ANNUAL REPORT
2012

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

FINANCIAL CALENDAR 2013

15.05.13	PRESENTATION OF THE 1ST QUARTER 2013
22.08.13	PRESENTATION OF THE 2ND QUARTER 2013
13.11.13	PRESENTATION OF THE 3RD QUARTER 2013
25.02.14	PRELIMINARY RESULT FOR THE YEAR 2013
23.05.13	ORDINARY SHAREHOLDER'S MEETING

The Lerøy Group has sold and distributed seafood for more than 110 years. Here is a picture of Elias Fjelstad at the Bergen fish market in 1939.

HISTORY

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

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

Since 1999, the Group has acquired substantial interests in various domestic and international enterprises. In late 2003, the Group acquired all the shares in Lerøy Midnor AS and bought Lerøy Aurora AS in 2005. The companies Lerøy Fossen AS and Hydrotech AS were acquired in 2006, whereas Lerøy Vest AS was acquired in 2007. In 2010, the Group continued expanding its aquaculture activities by acquiring 50.71 % of the company Sjøtroll Havbruk AS. The Group's investments in downstream activities over this period have established the Group as a national and international distributor of fresh fish. In January 2011, Lerøy Seafood Group signed an agreement for the purchase of 51.0% of the shares in the Finnish sales and distribution company, Jokisen Eväät OY. That same year, the Group increased its shareholding to 68.0%. In October 2011, Lerøy Seafood Group signed an agreement for the acquisition of 50.11% of the shares in Rode Beheer B.V., and this company was consolidated in the Group's financial results as of March 2012. Rode is one of the leading processing companies for seafood in Holland, and is involved in large-scale production of smoked and cured products, freshly packaged products and frozen products based on Norwegian salmon. Because of these and similar investments over the last ten years, the Group has now developed into a wholly integrated seafood group with solid foundations for further development. At the end of 2012, the Group had 1,883 employees.

The Group started as a traditional family company. In 1997, a private placing with financial investors was carried out for the first time, and in this connection the company was reorganised as a public limited company. The company was listed on the Oslo Stock Exchange in June 2002. Since then, the company has introduced several stock issues, most recently in March 2007. The availability of capital has been an essential ingredient in the Group's development from a seafood exporter to a wholly integrated seafood group. Stock exchange listing of the parent company Lerøy Seafood Group ASA provides access to capital and, in selected cases, the shares are used as payment in kind in connection with acquisitions, most recently with the acquisition of shares in Sjøtroll Havbruk AS in 2010. At the beginning of 2013, the Group is well positioned to further strengthen its role as a central player in the international seafood industry.

MILESTONES IN 2012

STRATEGIC EVENTS

- Acquisition of 50.1% of the shares in the Dutch processing company, Rode Beheer B.V. The company was consolidated in the financial statements as of March 2012
- Construction of a new hatchery in Belsvik, South Trøndelag. Estimated investment of NOK 350 million and completion in the spring of 2013
- Strategic agreement with SalMar ASA for the slaughter and processing of fish at the Innovamar plant in Frøya and Lerøy's plant on the island of Skjervøy
- Phasing out of Lerøy Hydrotech AS's slaughtering plant in Kristiansund
- Decision to make substantial investments to increase the processing activity in Lerøy Fossen AS and Lerøy Smøgen AB

PRODUCT DEVELOPMENT

- Development of new markets. Sale to more than 70 markets all over the world
- Significant increase in the sale of whitefish
- Launch of consumer packaged sushi
- Frequent innovation of new products. "Påleggslaksen" from Lerøy (slices of smoked salmon sausage for sandwiches) was named "Best Convenience Product" at the Seafood Prix d'Elite 2012 competition at the European Seafood Exposition in Brussels. This product also won the Seafood Prize at the Seafood Conference in Bergen

ENVIRONMENT / SUSTAINABILITY

- Zero escape in 2012
- No antibiotics have been administered for fish in the sea in 2012
- The number of kilogrammes of chemicals used for delousing in 2012 saw a significant reduction in relation to the gross rate of fish growth and when compared with 2011
- No use of Chitin inhibitors in 2011 and 2012
- Management of and participation in various R&D&I projects within aquaculture with a focus on the environment and sustainability

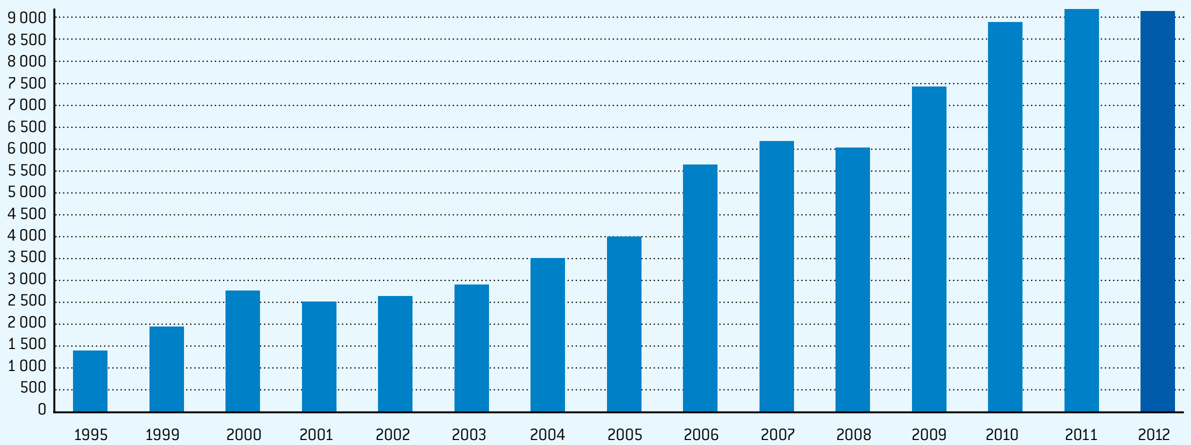
IMPORTANT STRATEGIC EVENTS

2001	Investment in Scottish Sea Farms Ltd
2001	Investment in distribution in Sweden (Lerøy Sverige AB)
2002	Infusion of capital
2002	Listing on the Stock Exchange
2002	Investment in smoking company in Sweden (Lerøy Smøgen Seafood AB)
2003	Acquisition of Lerøy Midnor AS
2003	Infusion of capital
2004	Acquisition of 60% of shares in Portnor Lda
2004	Acquisition of fish farming capacity in Central Norway
2005	Partnership with Alarko Holding in Turkey
2005	Infusion of capital
2005	Acquisition of Lerøy Aurora Group
2005	Acquisition of Laksefjord AS
2005	Investment in distribution in Norway and Sweden
2005	Bulandet Fiskeindustri AS included in group structure
2006	Investments resulting in nation-wide distribution of fresh fish
2006	Acquisition of Lerøy Fossen AS
2006	Infusion of capital
2006	Acquisition of Bjørsvik Settefisk AS
2006	Purchase of 100% of shares in Lerøy Hydrotech AS
2007	Infusion of capital
2007	Purchase of 100% of shares in Lerøy Vest AS
2008	Purchase of two licenses in Central Norway and one license in Northern Norway
2008	Austevoll Seafood ASA increases ownership in Lerøy Seafood Group ASA from 33.34% to 74.93% through a mandatory offer
2009	Austevoll Seafood ASA reduces its ownership in Lerøy Seafood Group ASA from 74.93% to 63.73%
2009	Increased ownership in Bulandet Fiskeindustri AS from 53.2% to 66.3%
2010	Purchase of 50.71% of shares in Sjøtroll Havbruk AS
2011	Purchase of 68.0% of shares in the Finnish sales and distribution company Jokisen Eväät OY
2011	Start-up construction of a new hatchery in Belsvik, South-Trøndelag. Estimated investment NOK 350 million
2012	Purchase of 50.11% of shares in the Dutch processing company Rode Beheer B.V
2012	Strategic agreement with SalMar ASA for harvesting and processing of fish at the Innovamar plant in Frøya and at Lerøy's plant at Skjervøy. Close down of Lerøy Hydrotech's slaughterhouse in Kristiansund
2012	Decision to expand the processing activity in Lerøy Fossen AS and Lerøy Smøgen AB

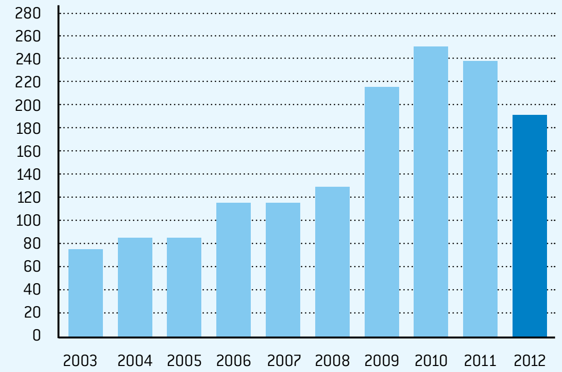
KEY FIGURES FOR THE GROUP

KEY FIGURES (ALL FIGURES IN NOK 1 000)	2012	2011	2010
Operating revenues	9 102 941	9 176 873	8 887 671
Operating profit before fair value adjustment on biological assets	450 098	1 212 898	1 586 249
Profit before tax and fair value adjustment on biological assets	379 913	1 183 314	1 623 307
Harvest volume (GWT)	153 403	136 672	116 824
EBIT/kg (before fair value adjustment)	2.9	8.9	13.6
LSG stock price last annual trading day	129.50	84.00	192.00
Dividend paid per share	7.00	10.00	7.00
Profit margin before fair value adjustment on biological assets	4.2%	12.9%	18.3%
Operating margin before fair value adjustment on biological assets	4.9%	13.2%	17.8%
Earnings per share before fair value adjustment on biological assets	5.11	15.13	22.08
ROCE before fair value adjustment on biological assets (annualised)	6.2%	17.9%	27.5%
Equity ratio	50.7%	50.6%	52.8%
Net interest-bearing debt	2 231 860	1 592 914	1 298 726

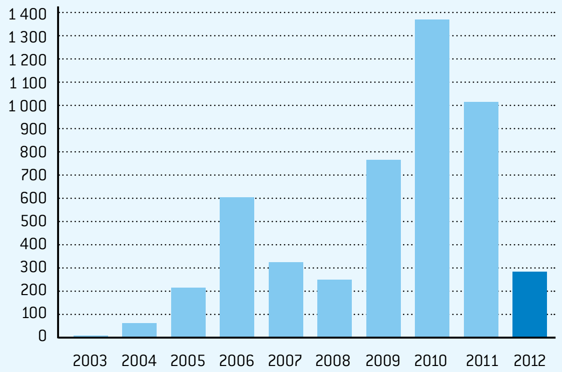
TURNOVER (NOK MILLION)



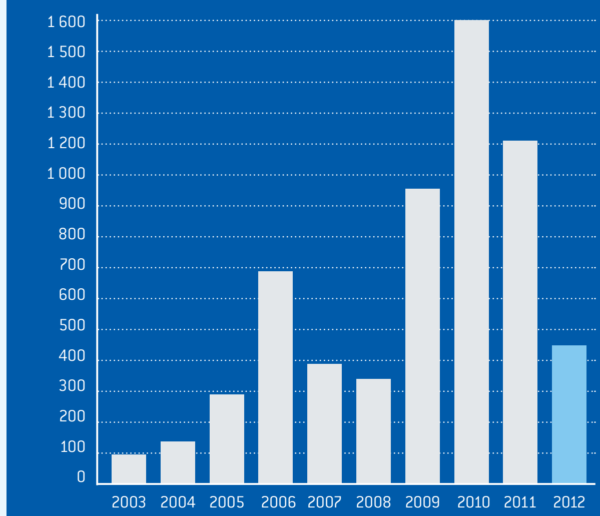
OPERATING PROFIT SALES & DISTRIBUTION SEGMENT (NOK MILLION)



OPERATING PROFIT BEFORE BIOMASS ADJUSTMENT PRODUCTION SEGMENT (NOK MILLION)



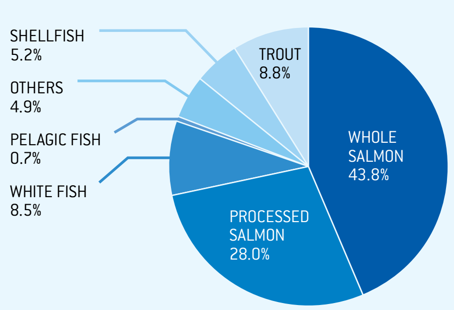
OPERATING PROFIT BEFORE BIOMASS ADJUSTMENT LERØY SEAFOOD GROUP (NOK MILLION)



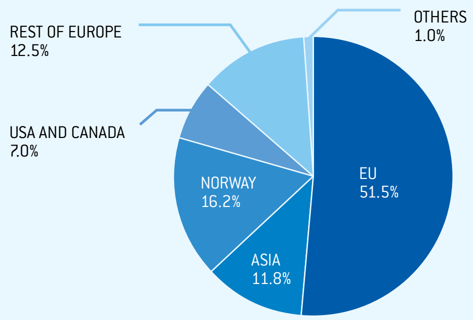
16.2%

OF THE SEAFOOD DISTRIBUTED BY LERØY SEAFOOD GROUP IS SOLD IN NORWAY. THE REMAINING VOLUME IS DISTRIBUTED FOR SALE IN MORE THAN 70 COUNTRIES

SALES PER PRODUCT



SALES PER MARKET



A CHALLENGING YEAR

As expected, 2012 was a challenging year compared to previous years. However, despite the significant drop in prices for our main products, Atlantic salmon and trout, we were able to retain the same level of turnover as in 2011. This is clear proof that we successfully achieved a considerable increase in volume.

For the year, we reported a turnover of NOK 9.1 billion and an operating profit of NOK 450 million. Considering the significant drop in prices for salmon and trout these are impressive figures in which we can all take pride as they are the result of our joint efforts. I find it extremely inspiring to work within such a strong organisation. Thank you so much for your hard work!

At Lerøy Seafood Group, we maintain full control of the entire value chain, from egg to finished product. Our goal is to further develop and improve all parts of the value chain in terms of the environment, quality, efficiency and profitability. This is part of our strategy to ensure sustainable, safe, competitive, delicious and simple products for our customers. Every day, we strive hard to improve.

The Group is now strongly represented in 3 different regions of Norway, with production of 72,000 tons of salmon and trout in South Norway, 62,000 tons in Central Norway and 20,000 tons in North Norway. Having such strong representation in the different regions, we are able to provide customers with stable deliveries of the correct volume throughout the year, and a regular supply of harvested volume every quarter. I am delighted with the development of our market-oriented production within the Group, and we are one of extremely few aquaculture companies to make such an achievement.

2012 was an eventful year within aquaculture. During the year, our Norwegian operations produced a total of 153,000 tons of salmon and trout, compared with 137,000 in 2011. One of our main focus areas has been to optimise production by introducing joint operations and management in both South Norway (Lerøy Vest and Sjøtroll Havbruk) and Central Norway (Lerøy Midnor and Lerøy Hydrotech). We can already report significant synergy benefits from joint operations, particularly for Sjøtroll Havbruk where volume increased from 21,700 tons in 2011 to 33,000 tons in 2012. The introduction of joint operations for Lerøy Midt is also showing great promise but we do not expect to see any improvements in result before 2013 and 2014. On the whole, we are extremely pleased with the way in which these processes have been carried out.

In 2012, Lerøy Midt built the world's largest and most advanced smolt plant, with an annual capacity of 14 million smolt, at Belsvik in South Trøndelag. This is a recycling plant, providing vast benefits for the environment and significant financial savings, and will produce smolt of a high, stable quality. The first roe were released in the first week of 2013, according to schedule. We have high expectations for the new plant and are optimistic that it will provide a positive development in earnings for Lerøy Midt over the coming years.

The global supply of salmon saw a significant increase of 22% in 2012, to a total volume of approx. 2 million tons or an increase of 357,000 tons. The increase in Chile was 65% with 18% in Norway. The fact that this increase in volume was completely absorbed by the market while prices remained stable at NOK 25-26 per kg is extremely encouraging and gives good grounds for an optimistic outlook. The markets showing the greatest growth are currently Japan with 38% and Russia with 36%.

At Lerøy Seafood Group, our focus is not entirely on salmon; we also have great confidence in trout. This is a wonderful product both in flavour and quality and has a delightful red colour. In 2012, we produced 25,500 tons of trout and as such are perhaps the world's largest producer of trout. We are one of very few companies in Norway to have stable production of trout, with daily deliveries throughout the year. We must sustain this position if we are to successfully build a market for trout. A large volume of our trout is sold on fresh fish markets and does not directly compete with frozen trout from Chile. We also process a substantial volume of our trout at Lerøy Fossen, located on the island of Osterøy outside Bergen. This plant supplies high-quality smoked and cured products to a global market. In order to reinforce our market share for processed trout products, the decision was made in 2012 to invest a considerable sum of money in doubling capacity at Lerøy Fossen from 7,000 tons to 14,000 tons raw material. The new plant will be ready for use at year-end 2013.

For many years now, Lerøy Seafood Group has followed a strategy whereby the largest possible volume of fish is processed in Norway prior to export. This provides both environmental and social benefits, including increased employment and value creation in coastal communities and more efficient transport of foodstuffs. In 2012, our export volume of Norwegian value added salmon was 25.4% of total, up from 22.6% in 2011. 2012 has been a challenging year due to tough competition from the processing industry abroad which had a high supply of raw materials at relatively low prices. We remain confident that we are following the correct strategy and will continue to work on the further development of industrial activities in Norway, in combination with processing plants nearby our customers so that we can guarantee cost-efficiency, availability and flexibility.

In a move to make further reinforcements to our well-developed sales and distribution network, Lerøy Seafood Group acquired 50.1% of the shares in Rode Beheer, Holland, in March 2012. Rode's central position in Europe provides Lerøy with access to high-quality seafood and a wider product range for our distribution network in Europe, in addition to access to key customers in the Benelux countries. Our partnership with Rode has been very successful during the initial period, and we are extremely pleased with the development achieved by the company to date. We will continue to seek new opportunities for establishment on central markets, allowing us to further develop our downstream business. We shall remain a small group of companies, quick on our feet, intelligent and flexible, providing a high level of service to our customers. In addition to the investment in Holland, the decision was reached to develop capacity at Lerøy Smøgen in Sweden to allow for improvements to efficiency. The investment was also made to strengthen the company so that it can successfully compete to be the best within innovation and product development of high-quality processed seafood for the Nordic market.

Lerøy aims to be a leading innovator and developer of new categories of seafood for the major seafood markets worldwide. Lessons learned on certain markets are carried forward to benefit us on other markets. We aim to be a knowledge-based company, helping our customers develop seafood categories on their own markets. We possess unique expertise encompassing every type of seafood production, not just salmon and trout. We have the longest history in the industry, dating back 114 years as a world-leading innovator within seafood. This makes us unique.

At present, it is essential for us to achieve the correct framework which will allow us to sustain our rate of stable growth so that we in turn can develop our markets. Decrease in volume growth in Norway in the near future could categorically wipe out all the hard work we have invested in building new markets. A stable annual growth rate of 10% would be optimal in order to sustain a regular market development. We have a healthy, delicious, sustainable and market-adapted product for which worldwide demand is estimated to grow in the future.

In conclusion, I would like to thank all our employees, customers, suppliers and other partners for their hard work in 2012. I very much look forward to working with you in the years to come. The future is bright!

Henning Kolbjørn Beltestad
Chief Executive Officer
Lerøy Seafood Group

70 MARKETS

THE SEAFOOD FROM LERØY IS DISTRIBUTED TO MORE THAN 70 MARKETS ALL OVER THE WORLD

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 quality seafood.

BUSINESS CONCEPT AND STRATEGY

Market focus. By developing new markets and new products based on sustainable resources from fishery and aquaculture, the Group aims to develop profitable, efficient and binding alliances both nationally and internationally for both sourcing and sales and distribution.

The seafood market exacts ever-increasing demands on food safety, quality, product range, cost-efficiency and continuity of supply. To meet these demands, and to drive development forwards, Lerøy Seafood Group actively coordinates the various elements within the value chain – the production units, the Group's sales network, alliance partners and investments, to ensure the ability to supply the right product at the right time. With its major position within sales and distribution of seafood, the Group believes it is uniquely positioned to meet these increasing demands.

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

Traditionally, the Norwegian seafood industry has been severely undercapitalised and this is not compatible with the cyclical nature of the industry. It has always been, and will always be, a key focus point within Lerøy's strategy to have a healthy, flexible and strong balance sheet.

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

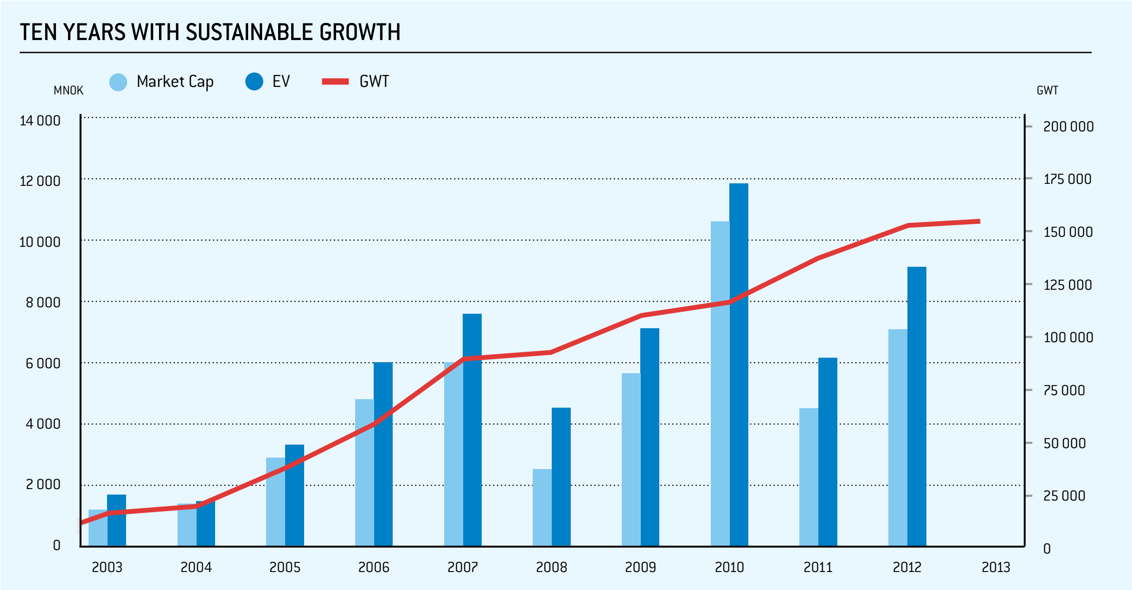
Lerøy Seafood Group also continuously searches for improvements which may reduce pollution and help protect the environment. Such sustainable solutions often materialise from the Group's own operations, but also in close cooperation with the Group's suppliers and customers. The Group has a long list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

HISTORY AND KEY FOCUS POINTS

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

The Board of Directors and management are in no doubt that acquisitions have created substantial value for the company and its shareholders. One important factor to be included in both past and future criteria for merger and acquisition opportunities is the foundation of profitable operations, as well as the expertise of the company's management and entire organisation.

The growth of Lerøy Seafood Group generates an increasing demand for systems and routines, risk management and capital. The Group maintains a continuous focus on creating systems and routines which may grow with the company and provide a competitive edge on the marketplace. Risk management is key and involves all parts of the company's operations. The Group's production companies has substantial biological risk, and there is also substantial risk associated with the sales and distribution activities. Lerøy Seafood Group has a strong focus on risk management both for own operations, as well as



ensuring that potential acquisitions or alliances match the company's risk profile.

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

The Group's core activities demand various forms of expertise and a high degree of adaptability. For this reason, our organisation is made up of people from different sectors of trade and industry with a wide range of formal backgrounds and practical experience from different fields. As the Group is involved in a global industry which experiences continuous fluctuations in general conditions, it is paramount that our employees remain up to date and expand their knowledge and areas of expertise. The Group is made up of a young yet highly experienced organisation. With the constant rate of change in general conditions for the Group, we rely on employees who are dynamic, willing to learn and flexible. The Group has employees who meet these requirements. Our employees work hard to improve the Group's competitive edge and earnings and display a burning desire to see the individual companies fulfil future requirements and thereby achieve the Group's long-term strategic goals and performance requirements. In order to meet future challenges in the world's food markets, the Group will continue to develop its organisation through projects linked to the Group's strategic goals. The Group's rapid development in recent years has been made possible by capable people who have found the Group to be an attractive workplace. One of several important prerequisites for the Group's continued positive development is its ability to offer attractive jobs to as many talented employees as possible. The Group must maintain a strong focus on leading the competition for result-oriented and skilled personnel with higher than average capacities for work and change.

