

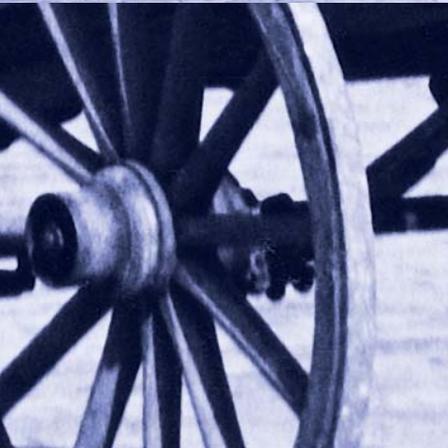


ANNUAL REPORT 2002





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History

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

Over time, Ole Mikkel Lerøen's operations gradually came to include retail sales in Bergen, the sale of live shellfish and a growing export business. In 1939, two of his employees, Hallvard Lerøy sr and Elias Fjeldstad, established the company that today is the group's principal company - Hallvard Lerøy AS. For the first time in the Group's history, the number of employees in the Group's overseas companies exceeded those in Norway in 2002.

Since its establishment, the company has been a pioneering enterprise within a number of fields in the Norwegian fishing industry. The main focus has always been on developing markets for fresh and frozen fish products, and the company has frequently led the way into new markets or been the first to commercialise new species. The pioneering spirit is still very much alive in the Group, which was the first to export fresh salmon to the USA and to establish direct air-borne deliveries of fresh salmon to Japan.

Up to 1997, the Group was a traditional family company. In 1997, a private placement with financial investors was issued for the first time. In connection with this placement, the company was reorganised as a public limited company. Since then, the company has introduced several placements, most recently when the company was floated on the stock market in June 2002.



Principal figures from the Income Statement

| <i>Amounts in NOK mill</i> | 2002 | 2001 | 2000 |
|----------------------------|---------------|---------------|---------------|
| Operating revenues | 2 555 606 | 2 530 457 | 2 721 621 |
| EBITDA | 66 252 | 71 791 | 47 099 |
| Operating profit | 55 045 | 64 785 | 40 907 |
| Profit before tax | 40 184 | 56 630 | 51 750 |
| PROFIT FOR THE YEAR | 29 521 | 40 877 | 40 409 |
| Earnings per share | 1,13 | 2,10 | 2,30 |
| Diluted earnings per share | 1,13 | 2,08 | 2,26 |

Corporate Governance

Corporate Governance is an international concept for which there is not yet a good and accurate term in Norwegian. We understand the concept to be a collective term covering the company's behaviour and customary practices within several sectors, such as governing and monitoring mechanisms, management, steering customs and shareholder policies. Several of these areas are governed by company policy representing a minimum of what the company's partners may expect from the company. The company's own goals, seen in conjunction with the demands of international and national partners for lasting profitable commercial activities mean that Lerøy Seafood Group is to be recognised for exercising Corporate Governance beyond the minimum requirements.

We share the view which maintains that Corporate Governance is not something new and that the concept probably has not yet found its final meaning and our review of the company's Corporate Governance has therefore not yet found its final form and content either. We will continue to work on our Group's Corporate Governance and the way in which it will be presented in coming years. The information in this chapter has in part been presented in earlier annual reports, though not gathered in a separate section. We hope that collecting this information in its own section will make it more readily accessible to the reader. For the sake of good order, we must point out that this chapter is not a complete description of the company's Corporate Governance. Rather, it is a review of some specific and central matters based on that part of the Corporate Governance related to the interface between the company's present and future owners. We believe the recent focus on those areas encompassed by the term Corporate Governance will in time show the need for various roles and related distribution of responsibility in the

performance of commercial activity. This will improve the possibility of all partner companies to form an independent and accurate view of the companies and thus to assess which companies have the best potential for generating the greatest wealth.

n The Board of Directors

With its central position between owners and management, the Board of Directors will act as the corporate body that safeguards the needs of the shareholders for strategic governance and operational control. The function and focus of the Board will always vary somewhat depending on circumstances within the company and the development of the external business environment.

The transformation of the Lerøy Group from a family company to a listed public limited company has been marked by the owners' clear awareness of the type of Board the company needs. The owners' process of establishing a Board made up of members with various fields of expertise, independent of the Group's management and the company's largest shareholders, started already at the end of the 1980s. Since early in the 1990s, the majority of the members of the Lerøy Group Board have not been part of the Group's management; this is to safeguard the Board's ability to challenge the Group's management.

