100 %	50 %
Total fish in sea (LWT)	17 499	8 750

Fair value adjustment biological assets		
Value adjustment 1.1.2015	74 284	37 142
Impact of fair value adjustment on annual result	-23 885	-11 943
Value adjustment 31.12.2015	50 399	25 200
Cost price of biological assets	853 445	426 723
Balance sheet value of biological assets 31.12.2015	903 844	451 922

Fair value adjustment on biological assets from associated companies included in the calculation of key figures figures "before biomass adjustment"

Profit and loss impact before tax	-11 943
Tax (27%)	3 224
Effect from change in nominal tax rate from 27 % to 25 %	504
Net effect of the fair value adjustment on biological assets, after tax	-8 214

Shares available for sale	Location	Ownership / voting shares	Cost price	Fair value 31.12
DNB Private Equity II (IS) AS	Oslo	1,11 %	5 715	5 715
Bulandet Eiendom AS	Bulandet	12,67 %	680	680
Other shares			898	898
Total shares available for sale			7 293	7 293

Cost price is applied as the best estimate of fair value for reasons of materiality.

NOTE 5 FINANCIAL INSTRUMENTS

(All figures in NOK 1 000)

CURRENCY FORWARD CONTRACTS

The table below shows the company's currency forward contracts per 31.12.2015. They are for purchase or sale against NOK.

CURRENCY	Currency figure forward contract	Forward exchange rate	Forward con- tract total	Exchange rate 31.12.15	Estimated fair value currency forwards 31.12.15 NOK
EURO	97 224	9.22	896 430	9.62	-38 437
USD	34 370	8.66	297 555	8.80	-4 853
GBP	15 203	12.82	194 963	13.05	-3 436
SEK	223 400	99.58	222 459	104.67	-11 374
JPY	6 767 715	0.0712	481 561	0.0731	-13 172
AUD	5 168	6.01	31 047	6.43	-2 199
CHF	900	8.70	7 831	8.90	-176
DKK	46 000	126.12	58 016	128.86	-1 260
Total					-74 908

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

As illustrated in the table above, the impact of effectuated forward exchange contracts represents a net negative market value of NOK 74.9 million as of 31.12.2015. The forward exchange contracts are carried at fair value and are classified as other short-term debt as of 31.12.2015.

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 customer receivables, ref. Note 9.

The impact on earnings of net gains and losses throughout the year from fair value hedging in 2015 is NOK - 3.6 million, with a corresponding increase in cost of materials.

INTEREST SWAPS

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

Interest swap agreements	Nominal value	Gross commitment carried / fair value	Related deferred tax	Impact on equity
1 January 2014				
Agreement of 17 November 2011, 10 years, 3.55%	500 000			
Agreement of 17 January 2012, 10 years, 3.29%	500 000			
Total nominal value on interest swap agreements (3.42%)	1 000 000			
Fair value adjustment 31.12		-32 586	8 798	-23 788
Status as of 01.01.2014	1 000 000	-32 586	8 798	-23 788
ACCOUNTING YEAR 2014				
Net book value 01.01.2014	1 000 000	-32 586	8 798	-23 788
Change in fair value 2014		-98 458	26 584	-71 874
Status as of 31.12.2014	1 000 000	-131 044	35 382	-95 662
31 December 2014				
Agreement of 17 November 2011, 10 years, 3.55%	500 000			
Agreement of 17 January 2012, 10 years, 3.29%	500 000			
Total nominal value on interest swap agreements (3.42%)	1 000 000			
Fair value adjustment 31.12		-131 044	35 382	-95 662
Status as of 31.12.2014	1 000 000	-131 044	35 382	-95 662
Interest swap cost in 2014 was NOK 17 303.				
Accounting year 2015				
Net book value 01.01.2015	1 000 000	-131 044	35 382	-95 662
Change in fair value 2015		6 615	-1 786	4 829
Effect from change in nominal tax rate (from 27% to 25%)*			-2 489	-2 489
Status as of 31.12.2015	1 000 000	-124 429	31 107	-93 322
31 December 2015				
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		-124 429	31 107	-93 322
Status as of 31.12.2015	1 000 000	-124 429	31 107	-93 322

* The change in tax rate is a change in estimate, which should be booked over the income statement. The effect is recognised in the tax cost. Interest swap cost in 2015 was NOK 19 802.

FINANCIAL FISH POOL CONTRACTS

Lerøy Seafood Group has no open financial Fish Pool sale contracts at the end of 2015.

FINANCIAL INSTRUMENTS BY CATEGORY

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

31.12.2014 - Assets	Claims, receivables and cash	Assets at fair value over result	Derivatives used for hedging	Available for sale	Total
Shares available for sale				8 066	8 066
Customer and other receivables *	1 547 142				1 547 142
Cash and cash equivalents	1 360 272				1 360 272
Total	2 907 414	0	0	8 066	2 915 480

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

31.12.2015 - Assets	Claims, receivables and cash	Assets at fair value over result	Derivatives used for hedging	Available for sale	Total
Shares available for sale				7 293	7 293
Customer and other receivables *	1 666 244				1 666 244
Cash and cash equivalents	1 247 614				1 247 614
Total	2 913 858	0	0	7 293	2 921 151

31.12.2015 - Liabilities	Financial liabilities at amortised cost	Liabilities at fair value over result	Derivatives used for hedging	Other financial liabilities	Total
Derivatives cash flow hedging (interest swap agreements)			124 429		124 429
Loans (excl. financial leasing)	2 538 535				2 538 535
Financial leasing	532 244				532 244
Overdraft facility	771 488				771 488
Trade payables and other debt **			74 908	1 123 224	1 198 132
Total	3 842 267	0	199 337	1 123 224	5 164 828

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

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

FINANCIAL INSTRUMENTS AT FAIR VALUE BY LEVEL

The table below shows financial instruments as of 31.12 at fair value according to valuation method.

The different levels are defined as follows:

Level 1: Price listed on an active market for an identical asset or liability

Level 2: Valuation based on other observable factors than price listed (used in level 1), either direct (price) or indirect (derived from prices) for the asset or liability

Level 3: Valuation based on factors not obtained from observable markets (non-observable premises)

31.12.2015 - Assets	Level 1	Level 2	Level 3
Financial assets available for sale			
– Shares			7 293
Total			7 293
31.12.2015 - Liabilities	Level 1	Level 2	Level 3
Derivatives used for hedging			
– Cash flow hedging		124 429	
- Value hedging		74 908	
Total		199 337	

NOTE 6 LOANS, MORTGAGES AND GUARANTEES

(All figures in NOK 1 000)

	2015	2014
LONG-TERM INTEREST-BEARING DEBT		
Debt to credit institutions, etc.	2 538 535	2 641 491
Leasing liabilities (see note 18)	532 244	461 180
Next year's instalments on long-term liabilities	-693 656	-335 553
Total long-term interest-bearing debt 31.12	2 377 123	2 767 118
SHORT-TERM INTEREST-BEARING DEBT		
Debt to credit institutions (multi-currency credit)	771 488	133 723
Next year's instalments on long-term liabilities	693 656	335 553
Total short-term interest-bearing debt 31.12	1 465 144	469 276
Total interest-bearing debt 31.12	3 842 267	3 236 394
Bank deposits	1 247 614	1 360 272
Net interest-bearing debt 31.12	2 594 653	1 876 122
LOANS SECURED BY MORTGAGES		
Long-term debt to credit institutions, etc.	2 538 535	2 641 491
Short-term debt to credit institutions (multi-currency credit)	771 488	133 723
Leasing liabilities	532 244	461 180
Total liabilities secured by mortgages 31.12	3 842 267	3 236 394
MORTGAGED ASSETS		
Customer and other receivables	675 863	588 651
Shares in associated companies (Norskott Havbruk AS)	574 502	520 620
Biological assets and other goods	4 742 889	3 124 490
Buildings and other fixed assets	2 699 923	2 524 834
Licences *	644 100	1 318 473
Total	9 337 277	8 077 068
*) Mortgaged licences concerns licences owned by Lerøy Midt AS		
Long-term loans with maturities over 5 years		
Debt to credit institutions etc. and leasing liabilities	988 556	946 516
Total	988 556	946 516
Interest-bearing debt specified by currency		
NOK	3 489 902	3 030 015
SEK	230 988	125 332
EUR	118 630	81 047
Other currencies	2 747	0
Total	3 842 267	3 236 394

Payment profile financial liabilities	2016	2017	2018	2019	2020	After 2020	Total
INSTALMENT PROFILE							
LONG-TERM DEBT							
Instalments on bank loans	577 609	231 860	230 032	407 099	216 254	875 680	2 538 535
Instalments on leasing debt	116 046	102 273	86 089	66 268	48 691	112 876	532 243
Total	693 655	334 133	316 121	473 367	264 945	988 556	3 070 777
INTEREST PAYMENT PROFILE							
LONG-TERM DEBT							
Interests on bank loans	86 486	74 921	68 322	59 219	50 312	67 249	406 509
Interests on leasing debt	15 871	12 218	9 066	6 516	4 593	11 652	59 915
Total	102 357	87 139	77 388	65 735	54 905	78 901	466 424
OTHER SHORT-TERM FINANCIAL LIABILITIES							
Overdraft	771 488						771 488
Accrued interests	6 434						6 434
Total	777 922	0	0	0	0	0	777 922
Total	1 573 934	421 272	393 509	539 102	319 850	1 067 457	4 315 124

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

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

Financial "covenants"

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

Finally, there are requirements regarding a so-called "borrowing base" in Lerøy Midt AS, Lerøy Vest AS and Sjøtroll Havbruk AS for the short-term overdraft facilities. More specifically, this means that the utilisation of the facility must not exceed a certain level of one or more accounting lines. In this case the relevant accounting lines are inventory, account receivables and other receivables. None of the Group companies have been in breach of their covenants in 2015.