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

LERØY SEAFOOD GROUP, VALUE CHAIN AND OPERATIONS

Paramount in Lerøy Seafood Group's strategy is to be a fully integrated seafood company for the Group's key products, Atlantic salmon and trout. The Group views its operations as regional with a global perspective. The sales and distribution activities are global, while the production processes are largely regional.

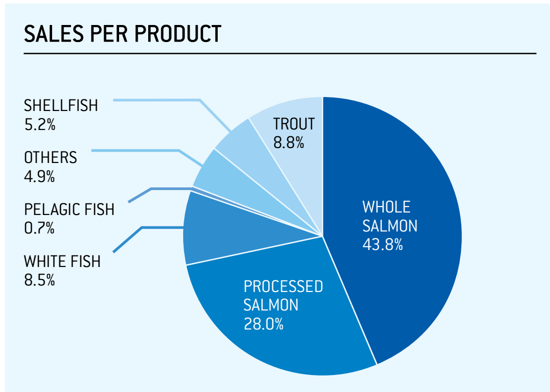
The Production segment includes the Group's activities within production and processing, mainly Atlantic salmon and trout. The subsidiaries in this segment represent a major employer along the Norwegian coastline and other areas, and strive to be visible and supportive in all operating regions. The Sales & Distribution segment

has a global reach, including sales, marketing, product development and distribution of both the Group's own produced products as well as for external suppliers.

SALES & DISTRIBUTION

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

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



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

Lerøy Seafood Group has a long-term goal for growth of the Sales & Distribution with an operating margin objective between 2.5 and 3.0% per year. In 2012, the segment reported turnover of NOK 9.0 billion, in line with the corresponding figure reported for 2011. The operating margin in 2012 was 2.1%, down from 2.6% in 2011. 2012 was a challenging year for Sales & Distribution, particularly in terms of salmon and trout, due to the record high growth in global supply of salmon. This resulted in pressure on prices, a low share of contracts and a higher volume on the spot market. While the high volume placed pressure on margins for Sales & Distribution, the Group management is of the opinion that the time and resources invested by the segment in seeking out new markets had a major influence on the prices achieved for the Group's main products, Atlantic salmon and trout, and the fact that these prices did not drop more dramatically in 2012.

Hallvard Lerøy AS has the highest turnover of all the Group companies at NOK 7 718 million 2012, a slight increase from NOK 7 648 million in 2011. Hallvard Lerøy AS, located at the Group's head office in Bergen and has a market oriented organisation. The organisation focuses on customer needs and on cost-efficient handling of the individual client. The Group's wide product range is structured to meet the market's need for a broad selection of seafood products.

In view of Hallvard Lerøy AS' central position in the value chain, developing and maintaining the interaction between partners is a priority area. The Group's global sales network comprises Hallvard Lerøy AS' sales offices in a

PRODUCTION | SALES & DISTRIBUTION

FARMING | PROCESSING | SALES & DISTRIBUTION

SMOLT | HARVEST | SLAUGHTERY/PACKING

SCOTTISH SEA FARMS (NORSKOTT HAVBRUK AS – OWNERSHIP 50%)

LERØY AURORA AS

LERØY MIDNOR AS

SJØTROLL HAVBRUK AS (50.71%)

LERØY VEST AS

LERØY HYDROTECH AS

LERØY FOSSEN AS

LERØY SMØGEN AB, SWEDEN

HALLVARD LERØY AS

SALES OFFICES:

JAPAN

CHINA

FRANCE

USA

RODE BEHEER BV GROUP, NETHERLANDS (50.11%)

LERØY PROCESSING SPAIN SL

ALFARM ALARKO LERØY, TURKEY (50%)

SAS FISHCUT, FRANCE

SAS EUROSALMON, FRANCE

BULANDET FISKEINDUSTRI AS (68.76%)

SAS NORDVIK SA, FRANCE

SAS HALLVARD LERØY, FRANCE

LERØY PORTUGAL LDA (60%)

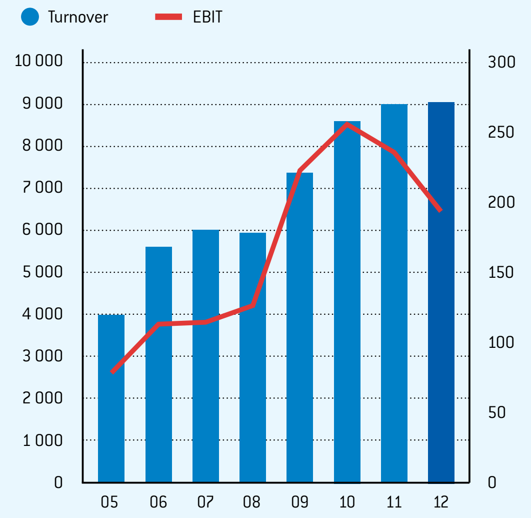
JOKISEN EVÄÄT OY, FINLAND (68%)

LERØY SJØMATGRUPPEN

LERØY SVERIGE AB

number of countries, as well as associated Group companies in Sweden, Finland, France and Portugal. The company has sales offices in China, Japan and the USA. The sales offices and the associated companies therefore cover different parts of the Group's international markets. The Group's presence in central markets allows for close follow-up of key customers and for new customer relationships. The Group aims to establish representation on new markets in the years ahead.

TURNOVER AND EBIT
SALES & DISTRIBUTION



In addition to international sales and marketing, the Group is also engaged in nationwide distribution of fresh fish on the Norwegian market through **Lerøy Sjømatgruppen AS** and its subsidiaries in Bergen, Oslo, Stavanger and Trondheim. The business is based upon establishing regional foundations and expertise in the customer's geographical operating area. At the same time, the Group's network offers economies of scale from nationwide marketing and distribution of seafood. The management expects that the company's investments in nationwide distribution of fresh fish will generate additional business for the company in the years to come.

Lerøy Sverige AB is a holding company for the three Swedish companies Lerøy Allt i Fisk AB, Lerøy Stockholm AB and Lerøy Nordhav AB. These companies have been owned by the Group since 2001. Lerøy Allt i Fisk AB in Gothenburg is a full-range seafood company holding a particularly strong position in the Swedish catering and institutional household market. Lerøy Stockholm AB is located in Stockholm and is the city's largest distributor of seafood, with a particularly high level of expertise in the grocery trade. The market in Sweden has been challenging in 2012 but remains an important market for Lerøy. The Group and the Swedish businesses follow an active strategy to reinforce Lerøy's position on the Swedish market.

The sale and distribution business in France is of vital importance and consists of several companies, notably **SAS Hallvard Lerøy** and **Nordvik SA**, both located in Boulogne, France. SAS Hallvard Lerøy is a pivotal enterprise with close ties to the Group's activities in Norway. France represents an important market for Lerøy. In 2013 the Group will invest EUR 5 million in new plants in France. Nordvik SA is one of the largest importers of fresh fish in France. Further development of these two companies continues in cooperation with their very able local management and their motivated and competent staff.

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

Jokisen Eväät OY was consolidated into Lerøy Seafood Group in 2011 and the Group now owns 68% of the shares in the company. Jokisen Eväät OY is located in Åbo/Turku in Finland, and enjoys a strong position within the sale and distribution of seafood on its domestic market.

PRODUCTION

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

The Group is currently a fully integrated supplier of Atlantic salmon and trout, and invests continuously in increasing the level of processing and in new product development. Atlantic salmon and trout are definitively the most important species for the Production segment, but it is important not to forget the processing of white fish as well as shellfish products in brine and a number of tasteful seafood salds etc.

Since December 2003, the different production units in the Group have been developed to reach a total harvested volume of 153,000 tons of salmon and trout from 130 licenses in Norway in 2012. The Group is therefore now the second largest producer of salmonoid species in the world. Production takes place in three regions in Norway. The northernmost region is Troms County where Atlantic salmon is produced from 17 licenses. In Central Norway, the two companies Lerøy Midnor AS and Lerøy Hydrotech AS produce salmon from 54 licenses. The last and largest region is West Norway where the companies Lerøy Vest AS and Sjøtroll Havbruk AS produce Atlantic salmon and trout from 59 licenses. The Group's production of salmon in Scotland is effectuated through the associated company Norskott Havbruk AS.

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

In 2012, the Production segment reported a very positive development in production volume, with the harvested volume of Atlantic salmon and trout increasing from 137,000 tons in 2011 to 153,000 tons in 2012. At the same time, the record high growth (22%) in global supply of Atlantic salmon in 2012 resulted in a significant decline in the price achieved for salmon and trout. The spot price for Atlantic salmon fell by 17% in 2012 when compared with 2011.

With the increase in volume and fall in prices realised, the Production segment reported turnover of NOK 5,242 million. This is in line with the turnover figure for 2011 of NOK 5,216 million. At the same time, the drop in prices achieved produced a significant decline in operating profit before value adjustment of biomass for the segment, from NOK 1,011 million in 2011 to NOK 287 million in 2012. A figure of NOK 50 million is included in the operating profit and represents restructuring expenses for the closure of the subsidiary Lerøy Hydrotech's slaughterhouse in Kristiansund. The Group's underlying cost per kg of produced salmon and trout in 2012, exclusive of the restructuring expense, were similar to those reported in 2011.

NORTH NORWAY

The production region in North Norway is represented by **Lerøy Aurora AS**, located in Tromsø. Lerøy Aurora AS is a fully integrated producer of Atlantic salmon. The company has 17 licences and harvested 20,000 tons of Atlantic salmon in 2012, with an estimated increase in harvest to 22,000 tons in 2013. Lerøy Aurora has one of the most modern plants in Norway, located on the island of Skjervøy, with a capacity of 150 tons per shift.

The company reported a significant decline in output costs for harvested salmon in 2012 when compared with 2011. Despite this, the EBIT/kg fell from NOK 8.6 in 2011 to NOK 4.2 in 2012 due to the lower prices achieved. The Group is very satisfied with developments at Lerøy Aurora and looks forward to the continued development of the company together with its expert management and staff. Lerøy Aurora shall continue to grow within its domestic region in the years to come.

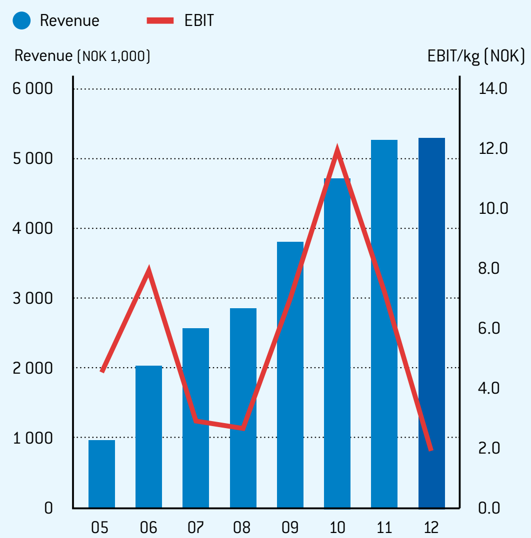
CENTRAL NORWAY

In Central Norway, the Group is represented by **Lerøy Midnor AS** and Lerøy Hydrotech AS. Lerøy Midnor has 30 licences and a high processing capacity. Its total volume of Atlantic salmon harvested in 2012 was 34,400 tons, a marginal fall from 35,900 tons in 2011. The projected harvest volume for 2013 is 36,000 tons. Lerøy Midnor reported an EBIT per kg of NOK 4.8 in 2012, down from NOK 10.1 in 2011. The employees at Lerøy Midnor are motivated and have considerable expertise and helped the company achieve the position of most profitable aquaculture company in the Lerøy Seafood Group in 2012.

Throughout the past year, Lerøy Midnor has made substantial investments in a new recycling plant for smolt in Belsvik. This plant will have a production capacity of 14 million smolt and total investment is NOK 350 million when completed. The first roe were released in the plant in Belsvik in early 2013. Both Lerøy Midnor and the Group have high expectations regarding how the new plant will help optimise operations in addition to supplying very high quality smolt.

Lerøy Hydrotech AS became a wholly owned company of Lerøy Seafood Group in September 2006. Subsequent to the acquisition of Aakvik Settefisk AS in August 2006, Lerøy Hydrotech has 24 licences for the sea farming of salmon. In 2012, Lerøy Hydrotech harvested 27,500

DEVELOPING SALES AND EBIT/KG PRODUCTION



tons of Atlantic salmon and the company expects to harvest 27,000 tons in 2013. The company experienced an increase in expenditure in 2012 due to the spread of Pancreas Disease (PD) to Central Norway. Lerøy Hydrotech reported EBIT per kg of NOK - 0.7 in 2012, compared with a corresponding figure of NOK 6.0 in 2011.

In February 2012, the company's Board of Directors decided to close the company's facility for processing salmon in Kristiansund. At the same time, Lerøy Seafood Group ASA and SalMar ASA signed a new, strategic agreement whereby Lerøy Seafood Group shall carry out harvesting and processing of a large volume of fish at the Innovamar facility on the island of Frøya. In return, SalMar shall slaughter its total production volume in the north at the Lerøy Aurora facility on the island of Skjervøy. A figure of NOK 50 million is included in the operating profit reported by Lerøy Hydrotech in 2012. This constitutes the restructuring expenses required for the closure of the company's slaughterhouse in Kristiansund.

In 2012, Lerøy Midnor and Lerøy Hydrotech introduced joint management and a much higher level of coordination for operations. Lerøy Seafood Group has high expectations for the new organisation and believes that this, combined with the new smolt plant in Belsvik, will generate significant operational benefits in the years to come.

WEST NORWAY

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

Lerøy Vest AS has 34 licences and harvested 38,700 tons of Atlantic salmon and trout in 2012, thus achieving the position of the largest production unit in the Group. The company has projected production of 39,000 tons of Atlantic salmon for 2013. Lerøy Seafood Group is extremely satisfied with the growth in production volume in 2012, although Lerøy Vest still incurs significant costs related to biological difficulties such as Pancreas Disease (PD) and salmon lice. The company's production expenses in 2012 were in line with those in 2011, but the significant decline in prices achieved resulted in a reduction in EBIT per kg from NOK 5.7 in 2011 to NOK 0.4 in 2012.

Sjøtroll Havbruk AS has 25 licences and experienced a significant increase in the volume of harvested Atlantic salmon in 2012, from 21,700 tons in 2011 to 32,900 tons in 2012. This company is involved in the production of fry and smolt, fish for consumption, harvesting and processing, and owns 27.5% of the breeding company, SalmoBreed AS. Despite a significant reduction in the company's output costs for Atlantic salmon and trout in 2012, the EBIT per kg figure dropped from NOK 4.9 in 2011 to a negative NOK 0.3 in 2012.

Lerøy Vest AS and Sjøtroll Havbruk AS have merged their corporate management in 2012 and have increased the level of coordination between the two companies' operations. This has facilitated considerable growth in the volume produced, particularly for Sjøtroll Havbruk AS. At the same time, this region still faces a number of biological challenges which have to be solved. Lerøy Seafood Group ASA is satisfied with the growth in production in West Norway in the past year and is confident that the introduction of coordinated operations will result in lower production costs in the long term.

Company	Ownership share	Licences No	Mill smolt individuals	2010 GWT	2011 GWT	2012 GWT	2013E GWT
Lerøy Midnor AS	100%	30	9.5	34 000	35 900	34 400	36 000
Lerøy Aurora AS	100%	17	7.5	20 300	18 100	20 000	22 000
Lerøy Hydrotech AS	100%	24	7.0	25 200	26 400	27 500	27 000
Lerøy Vest AS	100%	34	14.2	34 300	34 500	38 700	39 000
Sjøtroll Havbruk AS*)	50.71%	25	8.4	3 000	21 700	32 900	30 000
Total Norway		130	46.6	116 800	136 600	153 400	154 000
Norskott Havbruk AS (UK)**)	50%		7.0	13 500	10 900	13 600	12 500
Total			53.6	130 300	147 500	167 000	166 500

● Consolidated, farming ● Associated, farming *) Acquired and consolidated as from November 2010 **) LSG's share

PROCESSING

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

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

Lerøy Smøgen AB is a Swedish seafood company involved in the production of various types of smoked seafood products. It also produces and distributes seafood salads and products based on shellfish in brine. Its products are marketed in a number of countries. Lerøy Smøgen AB acts as an important incubator for new products for Lerøy Seafood Group ASA. In 2012, the Board of Directors of Lerøy Seafood Group ASA decided to invest SEK 75 million in extending Lerøy Smøgen AB's premises. This extension, when completed in 2014, will provide a significant increase in capacity.

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

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

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

ASSOCIATED COMPANIES

Lerøy Seafood Group ASA has ownership interests in several associated companies, of which Norskott Havbruk AS and Alfarm Alarko Lerøy in Turkey are the two largest. Norskott Havbruk AS is 50% owned by Lerøy Seafood Group ASA and the fish farming company SalMar ASA respectively. Norskott Havbruk was founded in 2001 with the sole purpose of acquiring the company currently named Scottish Sea Farms Ltd, which is the second largest sea farming company in Scotland, with a harvest volume of 27,200 tons of salmon in 2012.

The company also produces smolt and largely covers its own need for smolt. In addition, the company runs two modern land-based plants for processing salmon in Scotland and on the Shetlands. The company's highly skilled management and staff are actively involved in consolidating the company's position as the leading and most cost-efficient producer of quality Atlantic salmon within the EU. The company already holds a strong position in several high-quality market segments, for instance under the respected brand name Label Rouge. The projected volume of harvested salmon for 2013 is 25,000 tons.

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

LERØY SEAFOOD GROUP ASA

SALES & DISTRIBUTION	PRODUCTION	ASSOCIATES
HALLVARD LERØY AS 100%	LERØY MIDNOR AS 100%	NORSKOTT HAVBRUK AS** 50%
LERØY SVERIGE AB 100%	LERØY AURORA AS 100%	ALFARM ALARKO LERØY*** 50%
SAS HALLVARD LERØY 100%	LERØY HYDROTECH AS 100%	
NORDVIK SA 100%	LERØY VEST AS 100%	
LERØY PORTUGAL LDA 60%	SJØTROLL HAVBRUK AS 50,71%	
LERØY SJØMATGRUPPEN*	LERØY FOSSEN AS 100%	
JOKISEN EVÄÄT OY 68%	LERØY SMØGEN SEAFOOD AB 100%	
	RODE BEHEER BV GROUP 50,11%	
	BULANDET FISKEINDUSTRI AS 68,76%	

* *Division national distribution*
** *Salmon farming*
*** *Distribution, processing, smokehouse*

- Salmon farming, processing
- Processing, smokehouse
- Processing white fish

GROUP MANAGEMENT

Stig Nilsen
Executive Vice President Farming
Lerøy Seafood Group

Henning Beltestad
Chief Executive Officer
Lerøy Seafood Group

Sjur S. Malm
Chief Financial Officer
Lerøy Seafood Group

PRIORITY TASKS

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE

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

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

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

The Board of Directors underlines that the company exercises sound corporate governance and provides a comprehensive explanation of its corporate governance in this chapter of the financial statements.

The goal for Lerøy Seafood Group ASA is for all parts of the Group's value chain to operate and achieve growth and development according to the Group's strategy for long-term and sustainable value creation for shareholders, employees, customers, suppliers and society at large.

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

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

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

The company management is responsible for ensuring compliance with the regulations.

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

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

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

Deviations from the Code of Practice: None

2. BUSINESS

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

Deviations from the Code of Practice: None

3. EQUITY AND DIVIDENDS

Technical information

As of 31 December 2012, Lerøy Seafood Group ASA had 54,577,368 shares, each with a face value of NOK 1. The number of shareholders as per 31 December 2012 was 1,344 of whom 175 were foreign shareholders. The company's register of shareholders, cf. section 4-4 of the Public Limited Companies Act (Norway), was registered with the Norwegian Central Securities Depository (Verdipapirsentralen – VPS) on 28 November 1997 and carries the VPS registration number ISIN NO-000-3096208. DnB NOR Bank ASA, Oslo, is the account manager. The share's Ticker code on the Oslo Stock Exchange's main list is LSG. The company's enterprise number in the Register of Business Enterprises is 975 350 940.

Equity

The Group is financially sound with book equity of NOK 5,964 million as of 31 December 2012, which corresponds to an equity ratio of 50.7%. At the end of 2012, the company had 54,577,368 shares outstanding. All shares carry the same rights in the company. As of 31 December 2012, the company owned 329,776 own shares.

Financial goals

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

Dividends

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

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

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

Despite positive results, 2012 was a difficult year for the aquaculture industry with a significant fall in prices. The industry spot price for whole superior salmon fell by 17% when compared with 2011. Irrespective of the fluctuation in salmon prices, the Group intends to sustain its efforts towards lasting value creation by making improvements to operations in combination with strategic business development. The Board of Directors has proposed a dividend payment of NOK 7.00 per share, which is in line with the Group's long-standing dividend policy.

Mandates granted to the Board of Directors

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

Mandate for the Board to purchase own shares

The first time the Board was authorised to acquire the company's own shares was at the ordinary general meeting on 12 May 2000. This mandate has subsequently been renewed, most recently at the ordinary general meeting on 23 May 2012, and is to remain valid for 18 months from the date on which the resolution was adopted. The Board has not exercised this mandate in 2012. An extension of the mandate will be recommended to the ordinary general meeting on 23 May 2013. As of 31 December 2012, the company owned 329,776 own shares.

Mandate to increase share capital by means of private placings for the employees

The Board is authorised to increase the share capital by up to NOK 1,200,000 by issuing up to 1,200,000 shares, each with a face value of NOK 1 through one or more private placings with employees of Lerøy Seafood Group ASA and its subsidiaries. The Board's mandate must be seen in light of the company's established option programme, see below. This type of mandate was first established by the extraordinary general meeting on 10 December 1997 and has subsequently been renewed, most recently by the ordinary general meeting on 23 May 2012. The mandate is valid for two years from the time the resolution was adopted. An extension of the mandate will be recommended to the general meeting on 23 May 2013. The mandate was not exercised in 2012.

Mandate to increase share capital by one or more private placings for shareholders and/or external investors

The Board has a mandate to increase the share capital by up to NOK 5,000,000 by issuing up to 5,000,000 shares in Lerøy Seafood Group ASA, each with a face value of NOK 1, through one or more private placings with the company's shareholders and/or external investors. This type of mandate was first established by the ordinary general meeting of 4 May 1999 and subsequently renewed by the ordinary general meeting on 23 May 2012. The Board has not exercised this mandate in 2012. It will be recommended that an equivalent mandate be approved by the ordinary general meeting on 23 May 2013.

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

Deviations from the Code of Practice: None

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

Class of shares

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

Equal treatment of shareholders and transactions with close associates

Lerøy Seafood Group ASA strongly emphasises correct and open information to shareholders, potential shareholders and other interested parties.

Not immaterial transactions between the company and shareholders, a shareholder's parent company, members of the Board of Directors, executive personnel or close associates of any such parties

Should such transactions occur, they shall be documented and executed according to the arm's length principle. If enterprises with associations to board members perform work for the company's Board, the question of independence is treated specifically by the Board.

Deviations from the Code of Practice: None

5. FREELY NEGOTIABLE SHARES

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

Deviations from the Code of Practice: None

6. GENERAL MEETINGS

Notice of general meetings

Lerøy Seafood Group ASA held its ordinary general meeting in the company's main office at Bontelabo, Bergen on Wednesday 23 May 2012. The notice of the meeting with a proposed agenda, meeting slip and proxy form were distributed to all shareholders with a registered address 3 weeks prior to the date of the general meeting. The notice of the general meeting was formatted in accordance with the requirements of the Public Companies Act in Norway and the regulation relating to general meetings which governs the requirements for content and availability of supporting information.

Pursuant to article 6 of the company's Articles of Association, all documents to be discussed during the general meeting were made available on the company's website www.lsg.no. This information was published on the website 21 days prior to the date of the general meeting.