For several years now, see above, the company's owners have considered the need for a variety of skills, continuity, renewal and change in the company's ownership structure in conjunction with the composition of the Board of Directors.

The Board today is composed of

Chairman of the Board, Svein Milford, was first elected onto the Group's Board by the Shareholders' Meeting on 24 April 1995. Milford was subsequently elected to the chairmanship by the Shareholders' Meeting on 12 May 2000. Milford is 59

years old and has a degree in electronic engineering (1965), a diploma in economics from the Norwegian School of Management - BI (1970) and an MBA from the University of Oregon (1971). Milford has considerable experience from leading positions in Norwegian and international business enterprises. In recent years, Milford has run his own consultancy business and is chairman of the board of several companies. At 31 December 2002, Svein Milford owns – directly or indirectly – 5,900 shares in the company.

Board Member Hallvard Lerøy jr first gained board membership in the Group in 1967. Lerøy jr is 66 years old and has university qualifying examinations in business studies from Bergen Business College - Bergens Handelsgymnasium (1955), visited France for work/study purposes in 1955 and 1957, and has attended studies in business economy at the Norwegian School of Economics and Business Administration - NHH - in Bergen. Lerøy jr has been employed in the Group for long periods of his working life and became Managing Director in 1967. Lerøy jr retired as Managing Director in 1992 when his son and current Group Managing Director and Chief Executive Officer Ole-Eirik Lerøy took over. Lerøy jr currently holds positions on official committees and in fisheries organisations, on various boards and in some of the Group company boards. At 31 December 2002, Hallvard Lerøy jr owned – directly or indirectly – 1,906,470 shares in the company.

Board Member Fons Brüsselmanns has been a member of the Board since the 1998 Shareholders' Meeting. Fons Brüsselmanns is 53 years old and a graduate in business economy from the Norwegian School of Management - BI (1978). Brüsselmanns is Group Managing Director of Kuoni Scandinavia and has held management positions in

international service industries for a number of years. In addition, he has broad experience of working on the boards of international commercial enterprises. At 31 December 2002, Fons Brüsselmans owned 5,400 shares in the company.

Board Member Leif O. Strand was elected onto the company's Board of Directors by the Shareholders' Meeting on 12 May 2000. Strand is 54 years old and has attended studies at the Norwegian School of Management – BI - in Oslo. Strand has many years of experience in Norwegian businesses and is a company director in Ferd AS. Strand is a member of the board of several companies within the Group owned by his employer, Ferd AS. At 31 December 2002, Leif O. Strand owns no shares in the company, but his employer Ferd AS, through Ferd Private Equity, owns 5,781,307 shares.

Board Member Hans Petter Vestre was elected to the Board as the employees' representative at the Shareholders' Meeting on 24 April 1995. Vestre is 36 years old and a graduate of the Norwegian College of Fishery, University of Tromsø (1991). Vestre was employed by Hallvard Lerøy AS as sales manager in 1992 and is today a departmental head in Hallvard Lerøy AS. Vestre is also a member of the Board of Directors of Hallvard Lerøy AS. On 31 December 2002, Hans Petter Vestre owned 8,120 shares in the company.

n Dividend policy

With the help of continued growth and improved profitability, Lerøy Seafood Group aim to create financial values for their shareholders, staff and the community in general. Lerøy Seafood Group aims to provide a satisfactory rate of return from all its activities. The yield to shareholders in the form of dividends and share price performance in the stock market ought to reflect the wealth generated by the company. The dividends

paid should reflect the company's growth and profitability.

The company's dividend policy implies that over time, dividends should be in the range of 30 to 40 % of the net profits after tax. However, care must be taken throughout to ensure that the Group operates in line with good financial contingency planning as a guarantee for new and profitable investments. In the long run, wealth will be generated more in the form of a rise in share values rather than in declared dividends.

n 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, make it essential for the company at all times to maintain adequate financial contingency plans. This in turn requires a close relationship with the company's shareholders and equity capital markets. The company has always stressed the importance of maintaining the confidence of its financial partners and thus also access to necessary loan capital on favourable terms. The financial goals of the Board of Directors and the Group's management are reflected in an established requirement to soundness as well as a yield requirement. The requirement to soundness means that the Group's equity capital ratio over time should not be less than 25 %. The Group's earnings over time are to generate an annual return on the Group's average capital employed of 18% before tax.

n Shareholders' meeting Negotiability and voting rights

As of 3 June 2002, the shares of Lerøy Seafood Group ASA were listed on the Oslo Stock Exchange main list and are freely negotiable within the provisions of Norwegian law. The company has only one class of shares, and each share carries one vote at the Shareholders' Meetings. Shareholders rights are governed by the Act related to Public

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

Attendance by proxy

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

Authorities granted to the Board of Directors

Authorities are granted to the Board of Directors in accordance with the Act relating to Public Limited Companies (Norway), cp. in particular Chapters 9 and 10 of the Act.