Fair value, borrowing costs etc

The book value of long-term debt approximates fair value. Book value of long-term debt includes interest swaps (presented under "Other long-term liabilities"), ref. note 5. There are no significant new loan charges that are not amortised over the life of the loan.

An increase (reduction) in the interest level of 1% would have caused an increase (reduction) in interest costs of NOK 17 240 for 2016. Average interest-bearing debt according to the payment profile above has been used as the base for this calculation. NOK 1 billion of total interest-bearing debt will not be impacted by a potential change in the interest level due to the interest swap agreements.

NOTE 7 BIOLOGICAL ASSETS

(All figures in NOK 1 000)

LSG recognises and assesses biological assets (fish in sea) at fair value. See note (I) in accounting principles for a further description of method and principles.

The table below shows a reconciliation of the net book value of the biological assets between the beginning and the end of the period. The volume in the column to the right is measured as living weight in tonnes (LWT).

Reconciliation of changes in net book value	Fry, brood, smolt and cleaner fish	Fish in sea (salmon and trout)	Fair value adjustment	Total value of biological assets	Volume (LWT), Fish in sea
Biological assets as of 01.01.2014	192 982	2 423 878	1 110 502	3 727 361	103 107
Hereby harvestable fish (> 4 kg LWT)			458 996		41 529
Changes in 2014					
Increase from biological transformation and net growth	448 429	4 595 189		5 043 618	195 654
Increase from business combinations	0	72 553		72 553	2 574
Reduction due to harvesting	-438 827	-4 282 451		-4 721 278	-189 463
Reduction due to incident based mortality	0	-114 276		-114 276	-4 367
Reduction due to accidental release	0	-30		-30	-1
Net change in fair value adjustment of fish in sea	0	0	-325 956	-325 956	0
Biological assets as of 31.12.2014	202 584	2 694 863	784 546	3 681 993	107 505
Of which harvestable fish (> 4 kg LWT)			445 291		37 871
Changes in 2015					
Increase from biological transformation and net growth	573 379	5 284 801		5 858 180	191 322
Increase from business combinations	4 033	0		4 033	0
Reductions due to sales	-33 488	0		-33 488	0
Reduction due to harvesting	-502 542	-4 757 576		-5 260 118	-186 371
Reduction due to incident based mortality	0	-107 986		-107 986	-3 853
Reduction due to accidental release	0	-8 308		-8 308	-332
Net change in fair value adjustment of fish in sea	0	0	186 525	186 525	0
Biological assets as of 31.12.2015	243 966	3 105 794	971 070	4 320 830	108 270
Of which harvestable fish (> 4 kg LWT)			459 399		31 686

The table below shows how the total volume of fish in sea is categorised according to weight. Salmon and trout are regarded as harvestable (mature) when it has a weight of 4 kg or more.

Volume (LWT) - Overview of fish in sea as of 31.12	2015	2014
Fish in sea, 0 - 1 kg	11 167	11 420
Fish in sea, 1 - 2 kg	13 690	14 023
Fish in sea, 2 - 3 kg	11 865	13 864
Fish in sea, 3 - 4 kg	39 862	30 327
Fish in sea, above 4 kg	31 686	37 871
Fish in sea, total salmon and trout	108 270	107 505
Of which trout	24 363	15 531
Total number of individuals (in 1000)	53 884	54 612

The fair value adjustment recognised in the income statement also includes the change in fair value of fishpool contracts. Fishpool contracts are recognised at fair value, and are included in other short-term receivables or other short-term debt. See note 5 Financial instruments for more information.

Fair value adjustment of biological assets in the income statement	2015	2014
Fair value adjustment of biological assets	186 525	-325 956
Fair value adjustment of fishpool contracts	1 984	-1 457
Total fair value adjustment recognised in the income statement	188 508	-327 414
Key premises:	2015	2014
Spot price salmon, as of 31.12	57.44	43.60
Spot price trout, as of 31.12	40.60	43.27
Contract share for salmon included in the calculation of fair value	33 %	26 %
Contract share for trout included in the calculation of fair value	13 %	23 %
Average price used when calculating fair value for salmon, all sizes *	52.83	42.93
Average price used when calculating fair value for trout, all sizes *	40.92	43.26

* Price is before reduction for quality discrepancies and logistics

Description of material costs derived from an incident, biological challenges or other factors related to the biological assets

Accidental release in 2015

The Group views all accidental release as serious. Hurricane Nina caused extensive damage in Western Norway on 10 and 11 January 2015, including to a cage belonging to Sjøtroll Havbruk AS, leading to the accidental release of 69,000 individual fish and a total of 332 tonnes of rainbow trout from the Angelskår facility in the Osterfjord. The fair value of this fish was approx. NOK 10 million, and additional costs of NOK 3.5 million were incurred. NOK 3.2 million of this was covered by insurance. 90% of the accidentally released trout were re-caught.

Costs in connection with combating salmon lice

In an international context, Norway has far and away the most stringent rules regarding permitted levels of lice, and combating lice has been a significant cost in 2015, as it was in 2014. In 2015, the Group significantly increased its investments in preventive measures. The number of treatments in 2015 was down by around 35% compared with 2014. At the same time, costs for preventive and treatment measures were higher in 2015 than in 2014. The total cost of treatment and prevention at year-end 2015 was around NOK 2.5 per kg LWT.

Challenges in Central Norway

A challenging lice situation arose in Central Norway in the late summer and autumn of 2015. Early harvest was required at several locations. These locations had a total inventory of 6.8 million individual fish, and the total biomass at these locations was approx. 25,000 LWT. According to original production plan, the volume should have been approx. 41,000 LWT before harvest.

NOTE 8 OTHER INVENTORIES

(All figures in NOK 1 000)

Other inventories consists of	2015	2014
Feed, packaging materials, auxiliary and other raw materials	240 919	206 743
Finished goods / goods for sale	315 363	320 664
Write-down of inventories	-4 217	-2 460
Total other inventories	552 065	524 947

NOTE 9 RECEIVABLES

(All figures in NOK 1 000)

Customer receivables	2015	2014
Face value	1 599 242	1 457 949
Provision for bad debts	-30 422	-30 153
Total customer receivables	1 568 820	1 427 796

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

By the end of February 2016, 95% of customer receivables (face value) are collected, compared with 96% in the previous year. This represents 97% of book value, against 98% in the previous year.

Customer receivables 31.12 - overdue, no provision	2015	2014
0 to 3 months	300 192	243 419
3 to 6 months	6 472	43 278
More than 6 months	16 600	20 863
Total	323 264	307 561

Customer receivables 31.12 - overdue, provision	2015	2014
0 to 3 months	2 328	1 626
3 to 6 months	420	9 965
More than 6 months	13 766	8 536
Total	16 514	20 127

Bad debt, including change in provision for doubtful receivables, amounted to NOK 4 695 in 2015, compared with NOK 13 878 in 2014.

Customer receivables in currency	2015	2014
NOK	401 184	377 692
SEK	206 042	198 753
GBP	59 324	38 277
EUR	676 135	602 806
USD	164 182	168 057
JPY	27 214	24 670
Other currencies	34 740	17 541
Total customer receivables	1 568 820	1 427 796

The Group has international operations requiring a number of currencies, and is thus exposed to currency risk. Receivables are carried at market price on balance sheet date. Forward exchange contracts are used to hedge, as far as possible, against the currency risk in customer receivables. See also note 5.

Other receivables	2015	2014
VAT to be refunded	169 025	148 851
Pre-payments	41 349	34 495
Currency futures and impacts of fair value hedging	74 908	72 888
Other	22 516	46 458
Total other receivables	307 798	302 692

NOTE 10 OTHER SHORT-TERM LIABILITIES

(All figures in NOK 1 000)

Other short-term liabilities	2015	2014
Accrued wages and holiday pay	157 231	152 763
Accrued interest costs	6 434	9 733
Other accruals	93 764	105 650
Prepayments from customers	26 295	128
Accrued customer discounts	71 306	70 286
Impacts of fair value hedging from currency forward contracts	74 908	72 888
Impacts of fair value hedging from financial Fishpool contracts	0	540
Other short-term liabilities	9 445	1 607
Total other short-term liabilities	439 383	413 595

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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.

Moreover, certain Group companies have defined benefit schemes, and other companies have unsecured schemes which are financed by operations. In line with IAS 19 Employee Benefits, all estimate differences are reported in the comprehensive income as they occur (no corridor). When it comes to the demographic assumptions and attrition, the actuarial assumptions are based on common standard components from insurance.

The defined benefit schemes are considered to be insignificant regarding further details in the notes. Information on the pension cost for the year is also provided in note 14.