The supporting information was sufficiently detailed and comprehensive to allow the shareholders to form a view on all matters to be considered at the meeting. The

Lerøy recently launched a new product range for children and youth. The brandname is FIKS and can be found in most Norwegian supermarkets.

deadline for registration of participation was set for the day prior to the general meeting. Prior to distribution of the notice of the general meeting, the Board of Directors and meeting chairperson had performed a quality control of the procedures for registration and voting, and the proxy form for participation and voting on behalf of other shareholders.

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

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

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

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

No extraordinary general meetings were held in 2012.

Deviations from the Code of Practice: None

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

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

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

Deviations from the Code of Practice: None

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

Corporate assembly
Lerøy Seafood Group ASA does not have a corporate assembly.

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

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

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

Nomination period and term of office
Both the Chairman of the Board and other board members are nominated for a period of 2 years at a time. The nomination committee submits its recommendation to the general meeting, which appoints the Chairman of the Board and other board members.

Information on the members of the board
Chairman of the Board, Helge Singelstad (1963), was appointed to the Board by the extraordinary general meeting on 26 November 2009. **Helge Singelstad** holds a degree in computer engineering, a degree in Business Administration from the Norwegian School of Economics and Administration (NHH) and a 1st degree of law from the University of Bergen. Helge Singelstad was previously CEO, Vice CEO and CFO of Lerøy Seafood Group over a number of years. Consequently, he has broad knowledge of the Group and the industry. Helge Singelstad is Chairman of Austevoll Seafood ASA and DOF ASA. He is the Managing Director of Laco AS. Laco AS is a majority shareholder of Austevoll Seafood ASA. Helge Singelstad owns no shares or options in Lerøy Seafood Group ASA as per 31 December 2012, but as a shareholder in Austevoll Seafood ASA he indirectly owns shares in the Group.

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

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

Board member **Hege Charlotte Bakken** (1973) was appointed to the Board by the extraordinary general meeting on 12 December 2008. Hege Charlotte Bakken has an MSc degree from the Norwegian University of Life Sciences and an Executive MBA from ESCP EAP European School of Management. Hege Charlotte Bakken is an independent strategy and management consultant and the former COO of Marvesa Holding N.V., previously Managing Director of Marvesa Rotterdam N.V. Among other areas, she has previous experience from Pronova BioPharma Norge AS, FishMarket International AS, FrioNor AS, and Norway Seafoods ASA. Hege Charlotte Bakken has also served as board member for Pronova Biopharma Norge AS and Pronova BioPharma ASA. She owns no shares in the company as per 31 December 2012.

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

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

Board Member **Hans Petter Vestre** (1966) was appointed to the Board as the employees' representative at the ordinary general meeting on 24 April 1995. Hans Petter Vestre is a graduate of the Norwegian College of Fishery, University of Tromsø. He was employed by Hallvard Lerøy AS as sales manager in 1992 and is today departmental head in Hallvard Lerøy AS. Hans Petter Vestre owned 120 shares in the company as of 31 December 2012.

The Group structure, with autonomous entities in different regions, is supervised through participation by Group staff in the administrative bodies in the various companies. Through their representatives on the boards of the subsidiaries, the employees also contribute to satisfactory operational development. The Board has not elected a vice chairman and so far the 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.

Deviations from the Code of Practice: None

9. THE WORK OF THE BOARD OF DIRECTORS

The work of the Board of Directors

For several years, as well as in its seven meetings in 2012, the Board has maintained a particular focus on the connection between practical operations and strategic business development. The Board and company management has since 1997 worked purposefully to develop the Group into a wholly integrated leading and profitable seafood group. This work has for a considerable time been carried out in accordance with our public announcements. In this respect, reference is made to the "Purpose of Share Distribution" described in the prospectus issued for registration on the Oslo Stock Exchange in June 2002: "With this share issue the company wants to secure active future participation in the restructuring and internationalization taking place in the industry. Consequently, in order to capitalise on past performance and to be in position for future earnings, the Lerøy Seafood Group will assess possible acquisition and merger alternatives as well as possible alliances that may enhance the basis for further profitable growth". The Board's work reflects this strategy and the results are shown through management implementation.

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

Instructions for the Board of Directors and management

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

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

Board committees

Audit committee

Pursuant to section 6-41 (1) of the Norwegian Public Companies Act, companies listed on the stock exchange are obliged to establish an audit committee which prepares cases for and submits recommendations to the Board of Directors. Lerøy Seafood Group ASA's audit committee consists of Didrik Munch (Chairman) and Britt Kathrine Drivenes. The audit committee reports to the Chairman of the Board. The audit committee conducts quality assurance of internal control and reporting. It is also responsible for the Board of Directors' dialogue with and monitoring of the external auditor. Only one meeting was held in 2012 due to the change in board members/ Chairperson for the audit committee.

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

Deviations from the Code of Practice: None

10. RISK MANAGEMENT AND INTERNAL CONTROL

Risk management and internal control

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

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

Operating risk

The Group's fish farms are located in relatively open seas which provide the best conditions for fish farming in terms of the environment and fish health. 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 fish escaping. The company did not lose fish in this way in 2012. Furthermore, keeping animals in intensive cultures will always represent the risk of diseases. Fish are particularly vulnerable to diseases 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 diseases can be reduced by ensuring high quality smolt, vaccinations, good conditions and the correct locations for the fish. More recently, the industry has increased its focus on sustainable fish feed.

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

Market risk

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

In addition, Norwegian fish farming and the fish processing industry in Norway and the EU have a history of exposure to the risk represented by the constant threat of long-term political trade barriers imposed by the EU

Commission. In 2008, the EU Commission abolished the program which involved so-called minimum prices for Norwegian salmon and punitive duties on Norwegian trout. In 2011, the punitive duties on whole salmon exported to the USA were also lifted.

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

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

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

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

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

Description of the main elements of risk management and internal control related to financial reports
Internal control within the Group is based on the recommendation from the "Committee of Sponsoring Organizations of the Treadway Commission" (COSO), and covers control environment, risk assessment, control activities, information and communication, and monitoring. The content of these different elements is described in detail below.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Deviations from the Code of Practice: None

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

Remuneration of the Chairman of the Board and other board members is proposed by the nomination committee and adopted by the general meeting. During the general meeting on 23 May 2012, remuneration of the Board of Directors was adopted as follows: Annual remuneration of the Chairman of the Board, NOK 375,000; annual remuneration of the other board members, NOK 200,000. However, no remuneration is paid to the Chairman of the Board which represents a duty to report. Lerøy Seafood Group ASA is invoiced for the services of the Chairman, and for consultancy fees from the Group's leading company, Laco AS, where the Chairman of the Board is an employee.

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

Annual remuneration of the members of the nomination committee totalled NOK 25,000 per member.

Deviations from the Code of Practice: None

12. REMUNERATION OF EXECUTIVE PERSONNEL
This item is referred to in the Chapter regarding the Board

of Directors' statement on salaries and other remuneration of senior staff.

Deviations from the Code of Practice: None

13. INFORMATION AND COMMUNICATIONS

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

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

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

Deviations from the Code of Practice: None

14. TAKE-OVERS

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

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

Deviations from the Code of Practice: None

15. AUDITOR

Auditing – annual plan

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

Treatment of the financial statements

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

Auditor – other services

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

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

Remuneration of the auditor

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

Deviations from the Code of Practice: None

Salmon sliced for a buffet. Marinated and smoked with white pepper and dill.

BOARD OF DIRECTORS' STATEMENT

Regarding salary and other remuneration of senior executives

Statement regarding stipulation of salaries and other remuneration of senior executives in Lerøy Seafood Group ASA.

MAIN PRINCIPLES IN THE COMPANY'S SALARY POLICY
The Group's development is closely linked to the Group's ability to recruit and retain managerial staff and the Group employs various models for remuneration of management personnel at competitive terms. Senior executives receive salary according to market terms. Remuneration varies over time both in respect of level and form of payment. In addition to the annual salary, the Group also pays performance-based bonuses limited to one annual wage, lump sum payments, sign-on fees, arranged leave of absence, educational opportunities and option agreements. Currently the Group has none option agreements. The Group has collective pension schemes. For logical reasons and to date, the Chairman of the Board has on behalf of the Board handled all practical matters in respect of agreements with the Group CEO. Remuneration of other senior group executives is determined by the Group 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 managerial staff must be competitive – Lerøy Seafood Group aims to attract and retain the most talented management.

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

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

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

Options
Since the spring of 1999, the Board has utilised options as an important instrument in the Group's development. As per 31. December 2012 there are no outstanding options to employees. In its meeting on 20 June 2006, the Board established a new option scheme limited to 700,000 options at NOK 125 each. These options were fully distributed as of 29 February 2008, and one third of the options could be exercised in the month of May in 2009, 2010 and 2011 respectively. The options that expired in May 2011 were exercised.

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

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

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

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

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

In 2012, Lerøy Culinair B.V. implemented large-scale production of salmon lasagne at its plant in Holland.

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 reduced price (20%).

PROCEDURE FOR STIPULATION OF SENIOR EXECUTIVE SALARIES
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. The Group CEO's remuneration can include options.

Stipulation of salary for Group management
Remuneration of each person within the Group management is determined by the Group 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 managerial staff within the boundaries established by the Board.

Schemes that include allocation of shares, options and other forms of compensation linked to shares or the development of the share price are decided by the general shareholders' meeting. Within the boundaries laid down by the general shareholders' meeting, the Board of Directors will make the decisions to start and implement each program. The Board may also delegate such authority to the Group CEO.

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

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

STIPULATION OF SALARY FOR SENIOR EXECUTIVES IN OTHER GROUP COMPANIES
Other companies in Lerøy Seafood Group shall adhere to the main principles in the Group's managerial salary policy as they are described in item one above.

Bergen, 21 March 2013
The Board of Directors in Lerøy Seafood Group ASA

TRACEABILITY

LERØY SEAFOOD GROUP AIMS FOR
100% TRACEABILITY OF ALL PRODUCTS

ENVIRONMENT - FISH FARMING

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

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

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

Lerøy Seafood Group is organised with local management for its fish farming activities, and the local management's knowledge of and care for the local environment are of decisive importance. Lerøy Seafood Group shall take a leading role in constantly improving the interaction between fish farming and the environment, aiming at generating positive and lasting environmental gains. The Group has five main elements related to environmental work which receive special emphasis within fish farming activities:

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

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

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

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

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

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

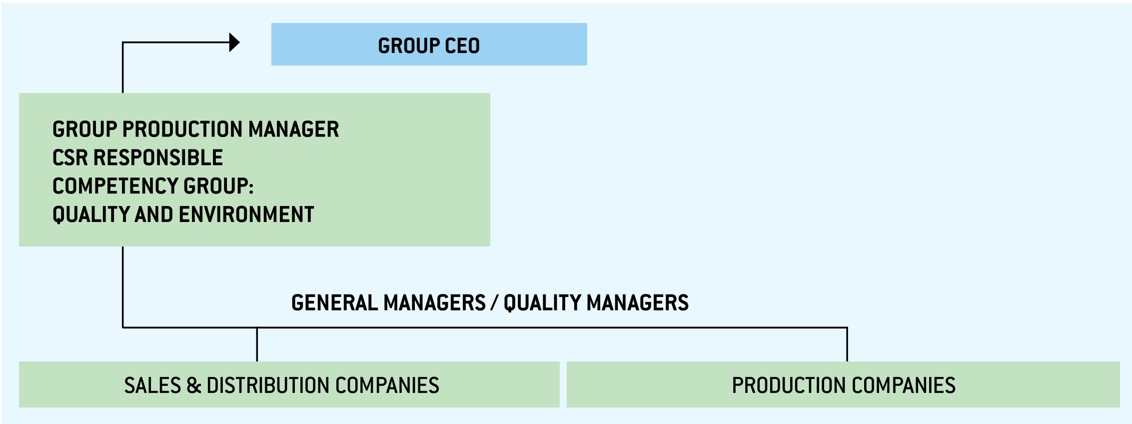
Stig Nilsen
EVP Farming
Lerøy Seafood Group

ORGANISATION OF ENVIRONMENTAL AND SUSTAINABILITY FACTORS

The person in charge is the CEO. The CSR, Corporate Social Responsible, is responsible for coordinating work for all companies within the Group. Responsibility is also delegated to the Managing Director of each subsidiary, while the Quality Manager, or other designated person, 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 CSR. The CSR holds regular meetings with representatives from the other competency groups, where quality and the environment are on the agenda.

Lerøy Seafood Group has established competency groups within:

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



VALUE CHAIN

What are our focus areas?

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

The photo shows one of Lerøy Aurora's fish farms.

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 rules and regulations of our industry.

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

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

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

ENVIRONMENTAL VISION

Take action today – for a difference tomorrow

ENVIRONMENTAL GOALS

As previously mentioned, Lerøy Seafood Group is actively involved in every part of the value chain.

All key performance indicators are measured on a monthly basis and utilised internally in order to achieve improvements within individual companies and for benchmarking between comparable companies.

The following KPIs have been established:

- Accidental release
- Lice
- Reduction of discharge of nutritional salts
- Fish feed
- Energy consumption kwt/ton produce
- Water consumption m3/ton produce
- Utilisation of packaging kg/ton produce

LICE

Salmon lice are practically absent from our facilities in the north.

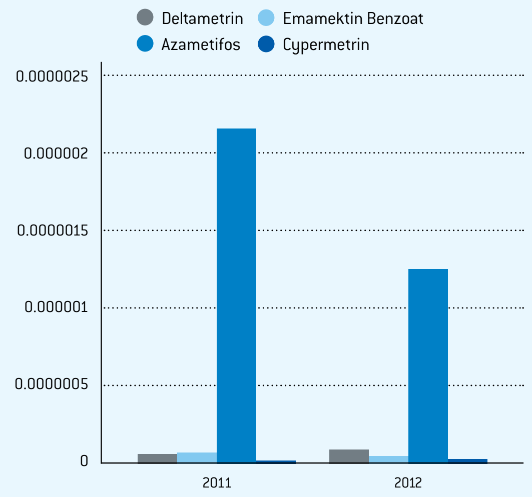
The number of moving salmon lice and fully grown female lice with eggs is measured and reported to the Food Safety Authorities on a regular basis. These measurements indicate that levels of salmon lice are well below the limits set by the Food Safety Authority.

Lerøy Seafood Group is working hard to achieve its objective to eliminate the use of chemicals to combat salmon lice, if justifiable in relation to regulations and factors relating to fish health. The unnecessary use of chitin inhibitors shall be eliminated due to resistance problems. Any use of chitin inhibitors requires special approval. The use of chitin inhibitors was not required in 2012.

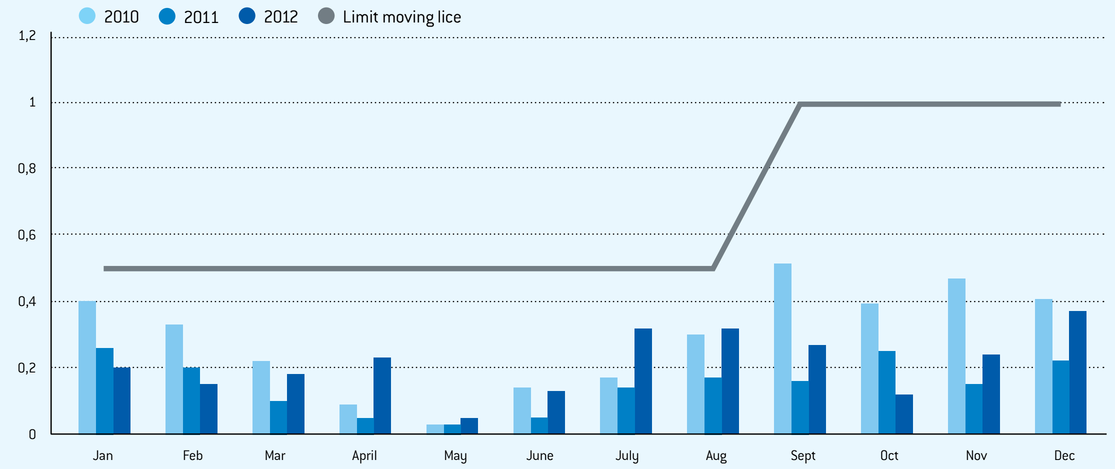
Main goal:

«We aim to avoid salmon lice of reproductive age».

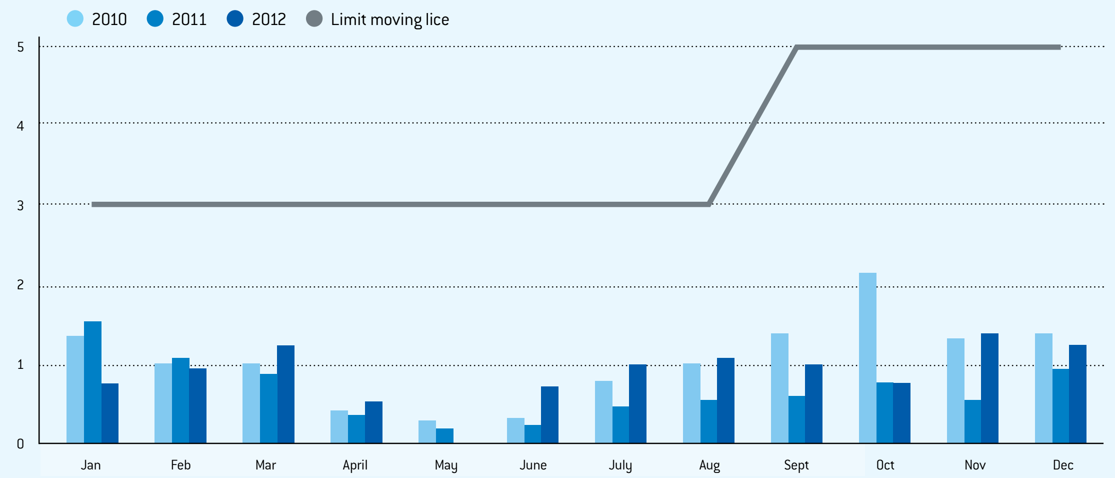
CHEMICALS USED FOR DELICING (KG/KG FISH GROSS GROWTH)



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



DEVELOPMENT OF MOVING SALMON LICE, LERØY SEAFOOD GROUP



Salmon is by far the healthiest "farmed animal" among the species from which food is produced in Norway. This photo shows Sjøtroll Havbruk AS' fish farm at Raunevåg.

BACTERIAL TREATMENT

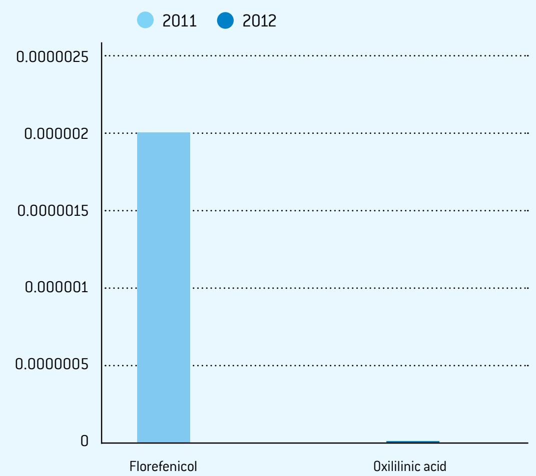
Salmon is by far the healthiest "farmed animal" among the species from which food is produced in Norway. In 2012, Lerøy Seafood Group utilised 223,013 tons of fish feed and 3.7 kg of antibiotics with active ingredients. In other words, the content of antibiotics in our fish feed was at a ratio of 0.0000016%.

The goal for use of antibacterial agents in Lerøy Seafood Group for 2012 was a reduction of 10% from 2011. The end result was a reduction of 99%. The goal for the Group in 2013 in terms of use of antibacterial agents will be to sustain the level from 2012.

We aim to achieve this goal by using experience gained, an increased focus on fish health, production patterns, quality of locations and the assessment and optimal use of vaccines.

Our goal is to restrict the use of medicines.

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



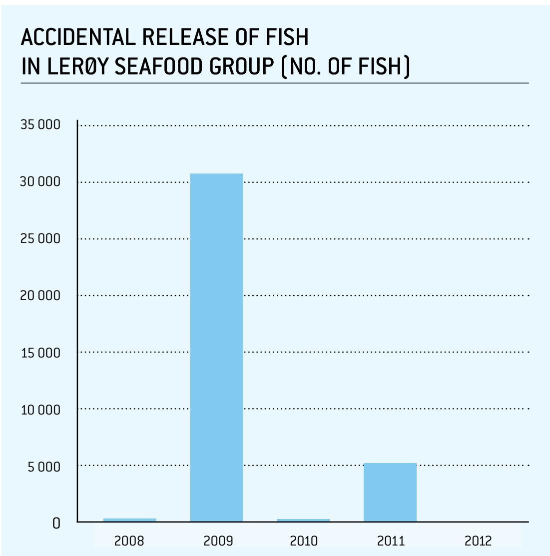
ACCIDENTAL RELEASE

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 into optimising equipment and routines to avoid accidental release of fish.

Actual incidents of 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 for ensuring zero accidental release of fish within our company.

In 2012, Lerøy Seafood Group could report zero accidental release of fish.

In the aftermath of accidents that could have caused, or accidental release of fish, it is of utmost importance that all circumstances surrounding the episode are made known to everybody in the organisation. Such events are used actively in personnel training and for optimising routines and equipment. An increased focus on accidental release in recent years has already resulted in several amendments to our facilities.



Fish being delivered to Lerøy Midt's Vorpbukta fish farm.

RESEARCH, DEVELOPMENT AND INNOVATION

Research, development and innovation are central factors in the work to further develop the entire value chain in Lerøy Seafood Group. The Group has a history of active participation in R&D&I projects via our subsidiaries in order to ensure proximity to and ownership of the projects and maximum exploitation of the input factors. Furthermore, major R&D&I projects are carried out with long-term perspectives at Group level. In 2012, Lerøy Seafood Group has taken part in approx. 80 to 90 different projects related to fish farming. This is fully comprehensive, covering a number of innovation projects in cooperation with internal and external enterprises, to 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 2012 have focused on 4 main subjects.

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

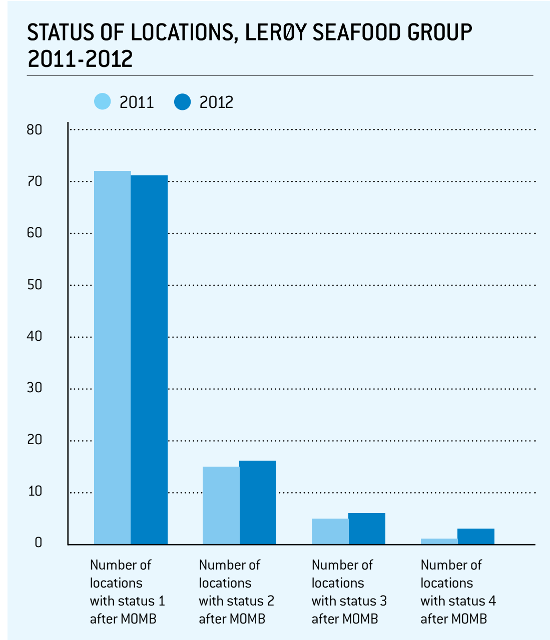
LOCATIONS

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 MOMB 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 condition 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)



Feeding of jung smolt at the location Badstuvika, at Lerøy Midt.

FISH FEED

EXPLOITATION

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

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

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

FISH FEED

Fish feed is the most important input factor for production, and quality assurance is absolutely essential. In 2012, Lerøy Seafood Group purchased most of its fish feed from EWOS and Skretting. Lerøy Seafood Group has introduced a comprehensive sampling programme for re-examination of feed in terms of chemical content, dust, presence of foreign agents etc. The feed supplier carries out audits of own suppliers and Lerøy Seafood Group executes annual audits of the feed companies. These measures, combined with internal control activities by feed suppliers and traceability allow us to maintain control of feed content and quality.

Access to raw materials for fish feed is good, despite a number of external factors which impact on supply. There are no special requirements on the raw material content of feed for fish (for example fishmeal), but fish require feed with a high nutritional content. In 2012, there has been an increasing demand for raw materials from wild fish and this is expected to grow further in 2013. By introducing a cost-efficient optimisation of recipes, the volume of fishmeal and fish oil in fish feed saw a slight reduction in 2012, without this having a measurable impact on growth or fish health.