The first time the board was authorised to acquire the company's own shares was at the Shareholders' Meeting on 12 May 2000. This authority was subsequently renewed at the Shareholders' Meeting on 23 April 2002 and is to remain valid for 18 months from the date on which the resolution was adopted. The authority has been exercised. At 31 December 2002, the company owned 147,723 shares.

The Board is authorised to increase the share capital by up to NOK 1,200,000.00 by issuing up to 1,200,000 shares, each with a face value of NOK 1.00 through one or more private placements with employees of Lerøy Seafood Group ASA and its subsidiaries. The Board's authority must be seen in conjunction with the company's established option programme, see below. This type of authority was first established by the Extraordinary Shareholders' Meeting of 10 December 1997 and subsequently renewed by the Shareholders' Meeting on 23 April 2002. This authority is valid for two years from the time the resolution was adopted. The authority is valid for two years from the date on which the resolution was adopted. It has not been exercised.

The Board is authorised to increase the share capital by up to NOK 5,000,000.00

by issuing up to 5,000,000 shares in Lerøy Seafood Group ASA, each with a face value of NOK 1.00, through one or more private placings with the company's shareholders and/or external investors. This type of authority was first established by the Shareholders' Meeting of 4 May 1999 and subsequently renewed by the Shareholders' Meeting on 23 April 2002. The authority is valid for two years from the date on which the resolution was adopted. It has not been exercised.

Options

Since the spring of 1999, the Board has issued a total of 792,000 options entitling the holder to subscribe to one new share per option, cp. the Board's authority described above.

Of these, 452,000 options were issued in July 1999. The options could be exercised in stages, the first time for 30% of the options after the Shareholders' Meeting in 2000 and then for 40% and 30% after the Shareholders' Meetings in 2001 and 2002 respectively. The exercise price is NOK 12.00 per option. At 31 December 2002, 213,100 of these options had been exercised, and the number of this type of option still outstanding is 238,900.

Exercised options have been honoured with shares purchased by the company in the market, cp. the Board's authority to acquire the company's own shares.

Moreover, the Board allocated 320,000 options in the spring of 2001 and in the spring of 2002. These options may be exercised in stages, with one third at each stage, the first time after the Shareholders' Meeting in 2002. The exercise price is NOK 27.50 per share. At 31 December 2002, none of these options had been exercised.

Moreover, the Board allocated 20,000 options with an exercise price of NOK 32.00 per share. The right to exercise these options follows the same model

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

Share issues with discount

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

n Agreements

In connection with the public capital increase and flotation of the company on the stock market, the Lerøy family (Ole-Eirik Lerøy, Hallvard Lerøy jr, Knut Hallvard Lerøy, Lime AS, KOS Bergen AS) entered into an agreement committing the family not to sell shares or other financial instruments in Lerøy Seafood Group ASA in the period up to 1 June 2003 without prior written authority from the arrangers. At the time the agreement was made, the Lerøy family controlled 8,546,323 shares.

n Information

Lerøy Seafood Group ASA places great weight on correct and open information to shareholders, potential shareholders and other interested parties. Since 1997, the company has presented quarterly reports containing financial information, current, relevant, consistent and up-to-date information that is to form the basis for all interested parties' assessment of the share value of the company. The company's most important medium for distributing information will be the Oslo Stock Exchange reporting system, but the company will also present such information directly to investors and analysts. Lerøy Seafood Group will inform their shareholders through the annual report, quarterly reports and at presentations

when this is appropriate. In addition, press releases will be sent out in connection with important events in the markets in which the company operates or concerning other circumstances that may be relevant.

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

n Technical information

At 31 December 2002, Lerøy Seafood Group ASA had 29,440,767 shares, each with a face value of NOK 1.00. At 31 December 2002, the company had 1,397 shareholders. The company's register of shareholders, cp. S. 4-4 of the Act relating to Public Limited Companies (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. Den norske Bank ASA, Oslo, is the account manager. The share's Ticker Code on the Oslo Stock Exchange main list is LSG. The company's business enterprise number is 975 350 940.