Defined benefit scheme	2015	2014
Present value of future pension liabilities	16 665	17 884
Provision for undercoverage from old AFP scheme	0	147
Fair value of pension funds	-12 900	-11 153
Net pension liabilities	3 765	6 878
Change in capitalised liabilities	2015	2014
Balance sheet value as of 01.01	6 878	3 227
Costs booked during the year (incl. transition to new scheme)	1 383	1 158
Estimate differences recognised in the comprehensive income (before tax)	-2 058	4 424
Pension payments and payments of pension premiums	-2 438	-1 931
Balance sheet value at 31.12. defined benefit scheme	3 765	6 878
Total pension cost	2015	2014
Net pension cost, defined contribution scheme	57 641	43 373
Net pension cost, defined benefit scheme	1 383	1 158
Total	59 024	44 531
Total pension cost - in comprehensive income	2015	2014
Net pension cost (before tax) from benefit plans - comprehensive income	-2 058	4 424
Total pension cost in comprehensive income	-2 058	4 424

NOTE 12 TAXATION

(All figures in NOK 1 000)

Tax cost	2015	2014
Tax payable	241 261	357 998
Change in deferred tax	26 965	-29 061
Total tax cost	268 226	328 939

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:

	2015	2014
Pre-tax result	1 501 108	1 433 411
Tax based on tax rates in the various countries	405 299	387 021
Effect from changed tax rate	-123 695	0
27% of net permanent differences, etc.	-2 012	1 915
27% of gain from shares held for sale	0	-3 475
27% of cumulative exchange differences recycled over profit and loss	-1 061	0
27% of gain from disposal of associated company	-7 040	-31 700
27% of share of profit in associated company	-3 266	-24 824
Tax cost	268 226	328 939
Effective tax rate	17,9 %	22,9 %

Change in book value of deferred tax	2015	2014
Balance sheet value as of 01.01	1 488 999	1 475 165
Business combinations	8 075	70 792
Changes in deferred tax from comprehensive income (equity)	2 401	-27 898
Recognised in the income statement in the period	26 964	-29 061
Balance sheet value at 31.12.	1 526 438	1 488 998
Capitalised deferred tax asset	-41 536	-42 263
Capitalised deferred tax liability	1 567 973	1 531 262

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

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Deferred tax liabilities	Fixed assets and leases	Licences, rights and goodwill	Inventory and biological assets	Total
01.01.2014	72 626	432 086	991 063	1 495 775
Recognised in the period	2 841	-505	-30 213	-27 877
Currency conversion and other charges against equity	-7 471	62 870	19 589	74 988
31.12.14	67 996	494 451	980 439	1 542 886
Recognised in the period	-29 828	-48 528	82 903	4 546
Business combinations	4 342	16 200	0	20 542
31.12.15	42 509	462 122	1 063 342	1 567 973

Deferred tax assets	Fixed assets and leases	Receivables	Other differences	Tax loss car- ried forward	Total
01.01.2014		-6 996	-5 051	-8 562	-20 609
Recognised in the period		-10 440	-11 310	20 566	-1 184
Business combinations			11 156	-15 352	-4 196
Deferred tax on items from comprehensive income			-27 898		-27 898
31.12.14	0	-17 436	-33 103	-3 348	-53 888
Recognised in the period	-5 730	11 623	38 679	-22 153	22 418
Business combinations		-1 000	-11 468		-12 468
Deferred tax on items from comprehensive income			2 401		2 401
31.12.15	-5 730	-6 813	-3 491	-25 501	-41 536

Deferred tax	2015	2014
Deferred tax of positive temporary differences 31.12.	1 567 973	1 542 886
Deferred tax of negative temporary differences 31.12.	-41 536	-53 888
Net	1 526 438	1 488 998
Short-term tax positions	1 056 529	963 003
Long-term tax positions	469 908	525 995
Total	1 526 438	1 488 998

NOTE 13 OPERATING REVENUE/SEGMENT INFORMATION

(All figures in NOK 1 000)

Operating revenue	2015	2014
Sale of goods and services	13 418 024	12 562 265
Lease income	773	4 031
Damages received	9 446	2 400
Other operating revenue	22 482	10 769
Total operating revenue	13 450 725	12 579 465
Other gains and losses	2015	2014
Gain from disposal of fixed assets	21 956	4 516
Gain from re-measurement related to business combination *	12 250	74 964
Gain from sales of shares (Salmobreed)	0	37 929
Total other gains	34 206	117 409

*) Gains from re-measurement related to business combinations are related to Lerøy Turkey in 2015 and Lerøy Finnmark AS (Villa) in 2014

Operating segments

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

(Continues next page)

2014	Farming	VAP	S&D	Elimination / unallocated	Group
External operating revenue	376 538	733 636	11 469 007	284	12 579 465
Internal operating revenue	5 866 079	875 990	495 117	-7 237 186	0
Total operating revenue	6 242 617	1 609 626	11 964 124	-7 236 902	12 579 465
Other gains and losses		4 908	-390	112 891	117 409
Operating costs	4 862 896	1 519 261	11 722 634	-7 196 592	10 908 199
Operating profit before value adj. biol. assets	1 379 721	95 273	241 100	72 581	1 788 676
Value adjustment of biological assets	-327 414	0			-327 414
Operating profit	1 052 307	95 273	241 100	72 581	1 461 262
Profit from associated companies	127 912		1 954	-37 927	91 939
Net financial items	-68 462	-4 685	-5 969	-40 674	-119 790
Profit before tax	1 111 757	90 588	237 085	-6 020	1 433 411
Tax cost					-328 938
The year's result					1 104 473
Assets (excluding associated companies)	11 476 061	955 452	2 157 946	-298 061	14 291 398
Associated companies	535 383		31 582		566 965
Total assets	12 011 444	955 452	2 189 528	-298 061	14 858 363
Total liabilities	5 447 642	432 857	1 868 389	-970 121	6 778 767
Net investments	510 435	53 054	21 493		584 982
Depreciation	308 181	31 493	28 998	808	369 480
Impairment loss		1 949		33	1 982
2015	Farming	VAP	S&D	Elimination / unallocated	Group
External operating revenue	441 306	982 239	12 025 782	1 398	13 450 725
Internal operating revenue	6 052 991	939 255	532 963	-7 525 209	0
Total operating revenue	6 494 297	1 921 494	12 558 745	-7 523 811	13 450 725
Other gains		854	286	33 066	34 206
Operating costs	5 506 612	1 816 033	12 271 885	-7 489 551	12 104 979
Operating profit before value adj. biol. assets	987 685	106 315	287 146	-1 194	1 379 952
Value adjustment of biological assets	187 064	1 444			188 509
Operating profit	1 174 749	107 759	287 146	-1 194	1 568 461
Profit from associated companies	45 811	0	364	15 201	61 376
Net financial items	-79 704	-7 647	-8 657	-32 719	-128 727
Profit before tax	1 140 856	100 112	278 853	-18 712	1 501 110
Tax cost					-268 226
The year's result					1 232 883
Assets (excluding associated companies)	12 118 214	1 148 667	2 277 764	-231 894	15 312 751
Associated companies	664 850	1 585	4 517	0	670 952
Total assets	12 783 064	1 150 252	2 282 281	-231 894	15 983 703
Total liabilities	5 830 128	443 250	1 826 120	-879 847	7 219 651
Net investments	546 506	44 149	21 187	-35 577	576 265
Depreciation	366 114	37 068	30 384	350	433 916

Product area	2015	%	2014	%
Whole salmon	5 464 814	40.6	5 388 161	42.8
Processed salmon	4 878 212	36.3	4 070 385	32.4
Whitefish	930 413	6.9	889 007	7.1
Trout	1 105 910	8.2	1 085 046	8.6
Shellfish	454 701	3.4	564 482	4.5
Pelagic	112 357	0.8	89 951	0.7
Other	504 318	3.7	492 433	3.9
Total operating revenue	13 450 725	100.0	12 579 465	100.0

Information about geographic areas

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

Operating revenue	2015	%	2014	%
EU	7 790 018	57.9	6 874 497	54.6
Norway	2 288 277	17.0	2 117 520	16.8
Asia	1 597 257	11.9	1 283 407	10.2
USA & Canada	989 357	7.4	934 263	7.4
Rest of Europe	567 130	4.2	1 129 554	9.0
Other	218 687	1.6	240 224	1.9
Total operating revenue	13 450 725	100.0	12 579 465	100.0

Assets	2015	%	2014	%
Norway *	14 440 493	90.3	13 367 446	90.0
EU	1 465 432	9.2	1 490 917	10.0
Other countries	77 778	0.5	0	0.0
Total assets	15 983 703	100.0	14 858 363	100.0

* Most of the customer receivables in the subsidiary Hallvard Lerøy AS as of 31.12.2015 are from customers abroad. At year end this summarised to NOK 739 401 out of NOK 849 887 (NOK 652 560 out of NOK 846 314 previous year). Customer receivables are covered by credit insurance.

Net investment expenses	2015	%	2014	%
Norway	537 601	93.3	554 990	94.9
EU	38 664	6.7	29 992	5.1
Total net investments	576 265	100.0	584 982	100.0

Net investment expenses are defined as the cost price for new operating accessories (including intangible assets) minus the proceeds received from the sale of operating accessories.

Operating revenue in currency

Operating revenue in NOK allocated by currency

Operating revenue	2015	%	2014	%
NOK	4 052 219	30.1	2 115 685	16.8
SEK	948 841	7.1	1 457 179	11.6
GBP	494 398	3.7	431 757	3.4
EUR	5 333 048	39.6	4 413 122	35.1
USD	1 890 953	14.1	934 190	7.4
JPY	553 957	4.1	451 490	3.6
Other currencies	177 309	1.3	2 776 042	22.1
Total	13 450 725	100.0	12 579 465	100.0

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

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

[(All figures in NOK 1.000)]

Payroll costs	2015	2014
Salary	1 083 196	993 036
Employer's national insurance contribution	138 647	126 978
Hired personnel	88 452	75 645
Pension costs	59 024	44 531
Other remuneration	9 326	5 302
Other personnel expenses	32 379	25 387
Total	1 411 024	1 270 880

Number of employees	2015	2014
Men	1 690	1 579
Women	837	727
Total	2 527	2 306
Percentage of women	33 %	32 %

Remuneration of senior executives	CEO		CFO		EVP Farming	
	2015	2014	2015	2014	2015	2014
Salary	2 968	2 930	1 979	1 865	2 258	2 161
Bonus including extraordinary bonus	3 200	1 650	893	670	1 200	1 040
Premium recognised for defined contribution scheme	63	61	61	59	62	60
Other remuneration	36	45	32	18	125	129

No remuneration with mandatory reporting is paid to the Chairman of the Board. Lerøy Seafood Group ASA is invoiced for the services of the Chairman, and for consultancy fees from the Group's ultimate parent company, Laco AS, where the Chairman of the Board is an employee. Remuneration of other board members totalled NOK 1 200 in 2015 (equally distributed), the same as in 2014. The number of Board members is also the same as it was in 2014.