MARINE INGREDIENTS IN FISH FEED 2012

English	Latin	Norwegian	% Fish meal	% Fish oil
Blue whiting	*Micromesistius poutassou*	Kolmule	1.70	0.15
Boar fish	*Capros aper*	Villsvinfisk	1.32	
Capelin	*Mallotus villosus*	Lodde	15.87	10.27
Herring	*Clupea harengus*	Sild	1.44	2.93
Jack mackerel	*Trachurus murphyi*	Stillehavsmakrell	0.27	
Krill	*Eupheusia superba*	Krill	0.23	
Mackerel	*Scomber scombrus*	Makrell	0.15	
Menhaden	*Brevoortia patronus*	Beinfisk	0.79	6.03
Norway pout	*Trisopterus esmarkii*	Øyepål	0.02	0.34
Peruvian anchoveta	*Engraulis ringens*	Ansjos	31.14	46.56
Pilchard	*Sardinops sagax*	Sardin South American	0.19	1.12
Sandeel	*Ammodytes marinus*	Tobis	2.78	1.17
Sprat	*Sprattus sprattus sprattus*	Brisling Nordsjøen	5.72	9.51
Sprat	*Sprattus sprattus balticus*	Brisling Østersjøen	1.17	3.23
Unknown			0.07	
Whitefish trimmings		Hvitfiskavskjær	1.24	0.87
Mackerel trimmings	*Scomber scombrus*	Makrellavskjær	1.30	0.32
Herring trimmings	*Clupea harengus*	Sildeavskjær	29.14	16.23
Capelin trimmings	*Mallotus villosus*	Loddeavskjær	4.40	0.60
Unknown trimmings			1.04	0.67
Total			**100.00**	**100.00**

THERE ARE A NUMBER OF CHALLENGES TO BE FACED ON THE MARKET FOR RAW MATERIALS AND THESE INSPIRE CREATIVE AND SUSTAINABLE SOLUTIONS.

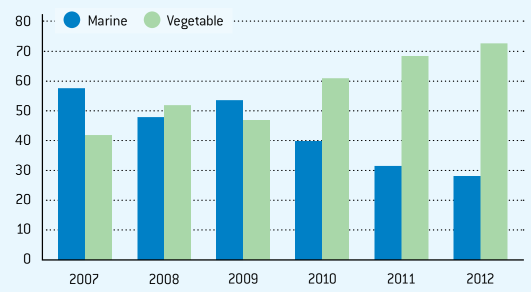
In the future, the fish farming industry will require alternative sources of raw materials for fish feed. Originally, fish feed had a 70% content of marine raw materials. In recent years, this percentage has been gradually reduced and replaced by vegetable raw materials. Today, the fish feed we utilise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

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

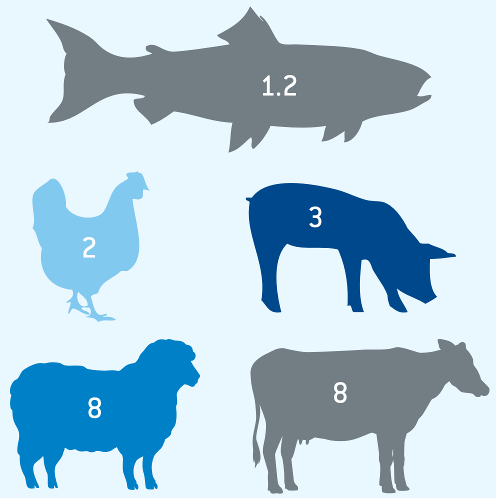
The volume of wild fish caught and utilised for fishmeal and oil remains relatively stable and is most likely to increase in the near future.

The steady growth of the fish farming industry, particularly in Asia, and the vast increase in direct consumption by humans, for example with Omega 3 capsules, have resulted in higher prices and a reduced supply of marine raw materials for other markets such as the animal feed market. In line with our objective to increase our production of salmon and trout in the future, we therefore have to work hard to develop alternative and sustainable sources of raw materials which can be used in fish feed in the years to come. The following is a selection of the projects we have worked on in 2012 to achieve this objective.

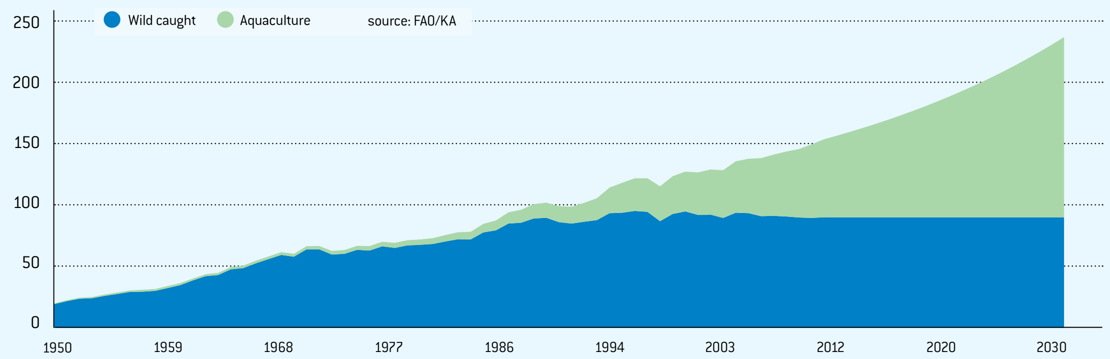
DEVELOPMENT OF RAW MATERIALS IN FEED



AMOUNT OF FEED TO GROW 1 KG (KG)



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



MACROALGAES

PHOTOS FROM AN R&D PROJECT IN WHICH LERØY IS TAKING PART IN THE LYSEFJORD

Production of macroalgae and mussels
Lerøy Seafood Group is taking part on a project entitled DYMALYS in the Lysefjord in Rogaland county, which involves the farming of macroalgae in the fjord. This is a cooperation project between Lysefjorden Forskningsstasjon, Rogaland County Council, Bicotec, Sylter Algenfarm, IVAR, EWOS Innovation, Bellona and Lerøy Seafood Group, with Blue Planet acting as Project Manager. The objectives for the project are as follows:
To establish production of high-quality kelp in the Lysefjord. The end product shall be utilised for:

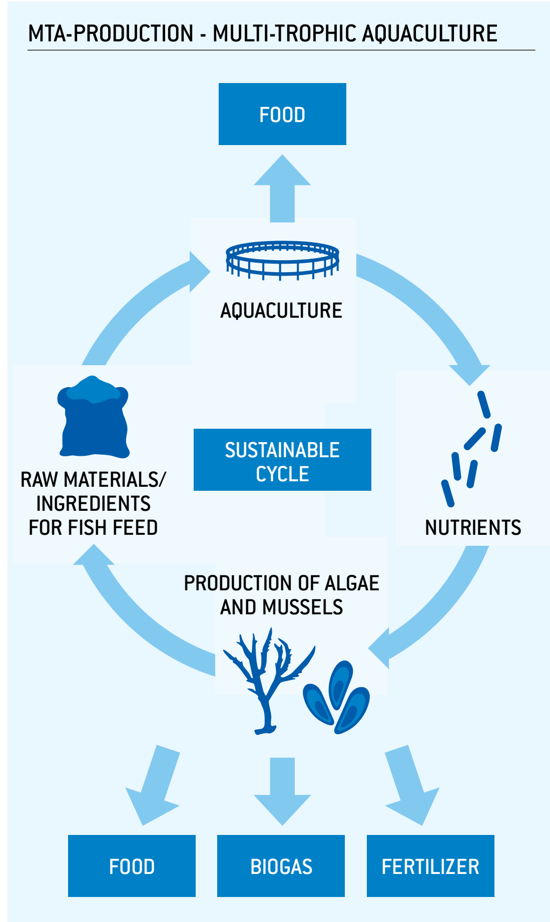
- Human consumption
- Ingredients and raw material for feed
- Intake of nutritional salts and CO2 from other industry (on and offshore)
- Biogas

This project was founded in 2012 and has involved the production of high-quality sweet tangle for 2 seasons which has now been tested for the HORECA market – for biogas production and in relation to the intake of nutritional salts – with extremely positive results. We still have to test algae as a raw material or ingredient for fish feed.

As with the algae, we are also aiming for industrial production of mussels. Mussels may have a very low fat content, but the fat is rich in essential fatty acids which is currently added to fish feed via fish oil. Not only do mussels have a high content of Omega 3 fatty acids, they also contain other important nutrients which are of value for salmon. Industrial production of mussels could prove an important and sustainable source of raw materials for the feed industry. Mussel farming could also represent a substantial benefit in the elimination of phosphorus and nitrogen from sea water. An additional benefit with mussels is that they absorb CO2 in the shell.

The production of salmon/trout results in discharges of nutritional salts. The production of algae and mussels results in the intake and elimination of these nutritional salts. This provides the potential for a life cycle which is beneficial from a sustainability perceptive, where algae, mussels and fish for consumption are farmed in what is known as an MTA process or multi-trophic aquaculture. This is a very exciting project in terms of sustainability.

Ensiling of residual raw materials from fishing of white fish
As shareholders of Austevoll Seafood, Lerøy Seafood Group has identified the potential for exploiting raw materials which were previously dumped at sea by the deep sea fishing fleet. Over the past years, Hordafor, a company within the AUSS Group, has invested time and resources in utilising raw materials previously regarded as waste. This included not only fish guts and heads, but also by-catches etc. Hordafor is currently working on a major project in cooperation with the white fish industry and fleet in North Norway, with the support of the Norwegian Seafood Research Fund.



In 2011, the Norwegian and foreign deep sea fishing fleet delivered around 580,000 tons of white fish (round weight) to Norwegian harbours (statistics provided by the Norwegian Directorate of Fisheries). Assuming that approximately 30% of this round weight can be utilised as ensilage, there is a total potential 175,000 tons of raw materials available from the deep-sea fishing fleet for white fish which can be utilised for example for fish feed.

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 2012.

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 the indirect influence on global warming from the company's activities and has therefore included CO_2 emissions from the production of electricity consumed by the company's production units in Norway.

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

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

DIRECT EMISSIONS
Direct emissions of CO_2, CH_4, and N_2O are calculated based on available data and information.

CO_2 emissions are only calculated for combustion of diesel, heating oil and undefined fossil fuels. Undefined fossil fuels are defined as diesel/heating oil.

Emissions from combustion of petrol are assumed to come from passenger vehicles and this has allowed for calculation of CO_2, CH_4, and N_2O-emissions.

Emissions from combustion of marine gas oil are assumed to come from boats and this has allowed for calculation of CO_2, CH_4, and N_2O-emissions.

All CH_4 and N_2O emissions are converted to CO_2 equivalents in order to allow total reporting.
All factors utilised for the calculation of direct emissions of CO_2, CH_4 and N_2O 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 CO_2 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 CO_2 equivalents. Taking a perspective of the next 100 years, for example, emissions of 1 ton CH_4 will have an equal impact on global warming as emissions of 25 tons CO_2.

CONSUMPTION OF FOSSIL FUELS AND PURCHASE OF ELECTRICITY 2012

Total farming LSG	Diesel (litres)	Petrol (litres)	Oil (litres)	Marine gas oil (litres)	Propane (litres)	Bio Diesel (litres)	Purchase of electricity Kwt
2012	2 348 300	88 079	99 739	1 912 170	9	16 192	53 086 213

TOTAL CONSUMPTION OF FOSSIL FUELS AND GREENHOUSE GAS EMISSIONS 2012

Total farming LSG	Fossil fuels (litres)	CO2e emissions direct (tons)	CO2e emissions indirect (tons)	CO2e emissions total (tons)
2012	4 464 489	11 910	2 494	14 404

CO2 EMISSIONS TOTAL PER KG FISH PRODUCED GROSS INCREMENT	**2012**	2011
Number (tons)	**0.000059**	0.000060

Calculations are in accordance with ISO 14064/GHG protocol

This photo was taken at Lerøy Vest's location in Djupevika.

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 150 to 200 external quality audits every year. This is required so that we can feel safe that the products we purchase are in compliance with the requirements we place on our own products. Moreover, the products are controlled by Lerøy Seafood Group at different stages throughout the entire production process; from egg/processing plants to finished product in a box and, in certain cases, up to delivery to the customer.

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

PREPAREDNESS
Recall
Lerøy Seafood Group has full traceability for all products from boat/cage to customer. Every year, recall tests are carried out in relation to our major manufacturers.
In 2012, Hallvard Lerøy AS carried out 5 recall tests.

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

TRACEABILITY
Lerøy Seafood Group aims for 100% traceability of all products. For species related to fish farming, such as salmon, trout, cod etc. the customer can go to Lerøy Seafood Group's website, www.lsg.no, to download traceability information for products sold via Hallvard Lerøy AS.

1 900 EMPLOYEES

LERØY SEAFOOD GROUP IS LISTED ON THE OSLO STOCK EXCHANGE. THE MAIN OFFICE IS IN BERGEN AND THE GROUP HAS ALMOST 1 900 EMPLOYEES

BOARD OF DIRECTORS' REPORT 2012

FINANCIAL MATTERS

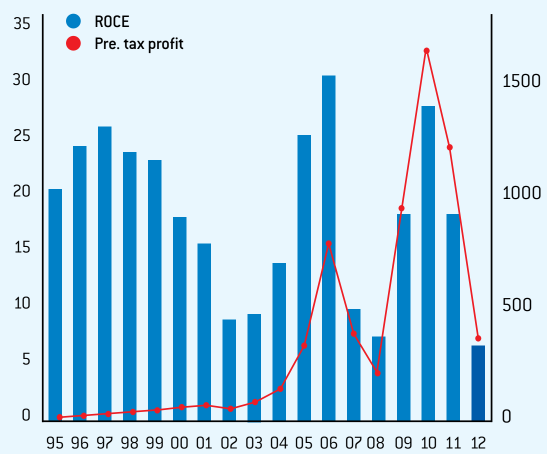
The year 2012 will be remembered for the record-high growth in the global supply of Atlantic salmon. When compared with 2011, Lerøy Seafood Group sold a significantly higher volume of its main products – Atlantic salmon and trout – in 2012, albeit at a considerably lower price. In total, the resulting sales figures for 2011 and 2012 are practically the same. The Group reported turnover of NOK 9,103 million which is on the same level as the record turnover reported for 2011 of NOK 9,177 million. The level of activity in the Group is satisfactory and affords the Group good opportunities for improvement of its position as a leading exporter of seafood. Profit before tax and adjustment for biomass was NOK 380 million in 2012 compared with NOK 1,183 million in 2011. The Group's operating result before value adjustment for biomass was NOK 450 million in 2012 compared with NOK 1,213 million in 2011. A figure of NOK 50 million in reorganisation expenses for the closure of Lerøy Hydrotech's slaughterhouse is included in the operating profit. The Group's operating margin before adjustment for biomass was 4.9% in 2012 compared with 13.2% the previous year.

Sales and Distribution reported operating profit of NOK 191 million in 2012, compared with a corresponding figure of NOK 236 million in 2011. This constitutes an operating margin of 2.1% for the present year, compared with 2.6% in 2011. The industry experienced a record-high growth in the global supply of Atlantic salmon of 22% in 2012, constituting a growth of more than 350,000 tons when compared with the previous year. The Sales and Distribution segment has worked hard throughout the past year to successfully locate new markets and new products for both Atlantic salmon and trout. We are confident that this hard work helped minimise the fall in the spot price for Atlantic salmon which, despite the significant growth in supply, dropped by only 17% when compared with 2011. At the same time, 2012 was a difficult year for this segment and they have experienced considerable pressure on margins as a result of a combination of strong growth in volume and a reduced share of contracts.

The Production segment reported a fall in operating profit before biomass value adjustment from NOK 1,011 million in 2011 to NOK 287 million in 2012. This fall in profit is attributed to the significant reduction in prices for Atlantic salmon and trout on the market from the middle of 2011, resulting in a significantly lower average price in 2012 when compared with 2011. The average underlying production expenses for the group for 2012, prior to the NOK 50 million in restructuring expenses for Lerøy Hydrotech, were on the same level as in 2011. The positive rate of growth and improved operations, particularly at Sjøtroll Havbruk, have generated a record-high slaughter volume. Even if we still find differences between the units in the Production segment, it is satisfactory to see a positive development. One of the Group's goals is to reduce the considerable cost differences that have developed between geographical regions in recent years. It is therefore essential that the organisation as a whole can sustain the patience, will and capacity to find the motivation to work towards goals, the results of which will only materialise in one to two years' time.

Contract prices in 2012 have remained relatively similar to spot prices. The average share of contracts for salmon in 2012 has been 14%, while the corresponding figure for trout has been 15%. The share of contracts is lower than what is considered the norm by the Group, but these figures have to be seen in the light of the poor development in prices witnessed by the industry up to the end of 2012.

RETURN ON CAPITAL EMPLOYED AND EARNINGS BEFORE TAX AND BIOMASS ADJUSTMENT

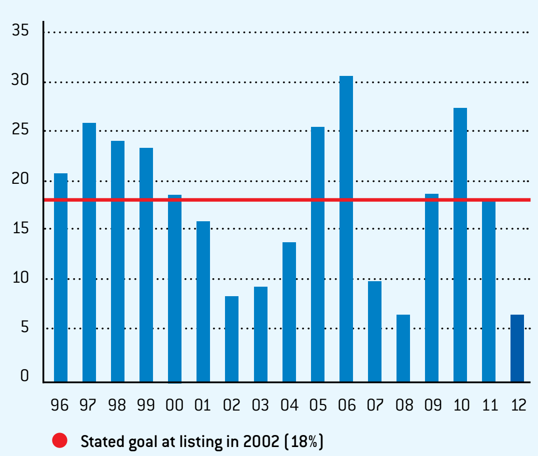


On aggregate, associated companies gave the Group a profit share of NOK 25 million in 2012 compared with NOK 20 million in 2011. The Group's net financial items for 2012 were negative at NOK 95 million compared with a negative figure of NOK 82 million in 2011.

The result achieved in 2012 corresponds to a result before biomass value adjustment of NOK 5.11 per share, compared with NOK 15.13 per share in 2011. The Board of Directors intends to recommend a dividend payment of NOK 7.00 per share to the company's ordinary general meeting for 2012. The proposed dividend payment for 2012 is therefore equivalent to the dividend in 2011. The Board of Directors' recommendation reflects the capital adequacy of the Group, its strong financial position and positive outlook to the Group's profit performance. The Board of Directors also underlines the importance of ensuring continuity and predictability for the company's shareholders.

The return on the Group's capital employed in 2012 was 6.2% compared with 17.9% in 2011. The Group is financially sound with book equity of NOK 5,964 million, which corresponds to an equity ratio of 51%. At the end of 2012, the company had 54,577,368 shares outstanding. The Group's net interest-bearing debt at the end of 2012 was NOK 2,232 million compared with NOK 1,593 million at year-end 2011. During the period, income tax of NOK 267 million has been paid, a dividend of NOK 383 million has been distributed, and the acquisition and consolidation of Rode Beheer B.V. has increased net interest-bearing debt by NOK 110 million. Net cash flow from operations for the Group in 2012 amounted to NOK 444 million compared with NOK 873 million in 2011. Net investments in fixed assets, including licences, totalled NOK 505 million

RETURN ON CAPITAL EMPLOYED (ROCE)



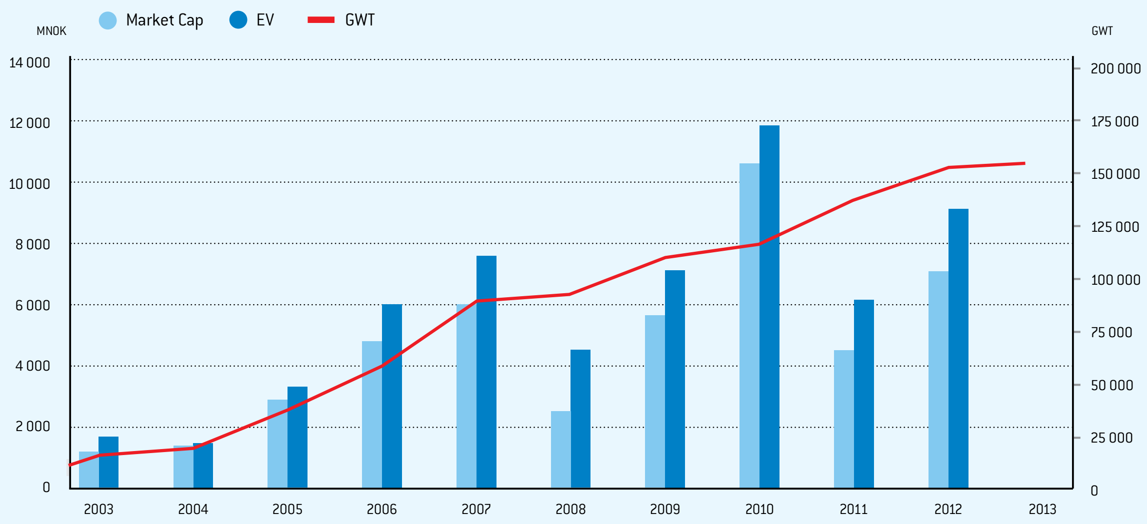
in 2012, against a comparison figure of NOK 526 million for 2011. The Group's balance sheet value is NOK 11,774 million as of 31 December 2012 compared with NOK 11,462 million as of year-end 2011. The Group's financial position is strong and will be utilised to ensure increased value generation through organic growth, new alliances and acquisitions. The Group compiles its financial reports in accordance with the international accounting principles, IFRS.

Political trade barriers and framework conditions
Future framework conditions will represent much higher requirements on financial management, productivity developments, quality, food safety and market oriented production. It is vital that Norwegian authorities create an environment where the Norwegian aquaculture industry can maintain and further develop its international competitive ability. A part of this must be to reduce the aggregate burden of fees and taxes and to facilitate a further growth in volume for the industry. Growth, structural changes and the associated industrialisation have an impact on the investment capacity needed for Norwegian aquaculture to maintain its leading position in a global perspective.

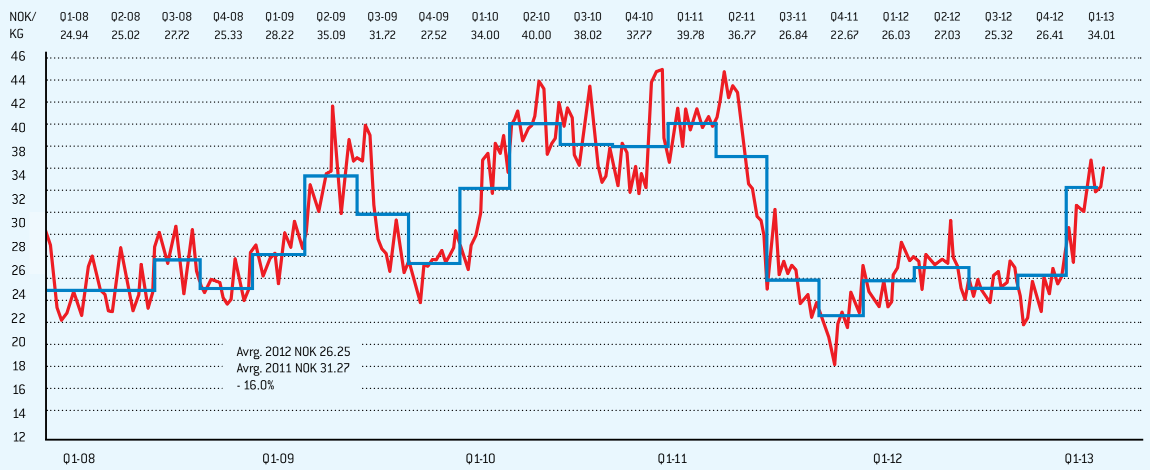
Structural conditions
The Group aims to generate lasting value through its activities. For this reason, stringent requirements are imposed on risk management and the ability to plan for the long term in the development of sustainable strategic business processes. Over the last few years, the Group has grown to become one of the world's largest producers of salmon and trout. The Group has consolidated its position as a central actor in the distribution of seafood in Norway and internationally, and has simultaneously strengthened its position as a leading exporter of seafood. With a combination of organic growth, acquisitions and alliances, the Group is now able to provide its major national and international customers with a cost-efficient and nationwide distribution of fresh seafood.