The overview below shows the so-called RISK¹ values for the company's share :

01 January 1996 NOK 0.0
01 January 1997 NOK 1,592.60
01 January 1998 NOK 3.50
01 January 1999 NOK 1.14
01 January 2000 NOK 0.83
01 January 2001 NOK 0.89
01 January 2002 NOK 1.69

The following adjustment factors are used when redistributing RISK amounts following share splits:

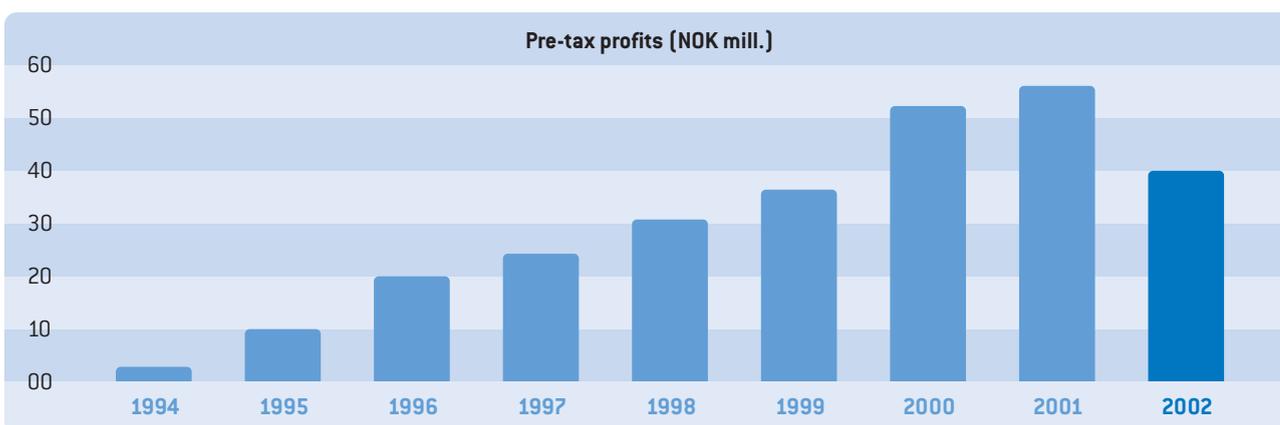
Share split on 1 May 1998,
factor 0.10000
Share split on 30 June 1997,
factor 0.00100

¹ RISK is an abbreviation for Reguleringsverdi av Inngangsverdi med Skattlagt Kapital, or adjustment of original cost of the shares by tax profit, RISK adjustment. *Translator's note.*





Key figures and graphs

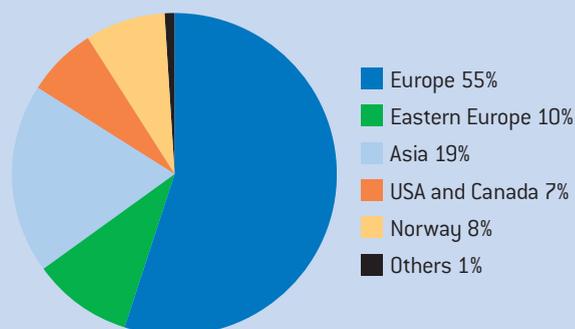


Financial key ratios

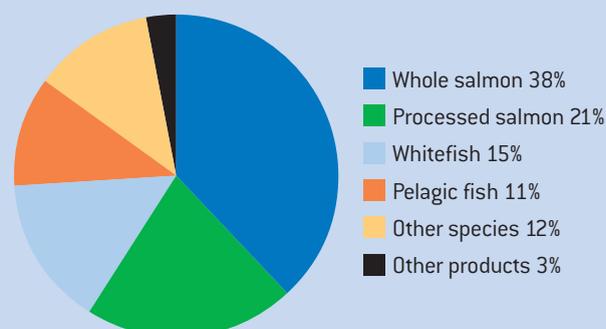
| | 2002 | 2001 | 2000 | 1999 | 1998 |
|---------------------------------|---------------|--------|--------|--------|--------|
| Pre-tax profit margin | 1,57% | 2,24% | 1,90% | 1,87% | 1,74% |
| Operating margin | 2,15% | 2,56% | 1,50% | 1,72% | 1,80% |
| Earnings per share ¹ | 1,13 | 2,10 | 2,30 | 1,89 | 1,40 |
| ROCE ² | 8,75% | 15,89% | 18,53% | 24,49% | 22,88% |
| Equity ratio | 53,50% | 41,31% | 43,64% | 32,93% | 36,08% |

¹ Average number of shares. ² Return on average capital employed.