Remuneration of the nomination committee is unchanged compared to the previous year, and amounts to NOK 105 in 2015. As for the members of the Board, the remuneration is equally distributed.

A description of the main principles for the Group's salary policy is provided in the Board of Directors' statement regarding salary and remuneration of executive personnel.

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 21 May 2015, and is to remain valid for 18 months from the date on which the resolution was adopted. The mandate has not been exercised in 2015. Renewal of the mandate will be recommended to the general meeting on 24 May 2016.

The Board has authority to increase the share capital by up to NOK 5,000,000 by issuing up to 5,000,000 shares in Lerøy Seafood Group ASA, each with a face value of NOK 1, through one or more private placings with the company's shareholders and/or external investors. This type of mandate was first established by the ordinary general meeting of 4 May 1999 and subsequently renewed by the ordinary general meeting on 21 May 2015. The mandate has not been exercised in 2015. It will be recommended that an equivalent authority be approved by the ordinary general meeting on 24 May 2016.

The Board's powers to distribute shares has a maximum validity exceeding a year, and are not limited to only certain expressed purposes as recommended in the NUES. This is mainly 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. However the Board has established the practice of having the authorisations renewed at each ordinary general meeting.

Loans to employees

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

Auditor

The Group auditor is PricewaterhouseCoopers AS. Fees invoiced from the Group auditor also include the law firm PricewaterhouseCoopers AS and other PricewaterhouseCoopers companies abroad. The auditing fee for the Group's auditor specified below is the agreed fee for the audit of the present year. Other fees concern services received during 2015, and have been as follows:

Fees to auditor	2015	2014
Auditing fees Group auditor	3 186	3 090
Auditing fees other auditors	992	815
Tax advice Group auditor	337	220
Tax advice other auditors	38	31
Other certification services Group auditor	201	119
Other services Group auditor	1 883	1 833
Other services other auditors	311	259
Total	6 948	6 367

NOTE 15 ITEMS THAT ARE COMBINED IN THE ACCOUNTS

(All figures in NOK 1 000)

Financial revenues	2015	2014
Other interest revenues	12 169	21 006
Other financial revenues	329	14 843
Total financial revenues	12 498	35 849
Financial costs	2015	2014
Other interest costs	126 295	124 229
Currency loss ¹⁾	8 632	200
Impairment of long-term financial assets ²⁾	0	26 000
Other financial costs	6 299	5 210
Total financial costs	141 226	155 639
Net financial items	-128 728	-119 790
Capitalised interests	2015	2014
Capitalised interests related to fixed assets (production plants)	0	2 000

¹⁾ Currency gains and losses related to purchases and sales are presented as a part of the accounting line for cost of materials. Net currency gain in 2015 is NOK 29.9 million.

²⁾ The impairment loss (2014) relates to a loan to Preline Fishfarming System AS.

NOTE 16 EARNINGS PER SHARE

(All figures in NOK 1 000, with exception of earnings per share)

	2015	2014
This year's earnings to LSG shareholders	1 179 718	1 055 916
No. of shares on the balance sheet date	54 577	54 577
Average number of shares	54 577	54 577
Average number of shares with dilution	54 577	54 577
Earnings per share	21.62	19.35
Diluted earnings per share	21.62	19.35

NOTE 17 DIVIDEND PER SHARE

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

Distributed dividend

Distributed dividend in 2015, based on 2014 profit, was NOK 12.00 per share. This amounts to NOK 654 928.

Recommended dividend

Based on the 2015 profit, a corresponding dividend of NOK 12.00 per share is recommended for distribution in 2016.

This amounts to NOK 654 928. A final decision will be made by the general meeting on 24 May 2016.

Year	Profit for the year to LSG shareholders	Number of shares	Profit per share	Profit per share before fair value adjustment	Recommended dividend	Recommended dividend per share	Dividend relative to profit	Distributed dividend (from previous year)	Number of shares with dividend	Distributed dividend per share
2015	1 179 718	54 577	21.62	19.38	654 928	12.00	56 %	654 928	54 577	12.00
2014	1 055 916	54 577	19.35	24.04	654 928	12.00	62 %	545 774	54 577	10.00
2013	1 733 352	54 577	31.76	21.12	545 774	10.00	31 %	382 042	54 577	7.00
2012	480 797	54 577	8.81	5.11	382 042	7.00	79 %	382 042	54 577	7.00
2011	382 705	54 577	7.01	15.13	382 042	7.00	100 %	545 774	54 577	10.00
2010	1 419 507	54 577	26.25	22.08	545 774	10.00	38 %	375 042	53 577	7.00
2009	729 488	53 577	13.62	12.80	375 042	7.00	51 %	150 017	53 577	2.80
2008	124 730	53 577	2.33	2.83	150 017	2.80	120 %	96 439	53 577	1.80
2007	277 014	53 577	5.75	5.80	96 439	1.80	35 %	214 309	53 577	4.00
2006	651 516	42 777	15.86	14.00	214 309	5.01	33 %	76 999	42 777	1.80
2005	319 312	39 377	8.65	6.73	70 879	1.80	22 %	30 308	37 885	0.80
2004	83 402	34 441	2.42	2.42	30 308	0.88	36 %	20 665	34 441	0.60
2003	30 518	34 441	1.15	1.15	20 664	0.60	68 %	17 664	29 441	0.60
2002	25 650	29 441	1.13	1.13	17 664	0.60	69 %	11 664	19 441	0.60
Total	8 493 625				4 140 810	78.49	49 %	4 158 594		78.00

NOTE 18 LEASING

(All figures in NOK 1 000)

Leased assets booked in the consolidated accounts as financial leasing:	2015	2014
Book value of leasing debt	532 244	461 180
Book value of leased assets:	681 094	445 098
- Buildings	16 404	15 406
- Production equipment and other operational assets	664 690	429 692
Minimum rent, financial leasing:		
0-1 year	127 072	110 119
1-5 years	343 435	288 536
5 years -	105 743	119 391
Total	576 251	518 046
Interest costs, financial leasing:		
0-1 year	9 851	12 962
1-5 years	24 334	32 033
5 years -	9 821	11 870
Total	44 006	56 865

Future minimum payments, financial leasing:	2015	2014
0-1 year	117 221	97 157
1-5 years	319 101	256 503
5 years -	95 922	107 521
Total	532 244	461 180
Specification of operational leasing commitments	2015	2014
Minimum rent, operational leasing:		
0-1 year	6 585	7 079
1-5 years	13 879	19 264
Total	20 464	26 343
Net present value of future minimum rent		
0-1 year	6 449	7 079
1-5 years	13 026	17 919
Total	19 475	24 998

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 2015 amounted to NOK 192 934 (NOK 166 968 in 2014), while purchases amounted to NOK 306 683 (NOK 284 048 in 2014). Receivables on companies in the Austevoll Group per 31.12.2015 amounted to NOK 44 051 (NOK 24 494 per 31.12.2014), while debt was NOK 73 460 (NOK 30 634 in 2014).

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 3 658 in 2015 (NOK 3 853 in 2014).

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

2014	Ownership	Sales	Purchases	Receivables	Debt
Alfarm Alarko	Lerøy Seafood Group ASA (50%)	133 716		2 902	
Lerøy Schlie	Lerøy Seafood Group ASA (50%)	16 209		2 760	
Salmobreed AS	LSG (solgt i 4.kvartal 2014)	13 417	21 986	9 390	
Sørsmolt AS	Lerøy Vest AS (49%)	2 621	7 880		
Ocean Forrest AS	Lerøy Seafood Group ASA (50%)	2 286	4 731	7 587	
Villa Organic	LSG (oppløst etter fisjon 1.7.2014)	1 309			
Norskott Havbruk AS	Lerøy Seafood Group ASA (50%)	39		73	
Scottish Seafarms	Norskott Havbruk AS (100%)		246 725	316	11 709
Kirkenes Processing AS	Lerøy Finnmark AS (50%)		13 975	8 031	
Preline Fishfarming System AS	Opsjon på deleierskap (LSG)		8 573	480	
Norsk Oppdrettservice AS	Lerøy Seafood Group ASA (34%)		3 509	856	
Minority interest (Rode)				12 932	
Romsdal Processing AS	Lerøy Finnmark AS (50%)			1 566	
Total		169 597	307 379	46 893	11 709

Received dividend from Norskott Havbruk AS in 2014 was NOK 36 250.

A long-term loan to Preline Fishfarming System AS, totalling NOK 26 million has been written off by 100% as of 31.12.2014.