As a part of the Group's strategic development, Lerøy Seafood Group signed an agreement in Q4 2011 for the acquisition of 50.1% of the shares in the Dutch company, Rode Beheer B.V (Rode). The acquisition took place in early March 2012. Rode is involved in the smoking and processing of Atlantic salmon and has an annual processing capacity of around 10,000 tons of Atlantic salmon, of which approx. 40% is utilised for smoked products. The company also processes other species of fish. Lerøy Seafood Group is extremely satisfied with

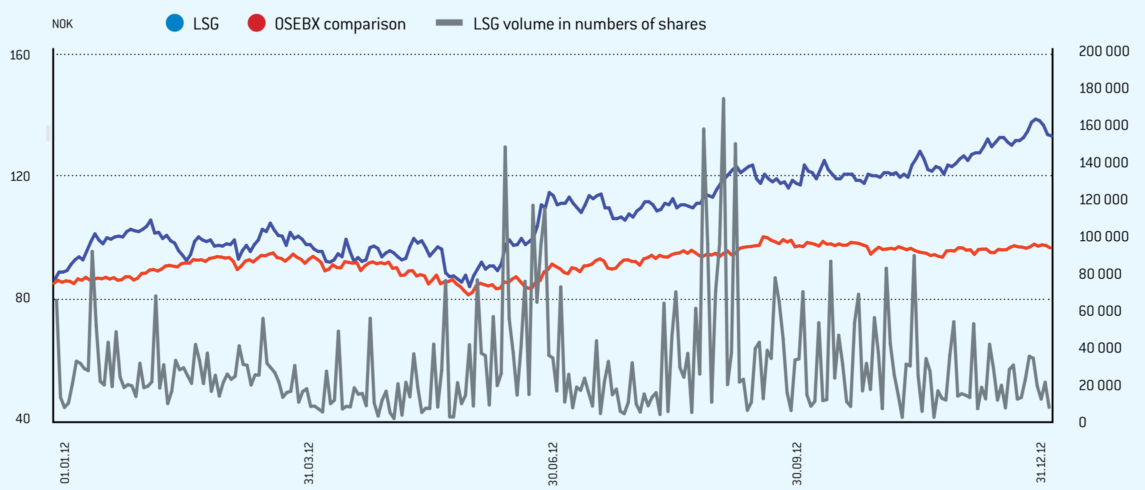
TEN YEARS WITH SUSTAINABLE GROWTH



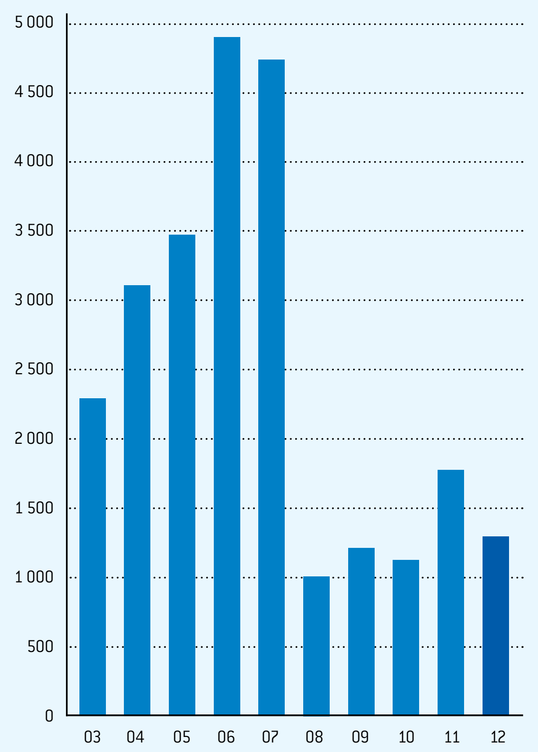
SPOT PRICES, FRESH ATLANTIC SALMON, CROSS-SECTION, FCA OSLO FROM WEEK 1-2008 TO WEEK 3-2013 (SUPER QUALITY)



LERØY SEAFOOD GROUP AND OSEBX IN 2012



NUMBER OF SHAREHOLDERS (IN THOUSAND)



the company's development in 2012.

Moreover, Lerøy Seafood Group ASA (Lerøy) and SalMar ASA (SalMar) have signed a strategically important agreement during the first quarter of 2012. According to the agreement, Lerøy shall harvest and process a high volume of fish at the Innovamar plant in Frøya, while SalMar shall harvest their total production volume of fish in the north at Lerøy's plant on the island of Skjervøy. Lerøy is extremely satisfied with this new alliance, which will allow both parties to realise major gains in efficiency and to rationalise capital. The agreement is an extension of a cooperation with SalMar which has lasted for a number of years and of which the Lerøy organisation is very proud.

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

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

Being listed on the stock exchange affords the company a marketplace for its shares, improved access to future capital as well as the opportunity to use the company's shares as a payment medium in future acquisitions or mergers. As of 31 December 2012, the company had 1,344 shareholders against a comparison figure of 1,804 shareholders at the end of December 2011.

Employees
The parent company Lerøy Seafood Group ASA has its main office in Bergen, Norway. In addition to the Group's CEO, the parent company has six employees. Administratively, all personnel functions are handled by the wholly-owned subsidiary Hallvard Lerøy AS. At the end of the year there were 1,883 employees in the Group including 608 women and 1,275 men, compared with a total of 1,865 at the same time in 2011. Of the Group's total number of employees, 1,350 work in Norway and 533 abroad. Independently of the demand for equal opportunities for men and women, the Group has always placed decisive emphasis on individual skills, performance and responsibility in its recruitment policy and salary systems. Furthermore, the Group ensures at all times equal employment opportunities and rights for all employees and works hard to prevent discrimination based on national origin, ethnicity, colour, language, religion or personal philosophy. One of the company's goals is to provide a workplace without discrimination based on disabilities. For employees or work applicants with disabilities, the company will arrange for individually adapted work tasks and environments.

The company is an actor in a global industry and the company's working environment changes continuously.

Proud Lerøy ambassador in Finland. The fish counter has been designed in connection with the "Fish counter of the future" project.

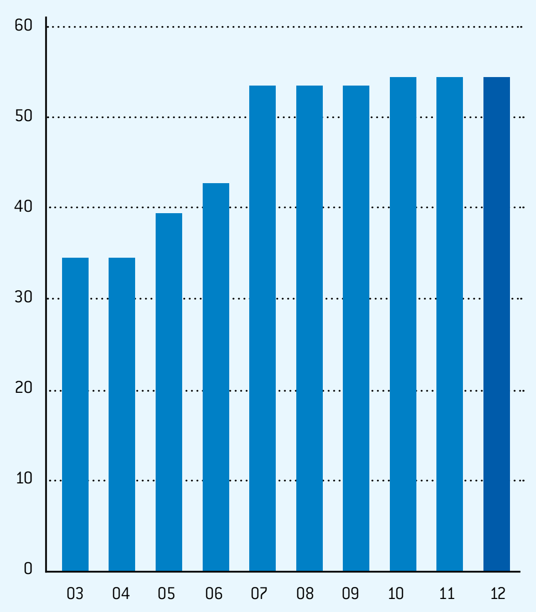
This requires flexible employees who are dynamic, willing to adapt and learn. The Board of Directors would like to take this opportunity to praise the employees' efforts, their understanding of the need for an operational focus which targets results and for their willingness to adapt to change throughout the entire organisation. The Board of Directors would like to thank all employees for their hard work in 2012.

Health, safety and the environment
In 2012, only minor injuries were reported for employees. Furthermore, the Norwegian subsidiaries have reported an accumulated sick leave of 4.8%, the same level as reported in 2011. Sick leave comprises 2.2% long-term sick leave and 2.6% short-term sick leave. The Board is pleased to observe that the Group works actively to keep sick-leave as low as possible. Comparable sick leave statistics are not available from the foreign subsidiaries.

However, the organisations in the individual subsidiaries are continuously being developed to ensure that they can deal with new challenges and changes in framework conditions. The working environment and cooperative atmosphere are good.

External environment
The Group works constantly to monitor its own as well as public requirements regarding environmental investments. The Group's operational procedures for the various links in the value chain are continuously developed to satisfy our own and our customers' requirements, as well as minimum requirements stipulated by public authorities. Programs are also implemented to enhance and maintain high environmental awareness among management and other personnel. The Group's operations are closely linked to natural conditions in Norwegian and international fresh and salt waters. More

NUMBER OF SHARES (IN MILLION)



details can be found in the Group's report on the environment at www.lsg.no.

Result and allocations, Lerøy Seafood Group ASA
In 2012, Lerøy Seafood Group reported an annual result of NOK 234 million compared with an annual result of NOK 535 million in 2011. Distributable equity as of 31 December 2012 amounted to NOK 726 million. The company's accounts are submitted on assumption of going concern.

The Board proposes the following allocation of the 2012 annual result (NOK 1,000):

Dividend (NOK 7.0 per share)	382,042
Transferred to other equity	148,276
Total allocation	233,766

The company is financially sound with an equity ratio of 71.0% and has satisfactory financing compatible with the Group's strategy and operational plans.

Market and outlook
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. At the same time, the Board is confident that the high growth in volume in both established and new markets witnessed in 2012 is a clear indication of an underlying, significant growth in demand for the Group's main products, Atlantic salmon and trout.

The strong growth in global supply of Atlantic salmon experienced in 2011 and 2012 is expected to diminish in 2013. The low price level the business has faced over the last 12 months has contributed to a very strong development in demand. Good demand together with expectations for improved productivity in the Group's production facilities, including improved biology, provides justification for the Board's positive attitude towards the Group's development.

In line with its market strategy, the Group exported a broad range of seafood products from Norway to a large number of countries in 2012, the most significant being France, Japan, Sweden and USA. It is satisfying to observe that our efforts related to distribution of fish in the Nordic countries are resulting in positive developments that strengthen our own and our customers' position in this important seafood market. Demand for the Group's products is good. Competition in the international food market requires the Group to constantly seek more cost-efficient and market-oriented solutions in its efforts to satisfy its customers. This will in turn ensure profitable growth in the future. The Board of Directors is confident that the Group's strategic business development in recent years, together with underlying developments in productivity and market-oriented organisation, will help reinforce the platform for future earnings for the Group.

At the time of writing, the Board expects to see a significant improvement in consolidated result for the Group in 2013 when compared with 2012.

Bergen, 21 March 2013

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 2012 are prepared in conformance with current, applicable accounting standards, and give a good and fair view of the company's and the Group's assets, liabilities, financial position and profit or loss as a whole. We also declare that the annual report gives a fair view of the company's and the Group's development and position, together with a description of the principle risks and uncertainties facing the entity and the Group.
Bergen, 21 March 2013

Helge Singelstad
Chairman of the Board

Arne Møgster
Board member

Britt Kathrine Drivenes
Board member

Hege Charlotte Bakken
Board member

Didrik Munch
Board member

Marianne Møgster
Board member

Hans Petter Vestre
Employee representative

Henning Beltestad
Group CEO

SEAFOOD

IN ADDITION TO ATLANTIC SALMON AND TROUT, LERØY SEAFOOD GROUP ALSO DELIVERS NORWEGIAN SKREI = WINTER COD TO THE MARKETS IN NORWAY AND EUROPE

INCOME STATEMENT

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

LERØY SEAFOOD GROUP CONSOLIDATED	Notes	2012	2011
OPERATING REVENUES AND COSTS			
Operating revenues	13	**9 102 941**	9 176 873
Cost of materials		**6 499 768**	6 184 793
Change in inventories		**-57 449**	-318 613
Salaries and other personnel costs	11/14	**1 031 872**	967 789
Other operating costs		**853 884**	858 107
EBITDA		**774 866**	1 484 797
Depreciation	2/3	**291 768**	271 899
Impairment loss	3	**33 000**	
Operating profit before biomass adjustment		**450 098**	1 212 898
Adjustment of biomass to fair value	7	**294 735**	-615 767
Operating profit		**744 832**	597 131
ASSOCIATED UNITS AND NET FINANCIAL COSTS			
Income from associated companies	4	**24 831**	19 741
Net financial items	15	**-95 153**	-81 884
Profit before tax		**674 509**	534 988
Taxation	12	**-182 749**	-156 311
Annual profit		**491 760**	378 677
Of which controlling interests		**480 797**	382 705
Of which non-controlling interests		**10 963**	-4 028
Earnings per share	16	**8.81**	7.01
Diluted earnings per share	16	**8.81**	7.01

COMPREHENSIVE INCOME

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

LERØY SEAFOOD GROUP CONSOLIDATED	2012	2011
The year's result to equity	**491 760**	378 677
Conversion differences, etc.	**-13 826**	1 492
Change in fair value of financial instruments (cash flow hedges)	**-27 086**	-5 161
Change in fair value of shares available for sale	**-7 200**	0
Change in value from associated companies	**-1 847**	126
Comprehensive income	**441 801**	375 134
Of which controlling interests	**431 474**	379 166
Of which non-controlling interests	**10 327**	-4 032

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

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

BALANCE SHEET

All figures in NOK 1 000

LERØY SEAFOOD GROUP CONSOLIDATED	Notes	31.12.12	31.12.11
FIXED ASSETS			
Deferred tax asset	12	**21 545**	6 546
Licences, rights and goodwill	2	**3 972 053**	3 878 873
Buildings, real estate, operating accessories	3	**2 094 539**	1 836 384
Shares in associated companies	4	**331 056**	329 168
Shares available for sale	4	**18 281**	23 173
Long-term receivables		**8 607**	8 453
TOTAL FIXED ASSETS		**6 446 081**	6 082 597
CURRENT ASSETS			
Biological assets	7	**2 724 941**	2 370 938
Other inventories	8	**326 225**	328 045
Accounts receivable	9	**995 289**	934 443
Other receivables	5/9	**199 083**	148 395
Cash and cash equivalents	6	**1 082 797**	1 597 429
Total current assets		**5 328 337**	5 379 250
Total assets		**11 774 419**	11 461 847

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	31.12.12	31.12.11
EQUITY			
Share capital	20	**54 577**	54 577
Own shares	20	**-330**	-330
Share premium reserve		**2 731 690**	2 731 690
Total paid-in capital		**2 785 937**	2 785 937
Other equity		**2 528 638**	2 476 898
Total retained earnings		**2 528 638**	2 476 898
Non-controlling interests		**649 381**	534 931
Total equity		**5 963 956**	5 797 766
LONG-TERM LIABILITIES			
Long-term interest-bearing debt	6/18	**2 402 770**	2 429 365
Other long-term debt		**0**	0
Deferred tax	12	**1 230 458**	1 083 693
Pension liabilities	11	**7 646**	7 812
Other long-term liabilities	5	**44 788**	7 168
Total long-term liabilities		**3 685 662**	3 528 038
SHORT-TERM LIABILITIES			
Accounts payable		**826 677**	705 165
Short-term loans	6	**911 887**	760 977
Public duties payable		**66 915**	62 386
Taxes payable	12	**88 925**	322 105
Other short-term liabilities	10	**230 400**	285 410
Total short-term liabilities		**2 124 802**	2 136 043
Total liabilities		**5 810 464**	5 664 081
Sum equity and liabilities		**11 774 419**	11 461 847

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

Bergen 21 March 2013
Board of Directors in Lerøy Seafood Group ASA

Helge Singelstad
Chairman

Marianne Møgster

Arne Møgster

Didrik Oskar Munch

Britt Kathrine Drivenes

Hege Charlotte Bakken

Hans Petter Vestre
Employees' representative

Henning Beltestad
CEO Lerøy Seafood Group ASA

CASH FLOW STATEMENT

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

LERØY SEAFOOD GROUP CONSOLIDATED	Notes	2012	2011
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		**674 509**	534 988
Taxes paid during the period		**-267 078**	-407 229
Depreciation	2/3	**291 768**	271 899
Impairment loss	3	**33 000**	0
Profit impact associated companies	4	**-24 831**	-19 741
Change in value adjustment in biological assets	7	**-294 735**	616 741
Change in inventories/biological assets	7/8	**-32 316**	-313 670
Changes in accounts receivable	9	**-32 119**	86 893
Changes in accounts payable		**94 239**	51 911
Change in net pension liabilities/premium fund	11	**-166**	-1 213
Net financial items classified as financing activities		**95 153**	81 884
Change in other accruals		**-93 811**	-29 649
Net cash flow from operating activities		**443 614**	872 814
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of fixed assets	3	**10 473**	17 462
Payments for acquisitions of fixed assets	3	**-515 995**	-534 122
Payments for acquisitions of intangible assets	2	**-565**	-9 405
Proceeds from sale of shares in other businesses	4	**3 289**	0
Payments for acquisitions of shares in other businesses	4	**-2 325**	-1 675
Dividend payments received from associated companies	4	**9 000**	29 336
Proceeds from sale of subsidiaries		**9 350**	0
Payments for acquisition of Group companies	4	**-112 282**	-22 754
Proceeds/payments on other loans (short and long-term)		**-156**	-254
Net cash flow from investing activities		**-599 211**	-521 412
CASH FLOW FROM FINANCING ACTIVITIES			
Movement in short-term interest-bearing debt		**115 751**	319 513
Proceeds from establishing new long-term debt		**350 827**	575 896
Downpayments of long-term debt		**-342 752**	-362 278
Interest payments received		**33 972**	41 229
Interest paid		**-136 061**	-123 113
Repurchase of equity interests		**0**	-15 198
Dividends paid		**-382 828**	-565 939
Net cash flow from financing activities		**-361 091**	-129 890
Net cash flow in the accounting period		**-516 688**	221 512
Cash and cash equivalents at start of period		**1 597 429**	1 357 096
Cash and cash equivalents from business combinations		**3 401**	18 821
Currency translation differences		**-1 345**	0
Cash and cash equivalents at end of period		**1 082 797**	1 597 429
This consists of:			
Bank deposits, etc.		**1 082 797**	1 597 429
Of which restricted funds		**34 732**	33 205
Unused overdraft facilities		**806 131**	920 230

CHANGE IN EQUITY

All figures in NOK 1 000

LERØY SEAFOOD GROUP CONSOLIDATED	Share capital	Own shares	Premium reserve	Currency conversion differences	Cash flow hedges	Other equity	Non-controlling interests	Total equity
Equity 01.01.11	**54 577**	**-230**	**2 731 690**	**-89 671**	**0**	**2 749 344**	**548 564**	**5 994 274**
Profit for the period						382 705	-4 028	378 677
Other comprehensive income				1 496	-5 161	126	-4	-3 543
Total comprehensive income for 2011	**0**	**0**	**0**	**1 496**	**-5 161**	**382 831**	**-4 032**	**375 134**
TRANSACTIONS WITH SHAREHOLDERS								
Disposal of Group company						250	-250	0
Withdrawal non-controlling interests						-3 618	-2 648	-6 266
Non-controlling interests from business combinations							15 761	15 761
Purchase of own shares		-100				-8 024		-8 124
Impact of option program						-7 074		-7 074
Dividend payments						-545 774	-22 464	-568 238
Dividend paid on own shares						2 299		2 299
Total transactions with shareholders	**0**	**-100**	**0**	**0**	**0**	**-561 941**	**-9 601**	**-571 642**
Equity 31.12.11	**54 577**	**-330**	**2 731 690**	**-88 175**	**-5 161**	**2 570 234**	**534 931**	**5 797 766**
Profit for the period						480 797	10 963	491 760
Other comprehensive income				-13 190	-27 086	-9 047	-636	-49 959
Total comprehensive income for 2012	**0**	**0**	**0**	**-13 190**	**-27 086**	**471 750**	**10 327**	**441 801**
TRANSACTIONS WITH SHAREHOLDERS								
Disposal of Group company (Åkra Sjømat AS)							-3 573	-3 573
Withdrawal non-controlling interests (Nordvik 10%)							-496	-496
Non-controlling interests from busi-ess combinations (Rode Beheer)							111 286	111 286
Dividend payments						-382 042	-3 094	-385 136
Dividend paid on own shares						2 308		2 308
Total transactions with shareholders	**0**	**0**	**0**	**0**	**0**	**-379 734**	**104 123**	**-275 611**
Equity 31.12.12	**54 577**	**-330**	**2 731 690**	**-101 365**	**-32 247**	**2 662 250**	**649 381**	**5 963 956**

Own shares:

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

NOTES TO THE CONSOLIDATED ACCOUNTS LERØY SEAFOOD GROUP ASA 2012

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 2012 include the company and its subsidiaries (collectively referred to as "the Group") and the Group's share in associated companies. Lerøy Seafood Group is a subsidiary of Austevoll Seafood ASA (62.56%), which in turn is owned (55.55%) by Laco AS.

The annual accounts were submitted by the Board of Directors on 21 March 2013.

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

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

(B) BASIS FOR PREPARING THE ACCOUNTS

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

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

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

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

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

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

The consolidated accounts are submitted on assumption of going concern.

(C) PRINCIPLES OF CONSOLIDATION

Subsidiaries

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

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

IAS 27 and IFRS 3 mainly apply a system of units when measuring assets and liabilities in connection with acquisitions whereby control is established. The exemption to this rule is for goodwill, where companies 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. Ref. note 21 for more detailed information on the business combinations throughout the year.

The consolidated accounts comprise the parent company Lerøy Seafood Group ASA and the subsidiaries Hallvard Lerøy AS, Lerøy Midnor AS, Lerøy Aurora AS (Group), Lerøy Hydrotech AS (Group), Lerøy Vest AS (Group), Sjøtroll Havbruk AS (Group), Rode Beheer B.V (Group), Lerøy Fossen AS, Lerøy Alfheim AS, Lerøy Delico AS (Group), Lerøy Trondheim AS, Lerøy Fisker'n AS, Bulandet Fiskeindustri AS (subsidiary of Hallvard Lerøy AS), Lerøy & Strudshavn AS, Sandvikstomt 1 AS, Lerøy Quality Group AS (subsidiary of Hallvard Lerøy AS), Lerøy Sjømatgruppen AS (subsidiary of Hallvard Lerøy AS) and the overseas subsidiaries Nordvik SA, Inversiones Seafood Ltda, Lerøy Processing Spain S.L, Lerøy Culinair B.V (joint venture owned by Rode Beheer B.V and Hallvard Lerøy AS), SAS Hallvard Lerøy Group (subsidiary of Hallvard Lerøy AS), Lerøy Portugal Lda, Jokisen Eväät OY, Lerøy Sverige AB (Group) including Lerøy Smøgen Seafood AB.

Intragroup transactions, receivables and liabilities are eliminated.

Non-controlling interests

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

Associated companies

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 from services performed, are booked in the income statement according to the transactions' degree of completion on the balance sheet day. Degree of completion is assessed by means of a review of work completed.

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

(E) REPORTING BY SEGMENT

The Group's primary business segments are Sale & Distribution and Production. This segmentation is chosen according to type of organisation and commercial risk. Production consists of the companies Lerøy Midnor AS, Lerøy Aurora AS (Group), Lerøy Hydrotech AS (Group), Lerøy Vest AS (Group), Sjøtroll Havbruk AS (Group), Rode Beheer B.V (Group) Lerøy Fossen AS, Bulandet Fiskeindustri AS, SAS Fish Cut, SAS Eurosalmon, Inversiones Seafood Ltda, Lerøy Processing Spain S.L and Lerøy Smøgen Seafood AB. "Sale & Distribution" comprises Hallvard Lerøy AS, Lerøy Sverige AB (Group) excluding Lerøy Smøgen Seafood AB, Lerøy Alfheim AS, Lerøy Portugal Lda, Nordvik SA, Lerøy & Strudshavn AS, SAS Hallvard Lerøy, Lerøy Quality Group AS, Lerøy Trondheim AS, Lerøy Delico AS (Group), Lerøy Fisker'n AS and Lerøy Sjømatgruppen AS and Jokisen Eväät OY. Lerøy Culinair B.V is allocated with one half in each segment. Lerøy Seafood Group ASA is not assigned to either of the segments.

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

(F) CURRENCY AND DERIVATIVES

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

(G) INTANGIBLE ASSETS

Goodwill

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

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

Licences/rights

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

(H) FIXED ASSETS

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

The estimated useful life of operating assets is estimated as:

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

(I) BIOLOGICAL ASSETS

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

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

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

(J) INVENTORY

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

(K) ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

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

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 28% (or at local rates in other countries) on the basis of the temporary differences that exist between accounting and taxable values, as well as the assessed deficit to be carried forward at the end of the financial year. Temporary tax-increasing and tax-decreasing differences which reverse or may reverse the figures in the same period and within the same tax regime, are reconciled and booked at net value.