Operating revenues by market



Operating revenues by product group





Report of the Board of Directors for 2002

Financial situation

In 2002, operating revenues for the Lerøy Seafood Group amounted to NOK 2,556 million, on par with gross sales in 2001 of NOK 2,530 million. Consolidated operating profit amounted to NOK 55.0 million in 2002, compared to NOK 64.8 million the year before. The Group's operating margin in 2002 was 2.15 %, compared to 2.56 % in 2001. Weak prices for Atlantic salmon and trout, and a difficult market for herring and mackerel set their stamp on the year 2002. As expected, therefore, the Group failed to achieve a satisfactory yield on its financial assets. In 2002, the Group's share in the associates' results thus led to a loss of NOK 12.8 million compared to a corresponding loss of NOK 1.6 million in 2001. Profit before tax was NOK 40.2 million compared to NOK 56.6 million in 2001.

The year's surplus corresponds to a profit of NOK 1.13 per share in the year 2002, compared to NOK 2.10 in 2001. Through the year 2002, the number of shares increased from 19,440,767 to 29,440,767 shares. In 2002, the return on the Group's capital employed was 8.75 %. As expected, the Group failed to achieve its own yield targets in 2002. Though the financial year was difficult, the Board is not satisfied with last year's yield. The Group is sound, with equity capital amounting to NOK 641.1 million, giving an equity ratio of 53.50%. The Board proposes that the dividend payment for 2002 should be NOK 0.60 per share.

Fixed financial assets

The year 2002 has been difficult for producers of salmon and trout in Europe. Although salmon prices rose substantially from the rock-bottom prices at the beginning of last year, most producers in Europe have had difficulty achieving positive results. Chile improved its competitive ability significantly in relation to European producers through the year. This intensified the requirements for

productivity development, risk control and market-oriented production.

The Group's ownership share in fish farming enterprises in the UK and Norway account for a substantial portion (about 50 %) of the Group's employed capital. These assets have contributed negatively to the Group's overall results in 2002. The Group's share in the results after amortization of goodwill amounts to NOK -10,5 million from Norskott Havbruk and NOK -2,7 million from Hydrotech-Gruppen. The year's results from these companies are strongly affected by the difficult market conditions that exist for the European fish farming industry. The Board believes these figures, despite losses, show that the Group's substantial interests in the production of salmon and trout are placed in competitive entities. Egersund Fisk and Sigerfjord Aqua provided a share in the results amounting to NOK 0.9 million and NOK -0,5 million respectively.

Structural situation

The Group competes in an industry where requirements for risk management and ability to engage in the long-term development of strategic business processes are stringent. The Group's strategic freedom of action and on-going earnings are good. In the opinion of the Board, this allows the Group to be an active participant in coming global and national wealth-generating structural changes. Lerøy Seafood Group will thus consider possible future investments and merger alternatives, as well as possible alliances that can improve the Group's basis for further profitable growth. The seafood industry has great potential, but making use of this potential will require a substantially higher degree of market orientation than that seen today. More resources will have to be allocated to product development, and down-stream activities will have to be developed further. These are processes in which the company is already engaged.

Against the background of the Group's many years of work on network cooperation, the development of quality products, market development, quality assurance and brand building, the Board considers the possibilities for increased wealth creation for the company's shareholders and the Group's important partners to be good. In coming years, the Group will continue its long-term work focusing on strategic commercial development combined with improving the efficiency of the Group's operations. Based on the customer's requirements, this work will ensure continuity of deliveries, quality and cost efficiency, and through this, increased profitability. Improving operational efficiency is an on-going process that will continue to develop and improve the efficiency of the Group's international market apparatus and production interests.

In line with the Group's plans, the company was listed on the Oslo Stock Exchange on 3 June 2002. Listing the company has established a market place for the company's shares, improved future access to risk capital and improved opportunities for using the company's shares in future acquisitions and mergers.

Employees

The head office of the parent company Lerøy Seafood Group ASA is situated in Bergen, Norway. Apart from the Group Managing Director, the parent company has two employees. Administratively, all personnel functions are handled by the wholly owned subsidiary Hallvard Lerøy AS. At the end of the year, there were 314 employees in the Group, compared to 253 at the same time in 2001. This strong growth in the number of employees resulted from the acquisition of Lerøy Smøgen Seafood AB. This year, too, the Board wishes to underline its appreciation of the contributions made by the staff of the Lerøy Seafood Group throughout 2002 and this year, too, individual flexibility and

effort when adjusting to new situations have proved vital.