2015	Ownership	Sales	Purchases	Receivables	Debt
Hordafor AS	Laco Group	42 723	12 026	1 302	698
Lerøy Schlie	Lerøy Seafood Group ASA (50%)	30 902	480	4 230	-205
Sørsmolt AS	Lerøy Vest AS (49%)	2 345	40	204	
Seistar Holding Konsern	Lerøy Seafood Group ASA (50%)	2 277	30 230	24	3 919
Kirkenes Processing AS	Lerøy Aurora AS (50%)	717	18 223	9 736	10
Ocean Forrest AS	Lerøy Seafood Group ASA (50%)	667			28
Scottish Seafarms	Norskott Havbruk AS (100%)	610	215 324	-610	18 954
Romsdal Processing AS	Lerøy Aurora AS (50%)	7	28 751	1 530	3 139
Norskott Havbruk AS	Lerøy Seafood Group ASA (50%)	-51		63	
Fitjar Mekansike Verksted AS	Laco Group		28 794		87
The Seafood Innovation Cluster	Lerøy Seafood Group ASA (20%)		438		
Minority interest (Rode)				2 087	
Norway Salmon AS	Lerøy Midt AS (50%)			2 000	
Total		80 197	334 306	20 565	26 629

Received dividend from Norskott Havbruk AS in 2015 was NOK 46 000.

Received dividend from Seistar Holding AS in 2015 was NOK 3 000.

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 2 809 shareholders at 31.12.15. The corresponding number at year end 2014 was 2 738. All shares confer the same rights in the company.

Overview of the 20 largest shareholders at 31.12	2015		2014	
	No. of shares	Ownership	No. of shares	Ownership
AUSTEVOLL SEAFOOD ASA	34 144 281	62.56 %	34 144 281	62.56 %
FOLKETRYGDFONDET	2 298 041	4.21 %	2 278 041	4.17 %
STATE STREET BANK & TRUST CO. OM80	943 986	1.73 %	773 664	1.42 %
PARETO AKSJE NORGE	830 690	1.52 %	1 604 297	2.94 %
STATE STREET BANK & TRUST CO. OM06	592 655	1.09 %	293 297	0.54 %
DANSKE INVEST NORSKE INST. II.	494 146	0.91 %	418 546	0.77 %
JP MORGAN CHASE BANK, NA	451 800	0.83 %	338 800	0.62 %
JP MORGAN CHASE BANK, NA. LONDON	392 329	0.72 %	271 441	0.50 %
LERØY SEAFOOD GROUP ASA	329 776	0.60 %	329 776	0.60 %
SKANDINAVISKA ENSKILDA BANKEN AB	298 531	0.55 %	326 498	0.60 %
VPF NORDEA KAPITAL	294 751	0.54 %		
STATE TEACHERS RETIREM SYST OHIO	288 185	0.53 %		
PICTET & CIE (EUROPE) S.A.	255 201	0.47 %	243 960	0.45 %
JP MORGAN BANK LUXEMBOURG S.A	252 472	0.46 %		
DANSKE INVEST NORSKE AKSJER INST	246 592	0.45 %	229 692	0.42 %
PARETO AS	246 000	0.45 %		
VERDIPAPIRFONDET ALFRED BERG GAMBA	244 129	0.45 %		
STATE STREET BANK AND TRUST CO. FDOY59	236 711	0.43 %		
BLACKROCK RES/COM.STRATEGY TR	235 731	0.43 %		
VERDIPAPIRFONDET DNB NORGE SELEKTI	235 514	0.43 %	288 962	0.53 %

PARETO AKTIV			676 060	1.24 %
VERDIPAPIRFONDET DNB NORGE (IV)			381 009	0.70 %
PARETO VERDI			327 391	0.60 %
FORSVARETS PERSONELLSERVICE			240 200	0.44 %
THE BANK OF NEW YORK MELLON, NEW YORK			217 415	0.40 %
VERDIPAPIRFONDET ALFRED BERG NORGE			203 831	0.37 %
JP MORGAN CHASE BANK, NA. LONDON			190 177	0.35 %
Total 20 largest shareholders	43 311 521	79.36 %	43 777 338	80.21 %
Others	11 265 847	20.64 %	10 800 030	19.79 %
Total share capital	54 577 368	100.00 %	54 577 368	100.00 %

NOTE 21 CURRENCY CONVERSION DIFFERENCES

(All figures in NOK 1 000)

Assets and liabilities in foreign enterprises are converted to Norwegian krone according to the exchange rate on balance sheet date. Revenues and expenses from foreign enterprises are converted to Norwegian krone 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 shareholders	Non-controlling interests	Total
Accumulated currency conversion differences as of 01.01.14	-31 590	16 618	-14 972
Currency conversion differences 2014	81 992	12 510	94 502
Accumulated currency conversion differences as of 31.12.14	50 402	29 128	79 530
Accumulated currency conversion differences as of 01.01.15	50 402	29 128	79 530
Currency conversion differences 2015	84 799	12 113	96 911
Reversed accumulated negative currency conversion in 2015	3 929	0	3 929
Accumulated currency conversion differences as of 31.12.15	139 130	41 240	180 370

*) The accumulated negative currency conversion difference related to the former associated company Alfarm Alarko Lerøy.

NOTE 22 EVENTS AFTER BALANCE SHEET DATE

The Board is not aware of any material events in the period from the balance sheet date and until publishing of the financial statements in April 2016, or other events that should be addressed according to IAS 10.

NOTE 23 BUSINESS COMBINATIONS

Preline Fishfarming System AS

At the start of 2015, the Group acquired 91% of the Norwegian company Preline Fishfarming System AS. The company is an R&D company with the objective of developing a concept for a closed-containment production solution for smolt in sea.

Lerøy Turkey

At the start of 2015, the Group increased its shareholding in Alfarm Alarko Lerøy from 50% to 100% through the acquisition of the remaining 50% of the company's shares. The company changed from an associated company to a subsidiary, and changed its name to Lerøy Turkey. Alfarm Alarko Lerøy has its operations based in Turkey. In addition to importing and distributing fresh fish, the company is also engaged in the processing and smoking of fish. The company will have an important position regarding achieving the Group's strategy of developing new and existing markets. The company is included in the Sales & Distribution segment. In accordance with the accounting standards IFRS 3 and IFRS 10, the change from associate to subsidiary implies a re-measurement in the consolidated accounts of the value of assets and liabilities relating to the values in the former associate.

Senja Akvakultursenter AS

At the start of 2015, the Group acquired 100% of the Norwegian company Senja Akvakultursenter AS through Lerøy Aurora. The company has its operation based in Troms (region North). The company is the owner of a large land area regulated for aquaculture, and is today a significant producer of lumpfish.

Norsk Oppdrettsservice AS

In December 2015, the Group increased its shareholding in Norsk Oppdrettsservice AS from 34% to 51% by the purchase of more shares. Based on an option agreement with the shareholders from 1 January 2015 which entitled LSG ASA to buy up to 51% of the shares at a fixed price, the real date of control was 1 January 2015. Due to the fact that the purchase prices for both transactions were fixed, and must be looked at together, there was no re-measurement in the consolidated accounts relating to the values in the former associate. The company is currently a significant producer of lumpfish.

There are no changes in purchase price allocations from previous years.

Aggregated purchase price allocation	Acquisition balance	Conversion of debt	Added value	Goodwill	Fair value
Goodwill	0			42 468	42 468
Deferred tax asset	300		13 230		13 530
Licences	0		60 000		60 000
Other rights and permits	2 008		-1 957		51
Fixed assets	24 013		18 271		42 285
Financial assets	4		0		4
Inventory	15 970		-2 500		13 470
Short-term receivables	42 539		-3 174		39 365
Cash in bank	8 254		0		8 254
Total assets	93 089	0	83 870	42 468	219 427
Equity	34 766	27 020	52 665	42 468	156 920
Deferred tax	666		20 938		21 604
Other long-term debt	33 636	-27 020	0		6 616
Short-term debt	24 020		10 267		34 287
Total equity and debt	93 089	0	83 870	42 468	219 427
Value added analysis					100 %
Recognised equity					61 786
Net identified added value					52 665
Identified value					114 451
Non-controlling interests` share of identified value					17 505

Fair value of total consideration	100 %
Face value of receivables converted to shares *	29 692
Cumulative impairment loss on receivables	-29 692
Fair value of receivables converted to shares	0
Consideration transferred (cash)	87 950
Amount of non-controlling interest in the acquiree	24 020
Fair value of the acquirer's previously held equity interest in the acquiree from business combinations achieved in stages	44 950
Fair value of total consideration	156 920
Calculation of goodwill	100 %
Total purchase price	156 920
Net identified value	114 451
Goodwill	42 468
Non-controlling interests' share of goodwill	6 515
Leroy Turkey - Gain from fair value measurement	50 %
Fair value based on purchase price	39 950
NBV based on Equity method	27 700
Gain based on NBV	12 250
Cumulative exchange differences recycled over PL **	-3 929
Net profit after recycling of cumulative exchange differences previously booked as comprehensive income items ***	8 321

* Recalculated from 91% (controlling interests) to 100%

** Recycled cumulative exchange differences are booked as loss on foreign exchange included in other financial items

*** Gain and net profit is after tax

INCOME STATEMENT

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

LERØY SEAFOOD GROUP ASA	Notes	2015	2014
OPERATING REVENUE AND OPERATING COSTS			
Operating revenue		53	150
Salaries and other personnel costs	7	27 484	27 695
Loss on disposal of fixed assets	2	20 244	0
Other operating costs	7	9 586	11 828
Depreciation	2	350	840
Total operating costs		57 664	40 363
Operating profit		-57 611	-40 213
SUBSIDIARIES, ASSOCIATES AND NET FINANCIAL ITEMS			
Income from investments in subsidiaries	5	1 152 258	1 283 773
Income from associated companies	5	49 000	36 250
Change in fair value of financial instruments	9	-58 906	0
Impairment loss on financial assets	3	0	-26 000
Net financial items	8	-26 955	-29 790
Profit before tax		1 057 786	1 224 020
Total tax cost	6	-204 582	-312 537
ANNUAL PROFIT		853 205	911 483
INFORMATION REGARDING:			
Transferred to (+) / from (-) other equity		198 276	256 555
Allocated to dividend		654 928	654 928