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

(P) INTEREST-BEARING LOANS AND OVERDRAFT FACILITIES

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

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

(Q) DIVIDEND

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

(R) SHARE-BASED REMUNERATION

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

(S) PROVISIONS AND OTHER COMMITMENTS

Provisions are reflected in the balance sheet when the

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

(T) SHARE CAPITAL AND SHARE PREMIUM

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

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

(U) CASH FLOW STATEMENT

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

(V) FINANCIAL RISK MANAGEMENT

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

Currency risk

The Group has international operations requiring a number of currencies, and is thus exposed to currency risk. Forward exchange contracts together with negative and positive balances on multi-currency accounts, are used to hedge, as far as possible, against the currency risk in 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 31.12.2012 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, a 10-year interest rate swap agreement totalling NOK 500 million was entered into. The purpose of this agreement is to eliminate interest risk for a share of the Group's long-term liabilities. The agreement is booked as a cash flow hedge. An additional similar agreement totalling NOK 500 million was entered into in January 2012.

Price risk

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

Liquidity risk

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

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

The 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. Sales to end users are paid for in cash. The counterparts to derivative contracts and financial placements may only be financial institutions with a high credit rating and other parties who can provide reliable security. See note 9 for further information on credit risk.

(W) NEW AND AMENDED STANDARDS IMPLEMENTED BY THE GROUP

a) New and amended standards implemented in 2012

IAS 1 Presentation of Financial Statements has been amended and implies that items in the comprehensive income shall be divided into two groups: items which are subsequently reversed over profit and items which are not. The amendment does not have an impact on which items are to be included in the comprehensive income. The standard comes into effect in 2013 but the Group has decided to implement this standard from an earlier date. All the items in the comprehensive income for the Group in 2012 are reversed over result.

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

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

IAS 19 Employee Benefits was amended in June 2011. The amendment implies that all estimate differences are reported in the comprehensive income as they occur (no corridor), an immediate recognition of all costs of pension benefits earned in earlier periods and the replacement of interest expenses and estimated yield on pension funds with a net interest amount which is estimated by making use of the discount rate on the net pension liability (asset). The Group does not expect any significant impact on the consolidated accounts from the amendments to IAS 19, as the Group's pension schemes are mainly contribution-based, and non-recognised estimate differences for performance-based schemes as of 31.12.2012 do not represent a significant figure.

IFRS 9 Financial Instruments regulates the classification, measurement and recognition of financial assets and financial commitments. IFRS 9 replaces those parts of IAS 39 which involve recognition, classification and measurement of financial instruments. According to IFRS 9, financial assets shall be divided into two categories based on measurement method – those measured at fair value and those measured at amortised cost. This classification takes place on initial recognition. For financial commitments, the requirements are mainly the same as those in IAS 39. The main amendment, in those cases where the measurement method is fair value for financial commitments, is that the share of a change in fair value attributed to a change in the company's own credit risk is recognised in comprehensive income instead of the income statement, as this does not imply a comparison fault in the measurement of result. It is not thought that this standard will imply any significant change for the Group. The Group plans to apply IFRS 9 for the 2015 financial statements.

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

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

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

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

(X) DERIVATIVES

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

Derivatives are carried at fair value at the time of contract and are subsequently adjusted 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 "Purchases".

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

(Y) CAPITAL MANAGEMENT

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

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

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

NOTE 1 IMPORTANT ACCOUNTING ESTIMATES AND ASSESSMENTS

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

The Group develops estimates and makes assumptions regarding future events. The accounting-related estimates from this process will, by definition, rarely be in exact agreement with the final results. Estimates and assumptions 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 contains a methodological hierarchy for accounting-related valuation of biological assets. The main rule is that such assets, including live fish, shall be valued at market price less estimated sales costs.

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

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

Value adjustment of biological assets according to IAS 41 has caused the book value of inventories to vary more than it did with the earlier historical cost valuation principle. The variations arise for several reasons, including volatility in pricing of Atlantic salmon and factors 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 31.12.2012, shows the following impact on the Group's operating result (NOK 1 000):

Negative price change per kg	**NOK/kg 1.00**	**NOK/kg 2.00**	**NOK/kg 5.00**
Reduced operating result	-55 335	-109 623	-252 730
Price increase per kilo	**NOK/kg 1.00**	**NOK/kg 2.00**	**NOK/kg 5.00**
Increased operating result	57 665	117 791	301 875

Reference is also made to the information in note 7.

(b) Estimated impairment of goodwill

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

NOTE 2 INTANGIBLE ASSETS

(All figures in NOK 1 000)

2011	Goodwill	Licences/ rights	Total
1 JANUARY 2011			
Acquisition costs	1 875 521	1 979 935	3 855 456
Accumulated depreciation		-7 696	-7 696
Balance sheet value 01.01.11	**1 875 521**	**1 972 239**	**3 847 760**
ACCOUNTING YEAR 2011			
Balance sheet value 01.01.11	1 875 521	1 972 239	3 847 760
Conversion differences	-70	629	559
Acquisition of subsidiaries	23 140	46	23 186
Disposal of subsidiaries	-1 444	-237	-1 681
Acquisition of intangible assets		10 966	10 966
Depreciation for the year		-1 916	-1 916
Balance sheet value 31.12.11	**1 897 147**	**1 981 726**	**3 878 873**
31 DECEMBER 2011			
Acquisition cost	1 897 147	1 991 048	3 888 195
Accumulated depreciation		-9 322	-9 322
Balance sheet value 31.12.11	**1 897 147**	**1 981 726**	**3 878 873**
Assets with unlimited useful life	1 897 147	1 927 022	3 824 169
Assets with limited useful life (water rights)		54 704	54 704
Balance sheet value 31.12.11	**1 897 147**	**1 981 726**	**3 878 873**

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

Goodwill is associated with the last part of the purchase of the subsidiary Hallvard Lerøy AS in 1997, acquisition of Timar Seafood AS in 2000, phase 1 of the acquisition of Lerøy Sverige AB in 2001 and phase 2 in 2004, phase 1 of the acquisition of Lerøy Smøgen Seafood AB in 2002 and phase 2 in 2003, acquisition of Lerøy Midnor AS in 2003 and acquisition of Portnor Lda (60%) in 2004, acquisition of Lerøy Aurora AS, Lerøy Alfheim AS, Bulandet Fiskeindustri AS (53.2%) and remaining 51% of SAS Fish Cut in 2005. Goodwill accrual in 2006 pertains to the acquisitions of Lerøy Fossen AS, Lerøy Delico AS (75%), Lerøy Fisker'n AS (70%), Lerøy Trondheim AS (60%) and the remaining 60.9% of Lerøy Hydrotech AS. Goodwill accrued in 2007 pertains to the acquisition of Veststar Holding AS (now Lerøy Vest AS), and some minor acquisitions of subsidiaries of subsidiaries. Accrual of goodwill in 2008 pertains to acquisitions of minority interests in several subsidiaries, including the purchase of 30% of the shares in SAS Hallvard Lerøy. Accrual of goodwill in 2009 pertains to the purchase of the remaining 30% of Lerøy Fisker'n AS, while disposal has to do with sale of the company Ritz AS, a subsidiary's subsidiary. Accrual of goodwill in 2010 pertains to acquisition of Sjøtroll Havbruk AS (50.71%). Accrual in goodwill in 2011 pertains to the acquisition of the Finnish company, Jokisen Eväät OY, and of Åkra Sjømat AS (see separate note). Disposals of goodwill pertain to the sale of Sigerfjord Fisk AS. The change in goodwill in 2012 relates mainly to the acquisition of Rode Beheer BV. The negative change relates to the disposal of Åkra Sjømat AS.

Licence values are associated with the acquisition of Lerøy Midnor in 2003, purchase of 2 licences in 2004, acquisition of Lerøy Aurora AS in 2005, acquisition of Lerøy Fossen AS and acquisition of Lerøy Hydrotech AS in 2006, as well as the purchases of Lerøy Vest AS (Group) and Ramsøy Fiskeoppdrett AS (one licence) in 2007. In 2008 the number of licences increased by three, of which two licences are in Central Norway (Lerøy Midnor bought three licences and sold one), and one licence is in Northern Norway (bought by Berg Havbruk AS, merged into Lerøy Aurora Group). Accrual of licences in 2009 pertains to investments in Chile (Inversiones Seafood Ltda). Accrual of licences in 2010 pertains to acquisition of Sjøtroll Havbruk AS which includes 25 licences, and rights in Chile (Inversiones Seafood Ltda). Accrual of licences in 2011 pertains in principle to a 5% expansion of the 17 licences in Lerøy Aurora AS, and a slight increase in the rights in Chile. Disposal pertains to licences and rights owned by the sold subsidiary, Sigerfjord Fisk AS. The change in 2012 relates to renewal and establishment of licences in Chile.

The Group has 130 wholly-owned licenses for farming of Atlantic salmon or trout. In addition, the Group has licenses for production of smolt. The balance between the Group's smolt production and its requirements for smolt is satisfactory.

IMPAIRMENT TEST FOR GOODWILL

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

	2012	2011
Production	**1 918 818**	1 814 648
Sale & Distribution	**74 311**	82 499
Total goodwill	**1 993 129**	1 897 147

The impairment test for cash-generating units is based on estimated present values of future cash flows. The analysis is based on the budget for 2013 and on estimated values for the years 2014 to 2017. After 2017, a terminal value is calculated based on an estimated result for 2017. Real growth has not been considered when calculating the terminal value.
A yield requirement rate of 11.8% before tax has been used in the calculation.

The most important measurement of profitability for the Production segment is EBIT per kg. This key figure is volatile due to the fluctuations in the prices of salmon and trout. Under normal circumstances, the costs can be estimated with a high degree of accuracy. The budgeted figure for EBIT per kg for 2013 takes into account the fact that the price level at the end of the year was higher than at the same time last year. The EBIT per kg is expected to remain relatively stable for the years 2014 through 2017, albeit with a slight decline towards the end of the period. Real growth has not been considered when calculating the terminal value. The table below displays projections related to slaughter volume when calculating the terminal value.

(Continued on next page)

Unit	Annual volume 1000gwt
Lerøy Midnor	37
Lerøy Aurora	26
Lerøy Hydrotech	28
Lerøy Vest	39
Sjøtroll Havbruk	34
Total	**162**

The impairment test did not produce grounds for write-down of goodwill in 2012. The management's calculations show that this conclusion is robust in the face of reasonable changes in conditions in the future. Historically, the Group has experienced a significant production growth per licence in Norway. The model is based on an assumption of zero growth in terminalvolume which is a very conservative projection. It is probable that such a low growth rate would result in a margin expansion, a condition which is barely covered the model.

The critical value for the required rate of return on total capital before tax is between 13 and 50 percent. For Lerøy Midnor, the book values of estimated results for the years 2013 to 2016 are justified, i.e. the book values for this entity are not critically reliant on premises related to the terminal element (including volume, EBIT per kg and required rate of return before tax). For other entities, an EBIT in the terminal element from NOK 0.8 to NOK 5.4 per kg is required, which is within the level historically achieved.

LICENCES AND RIGHTS

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

	2012	2011
Production	**1 977 716**	1 980 395
Sale & Distribution	**1 208**	1 331
Total licences and rights	**1 978 924**	1 981 726

Licences/rights are associated with production of salmon and trout in Norway, including young fish. Synergy effects are expected from a coordination of the Group's fish farming licences in Norway. As shown above, the test for impairment gave no grounds for impairment charges on goodwill in 2012, and therefore there is no basis for impairment charges on licences.

Licences/rights within Sale & Distribution mainly pertain to the purchase of spaces on the fish market in Portugal.
The rights are valid until 2025.

NOTE 3 TANGIBLE FIXED ASSETS

(All figures in NOK 1 000)

2011	Real estate	Buildings	Machines, furnishings, equip.,etc.	Total
1 JANUARY 2011				
Acquisition cost	23 142	595 200	1 940 980	2 559 322
Accumulated depreciation		-148 886	-824 102	-972 988
Balance sheet value 01.01.11	**23 142**	**446 314**	**1 116 878**	**1 586 334**
ACCOUNTING YEAR 2011				
Balance sheet value 01.01.11	23 142	446 314	1 116 878	1 586 334
Conversion differences	71	-216	-132	-277
Tangible fixed assets acquired	2 039	40 015	492 068	534 122
Effect of business combinations			3 648	3 648
Tangible fixed assets sold	-379	-7 388	-9 693	-17 460
Depreciation for the year		-29 387	-240 596	-269 983
Balance sheet value 31.12.11	**24 873**	**449 338**	**1 362 173**	**1 836 384**
31 DECEMBER 2011				
Acquisition cost	24 873	607 956	2 387 942	3 020 771
Accumulated depreciation		-158 618	-1 025 769	-1 184 387
Balance sheet value 31.12.11	**24 873**	**449 338**	**1 362 173**	**1 836 384**

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

The write-down in 2012 is wholly related to the reorganisation of Lerøy Hydrotech, involving the closure of the slaughter-house in Kristiansund.

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 annual accounts.

Company	Location	Ownership / voting shares
Lerøy Hydrotech AS	Kristiansund	100%
Lerøy Midnor AS	Hitra	100%
Lerøy Fossen AS	Bergen	100%
Lerøy Aurora AS	Tromsø	100%
Lerøy Vest AS	Bergen	100%
Sjøtroll Havbruk AS	Austevoll	50.7%
Hallvard Lerøy AS	Bergen	100%
Lerøy Sverige AB	Gothenburg, Sweden	100%
Lerøy Alfheim AS	Bergen	100%
Lerøy Delico AS	Stavanger	100%
Lerøy Trondheim AS	Trondheim	100%
Lerøy Fisker'n AS	Oslo	100%
Inversiones Seafood Ltda	Chile	100%
Lerøy & Strudshavn AS	Bergen	100%
Jokisen Eväät OY	Finland	68.00%
Nordvik SA	Boulogne, France	100%
Lerøy Portugal Lda	Portugal	60%
Sandvikstomt 1 AS	Bergen	100%
Rode Beheer AS	Urk, Netherland	50.11%
Lerøy Processing Spain S.L	Madrid, Spain	100%

On 28 February 2012, Lerøy Seafood Group ASA acquired 50.11% of the shares in the Dutch company, Rode Beheer BV, for a sum of EUR 15 million (NOK 111 767 000). There have also been other minor changes in the Group.

Lerøy Smøgen Holding AB was merged into Lerøy Sverige AB with effect from 1 January 2012. In May, the last 10% of French subsidiary Nordvik was acquired for a total sum of EUR 0.066 million (NOK 495 000). The next transaction was the disposal of the shares in Åkra Sjømat AS (subsidiary of Lerøy Delico AS) representing 68%, for NOK 9 350 000. The transaction generated a gain of NOK 1 576 000. Finally, Lerøy Seafood Group has established a new company in Spain, named Lerøy Processing Spain, where activity is expected to start up in 2013.

Associated companies	Norskott Havbruk AS	Alfarm Alarko Lerøy	Other companies	Total book value	Gain from disposal	Total income from assoc. companies
Calculation of balance sheet value 31.12.12						
Opening balance 01.01.11	293 060	19 975	16 133	329 168		
Share of the year's result	17 604	3 185	911	21 700	3 131	24 831
The year's purchases, disposals and capital paid in			-2 126	-2 126		
Dividend	-9 000			-9 000		
Currency impacts, etc.	-6 335	-504		-6 839		
Other changes	-1 847			-1 847		
Closing balance 31.12.11	**293 482**	**22 656**	**14 918**	**331 056**	**3 131**	**24 831**

Place of business	Bergen	Istanbul, Turkey
Ownership/voting shares	50%	50%
Acquisition cost	163 273	11 546
FINANCIAL INFORMATION (100%):		
Assets	1 187 185	53 343
Liabilities	600 222	8 015
Equity	586 963	45 327
Turnover	936 605	151 969
Annual result	**35 208**	**6 386**

Under income from associated companies, a gain from disposal of NOK 3 131 000 is also included.

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 2012.

	100%	50%
Total fish in sea (LWT)	16 820	8 410
Value adjustment of biological assets	8 968	4 484
Cost price of biological assets	452 781	226 391
Balance sheet value of biological assets 31.12.2012	**461 749**	**230 875**

Value adjustment of biological assets	100%	50%
Value adjustment 1.1.2012	9 353	4 677
Impact of adjustment on annual result	-385	-193
Value adjustment 31.12.2012	**8 968**	**4 484**

Shares available for sale	Location	Ownership / voting shares	Cost price	Fair value adjustment	Fair value 31.12
AquaGen AS	Trondheim	2.52%	1 000	13 358	14 358
Bulandet Eiendom AS	Bulandet	12.67%	625	0	625
NOFI Oppdrettsservice AS	Skjervøy	13.00%	325	0	325
Miscellaneous minor shareholdings			2 973	0	2 973
Total shares available for sale			**4 923**	**13 358**	**18 281**
Fair value adjustment 01.01				20 558	
Change in fair value adjustment over other comprehensive income				**-7 200**	

The valuation of the shares in AquaGen is based on the same price that EW Group offered when they increased their share holding from around 50% to just above 90% in the beginning of 2013.

NOTE 5 FINANCIAL INSTRUMENTS

(All figures in NOK 1 000)

CURRENCY FORWARD CONTRACTS

The table below shows the company's currency forward contracts per 31.12.2012. They are for purchase or sale against NOK.

Currency	Currency figure forward contract	Forward exchange rate	Forward contract total	Exchange rate 31.12.12	Estimated fair value currency forwards 31.12.12 NOK
EURO	55 150	7.382	407 132	7.3756	369
USD	39 570	5.684	224 920	5.5912	3 677
JPY	770 000	0.072	55 340	0.0649	5 332
SEK	47 200	0.876	41 341	0.8570	891
CHF	800	6.135	4 908	6.1089	21
AUD	100	5.837	583	5.8073	3
GBP	-1 900	9.173	-17 429	9.0399	-253
Total					**10 039**

The positions at 31.12.12 have an estimated net positive market value of NOK 10.0 million. The currency forward contracts are booked at fair values and are classified as other short-term receivables per 31.12.12.

The Group classifies currency futures as hedging of the fair value of a capitalised asset, liability or a non-booked binding commitment (fair value hedging). Currency futures together with negative and positive balances on multi-currency accounts, are used to hedge, as far as possible, against the currency risk in customer receivables 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 at acceptable level by buying and selling foreign currency at day-rates whenever necessary to counter any short term imbalances.

INTEREST SWAPS

Lerøy Seafood Group ASA entered into an interest rate swap agreement in January 2012, with a nominal fixed amount of NOK 500 million and a duration of 10 years. The interest swap agreement is recognised as accounting-related hedging (cash flow hedging). The agreed fixed rate of interest during the period is 3.29%. Lerøy Seafood Group ASA now has two interest swap agreements, each with a nominal value of NOK 500 million.

INTEREST SWAP AGREEMENTS	Nominal value	Agreed interest rate / average	Gross commitment carried / fair value	Related deferred tax	Impact on equity
Agreement of 17 November 2011, 10 years	500 000	3.55%	0	0	0
Change in fair value 2011			-7 168	2 007	-5 161
Status as of 31.12.2011	**500 000**	**3.55%**	**-7 168**	**2 007**	**-5 161**
Interest swap costs in 2011		312			
Agreement of 17 January 2012, 10 years	500 000	3.29%	0	0	0
Change in fair value 2012			-37 620	10 534	-27 086
Status as of 31.12.2012	**1 000 000**	**3.42%**	**-44 788**	**12 541**	**-32 247**
Interest swap costs in 2012		10 418			

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

FINANCIAL FISH POOL CONTRACTS

Lerøy Seafood Group has no open financial Fish Pool contracts at the end of 2012.

FINANCIAL INSTRUMENTS BY CATEGORY

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

31.12.2011 - Assets	Claims and receivables	Assets at fair value over result	Derivatives used for hedging	Available for sale	Total
Shares available for sale				23 173	23 173
Customer and other receivables *	951 135				951 135
Cash and cash equivalents	1 597 429				1 597 429
Total	**2 548 564**	**0**	**0**	**23 173**	**2 571 737**

31.12.2011 - Liabilities	Financial liabilities at amortized cost	Liabilities at fair value over result	Derivatives used for hedging	Other financial liabilities	Total
Derivatives cash flow hedging (interest swap agreements)			7 168		7 168
Derivatives value hedging (forward exchange contracts)			15 600		15 600
Loans (excl. financial leasing)	2 496 860				2 496 860
Financial leasing	291 841				291 841
Trade payables and other debt **				709 798	709 798
Financial fishpool contracts					0
Total	**2 788 701**	**0**	**22 768**	**709 798**	**3 521 267**

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

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

* 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)

31.12.2012 - Assets	Level 1	Level 2	Level 3
Derivatives used for hedging			
– Value hedging		10 039	
Financial assets available for sale			
– Shares			18 281
Total		**10 039**	**18 281**

31.12.2012 - Liabilities	Level 1	Level 2	Level 3
Derivatives used for hedging			
– Cash flow hedging		44 788	
Total		**44 788**	

NOTE 6 LOANS, MORTGAGES AND GUARANTEES

(All figures in NOK 1 000)

	2012	2011
LONG-TERM INTEREST-BEARING DEBT		
Debt to credit institutions, etc.	**2 483 182**	2 496 860
Leasing liabilities (see note 18)	**314 082**	291 841
Next year's instalments on long-term liabilities	**-394 494**	-359 336
Total long-term interest-bearing debt 31.12	**2 402 770**	2 429 365
SHORT-TERM INTEREST-BEARING DEBT		
Debt to credit institutions (multi-currency credit)	**517 393**	401 642
Next year's instalments on long-term liabilities	**394 494**	359 336
Total short-term interest-bearing debt 31.12	**911 887**	760 977
Total interest-bearing debt 31.12	**3 314 657**	3 190 343
Bank deposits	**1 082 797**	1 597 429
Net interest-bearing debt 31.12	**2 231 860**	1 592 914
LOANS SECURED BY MORTGAGES		
Long-term debt to credit institutions, etc.	**2 483 182**	2 496 860
Short-term debt to credit institutions (multi-currency credit)	**517 393**	401 642
Leasing liabilities	**314 082**	291 841
Total liabilities secured by mortgages 31.12	**3 314 657**	3 190 343
MORTGAGED ASSETS		
Customer and other receivables	**458 555**	331 578
Shares in associated companies (Norskott Havbruk AS)	**293 059**	293 059
Biological assets and other goods	**2 422 199**	2 485 347
Buildings and other fixed assets	**1 847 744**	1 836 384
Licences	**1 569 785**	1 569 785
Total	**6 591 342**	6 516 153
Long-term loans with maturities over 5 years		
Debt to credit institutions etc. and leasing liabilities	**853 691**	737 795
Total	**853 691**	737 795

Interest-bearing debt specified by currency	2012	2011
NOK	**3 253 145**	3 134 042
SEK	**48 973**	47 871
EUR	**12 539**	8 429
Total	**3 314 657**	3 190 343

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Payment profile financial liablities	2013	2014	2015	2016	2017	After 2017	Total
INSTALMENT PROFILE LONG-TERM DEBT							
Instalments on bank loans	333 463	393 943	229 979	510 507	230 566	784 725	2 483 183
Instalments on leasing debt	61 032	57 500	54 303	42 466	29 815	68 966	314 082
Total	**394 495**	**451 443**	**284 282**	**552 973**	**260 381**	**853 691**	**2 797 265**
INTEREST PAYMENT PROFILE LONG-TERM DEBT							
Interests on bank loans	87 708	72 157	59 372	49 982	32 883	88 468	390 570
Interests on leasing debt	12 409	9 813	7 369	5 186	3 635	6 963	45 375
Total	**100 117**	**81 970**	**66 741**	**55 168**	**36 518**	**95 431**	**435 945**
OTHER SHORT-TERM FINANCIAL LIABILITIES							
Overdraft	517 393						**517 393**
Accrued interests	7 434						**7 434**
Total	**524 827**	**0**	**0**	**0**	**0**	**0**	**524 827**
Total	**1 019 439**	**533 413**	**351 023**	**608 141**	**296 899**	**949 122**	**3 758 037**

Instalments in 2013 are classified as short-term debt in the balance sheet (short-term credits).

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

Financial "covenants"

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

None of the Group companies have been in breach of their covenants in 2012.