Health, safety and the environment

Two minor incidents were registered among the Group's employees in 2002. Total time lost due to illness in the Norwegian subsidiaries amounted to 6.8 % (5.3 %) divided between 3.1 % (2.7 %) in short-term absences and 3.7 % (2.6 %) in long-term absences. The foreign subsidiaries do not keep statistics on time lost due to illness. The company's organisation is under continuous review to ensure that it will be able to deal with any new challenges that may arise. The working environment and cooperative atmosphere is good.

External environment

The Lerøy Seafood Group does its best at all times to keep up with the changing requirements of the authorities regarding environmental investments. The company's operations are closely linked to natural conditions in Norwegian and international waters.

Annual results and allocations in Lerøy Seafood Group ASA

In 2002, Lerøy Seafood Group ASA made a profit of NOK 17.8 million compared to last year's results of NOK 18.2 million.

The Board proposes that the profits for 2002 be distributed as follows:
Dividends, NOK 0.60 per share 17,664,460
Transferred to other equity capital 100,704
Total allocation 17,765,164

Market situation/future prospects

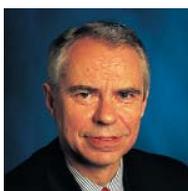
The Group's level of activities is good and the Board of Directors considers future prospects for the Group to be favourable. The accounts have been submitted on the assumption of continued operations. The situation in the global economy gives rise to considerable uncertainty for the future, but we expect somewhat better framework conditions for the Group's overall activities in 2003. However, our subsidiary Hallvard Lerøy AS remains hampered by the political trade barrier represented by the so-called salmon agreement with the EU Commission.

There is still considerable uncertainty as to how long the EU authorities will uphold today's minimum price regime.

In 2002, the Group exported a broad range of seafood products from Norway to more than 40 countries, the largest being Japan, France and Sweden. The demand for the Group's products is good. Competition in the international market for foods requires the Group constantly to seek more cost-efficient and market-oriented solutions in the effort to satisfy the customers, and thus to ensure profitable growth in the future.

Bergen, 28 March 2003

The Board of Lerøy Seafood Group ASA.



Svein Milford
Svein Milford
Chairman



Hallvard Lerøy jr.
Hallvard Lerøy jr.



Leif O. Strand
Leif O. Strand



Fons Brüsselmans
Fons Brüsselmans



Hans Petter Vestre
Hans Petter Vestre
(employee representative)



Ole-Eirik Lerøy
Ole-Eirik Lerøy
Group Managing Director
Lerøy Seafood Group



Management Report 2002

1 Consolidated activities

The Group's **core activities** encompass product development and the sale, marketing and distribution of seafood. The Group operates through subsidiaries in Norway, Sweden and France and through a network of sales offices that ensure its presence in the most important markets. The Group's task is to satisfy the customer's requirements for cost-effective and continuous supplies of a wide range of high-quality seafood products. The Group's global sales network allows it to act as an efficient supplier with **good product-range**, thus reducing the risk for the Group and its partners. Lerøy Seafood Group will also maintain strategic spread in geographic markets, but will continue to use its resources to focus on selected markets with a view to maintaining or expanding its market shares. Developments in the world's food markets demonstrate the increasing demands on marketing and the need for different approaches, depending on the geographic markets and the products with which one is working. Lerøy Seafood Group will therefore also in the future strive to provide its customers with cost-effective, individually forward-looking solutions, thus providing the Group and its partners with the best possible opportunities for growth. It is vital that the interaction between businesses in the value chain making up this network starts with the requirements and wishes of the end user. The network must ensure the mutual exchange of expertise between partners. Businesses within the network, regardless of ownership, must be given good opportunities to focus on their own core activities and to capitalise on scale advantages and reduced risks.

The Group divides its products into the main sectors of salmon products, whitefish, pelagic fish and other species. The distinction between farmed species and wild fish is significant and requires

different logistics systems and working methods. These products are distributed in the Norwegian market and more than 40 other markets worldwide. The broad range of products offered by the company provides sales advantages in most market areas. The company's strategy is to meet the market's ever-increasing demands for quality, range of products, cost efficiency and continuity of supply. This is achieved by coordinating the Group's sales network with established strategic alliances of sea farms, fishing vessels and fish processing plants primarily along the coast of Norway. The Group's business systems are under constant review.

The Group works actively to ensure that systems and routines safeguard profitability requirements. As the industry is in such rapid growth, the demands for **risk management** are particularly stringent in certain areas. Traditionally, the Norwegian and large parts of the international seafood industry have been seriously undercapitalised, with an ensuing high level of financial risk. This is not compatible with the cyclical 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 outside capital on good terms. The company's financial contingency planning, both now and in the future, will allow the Group to take part in the structural reorganisations that will be necessary in the future.