BALANCE SHEET

(All figures in NOK 1 000)

LERØY SEAFOOD GROUP ASA	Notes	31.12.15	31.12.14
NON-CURRENT ASSETS			
Intangibles			
Deferred tax asset	6	31 107	36 128
Total intangible assets		31 107	36 128
Fixed assets			
Buildings and real estate	2	4 265	15 833
Total fixed assets		4 265	15 833
Long term financial assets			
Shares in subsidiaries	3	3 956 631	3 725 422
Shares in associated companies	3	228 612	183 644
Other long-term investments	3	5 965	6 690
Other long-term receivables		0	12 757
Long-term Group receivables	5	58 126	52 370
Total long term financial assets		4 249 334	3 980 883
TOTAL NON-CURRENT ASSETS		4 284 706	4 032 844
CURRENT ASSETS			
Receivables from Group and associated companies	5	905 452	1 260 655
Other receivables		8 823	1 861
Cash and cash equivalents	4	670 849	389 264
TOTAL CURRENT ASSETS		1 585 124	1 651 780
TOTAL ASSETS		5 869 830	5 684 624

BALANCE SHEET

[All figures in NOK 1 000]

LERØY SEAFOOD GROUP ASA	Notes	31.12.15	31.12.14
EQUITY			
Share capital	1	54 577	54 577
Own shares	1	-330	-330
Share premium reserve	1	2 731 690	2 731 690
Total equity contributions		2 785 937	2 785 937
Other equity	1	1 388 963	1 138 900
Total retained earnings		1 388 963	1 138 900
TOTAL EQUITY		4 174 900	3 924 837
LONG-TERM LIABILITIES			
Other long-term liabilities	9	124 429	131 044
Total long-term liabilities		124 429	131 044
LONG-TERM DEBT			
Mortgage debt	4	568 832	621 225
Total long-term debt		568 832	621 225
SHORT-TERM LIABILITIES			
Trade payables		3 122	13 106
Short term debt to Group and associated companies	5	157 439	19 534
Taxes payable	6	174 728	307 466
Public duties payable		1 801	1 268
Allocated to dividend	1	654 928	654 928
Other short-term liabilities		9 651	11 216
Total short-term liabilities		1 001 669	1 007 518
TOTAL LIABILITIES		1 694 930	1 759 787
TOTAL EQUITY AND LIABILITIES		5 869 830	5 684 624

Bergen, 14 April 2016
The Board of Directors of 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	2015	2014
CASH FLOW FROM OPERATING ACTIVITIES		
Pre-tax result	1 057 786	1 224 020
Taxes paid during the period	-307 749	-260 082
Loss on disposal of fixed assets	20 244	0
Depreciation	350	840
Change in fair value of financial instruments	58 906	0
Write-down of financial assets	0	26 000
Change in customer receivables	-6 051	237
Change in trade payables	-10 832	9 100
Change in other accruals	-67 633	48 249
Effect from currency rate changes	3 109	0
Items classified as investing activities	-1 152 258	-1 320 023
Items classified as financing activities	26 520	30 423
Net cash flow from operating activities	-377 608	-241 236
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of fixed assets	1 728	0
Payments for acquisitions of fixed assets	-11 697	0
Proceeds from sale of shares in other businesses	725	0
Payments for purchase of other shares	0	-2 325
Dividend payments received from associated companies	49 000	36 250
Intragroup contributions/dividends received from subsidiaries	1 476 668	1 016 897
Intragroup contributions paid to subsidiaries	-17 695	0
Proceeds from sale of Group companies/associated companies	46 312	2 502
Payments for acquisition of Group companies/associated companies	-147 078	-9 710
Proceeds/payments for long-term intragroup receivables	-5 756	-7 981
Proceeds/payments for other long-term loans	0	-24 818
Net cash flow from investing activities	1 392 207	1 010 815
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from establishing new long-term debt	65 250	0
Instalments paid on long-term liabilities	-120 773	-142 850
Net interest paid	-26 520	-29 306
Payment of dividends	-654 928	-545 774
Proceeds from dividends on own shares	3 957	3 298
Net cash flow from financing activities	-733 014	-714 632
Net cash flow for the accounting period	281 585	54 947
Cash and cash equivalents at the start of the period	389 264	334 317
Cash and cash equivalents at the end of the period	670 849	389 264
This consists of:		
Bank deposits etc.	670 849	389 264
Of which restricted funds	941	814

NOTES LERØY SEAFOOD GROUP ASA 2015

(A) COMMENTS ON ACCOUNTING PRINCIPLES

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

(B) SALES REVENUES

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

(C) CLASSIFICATION AND ASSESSMENT OF BALANCE SHEET ITEMS

Current assets and short-term liabilities comprise normal items due for payment within one year after balance sheet date, and items related to the circulation of goods. Other items are classified as fixed assets/long-term liabilities.

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

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

(D) RECEIVABLES

Customer receivables and other receivables are recognised on the balance sheet at nominal amount after deduction of provision for bad debts. Provision for bad debts is made according to individual assessments of the individual receivables.

(E) SHORT-TERM INVESTMENTS

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

(F) LONG-TERM INVESTMENTS

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

(G) ASSOCIATED COMPANIES

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

(H) FIXED ASSETS

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

(I) TAX

Tax payable in the income statement includes both the tax payable during the period and changes in deferred tax. Deferred tax is calculated at a rate of 25% 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) INTEREST SWAP AGREEMENTS (DERIVATIVES)

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

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

NOTE 1 EQUITY

(All figures in NOK 1 000)

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

	Share capital	Treasury shares	Share premium reserve	Other equity	Total equity
2015					
Equity as of 01.01.2015	54 577	-330	2 731 690	1 138 900	3 924 837
The year's result to equity				853 205	853 205
Change in value of interest swap (cash flow hedge)				4 829	4 829
Cumulative loss on hedging instrument reclassified to profit and loss *				43 001	43 001
Group contribution given to subsidiaries				-114 208	-114 208
Change in value of shares in subsidiaries				114 208	114 208
Dividend received on treasury shares				3 957	3 957
Provision for dividend				-654 928	-654 928
Equity as of 31.12.15	54 577	-330	2 731 690	1 388 963	4 174 900

*) See note 9 for further details

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

Lerøy Seafood Group ASA had 2 809 shareholders as per 31.12.15. All shares confer the same rights in the company. An overview of share capital and the 20 largest shareholders are shown in note 20 for the Group.

Treasury shares (own shares)

The number of treasury shares has remained unchanged in 2015. As of 31.12.2015 Lerøy Seafood Group ASA owns 329,776 treasury shares with an average cost of NOK 62.10 per share.

NOTE 2 FIXED ASSETS

(All figures in NOK 1 000)

2014	Real estate	Buildings	Total fixed assets
Acquisition cost per 01.01.14	2 090	40 452	42 542
Addition of fixed assets			0
Disposal of fixed assets			0
Acquisition cost per 31.12.14	2 090	40 452	42 542
Accumulated depreciation per 31.12.14		-26 709	-26 709
Balance sheet value at 31.12.14	2 090	13 743	15 833
The year's depreciation		840	840
2015	Real estate	Buildings	Total fixed assets
Acquisition cost per 01.01.15	2 090	40 452	42 542
Addition of fixed assets	24 454		24 454
Disposal of fixed assets	-26 400	-36 331	-62 731
Acquisition cost per 31.12.15	144	4 121	4 265
Accumulated depreciation per 31.12.15		0	0
Balance sheet value at 31.12.15	144	4 121	4 265
The year's depreciation		350	350

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

* Buildings, production facilities	25 years
* Real estate, apartments	Lasting value
* Real estate, land	Lasting value

Major individual transactions/ loss on disposal of operating assets

Disposal of operating assets in 2015 essentially concerns the company's property at Sandviken in Bergen, which comprised land with old industrial buildings. Plans had been approved to build a new, modern office complex, intended to serve as the Group's future head office. The property was used as a non-cash contribution in connection with the capital increase in the wholly owned subsidiary Sandvikstomt I AS, which was to be responsible for further development of the site, and the non-cash contribution was measured at fair value. The fair value – based on a valuation provided by an independent external appraiser – was set at NOK 13.7 million, which was lower than the carrying amount. This entailed a total accounting loss on disposal of operating assets in Lerøy Seafood Group ASA of NOK 20.2 million. The valuation must be seen in the light of the fact that the property had been regulated for office buildings, and of the rents the appraiser expected for office buildings outside central Bergen. A residential property developer made an offer significantly higher than the carrying amount in 2015. Based on this, and the fact that development and building of office buildings were outside the Group's core operations, Sandvikstomt I AS decided in consultation with its owner, Lerøy Seafood Group ASA, to sell the site. Following the sale, Sandvikstomt I AS became superfluous and was consequently liquidated. The liquidation amount from the company was NOK 46.3 million. The sale generated a total gain of NOK 24.0 million for Lerøy Seafood Group.

The residual value of operating assets is linked to two apartments owned by the company.

NOTE 3 SHARES IN SUBSIDIARIES, ASSOCIATED COMPANIES, ETC.