Fair value, borrowing costs etc

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

An increase (reduction) in the interest level of 1% would have caused an increase (reduction) in interest costs of NOK 22 319 for 2012. Net interest-bearing debt per 31.12.2012 has been used as the base for this calculation.

NOTE 7 BIOLOGICAL ASSETS

(All figures in NOK 1 000)

	2012	2011
Biological assets 01.01	**2 370 938**	2 706 733
Increase due to added costs during the year	**3 738 711**	3 476 843
Reduction due to sale / harvesting	**-3 679 443**	-3 195 897
Increase/reduction due to business combinations	**0**	0
Change in value adjustment of biological assets (earnings impact)	**294 735**	-616 741
Biological assets 31.12	**2 724 941**	2 370 938

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

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

Volume	2012	2011
Total fish in sea (LWT)	**103 949**	100 573
Harvestable fish (> 4kg LWT)	**41 899**	34 143
Capitalised value of biological assets		
Value adjustment harvestable fish (> 4kg)	**241 613**	51 739
Value adjustment immature fish (< 4kg)	**105 577**	716
Total value adjustment of biological assets	**347 190**	52 455
Cost price of biological assets	**2 377 751**	2 318 483
Total	**2 724 941**	2 370 938

The change in inventory of biological assets is based on internal costs. The change in cost price due to internal costs added, and decrease due to harvesting, amounts to NOK 59 268 in 2012 (NOK 2 377 751 - NOK 2 318 483). In the income statement, this change is carried as a change in inventory.

Fair value adjustment of biological assets	2012	2011
Fair value adjustment at 01.01	**52 455**	669 196
Impact of value adjustment on year's earnings	**294 735**	-616 741
Fair value adjustment per 31.12	**347 190**	52 455

Fair value adjustment of biological assets in income statement	2012	2011
Fair value adjustment biological assets	**294 735**	-616 741
Fair value adjustment Fishpool contracts	**0**	974
Total fair value adjustment	**294 735**	-615 767

NOTE 8 OTHER INVENTORIES

(All figures in NOK 1 000)

	2012	2011
Feed, packaging materials, auxiliary and other raw materials	**135 425**	122 763
Finished goods / goods for sale	**195 216**	209 358
Write-down of inventories	**-4 416**	-4 075
Total other inventories	**326 225**	328 046

NOTE 9 RECEIVABLES

(All figures in NOK 1 000)

Customer receivables	2012	2011
Face value	**1 019 324**	953 971
Provision for bad debts	**-24 035**	-19 528
Total customer receivables	**995 289**	934 443

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

By end of February 2013, around 97 % of customer receivables (face value) are paid in. This represents 99% of book value.

Customer receivables 31.12 - overdue, no provision	2012	2011
0 to 3 months	**218 821**	261 272
3 to 6 months	**10 363**	5 851
More than 6 months	**3 938**	3 557
Total	**233 122**	270 681

Customer receivables 31.12 - overdue, provision	2012	2011
0 to 3 months	**11 173**	11 801
3 to 6 months	**3 832**	3 682
More than 6 months	**9 030**	4 045
Total	**24 035**	19 528

Other receivables	2012	2011
VAT to be refunded	**129 797**	95 706
Pre-payments	**24 603**	20 397
Currency futures and impacts of fair value hedging	**10 039**	15 600
Other	**34 644**	16 692
Total other receivables	**199 083**	148 395

NOTE 10 OTHER SHORT-TERM LIABILITIES

(All figures in NOK 1 000)

Other short-term liabilities	2012	2011
Accrued wages and holiday pay	**123 651**	119 532
Impacts of fair value hedging (forward contracts)	**10 039**	15 600
Accrued interest costs	**7 434**	10 220
Accrued customer discounts	**36 798**	41 702
Other accruals	**51 938**	93 722
Other short-term liabilities	**540**	4 633
Total other short-term liabilities	**230 400**	285 410

NOTE 11 PENSIONS

(All figures in NOK 1 000)

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

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

Moreover, certain Group companies have defined benefit schemes, and other companies have unsecured schemes which are financed by operations.

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

Defined contribution scheme	2012	2011
Premium recognised for defined contribution scheme	**35 474**	29 259
Net pension cost, defined contribution scheme	**35 474**	29 259

Premium recognised for defined contribution scheme	2012	2011
Present value of future pension liabilities	**15 239**	11 240
Provision for undercoverage from old AFP scheme	**1 325**	1 284
Fair value of pension funds	**-7 241**	-6 433
Effect of estimate deviations not charged against income	**-1 677**	1 722
Net pension liabilities	**7 646**	7 813
Net pension costs are determined as follows:		
Present value of the year's earned pensions	**957**	1 111
Interest costs on pension liabilities	**323**	324
Yield pension funds	**-330**	-269
Result of change in scheme (closing of old AFP scheme)	**0**	-498
Profit impact of estimate deviations	**368**	-40

(Continued on next page)

	2012	2011
Employer's national insurance contribution	149	172
Administration costs, etc.	103	89
Provision for undercoverage from old AFP scheme	80	0
Net pension cost, defined benefit scheme	**1 650**	889
Change in capitalised liabilities		
Balance sheet value as of 01.01	7 813	8 850
Costs booked during the year (incl. transition to new scheme)	1 650	889
Pension payments and payments of pension premiums	-1 817	-1 925
Balance sheet value at 31.12. defined benefit scheme	**7 646**	7 812
Economical assumptions		
Average discounting rate	2.3%	3.3%
Anticipated yield from pension funds	4.0%	4.8%
Regulation of National Insurance base rate (G)	3.3%	3.8%
Pension adjustment	0.2%	0.7%
Average wage increase (incl. career supplement)	3.5 - 5%	4 - 5%
Attrition	0 - 20%	0 - 20%
Utilisation percentage, Contractual Early Retirement Scheme	0%	0%

Total pension cost	2012	2011
Net pension cost, defined contribution scheme	35 474	29 259
Net pension cost, defined benefit scheme	1 650	889
Total	**37 124**	30 148

The actuarial assumptions are based on commonly utilised assumptions within insurance in terms of demographics and attrition.

NOTE 12 TAXATION

(All figures in NOK 1 000)

	2012	2011
Tax payable	33 229	333 404
Change in deferred tax	149 520	-177 094
Total tax cost	**182 749**	156 310

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:

	2012	2011
Pre-tax result	**674 509**	534 988
Tax based on tax rates in the various countries	188 863	149 797
Net permanent differences, etc. (28%)	839	12 041
Share of profit in associated company	-6 952	-5 527
Tax cost	**182 749**	156 310
Effective tax rate	27.1%	29.2%

Change in book value of deferred tax	2012	2011
Balance sheet value as of 01.01	1 077 147	1 256 331
Acquisitions, etc.	-7 220	0
Currency conversion and other charges against equity	-10 534	-2 090
Recognised in the period	149 522	-177 094
Balance sheet value at 31.12.	**1 208 914**	1 077 147
Capitalised deferred tax asset	-21 545	-6 546
Capitalised deferred tax liability	1 230 459	1 083 693

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

Deferred tax liabilities	Operating assets	Licences and rights	Goods/biol. assets	Total
01.01.2011	68 886	434 236	759 097	1 262 219
Recognised in the period	-8 999		-145 042	-154 041
Currency conversion and other charges against equity	-83			-83
Acquisitions etc.				0
31.12.11	**59 804**	**434 236**	**614 055**	**1 108 095**
Recognised in the period	2 375		143 282	145 657
Currency conversion and other charges against equity	-1			-1
31.12.12	**62 178**	**434 236**	**757 337**	**1 253 751**

Deferred tax assets	Receivables	Other differences	Loss carried forward	Total
01.01.2011	3 043	-1 126	-7 806	-5 889
Recognised in the period	-9 799	-4 830	-8 424	-23 053
Deferred tax on items from comprehensive income (cash flow hedges)		-2 007		-2 007
31.12.11	**-6 756**	**-7 963**	**-16 230**	**-30 949**
Recognised in the period	2 031	-2 927	4 761	3 865
Acquisitions, etc.			-7 220	-7 220
Deferred tax on items from comprehensive income (cash flow hedges)		-10 533		-10 533
31.12.12	**-4 725**	**-21 423**	**-18 689**	**-44 837**

	2012	2011
28 % of positive temporary differences 31.12.	1 253 751	1 108 095
28 % of negative temporary differences 31.12.	-44 837	-30 949
Net	**1 208 914**	**1 077 147**
Short-term tax positions	752 612	607 299
Long-term tax positions	456 302	469 848
Total	**1 208 914**	**1 077 147**

NOTE 13 OPERATING REVENUES/SEGMENT INFORMATION

(All figures in NOK 1 000)

Operating revenues	2012	2011
Sale of goods and services	**9 087 844**	9 152 759
Lease income	**1 225**	2 579
Damages received	**603**	1 634
Gain/loss from sale of fixed assets	**5 795**	14 060
Other operating revenues	**7 474**	5 841
Total operating revenues	**9 102 941**	9 176 873

Activity segments

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

2011	S&D	Prod.	Elimination/ unallocated	Group
External operating revenues	8 410 077	766 681	115	9 176 873
Internal operating revenues	609 576	4 449 357	-5 058 933	0
Total operating revenues	9 019 653	5 216 038	-5 058 818	9 176 873
Operating costs	8 783 290	4 204 653	-5 023 968	7 963 975
Operating profit before value adj. biol. assets	**236 363**	**1 011 385**	**-34 850**	**1 212 898**
Value adjustment of biological assets		-615 767		-615 767
Operating profit	**236 363**	**395 618**	**-34 850**	**597 131**
Profit from associated companies	5 091	14 984	-334	19 741
Net financial items	-57	-71 028	-10 799	-81 884
Profit before tax	**241 397**	**339 574**	**-45 983**	**534 988**
Tax cost				-156 311
The year's result				378 677
Assets (excluding associated companies)	1 647 472	8 092 327	1 392 880	11 132 679
Associated companies	19 975	309 193		329 168
Total assets	**1 667 447**	**8 401 520**	**1 392 880**	**11 461 847**
Total liabilities	1 378 614	4 419 189	-133 722	5 664 081
Net investments	23 206	502 793	66	526 065
Depreciation	14 203	256 809	887	271 899

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

Product area	2012	%	2011	%
Whole salmon	3 988 978	43.8	4 074 006	44.4
Processed salmon	2 552 913	28.0	2 568 547	28.0
Whitefish	777 208	8.5	776 909	8.5
Trout	798 414	8.8	746 760	8.1
Shellfish	474 089	5.2	512 836	5.6
Pelagic	67 686	0.7	89 218	1.0
Other	443 652	4.9	408 598	4.5
Total operating revenues	**9 102 941**	**100.0**	**9 176 873**	**100.0**

Information about geographic areas

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

Operating revenues	2012	%	2011	%
EU	4 689 350	51.5	4 608 299	50.2
Norway	1 476 564	16.2	1 870 843	20.4
Asia	1 074 150	11.8	1 036 871	11.3
USA & Canada	635 050	7.0	677 209	7.4
Rest of Europe	1 135 212	12.5	879 927	9.6
Other	92 614	1.0	103 723	1.1
Total operating revenues	**9 102 941**	**100.0**	**9 176 873**	**100.0**

(Continued on next page)

Assets	2012	%	2011	%
Norway *	11 055 542	93.9	10 929 844	95.4
EU	689 640	5.9	501 960	4.4
Other countries	29 237	0.2	30 043	0.3
Total assets	**11 774 419**	**100.0**	**11 461 847**	**100.0**

* Most of the customer receivables in the subsidiary Hallvard Lerøy AS as of 31.12.2012 are from customers abroad (NOK 515 493 out of NOK 673 778). Customer receivables are covered by credit insurance or other forms of surety.

Net investments	2012	%	2011	%
Norway	476 794	94.2	490 935	93.3
EU	29 174	5.8	32 715	6.2
Other countries	119	0.0	2 415	0.5
Total net investments	**506 087**	**100.0**	**526 065**	**100.0**

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

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

(All figures in NOK 1 000)

Payroll costs	2012	2011
Salary	**833 536**	769 530
Employer's national insurance contribution	**113 622**	101 789
Hired personnel	**18 782**	44 513
Pension costs	**37 124**	30 148
Other remuneration	**3 475**	8 886
Other personnel expenses	**25 333**	12 923
Total	**1 031 872**	967 789

At year-end the Group had 1 883 employees with 608 women and 1 275 men compared with a total of 1 865 in 2011.
The average number of man-years for the Group in 2012 was 1 767.

Remuneration of senior executives	CEO		CFO			EVP Farming	
	2012	2011	2012*	2012	2011	2012	2011
Salary	2 772	2 455	375	1 253	1 815	2 017	1 885
Bonus including extraordinary bonus	1 400	1 800			1 000	950	1 100
Options exercised during the year		512			512		512
Premium recognised for defined contribution scheme	56	53	14	27	51	55	52
Other remuneration	53	47	2	12	24	120	117

*) New CFO started on 1 October 2012

No remuneration with mandatory reporting is paid to the Chairman of the Board. Lerøy Seafood Group ASA is invoiced for the services of the Chairman, and for consultancy fees from the Group's ultimate parent company, Laco AS, where the Chairman of the Board is an employee. Remuneration of other board members totalled NOK 1 020 in 2012 (equally distributed), compared with NOK 893 in 2011. The number of Board members increased by 1, from 6 to 7 members in 2012.

Remuneration of the nomination committee is unchanged compared to the previous year, and amounts to NOK 105 in 2012. As for the members of the Board, the remuneration is equally distributed.

Mandates granted to the Board of Directors

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

The first time the Board was authorised to acquire the company's own shares was at the ordinary general meeting on 12 May 2000. This mandate has subsequently been renewed, most recently at the ordinary general meeting on 23 May 2012, and is to remain valid for 18 months from the date on which the resolution was adopted. The mandate has not been exercised in 2012. Renewal of the mandate will be recommended to the general meeting on 23 May 2013.

The Board is authorised to increase the share capital by up to NOK 1,200,000 by issuing up to 1,200,000 shares, each with a face value of NOK 1 through one or more private placings with employees of Lerøy Seafood Group ASA and its subsidiaries. The Board's mandate must be seen in light of the company's option programme, see below. This type of mandate was first established by the extraordinary shareholders' meeting on 10 December 1997 and has subsequently been renewed, most recently by general meeting on 23 May 2012. The mandate is valid for two years from the time the resolution was adopted. An extension of the mandate will be recommended to the general meeting on 23 May 2013. The mandate has not been exercised in 2012.

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 23 May 2012. The mandate has not been exercised in 2012. It will be recommended that an equivalent authority be approved by the ordinary general meeting on 23 May 2013.

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

Options

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

Loans to employees

As of 31 December 2012, there was a loan of NOK 196 to the CEO compared to NOK 191 at end of 2011. No loans have been given to the Chairman of the Board or other closely related parties. No single loan or guarantee has been granted for more than 5% of the company's equity.

Auditor

The Group auditor is PricewaterhouseCoopers AS. Fees invoiced from the Group auditor also include the law firm PricewaterhouseCoopers AS and other PricewaterhouseCoopers companies abroad. The auditing fee to Group auditor specified below is the agreed fee for the audit of the 2012 accounts. Other fees concern services received during 2012, and have been as follows:

(Continued on next page)

	2012	2011
Auditing fees Group auditor	**3 138**	2 791
Auditing fees other auditors	**1 655**	1 390
Tax advice Group auditor	**268**	250
Tax advice other auditors	**107**	218
Other certification services Group auditor	**170**	153
Other services Group auditor	**865**	656
Other services other auditors	**80**	635
Total	**6 283**	6 092

NOTE 15 ITEMS THAT ARE COMBINED IN THE ACCOUNTS

(All figures in NOK 1 000)

Financial revenues	**2012**	2011
Other interest revenues	**33 972**	41 229
Other financial revenues	**2 967**	3 231
Total financial revenues	**36 939**	44 460

Financial costs	**2012**	2011
Other interest costs	**128 691**	121 821
Other financial costs	**3 401**	4 523
Total financial costs	**132 092**	126 344
Net financial items	**-95 153**	-81 884

Capitalised interest related to the construction of a new young fish facility (Belsvik) totalled NOK 8,280,000 in 2012. This figure has been capitalised along with the facility.

NOTE 16 EARNINGS PER SHARE

	2012	2011
This year's earnings to LSG shareholders (thousands)	**480 797**	382 705
No. of shares on the balance sheet date (thousands)	**54 577**	54 577
Average number of shares (thousands)	**54 577**	54 577
Average number of shares with dilution (thousands)	**54 577**	54 577
Earnings per share	**8.81**	7.01
Diluted earnings per share	**8.81**	7.01

Diluted profit per share is based on the average number of shares adjusted for the effect of any share options. For share options a calculation was made to find the number of shares that could have been subscribed at market price (computed average share price of the company's shares through the year) based on the monetary value of the subscription rights conveyed by the outstanding share options. The number of shares, computed as described above, is then compared with the number of shares that would have been issued if all share options were exercised. The difference is assigned to the denominator in the fraction as un-issued shares without compensation. The latest share option programme expired in May 2011, and has not been renewed in 2012.

NOTE 17 DIVIDEND PER SHARE

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

Distributed dividend for the year 2011 was NOK 7,00 per share which amounts to NOK 382 042. The same amount is recommended as dividend also for 2012 (NOK 7.00 per share). A final decision will be made by the general meeting on 23 May 2013.

Year	Profit for the year to LSG shareholders	Number of shares 31.12	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
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	4 524 639				**2 285 180**	**44.49**	**51%**	**1 920 922**		**44.00**

NOTE 18 LEASING

(All figures in NOK 1 000)

Leased assets booked in the consolidated accounts as financial leasing:	**2012**	2011
Book value of leased assets (machines/furnishings)	**396 392**	348 210
Book value of leasing liabilities (present value)	**314 082**	291 841
MINIMUM RENT, FINANCIAL LEASING:		
0-1 year	**73 441**	59 321
1-5 years	**210 087**	200 314
5 years -	**75 929**	75 923
Total	**359 457**	335 558
INTEREST COSTS, FINANCIAL LEASING:		
0-1 year	**12 409**	9 703
1-5 years	**26 003**	25 336
5 years -	**6 963**	8 676
Total	**45 375**	43 716
PRESENT VALUE OF FUTURE MINIMUM RENT:		
0-1 year	**61 032**	49 618
1-5 years	**184 084**	174 978
5 years -	**68 967**	67 246
Total	**314 082**	291 841

The Group has no significant operational leases.

NOTE 19 RELATED PARTIES

(All figures in NOK 1 000)

Lerøy Seafood Group ASA is a subsidiary of Austevoll Seafood ASA (62.56 % ownership). Sales to the Austevoll Seafood Group in 2012 amounted to NOK 82 060, while purchases amounted to NOK 174 063. Receivables on companies in the Austevoll Group per 31.12.2012 amounted to NOK 11 998, while debt was NOK 18 733.

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 2 238 in 2012.

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

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

2011	Ownership	Sales	Purchases	Receivables	Debt
Ice Seafoods AS	Sjøtroll Havbruk AS (50%)	115 427	657	13 373	
Salmobreed AS	Sjøtroll Havbruk AS (27.5%)	153	4 815	107	1 927
Lerrow AS	Lerøy Midnor AS (50%)	107	4 873	7	735
Hydral AS	Lerøy Hydrotech AS (50%)	2 038	941	66	
Sørsmolt AS	Lerøy Vest AS (49%)	2 324	7 379	500	
Alfarm Alrako Lerøy	Lerøy Seafood Group ASA (50%)	105 115		2 896	
Norskott Havbruk AS	Lerøy Seafood Group ASA (50%)	40			
Scottish Sea Farms Limited	Norskott Havbruk AS (100%)		202 502		30 216
Total		**225 204**	**221 167**	**16 949**	**32 878**

2012	Ownership	Sales	Purchases	Receivables	Debt
Salmobreed AS	Sjøtroll Havbruk AS (27.5%)	4	6 355		
Lerrow AS	Lerøy Midnor AS (50%)	123	6 228		
Hydral AS	Lerøy Hydrotech AS (50%)	210	242	17	
Sørsmolt AS	Lerøy Vest AS (49%)	1 767	8 874	143	84
Alfarm Alrako Lerøy	Lerøy Seafood Group ASA (50%)	102 611		1 453	
Norskott Havbruk AS	Lerøy Seafood Group ASA (50%)	20		25	
Scottish Sea Farms Limited	Norskott Havbruk AS (100%)		235 133		21 489
Total		**104 735**	**256 832**	**1 638**	**21 573**

Received dividend from Norskott Havbruk AS in 2012 was NOK 9 000.

NOTE 20 SHARE CAPITAL AND SHAREHOLDER INFORMATION

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

Lerøy Seafood Group ASA had 1 344 shareholders at 31.12.12. The corresponding number at year end 2011 was 1 804. All shares confer the same rights in the company.

Overview of the 20 largest shareholders at 31.12	2012		2011	
	No. of shares	Ownership	No. of shares	Ownership
AUSTEVOLL SEAFOOD ASA	34 144 281	62.56%	34 144 281	62.56%
PARETO AKSJE NORGE	2 995 523	5.49%	3 167 442	5.80%
FOLKETRYGDFONDET	1 524 170	2.79%	558 547	1.02%
PARETO AKTIV	1 268 924	2.33%	1 447 227	2.65%
BIOMAR AS	1 000 000	1.83%	1 000 000	1.83%
PARETO VERDI	678 576	1.24%	801 530	1.47%
CITIBANK NA NEW YORK BRANCH	446 861	0.82%	419 557	0.77%
FORSVARETS PERSONELLSERVICE	352 700	0.65%	352 700	0.65%
LERØY SEAFOOD GROUP ASA	329 776	0.60%	329 776	0.60%
PICTET & CIE BANQUIERS	307 890	0.56%		0.00%
JPMCB RE SHB SWEDISH FUNDS LENDING	293 800	0.54%		0.00%
DANSKE INVEST NORSKE INSTIT. II.	260 328	0.48%	154 312	0.28%
VERDIPAPIRFONDET DNB NORGE SELEKTI	248 603	0.46%		0.00%
VERDIPAPIRFONDET ALFRED BERG GAMBA	226 834	0.42%		0.00%
PARETO SICAV	219 764	0.40%	199 735	0.37%
VELU AS	207 300	0.38%	207 300	0.38%
BKK PENSJONSKASSE	188 800	0.35%	188 800	0.35%
STOREBRAND VERDI	183 443	0.34%	187 724	0.34%
DANSKE INVEST NORSKE AKSJER INST	168 368	0.31%	162 020	0.30%
KLP AKSJE NORGE INDEKS VPF	164 843	0.30%	190 000	0.35%
KVERVA AS	-	0.00%	341 368	0.63%
SHB STOCKHOLM CLIENTS ACCOUNT	-	0.00%	288 784	0.53%
PACTUM AS	-	0.00%	200 000	0.37%
PROFOND AS	-	0.00%	162 002	0.30%
Total 20 largest shareholders	**45 210 784**	**82.84%**	**44 503 105**	**81.54%**
Others	9 366 583	17.16%	10 074 263	18.46%
Total share capital	**54 577 368**	**100.00%**	**54 577 368**	**100.00%**

Chairman of the Board Helge Singelstad owns shares in Austevoll Seafood ASA and therefore indirectly owns shares in Lerøy Seafood Group ASA. Board members Arne Møgster, Britt Kathrine Drivenes and Marianne Møgster also own shares in Austevoll Seafood ASA, and therefore also indirectly own shares in Lerøy Seafood Group ASA. Board member (employees' representative) Hans Petter Vestre owns 120 shares at 31.12.2012, the same number as in 2011.

Own shares:

Lerøy Seafood Group ASA has not purchased any new own shares in 2012. As per 31.12.2012, Lerøy Seafood Group ASA owns 329 776 own shares. The average purchase price of own shares is NOK 62.10 per share.

NOTE 21 BUSINESS COMBINATIONS

(All figures in NOK 1 000)

Rode Beheer B.V

On 25 October 2011, Lerøy Seafood Group ASA signed an agreement regarding the acquisition of 50.11% in the Dutch company Rode Beheer BV. The acquisition required approval from the Dutch Competition Authorities. Approval was granted on 28 February 2012. The transaction was completed on 9 March 2012. The shares acquired have a voting right similar to the ownership of 50.11%.

Rode Beheer B.V is situated in Urk in Holland. The company processes fish and seafood, mainly Atlantic salmon. It also includes a smokery. The company is a large and important player in the Benelux market.