There is very considerable potential in the seafood industry, but if this is to be exploited its fullest, new products will have to be created and developed in line with the evolution of new markets. Lerøy Seafood Group is active in the development of new products and markets under the motto "what can be sold is produced". The political trade barriers imposed on the Norwegian fish farming industry by superior political forces represented by

the EU also underline the need to open up new markets.

In 1996, action taken by Scottish and Irish fish farmers to set up **trade barriers** against Norwegian fish farmers led to the EU's Fisheries Commission opening an enquiry into dumping allegations levelled at the Norwegian fish farming industry. The outcome of this enquiry was an agreement signed by the European Commission and Norwegian export companies in 1997, the purpose of which was to ensure that Norwegian farmed fish was not sold below a fixed minimum price and that sales of Norwegian farmed salmon to the EU did not rise by more than 10% p.a. over the period of the agreement. In connection with the agreement, it was also agreed that the duty on salmon exported to the EU should increase from 0.75% to 3.0%. This export duty was reduced to 2.7% as from 1 March 2003. In addition to the politically motivated trade barrier that this agreement represents, the Norwegian aquaculture industry is also experiencing restrictions on production in the form of feed quotas and fish density regulations. At the time of writing, it is still not known how the EU will respond to the minimum price regime once the original agreement period has expired. If the Norwegian fish farming industry is to continue generating wealth in line with its inherent potential, the Norwegian authorities too will have to take steps to ensure that conditions are favourable in a long-term perspective. In the long run, the industry will not be able to live with such costly framework conditions. Norway as producing nation has lost market shares for several years now and is constantly being challenged by countries that provide their industries with a much better political framework. Political authorities and others determining the conditions under which we work must accept that the industry is global and that we all have to act accordingly. Lerøy Seafood Group's turnover of **fresh**

fish products, represent more than 75 % at present. Lerøy Seafood Group expects to maintain this share in coming years. In addition, there is a clear trend towards a rising level of **processing** throughout our range of products.

Through many years of systematic marketing work, Lerøy Seafood Group has built up a sound position for itself within this product area. As the degree of processing rises, regardless of type of raw material, more and more stringent demands are made on those involved. Standards of cost efficiency, quality and long-term commitment through continuity of supplies will increase in both the production and marketing sectors. In addition, a high level of processing also requires closeness to the market and good logistics solutions. The Groups works with stringent demands on cost efficiency and continuous product development.

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

The Group believes that prospects for stable and acceptable earnings in the area of **pelagic fish**, provided that solvency among customers develops positively, continues to improve in the main markets for pelagic fish. In the long term, the company envisions

that there will be opportunities to improve on the utilisation of pelagic products by focusing more strongly on product development combined with improved market diversification. This work will have to take place over several years.

company's main product, farmed Atlantic salmon. Even when the figures include wild salmon, Norway remains the largest supplier of Atlantic salmon. However, Norway is now in danger of losing this position.



Lerøy Seafood Group is a leading supplier of fresh pelagic fish to both Norwegian and European markets. Sale of fresh pelagic fish is a small but interesting niche product.

Throughout the year 2002, Norway has succeeded in maintaining its position as the world's leading producer nation of the

Measured in value, the Group remained the largest exporter of Norwegian fish out of the country also in 2002.

The acquisition of the two Swedish companies - Allt i Fisk AB and Fiskgrossisterna i Stockholm AB - in the autumn of 2001 has improved the Group's ability to provide cost-effective distribution

of seafood in the important Swedish market. The establishment of the Group's first sales office in the USA (Boston) in September 2001 has provided the Group with a better opportunity to secure a healthy position in this important market for Norwegian fish. September 11, followed by negative developments in the global economy, gave this sales office a tough start.

need for a broad selection of products is satisfied through the Group's wide product range.

International sales and marketing demand various forms of **expertise** and a high degree of flexibility. For this reason, our organisation is made up of people from different sectors of trade and industry with a wide range of formal back-

company is seeking to develop its organisation through projects linked to the company's strategic goals. Against the background of the company's central position in the value chain, development and maintenance of interaction between its partners is a priority area.

The Hallvard Lerøy A/S sales offices in a number of countries represent the Group's **global sales network**. Such sales offices have been set up in France, Spain, China, Japan and the USA and thus cover various parts of the Group's international markets. The Group's presence in central markets allows it to follow up its key customers closely and to establish new customer relationships. The Group decided to open a sales office in Italy in the spring of 2003, and new sales offices will be established in coming years.