(All figures in NOK 1 000)

Subsidiaries	Business location	Ownership/ voting rights	Cost price/ book value	Acquisitions and capital increases in	Disposals in 2015	Cost price/ book value	Ownership/ voting rights
		31.12.2014	31.12.2014	2015		31.12.2015	31.12.2015
Lerøy Aurora AS	Tromsø	100 %	154 070	229 045		383 115	100 %
Lerøy Finnmark AS	Finnmark	100 %	211 267	14	-211 282	0	0 %
Lerøy Midt AS	Hitra	100 %	1 135 230			1 135 230	100 %
Lerøy Vest AS	Bergen	100 %	1 262 132	95 253		1 357 385	100 %
Sjøtroll Havbruk AS	Austevoll	50.71 %	540 000			540 000	50.71 %
Rode Beheer BV	Urk, Netherland	50.11 %	113 471			113 471	50.11 %
Lerøy Fossen AS	Bergen	100 %	53 092	19 227		72 319	100 %
Hallvard Lerøy AS	Bergen	100 %	57 904	15		57 919	100 %
Lerøy Alfheim AS	Bergen	100 %	13 155	456		13 611	100 %
Sjømathuset AS	Oslo	100 %	13 925			13 925	100 %
Lerøy Delico AS	Stavanger	100 %	22 070			22 070	100 %
Lerøy Trondheim AS	Trondheim	100 %	23 284	488		23 772	100 %
Lerøy Sverige AB	Gothenburg, Sweden	100 %	65 707	14 642		80 349	100 %
Lerøy Finland OY	Finland	100 %	34 813			34 813	100 %
Lerøy Portugal Lda	Portugal	60 %	4 600			4 600	60 %
Lerøy Turkey	Turkey	0 %	0	57 456		57 456	100 %
Preline Fishfarming Sys. AS	Skien	0 %	0	0		0	91 %
Norsk Oppdrettsservice AS	Flekkefjord	0 %	0	25 000		25 000	51 %
Lerøy Processing Spain SL	Madrid, Spain	100 %	20 151			20 151	100 %
Lerøy & Strudshavn AS	Bergen	100 %	429	5		434	100 %
Sandvikstomt 1 AS	Bergen	100 %	123	13 700	-13 823	0	0 %
Lerøy Nord AS	Tromsø	0 %	0	1 012		1 012	51 %
Total shares in subsidiaries			3 725 422	456 313	-225 105	3 956 631	

Business combinations

Lerøy Finnmark AS was merged with Lerøy Aurora AS in February 2015.

Acquisition of new subsidiaries

Lerøy Turkey:

At the start of the year, the Group acquired the final 50% of the shares in Alfarm Alarko Lerøy. The company changed from an associate to a subsidiary, and changed its name to Lerøy Turkey.

Preline Fishfarming System AS:

At the start of the year, the Group acquired a 91% share in Preline Fishfarming System AS, an R&D company that is developing a concept for a closed-containment production facility for smolt in the sea. The acquisition was carried out by means of converting a long-term loan of NOK 26 million. The receivable was written down to zero at the end of 2014.

Norsk Oppdrettsservice AS:

In 2014, the Group acquired a 34% share in the company Norsk Oppdrettsservice AS, which produces cleaner fish. The Group exercised an option agreement effective from 1 January 2015 that gave the Group the opportunity to purchase an additional 17% of the company, giving a total of 51%. The company therefore moved from being an associate in 2014 to a subsidiary in 2015, with effect from the start of the financial year.

The effect of these business combinations is described in more detail in the acquisition analysis in Note 23 to the consolidated financial statements, which has been prepared in accordance with IFRS 3.

Divestment of subsidiaries

It was decided to liquidate the company Sandvikstomt I AS, and this was completed in 2015.

Capital increases

Three capital increases in subsidiaries were carried out in 2015: the capital in Lerøy Fossen AS was increased by NOK 19 million; the capital in Lerøy Sverige AB was increased by NOK 14.6 million (SEK 16 million); and the capital in Lerøy Turkey was increased by a total of NOK 6 million (TRY 2 million).

Other changes in capital comprise Group contributions paid to subsidiaries for 2015, which are added to cost at 73% of gross Group contribution. See Note 5 for specification.

Associated companies	Business location	Ownership/ voting rights	Cost price/ book value	Acqui- sitions	Disposals	Cost price/ book value	Ownership/ voting rights
		31.12.2014	31.12.2014	in 2015	in 2015	31.12.2015	31.12.2015
Norskott Havbruk AS	Bergen	50 %	163 273	-	-	163 273	50 %
Alfarm Alarko Lerøy	Istanbul, Turkey	50 %	11 548	-	-11 548	-	0 %
Lerøy Schlie A/S	Hirtshals, Denmark	50 %	3 793	-	-	3 793	50 %
Ocean Forest AS	Bergen	50 %	30	-	-	30	50 %
Norsk Oppdretts- service AS	Flekkefjord	34 %	5 000	-	-5 000	-	0 %
The Seafood Innova- tion Cluster AS	Bergen	0 %	-	16	-	16	20 %
Seistar Holding AS	Austevoll	0 %	-	61 500	-	61 500	50 %
Total shares in associated companies			183 644	61 516	-16 548	228 612	

Former associated companies, Alfarm Alarko Lerøy and Norsk Oppdrettsservice AS, are now subsidiaries.

Other shares	Business location	Ownership/ voting rights	Cost price/ book value	Acqui- sitions	Disposals	Cost price/ book value	Ownership/ voting rights
		31.12.2014	31.12.2014	in 2015	in 2015	31.12.2015	31.12.2015
DnB Private Equity IS/AS	Oslo	1.11 %	6 402	-	-687	5 715	1.11 %
CO2BIO AS	Lindås		250	-	-	250	
Miscellaneous minor share interests			37	-	-37	-	
Total other shares			6 690	-	-725	5 965	

Lerøy Seafood Group ASA has committed a total of NOK10 million related to the investment in DnB Private Equity.

NOTE 4 DEBT, MORTGAGES AND GUARANTEES

(All figures in NOK 1 000)

	2015	2014
LONG-TERM INTEREST-BEARING DEBT		
Debt to credit institutions	568 832	621 225
Total interest-bearing debt at 31.12	568 832	621 225
Bank deposits	670 849	389 264
Net interest-bearing debt at 31.12	-102 017	231 961
REPAYMENT PROFILE INTEREST-BEARING DEBT		
2015		55 350
2016	405 432	355 350
2017	40 850	55 350
2018	40 850	55 350
2019	40 850	55 350
2020	40 850	44 475
Later	-	-
Total	568 832	621 225

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.

	2015	2014
DEBT SECURED BY MORTGAGES		
Long-term debt to credit institutions	568 832	621 225
Total mortgage-secured debt at 31.12	568 832	621 225
MORTGAGED ASSETS		
Shares in subsidiaries	653 469	1 413 585
Customer receivables - cross-mortgaged (Hallvard Lerøy AS)	-	280 000
Shares in associated companies	163 273	163 273
Inventories - cross-mortgaged (Hallvard Lerøy AS)	-	40 000
Buildings	-	13 743
Total book value of mortgaged assets 31.12	816 742	1 910 601
Guarantees and sureties	30 000	30 000

Guarantee and surety liability

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

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

NOTE 5 INTRAGROUP ACCOUNTS

(All figures in NOK 1 000)

Income from investments in subsidiaries	2015	2014
Intragroup contributions received from subsidiaries	887 469	1 246 543
Dividend received from subsidiaries	232 300	37 230
Gain from disposal of subsidiaries	32 489	0
Total	1 152 258	1 283 773
Intragroup contributions received from subsidiaries	2015	2014
Lerøy Aurora AS	357 842	253 826
Lerøy Midt AS	339 628	465 064
Hallvard Lerøy AS	190 000	289 000
Lerøy Vest AS	0	217 956
Lerøy Fossen AS	0	10 923
Lerøy Alfheim AS	0	4 400
Lerøy Delico AS	0	3 412
Lerøy Trondheim	0	1 962
Total	887 469	1 246 543
Dividend received from subsidiaries	2015	2014
Dividend received from Lerøy Aurora AS	100 000	0
Dividend received from Lerøy Vest AS	100 000	0
Dividend received from Sjøtroll Havbruk AS	20 365	30 547
Dividend received from Rode Beheer BV	9 760	6 683
Dividend accrued from Norsk Oppdrettsservice AS	2 175	0
Total	232 300	37 230
Gain on disposal of subsidiaries	2015	2014
Liquidation dividend from Sandvikstomt I AS	46 312	0
Net book value of liquidated subsidiary	13 823	0
Total	32 489	0
Income from investments in associated companies	2015	2014
Dividend received from Norskott Havbruk AS	46 000	36 250
Dividend received from Seistar Holding AS	3 000	0
Total	49 000	36 250
Long-term loans to subsidiaries	2015	2014
Sjømathuset AS	30 328	31 879
Preline Fishfarming System AS	10 388	0
Lerøy Processing Spain SL	8 738	7 929
Lerøy Sverige AB	6 128	8 810
Lerøy Alfheim AS	2 318	3 416
Lerøy Delico AS	226	336
Total	58 126	52 370
Short-term receivables from subsidiaries and associated companies	2015	2014
Short-term receivables from subsidiaries	905 452	1 254 806
Short-term receivables from associated companies	0	5 849
Total	905 452	1 260 655