No material added value on intangibles or other tangible assets has been identified besides goodwill. Goodwill has been estimated for both the controlling and non-controlling ownership interests. The total goodwill generated by the acquisition amounts to NOK 105.4 million, with NOK 52.8 million for controlling interests and NOK 52.6 million for non-controlling interests. Goodwill is mainly related to the market position of the company, and future synergies. Deferred tax is not recognised for goodwill as estimated goodwill does not provide for tax deductions. Acquisition expenses are charged to the result.

There is no control premium calculated for the controlling interests. The non-controlling interests' share of the goodwill is therefore calculated in relation to shareholding.

Rode Beheer BV was consolidated with Lerøy Seafood Group ASA with effect from March 2012. No relevant material differences between Dutch GAAP and IFRS have been identified that require adjustments.

Turnover and result for Rode Beheer BV group	**Before acquisition date (Jan-Febr)**	**After acquisition date (Mar-Dec)**	**2012**	**2011**
Sales revenues	56 490	324 120	380 610	387 695
Operating profit	5 306	26 942	32 248	3 408
Result and comprehensive income	2 839	21 190	24 029	4 570

Fair value of total consideration transferred	
Total consideration paid	**111 767**

Acquisition analysis	**100.00%**	**50.11%**	**49.89%**
Recognised equity in Rode Beheer BV	117 690	58 972	58 718
Net identified added value in Rode Beheer BV	0	0	0
Identified value in Rode Beheer BV	**117 690**	**58 972**	**58 718**

Calculation of goodwill	**100.00%**	**50.11%**	**49.89%**
Consideration to seller:	223 054	111 767	111 287
Controlling and non-controlling interests' share of identified value:	117 690	58 972	58 718
Controlling and non-controlling interests' share of goodwill:	**105 364**	**52 795**	**52 569**

NOTE 22 CURRENCY CONVERSION DIFFERENCES

(All figures in NOK 1 000)

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

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

	LSG shareholders	**Non-controlling interests**	**Total**
Accumulated currency conversion differences as of 01.01.11	-89 671	1 915	-87 756
Currency conversion differences 2011	1 496	-4	1 492
Accumulated currency conversion differences as of 31.12.11	**-88 175**	**1 911**	**-86 264**
Accumulated currency conversion differences as of 01.01.12	-88 175	1 911	-86 264
Currency conversion differences 2012	-13 190	-636	-13 826
Accumulated currency conversion differences as of 31.12.12	**-101 365**	**1 275**	**-100 090**

NOTE 23 EVENTS AFTER BALANCE SHEET DATE

Lerøy Seafood Group ASA (LSG) has in February 2013 sold its Chilean company, Pacific Seafood SA, along with all production rights (licences) for salmon in Chile. The licences in question were acquired by LSG in the spring of 2007, as part of the acquisition of Veststar Holding AS.

This transaction will be recognised on LSG's consolidated accounts for 2013 as a gain on sales totalling USD 9.5 million. After deduction of estimated tax, the total gain will be just below USD 8 million.

220 000 TONS

IN 2012 LERØY SEAFOOD GROUP SOLD MORE THAN 220 000 TONS OF SEAFOOD

INCOME STATEMENT

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

LERØY SEAFOOD GROUP ASA	Notes	2012	2011
OPERATING REVENUES AND COSTS			
Operating revenues		**1 209**	115
Wages and other personnel costs	7	**20 170**	22 587
Other operating costs		**9 174**	14 316
Depreciation	2	**840**	888
Total operating costs		**30 184**	37 791
Operating profit		**-28 975**	-37 676
SUBSIDIARIES, ASSOCIATES AND NET FINANCIAL ITEMS			
Income from investments in subsidiaries	5	**361 855**	730 735
Income from associated companies	5	**9 000**	28 521
Net financial items	8	**-21 348**	-11 684
Profit before tax		**320 532**	709 896
Total tax cost	6	**-86 766**	-175 064
THE YEAR'S PROFIT		**233 766**	534 832
INFORMATION REGARDING:			
Transferred to (+) / from (-) other equity		**-148 276**	152 790
Allocated to dividend		382 042	382 042

BALANCE SHEET

All figures in NOK 1 000

LERØY SEAFOOD GROUP ASA	Notes	31.12.12	31.12.11
FIXED ASSETS			
Deferred tax asset	6	**13 280**	2 745
Total intangible fixed assets		**13 280**	2 745
FIXED ASSETS			
Buildings and real estate	2	**15 795**	16 635
Total tangible fixed assets		**15 795**	16 635
Shares available for sale	3	**2 990**	665
Shares in subsidiaries	3	**3 470 919**	3 355 327
Shares in associated companies	3	**174 821**	174 821
Other long-term receivables		**7 744**	7 371
Long-term Group receivables	5	**136 883**	28 348
Total financial fixed assets		**3 793 357**	3 566 532
Total fixed assets		**3 822 432**	3 585 912
CURRENT ASSETS			
Receivables from Group companies and associates	5	**370 908**	680 298
Other receivables		**1 787**	1 828
Cash and cash equivalents	4	**768 718**	938 388
Total current assets		**1 141 413**	1 620 514
Total assets		**4 963 845**	5 206 426

BALANCE SHEET

All figures in NOK 1 000

LERØY SEAFOOD GROUP ASA	Notes	31.12.12	31.12.11
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	**739 420**	912 474
Total retained earnings		**739 420**	912 474
Total equity		**3 525 357**	3 698 411
LONG-TERM LIABILITIES			
Other long-term liabilities	9	**44 788**	7 168
Total long-term liabilities		**44 788**	7 168
LONG-TERM DEBT			
Mortgage debt	4	**906 925**	930 150
Total long-term debt		**906 925**	930 150
SHORT-TERM LIABILITIES			
Accounts payable		**7 258**	5 868
Accounts payable, Group and associated companies	5	**2 885**	319
Taxes payable	6	**86 178**	175 252
Public duties payable		**1 424**	577
Allocated to dividend	1	**382 042**	382 042
Other short-term liabilities		**6 988**	6 639
Total short-term liabilities		**486 775**	570 697
Total liabilities		**1 438 488**	1 508 015
Total equity and liabilities		**4 963 845**	5 206 426

Bergen, 21 March 2013
The Board of Directors in Lerøy Seafood Group ASA

Helge Singelstad
Chairman

Marianne Møgster

Arne Møgster

Didrik Oskar Munch

Britt Kathrine Drivenes

Hege Charlotte Bakken

Hans Petter Vestre
Employees' representative

Henning Beltestad
CEO Lerøy Seafood Group ASA

CASH FLOW STATEMENT

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

LERØY SEAFOOD GROUP ASA	2012	2011
CASH FLOW FROM OPERATING ACTIVITIES		
Pre-tax result	320 532	709 896
Taxes paid during the period	-175 330	-380 435
Depreciation	840	888
Change in accounts receivable	-6 123	0
Change in accounts payable	1 764	3 857
Change in other accruals	2 636	-871
Items classified as investment activities	-370 855	-759 256
Items classified as financing activities	21 348	11 684
Net cash flow from operating activities	-205 188	-414 237
CASH FLOW FROM INVESTING ACTIVITIES		
Payments for acquisitions of fixed assets	0	-66
Payments for purchase of other shares	-2 325	-628
Dividend payments received from associated companies	9 000	28 521
Intragroup contributions/dividends received from subsidiaries	676 052	1 500 655
Payments for acquisition of Group companies/associated companies	-113 993	-20 615
Proceeds/payments for intragroup receivables (short-term/long-term)	-108 535	-33
Proceeds/payments for other loans (short-term/long-term)	-373	6 058
Net cash flow from investing activities	459 826	1 513 892
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/payments for short-term intragroup liabilities	0	-22 450
Proceeds from establishing new long-term debt	116 000	0
Instalments paid on long-term liabilities	-139 226	-138 581
Proceeds/payments on sale/purchase of own shares	0	-8 124
Net interest paid	-21 348	-11 684
Payment of dividend	-382 042	-545 774
Proceeds from dividend on own shares	2 308	2 299
Net cash flow from financing activities	-424 308	-724 314
Net cash flow for the accounting period	-169 670	375 341
Cash and cash equivalents at the start of the period	938 388	563 047
Cash and cash equivalents at the end of the period	768 718	938 388
This consists of:		
Bank deposits etc.	768 718	938 388
Of which restricted funds	776	615

NOTES LERØY SEAFOOD GROUP ASA 2012

(A) COMMENTS ON ACCOUNTING PRINCIPLES

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

(B) SALES REVENUES

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

(C) CLASSIFICATION AND ASSESSMENT OF BALANCE SHEET ITEMS

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

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

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

(D) RECEIVABLES

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

(E) SHORT-TERM INVESTMENTS

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

(F) LONG-TERM INVESTMENTS

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

(G) ASSOCIATED COMPANIES

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

(H) FIXED ASSETS

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

(I) TAX

Tax payable in the income statement includes both the tax payable during the period and changes in deferred tax. Deferred tax is calculated at a rate of 28% on the basis of the provisional differences that exist between accounting and taxable values, as well as the assessed deficit to be carried forward at the end of the financial year. Temporary tax-increasing and tax-decreasing differences which reverse or may reverse the figures in the same period, have been balanced and booked at net value.

(J) SHARE-BASED REMUNERATION

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

(K) INTEREST SWAP AGREEMENTS (DERIVATIVES)

The company seeks to hedge against fluctuations in interest rate by making use of interest swap 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.

An 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)

2011	Share capital	Own shares	Share premium reserve	Other equity	Total equity
Equity as of 01.01.2011	54 577	-230	2 731 690	777 644	3 563 681
The year's result to equity				534 832	534 832
Dividend received on own shares				2 299	2 299
Purchase of own shares		-100		-8 024	-8 124
Impact of option programme				-7 074	-7 074
Change in value on interest swap (cash flow hedge)				-5 161	-5 161
Group contribution given to Lerøy Delico AS				-5 000	-5 000
Change in value of shares in subsidiaries (Lerøy Delico AS)				5 000	5 000
Provision for dividend				-382 042	-382 042
Equity as of 31.12.2011	**54 577**	**-330**	**2 731 690**	**912 474**	**3 698 411**

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

Share capital	No. of units	Nominal value	Recognised
Ordinary shares	54 577 368	1.00	54 577 368
Equity as of 31.12.2012	**54 577 368**		**54 577 368**

Lerøy Seafood Group ASA had 1 344 shareholders as per 31.12.12. All shares confer the same rights in the company. There were 54 577 368 shares outstanding per 31.12.2012. An overview of share capital and the 20 largest shareholders are shown in note 20 for the Group.

Own shares

The number of own shares has remained unchanged in 2012. As of 31.12.2012, Lerøy Seafood Group ASA owns 329,776 own shares with an average cost of NOK 62.10 per share.

NOTE 2 FIXED ASSETS

(All figures in NOK 1 000)

2011	Real estate	Buildings	Total fixed assets
Acquisition cost per 01.01.11	2 090	38 668	40 758
Addition of fixed assets		66	66
Disposal of fixed assets			0
Acquisition cost per 31.12.11	2 090	38 734	40 824
Accumulated depreciation per 31.12.11		-24 189	-24 189
Balance sheet value at 31.12.11	**2 090**	**14 545**	**16 635**
The year's depreciation		888	888

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

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

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

NOTE 3 SHARES IN SUBSIDIARIES, ASSOCIATED COMPANIES, ETC.

(All figures in NOK 1 000)

Subsidiaries	Business location	Ownership/ voting rights 31.12.2011	Cost price/ book value 31.12.2011	Acquisitions / disposals in 2012	Group contribution given in 2012	Cost price/ book value 31.12.2012	Ownership/ voting rights 31.12.2012
Lerøy Vest AS	Bergen	100%	1 262 132			1 262 132	100%
Lerøy Hydrotech AS	Kristiansund	100%	873 585			873 585	100%
Sjøtroll Havbruk AS	Austevoll	50.71%	540 000			540 000	50.71%
Lerøy Midnor AS	Hitra	100%	261 645			261 645	100%
Lerøy Aurora AS	Tromsø	100%	154 070			154 070	100%
Rode Beheer BV	Urk, Netherl.			113 471		113 471	50.11%
Hallvard Lerøy AS	Bergen	100%	57 880		9	57 889	100%
Lerøy Fossen AS	Bergen	100%	43 643			43 643	100%
Lerøy Smøgen Holding AB	Smøgen, Sweden	100%	36 017	-36 017			
Lerøy Sverige AB	Gothenburg, Sweden	100%	29 690	36 017		65 707	100%
Lerøy Trondheim AS	Trondheim	100%	23 109		175	23 284	100%
Lerøy Delico AS	Stavanger	100%	20 750		1 320	22 070	100%
Jokisen Eväät OY	Finland	68%	20 616			20 616	68%
Lerøy Alfheim AS	Bergen	100%	13 100		55	13 155	100%
Lerøy Fisker'n AS	Oslo	100%	8 000			8 000	100%
Lerøy Portugal Lda	Portugal	60%	4 600			4 600	60%
Nordvik SA	Boulogne, France	90%	3 123	495		3 618	100%
Inversiones Seafood Ltda.	Chile	100%	2 888			2 888	100%
Lerøy & Strudshavn AS	Bergen	100%	380		25	405	100%
Sandvikstomt 1 AS	Bergen	100%	100		15	115	100%
Lerøy Processing Spain SL	Madrid, Spain			27		27	100%
Total shares in subsidiaries			**3 355 327**	**113 993**	**1 599**	**3 470 919**	

In March 2012, Lerøy Seafood Group ASA acquired 50.11% of Rode Beheer BV. In May 2012, Lerøy Seafood Group ASA acquired the last 10% of the shares in the French subsidiary Nordvik. Lerøy Smøgen Holding AB has been merged into Lerøy Sverige AB. In addition, a new company has been established in Spain, named Lerøy Processing Spain SL. All other changes relate to Group contributions for 2012.

Associated companies	Business location	Ownership/ voting rights 31.12.2011	Cost price/ book value 31.12.2011	Acquisitions in 2012	Disposals in 2012	Cost price/ book value 31.12.2012	Ownership/ voting rights 31.12.2012
Norskott Havbruk AS	Bergen	50%	163 273	-	-	163 273	50%
Alfarm Alarko Lerøy	Istanbul, Tur.	50%	11 548	-	-	11 548	50%
Total shares in associated companies			**174 821**	-	-	**174 821**	

Other shares	Business location	Ownership/ voting rights 31.12.2011	Cost price/ book value 31.12.2011	Acquisitions in 2012	Disposals in 2012	Cost price/ book value 31.12.2012	Ownership/ voting rights 31.12.2012
DNB Private Equity Fund	Bergen	1.2%	628	2 325		2 953	1.20%
Miscellaneous minor share interests			37	-	-	37	
Total other shares			**665**	**2 325**	-	**2 990**	

NOTE 4 DEBT, MORTGAGES AND GUARANTEES

(All figures in NOK 1 000)

	2012	2011
LONG-TERM INTEREST-BEARING DEBT		
Debt to credit institutions	**906 925**	930 150
Total interest-bearing debt at 31.12	**906 925**	930 150
Bank deposits	**768 718**	938 388
Net interest-bearing debt at 31.12	**138 207**	-8 238
REPAYMENT PROFILE INTEREST-BEARING DEBT		
2012		128 350
2013	**142 850**	128 350
2014	**142 850**	128 350
2015	**55 350**	40 850
2016	**355 350**	340 850
2017	**55 350**	40 850
Later	**155 175**	122 550
Total	**906 925**	930 150

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.

	2012	2011
Debt secured by mortgages		
Long-term debt to credit institutions	**906 925**	930 150
Total mortgage-secured debt at 31.12	**906 925**	930 150
MORTGAGED ASSETS		
Shares in subsidiaries	**1 413 585**	1 413 585
Customer receivables - cross-mortgaged (Hallvard Lerøy AS)	**280 000**	280 000
Shares in associated companies	**163 273**	163 273
Inventories - cross-mortgaged (Hallvard Lerøy AS)	**40 000**	40 000
Buildings	**11 664**	14 545
Total book value of mortgaged assets 31.12	**1 908 522**	1 911 403
Guarantees and sureties	**66 250**	381 348

Guarantee and surety liability

Lerøy Seafood Group ASA has posted a guarantee to the lenders of NOK 35 000 to Lerøy Aurora AS and NOK 40 000 to Lerøy Hydrotech.

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)

Long-term intragroup receivables	2012	2011
Lerøy Hydrotech AS	**93 000**	0
Inversiones Seafood Ltda	**21 727**	22 496
Lerøy Processing Spain SL	**12 783**	0
Lerøy Alfheim AS	**5 500**	0
SAS Eurosalmon	**3 873**	5 759
SAS Fish Cut	**0**	93
Total long-term intragroup receivables	**136 883**	28 348

Short-term receivables, intragroup/associates	2012	2011
Hallvard Lerøy AS	**191 011**	216 465
Lerøy Midnor AS	**113 904**	318 294
Lerøy Vest AS	**26 442**	638
Lerøy Fossen AS	**22 011**	31 333
Lerøy Aurora AS	**7 491**	299
Lerøy Fisker'n AS	**4 913**	9 250
Lerøy Delico AS	**2 104**	3 229
Lerøy Hydrotech AS	**1 409**	94 204
Lerøy Sjømatgruppen AS	**1 053**	0
Sjøtroll Havbruk AS	**563**	0
Sandvikstomt 1 AS	**7**	0
Lerøy Alfheim AS	**0**	4 800
Lerøy Trondheim AS	**0**	1 785
Total short-term receivables, intragroup/associates	**370 908**	680 298
OF WHICH INTRAGROUP CONTRIBUTION RECEIVED		
Hallvard Lerøy AS	**188 000**	215 492
Lerøy Midnor AS	**112 091**	317 000
Lerøy Vest AS	**24 114**	0
Lerøy Fossen AS	**22 011**	31 333
Lerøy Aurora AS	**6 282**	0
Lerøy Fisker'n AS	**4 913**	9 250
Lerøy Sjømatgruppen AS	**1 053**	0
Lerøy Alfheim AS	**0**	4 800
Lerøy Trondheim AS	**0**	1 785
Lerøy Hydrotech AS	**0**	93 000
Total	**358 464**	672 661

Income from investments in subsidiaries	2012	2011
Intragroup contributions received from subsidiaries	**358 464**	672 661
Dividend received from Lerøy Sverige AS	**3 391**	26 373
Dividend received from Sjøtroll Havbruk AS	**0**	22 910
Dividend received from Lerøy Smøgen Holding AB	**0**	8 791
Total income from investments in subsidiaries	**361 855**	730 735

Income from investments in associated companies	2012	2011
Norskott Havbruk AS (dividend received)	**9 000**	28 521
Alfarm Alarko Lerøy (dividend received)	**0**	0
Total income from investments in associated companies	**9 000**	28 521

Short-term liabilities, intragroup/associates	2012	2011
Lerøy Delico AS	**1 834**	0
Hallvard Lerøy AS	**569**	195
Lerøy Trondheim AS	**243**	0
Lerøy Vest AS	**95**	100
Lerøy Alfheim AS	**76**	0
Lerøy & Strudshavn AS	**35**	0
Sandvikstomt 1 AS	**20**	0
Lerøy Quality Group AS	**13**	0
Lerøy Hydrotech AS	**0**	24
Total short-term liabilities, intragroup/associates	**2 885**	319

NOTE 6 TAXATION

(All figures in NOK 1 000)

	2012	2011
DISTRIBUTION OF THE YEAR'S TAX COST		
Taxes payable	**86 799**	175 252
Too much or too little allocated to taxes	**-21**	-187
Change in deferred tax	**-12**	0
Total taxation	**86 766**	175 065
CALCULATION OF THE YEAR'S TAXATION BASE		
Profit before tax	**320 532**	709 896
Dividend (adjusted for taxation)	**-12 020**	-83 997
Permanent differences incl. intragroup contributions without tax effect	**1 443**	4
Change in temporary differences	**43**	-1
The year's taxation base	**309 998**	625 902
OVERVIEW OF TEMPORARY DIFFERENCES AND DEFERRED TAX		
Buildings and other fixed assets	**-2 639**	-2 637
Financial instruments (cash flow hedge) *	**-44 788**	-7 168
Total	**-47 427**	-9 805
28% deferred tax (- tax asset)	**-13 280**	-2 745

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

(Continued on next page)

WHY THE YEAR'S TAX COST IS NOT EQUAL TO 28% OF PRE-TAX PROFIT	2012	2011
28% of profit before tax	**89 749**	198 771
Permanent differences (28%)	**404**	1
Tax-free dividend	**-3 366**	-23 519
Too much or too little allocated to tax	**-21**	-187
Estimated tax cost	**86 766**	175 066
Effective tax rate	**27.07%**	24.66%

TAX PAYABLE BOOKED IN THE BALANCE SHEET		
Tax payable	**86 799**	175 252
Tax payable on intragroup contributions paid	**-622**	0
Tax payable booked in the balance sheet	**86 178**	175 252

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

(All figures in NOK 1 000)

Payroll expenses	2012	2011
Wages and salaries	**15 862**	18 187
Employer's contribution	**2 039**	2 727
Pension costs 1)	**502**	423
Other remuneration and personnel costs	**1 767**	1 250
Total	**20 170**	22 587

1) Defined contribution pension scheme

Average number of man-years: 7

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

Auditor

Invoiced fees in 2012 from the Group auditor PricewaterhouseCoopers AS, the law firm PricewaterhouseCoopers AS and other foreign PriceWaterhouseCoopers firms, were as follows:

	2012	2011
Auditing fees Group auditor	**650**	650
Other services Group auditor	**314**	656
Total	**964**	1 306

NOTE 8 ITEMS COMBINED IN THE ACCOUNTS

(All figures in NOK 1 000)

Financial revenues	2012	2011
Interest income from Group companies	**1 093**	1 264
Other interest income	**26 859**	27 604
Other financial revenues	**0**	593
Total financial revenues	**27 952**	29 461

Financial costs	2012	2011
Interest cost	**46 396**	40 458
Loss on foreign exchange	**2 074**	
Other financial costs	**830**	687
Total financial costs	**49 300**	41 145
Net financial items	**-21 348**	-11 684

NOTE 9 INTEREST SWAP AGREEMENTS

(All figures in NOK 1 000)

Lerøy Seafood Group ASA entered into an interest swap agreement on 17 January 2012, with a nominal fixed amount of NOK 500 million and a duration of 10 years. This agreement comes in addition to the first interest swap agreement dated 17 November 2011 which had the same amount and duration. The interest swap agreements are recognised as hedging on the accounts (cash flow hedging). The fixed rates of interest agreed upon for the period are 3.29% and 3.55%. The average interest rate is 3.42%.

Change in fair value	**Nominal amount**	**Fixed interest rate / average**	**Cost price**	**Fair value**	**Related deferred tax**	**Net effect on equity**
Interest swap agreement from 17.11.11, 10 years:	500 000	3.55%	0	0	0	0
Fair value adjustment 2011				-7 168	2 007	-5 161
Status 31.12.2011	**500 000**	**3.55%**	**0**	**-7 168**	**2 007**	**-5 161**
Interest swap agreement from 17.01.12, 10 years:	500 000	3.29%	0	0	0	0
Fair value adjustment 2012				-37 620	10 534	-27 086
Status 31.12.2012	**1 000 000**	**3.42%**	**0**	**-44 788**	**12 541**	**-32 247**

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

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 2012, and the income statement and cash flow statement, for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the balance sheet at 31 December 2012, income statement, statement of comprehensive income, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

Auditor's Responsibility

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

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

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

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 2012, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the group

In our opinion, the financial statements of the group present fairly, in all material respects, the financial position of the group Lerøy Seafood Group ASA as at 31 December 2012, 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 statement of corporate governance principles and practices

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 statement of corporate governance principles and practices concerning the financial statements and 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, 21 March 2013
PricewaterhouseCoopers AS

Hallvard Aarø
State Authorised Public Accountant (Norway)

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

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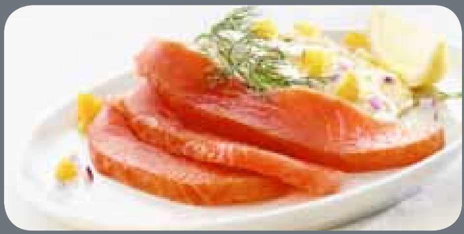

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