Short-term receivables from subsidiaries	2015	2014
Intragroup contributions received from subsidiaries	887 469	1 246 543
Dividend accrued from Norsk Oppdrettsservice AS	2 175	0
Other short-term receivables from subsidiaries	15 808	8 263
Total	905 452	1 254 806
Other short-term receivables from subsidiaries	2015	2014
Lerøy Vest AS	5 713	2 615
Lerøy Midt AS	4 744	3 068
Lerøy Aurora AS	2 073	1 008
Hallvard Lerøy AS	1 515	81
Sjøtroll Havbruk AS	1 407	1 157
Lerøy Portugal Lda	356	334
Total	15 808	8 263
Short-term receivables from associated companies	2015	2014
Ocean Forest AS	0	5 849
Total	0	5 849
Short-term debt to subsidiaries and associated companies	2015	2014
Short-term debt to subsidiaries	157 439	19 534
Short-term debt to associated companies	0	0
Total	157 439	19 534
Short-term debt to subsidiaries	2015	2014
Intragroup contributions distributed to subsidiaries	156 449	17 696
Other short-term debt to subsidiaries	990	1 838
Total	157 439	19 534
Intragroup contributions distributed to subsidiaries	2015	2014
Lerøy Vest AS	130 484	0
Lerøy Aurora AS	24 333	9 515
Lerøy Trondheim AS	669	0
Lerøy Alfheim AS	625	0
Lerøy Fossen AS	311	0
Lerøy Quality Group AS	21	21
Lerøy & Strudshavn AS	7	33
Sjømathuset AS	0	8 116
Sandvikstomt 1 AS	0	11
Total	156 449	17 696
Other short-term debt to subsidiaries	2015	2014
Hallvard Lerøy AS	784	1 649
Lerøy Alfheim AS	117	100
Lerøy Vest AS	89	89
Total	990	1 838

NOTE 6 TAXATION

(All figures in NOK 1 000)

PERMANENT DIFFERENCES	2015	2014
Dividends received (including the 3% added on the tax base)	-278 861	-72 192
Gain on disposal of shares	-32 489	0
Other permanent differences	1 012	4 504
Total permanent differences	-310 338	-67 688
CALCULATION OF TAX PAYABLE	2015	2014
Profit before tax	1 057 786	1 224 020
Permanent differences	-310 338	-67 688
Change in temporary differences (through profit and loss)	56 142	125
The year's taxation base	803 590	1 156 457
Tax rate, nominal	27 %	27 %
Tax payable in the tax cost before intragroup contributions paid	216 969	312 243
TAX PAYABLE BOOKED IN THE BALANCE SHEET	2015	2014
Tax payable in the tax cost before intragroup contributions paid	216 969	312 243
Tax payable on intragroup contributions paid	-42 241	-4 778
Tax payable booked in the balance sheet	174 728	307 466

Deferred tax related to the interest swap agreements

The change in deferred tax related to the change in fair value on interest swap agreements (financial instruments) is booked as a change in equity as long as the hedging instrument is determined to be an effective hedge, and through profit or loss if this is not the case. See note 9 for further information about the interest swap agreements.

OVERVIEW OF TEMPORARY DIFFERENCES	2015	2014
Temporary differences where changes are recognised in profit and loss		
Buildings and other fixed assets	0	-2 764
Financial instruments, total	-124 429	-131 044
Financial instruments (cash flow hedges) where changes are booked against equity	65 523	131 044
Temporary differences 31.12 where changes will be recognised in profit and loss	-58 906	-2 764
Change in temporary differences where changes are recognised in profit and loss	-56 142	-125
Temporary differences where changes are booked against equity		
Financial instruments (cash flow hedges) where changes are booked against equity	-65 523	-131 044
Temporary differences 31.12 where changes will be booked against equity	-65 523	-131 044
Change in temporary differences where changes are booked against equity	65 520	-98 458
DEFERRED TAX	2015	2014
Deferred tax where changes are recognised in profit and loss		
Total temporary differences, PL	-58 906	-2 764
Tax rate, nominal	27 %	27 %
Deferred tax liability (+) / asset (-)	-15 905	-746

Deferred tax where changes are booked against equity		
Total temporary differences, 31.12 where change is booked against equity	-65 523	-131 044
Tax rate, nominal	27 %	27 %
Deferred tax liability (+) / asset (-)	-17 691	-35 382
Total change in temporary differences and deferred tax		
Total temporary differences	-124 429	-133 807
Tax rate, nominal (new rate)	25 %	27 %
Deferred tax liability (+) / asset (-)	-31 107	-36 128
The year`s tax cost consists of		
	2015	2014
Tax payable in the tax cost before intragroup contributions paid	216 969	312 243
Change in deferred tax where changes are recognised in profit and loss	-15 158	-34
Effect of change in the nominal tax rate (from 27% to 25%)	2 489	0
Too much (-) or too little (+) allocated to tax previous year	283	327
Total tax cost	204 582	312 537
Effective tax rate	19.3 %	25.5 %

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

(All figures in NOK 1 000)

Payroll expenses	2015	2014
Salaries, holiday pay and bonuses	17 379	17 553
Employer's contribution	2 925	2 526
Hired personnel	5 027	5 510
Remuneration of the Board of Directors	1 200	1 200
Pension costs 1)	555	514
Other remunerations / nomination committee	193	232
Other personnel costs	205	160
Total	27 484	27 695

¹⁾ Defined contribution pension scheme

Average number of full-time equivalents:	9	8
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For a specification of remuneration of executive personnel in Lerøy Seafood Group ASA and in the Group as a whole, see note 14 to the consolidated accounts. The Chairman of the Board is hired from Laco, and the cost included in the item for hired personnel..

Auditor

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

	2015	2014
Auditing fees Group auditor	680	680
Other services Group auditor	948	1 178
Total	1 628	1 858

NOTE 8 ITEMS COMBINED IN THE ACCOUNTS

(All figures in NOK 1 000)

Financial revenues	2015	2014
Interest income from Group companies	1 915	2 318
Other interest income	6 395	9 798
Currency exchange gain	0	633
Total financial revenues	8 310	12 749
Financial costs		
Interest cost	34 006	39 473
Currency exchange loss	435	0
Other financial costs	824	3 066
Total financial costs	35 265	42 539
Net financial items	-26 955	-29 790

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 agreements (gross commitment) is carried under the item for "Other long-term liabilities". The effective share of the change in value of the interest swap agreements 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. The effect of the change in nominal tax rate from 27% to 25% is regarded as a change in estimate, and recognised in the income statement. Ref. note J on accounting principles for more detailed information on principles.

Change in assumptions

When the interest rate swap agreements were entered into in 2011 and 2012, it was expected that the long-term bank debt (the hedged item) would be greater or equal to the signed interest rate swap agreements (the hedging instrument). Hedge accounting was therefore chosen as the accounting policy. Given that the bank debt at year-end 2015 was significantly lower than the hedging instrument, the hedging relationship is no longer effective for the two agreements in total. The hedging relationship has therefore ceased for the most recent interest rate swap agreement. The cumulative change in value for the entire period from when the agreement was entered into and until it ceased is therefore reversed via equity and recognised in income as a change in the value of financial instruments, under financial items in the income statement.

	Agreement 1	Agreement 2	Total
	17/11/11	17/01/12	(all agreements)
Interest swap agreements			
Nominal amount	500 000	500 000	1 000 000
Duration	10 years	10 years	10 years
Agreed interest/average interest	3.55 %	3.29 %	3.42 %
Net book value as of 01.01.2014			
Fair value of interest swap agreements as of 01.01.2014	-21 295	-11 292	-32 586
Deferred tax related to the interest swap agreements, 28%	5 962	3 162	9 124
Net (negative) value after tax, as of 01.01.2014	-15 332	-8 130	-23 462

Changes in 2014

Effect of change in nominal tax rate from 28% to 27 %	-213	-113	-326
Change in fair value of interest swap agreements in 2014	-48 102	-50 355	-98 458
Change in deferred tax related to the financial instrument, 27%	12 988	13 596	26 584
Changes booked against equity (cash flow hedge)	-35 328	-36 872	-72 200

Net book value as of 31.12.2014

Fair value of interest swap agreements as of 31.12.2014	-69 397	-61 647	-131 044
Deferred tax related to the interest swap agreements, 27%	18 737	16 645	35 382
Net (negative) value after tax, as of 31.12.2014	-50 660	-45 002	-95 662

Expensed interests in 2014 relating to the interest swap agreement amounted to NOK 17 303.

Changes in 2015

Changes booked against equity			
Change in fair value of interest swap agreements in 2015	3 873	2 742	6 615
Change in deferred tax related to the financial instrument, 27%	-1 046	-740	-1 786
Changes booked against equity (cash flow hedge)	2 828	2 001	4 829

Changes booked through profit and loss

Effect of change in nominal tax rate, from 27% til 25% (change in estimate)	-1 310	-1 178	-2 489
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Net book value as of 31.12.2015

Fair value of interest swap agreements as of 31.12.2015	-65 523	-58 906	-124 429
Deferred tax related to the interest swap agreements, 27%	16 381	14 726	31 107
Net (negative) value after tax, as of 31.12.2015	-49 143	-44 179	-93 322

Expensed interests in 2015 relating to the interest swap agreement amounted to NOK 18 843.

Reclassification of cumulative fair value adj. booked against equity from interest swap agreement where the hedge is no longer effective

Accumulated value change of interest swap agreement, gross, reclassified to profit and loss		58 906	58 906
Accumulated change in deferred tax that has been booked against equity		-15 905	-15 905
Net ineffective portion of loss on the hedging instrument recognised in income statement (from equity)		43 001	43 001



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 2015, 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 as at 31 December 2015, the 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 company'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.

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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 2015, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the group

In our opinion, the financial statements of the group are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of the group Lerøy Seafood Group ASA as at 31 December 2015, 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 statements on Corporate Governance and Corporate Social Responsibility

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 statements on Corporate Governance and Corporate Social Responsibility 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, 14 April 2016
PricewaterhouseCoopers

Sturle Døsen
State Authorised Public Accountant (Norway)

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

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