Apart from international sales and marketing, Hallvard Lerøy A/S is also engaged in two other sectors, one for the distribution of fresh fish to parts of the Norwegian market, Division Norway, and the other a modern processing plant with freezing capacity – Lerøy Fryseri.

Fresh fish is distributed primarily to the West Norwegian counties, but also to the important Oslo market, either directly to fresh fish counters (Western Norway) through the firmly established "Lerøy counter", or via fresh fish wholesalers in Oslo. The "Lerøy counter" is often used as a display window for Hallvard Lerøy A/S's international customers who are here presented with ideas they can take back to their domestic markets. The concept of the "Lerøy counter" originated in the early 90's and means that Hallvard Lerøy A/S is responsible for supplying the products and training the staff serving behind the counter.

Lerøy Fryseri is an efficient and modern slaughter plant located in Bergen and mainly engaged in the slaughter and

Hallvard Lerøy A/S

Hallvard Lerøy A/S is the largest company in the Group, registering a turnover of NOK 2,139 million in the year 2002. The company suffered a significant decline in results throughout 2002, with pre-tax profits amounting to NOK 38.9 million, compared to NOK 55.2 million in 2001. The political trade barriers established by the EU through its minimum price regulations for Atlantic salmon is a serious impediment for the company. Hallvard Lerøy A/S, located at the Group's head office in Bergen, has been organised in accordance with our markets since 1 January 1996. This form of organisation focuses on customers and their needs and forms the basis for cost-effective handling of the individual customer. The market's

grounds and experience. As the company is engaged in a global industry in which framework conditions are constantly changing and developing, it is important that our staff maintain and extend their skills and competence. Our organisation may be described as young but experienced. Constant changes in the company's framework conditions require dynamic and flexible co-workers who are willing to learn, and Hallvard Lerøy AS's employees meet these requirements. The employees are dedicated to improving the company's **competitive skills and results** and to making sure that the company will be able to satisfy future demands and thus also the company's long-term strategies and profit targets.

With the aim of meeting future developments in the world food market, the



freezing of trout for the Japanese market. This work requires a high degree of efficiency and precision as Japanese customers place very stringent demands on end products. Lerøy Fryseri has a core of skilled and motivated co-workers. Lerøy Fryseri operates in a niche plagued by over-capacity and thus finds it difficult to achieve its earnings targets.

Nordvik SA

Nordvik SA is located in Boulogne sur Mer in France and is one of France's largest importers of fresh fish. Nordvik SA is a well-run company with fifteen employees. The company's sales amounted to NOK 113.4 million in 2002, giving a pre-tax profit of NOK 0.6 million.

Lerøy Sverige AB

Lerøy Sverige is a holding company for the two Swedish companies Lerøy Allt i Fisk AB and Lerøy Fiskgrossisterna AB. The year 2002 was the companies' first full financial year in the Group, and the company registered sales of NOK 317.4 million. Pre-tax results were NOK 5.7 million after GW amortization.

Lerøy Allt i Fisk AB, located in Gothenburg, is a full-range seafood company holding a particularly strong position in the Swedish catering and food service market. Lerøy Fiskgrossisterna AB is located in Stockholm and is Stockholm's largest distributor of seafood, with a particularly high level of expertise in the retail trade. Sweden is an important market for the Lerøy Group, and these two companies have been close partners of Hallvard Lerøy A/S for several years. Integration of these two companies into the Lerøy Group have proceeded according to plan. Further development of the two companies continues in close cooperation with their very able local management and the companies' motivated and competent staff.

Lerøy Smøgen Seafood AB

Lerøy Smøgen Seafood was consolidated

into the Group's accounts from 1 July 2002. Sales during the Group's ownership in 2002 amounted to NOK 51.0 million, giving pre-tax results of NOK 5.6 million after GW amortization.

Lerøy Smøgen Seafood is a Swedish seafood group organised according to the areas of activity of the three companies Strannes Røkeri AB, Strannes Delikatesser AB and Smøgen Seafood AB. In accordance with an agreement with the former owners, Lerøy Seafood Group will take over the remaining 49% of the shares on 1 July 2003. Payment will be made in cash at a price reflecting the value of the 51 % share adjusted for changes in results after the take-over.

After Japan and France, Sweden is the Lerøy Seafood Group's largest market. The acquisition of the three companies is part of Lerøy Seafood Group's long-term strategy for strengthening its presence in the company's main markets. Priority areas for the companies in Lerøy Smøgen Seafood AB are hot and cold-smoked seafood products, seafood salads and products based on seafood in brine.

Strannes Røkeri AB has for many years been one of Lerøy Seafood Group's important alliance partners. Together, the companies have developed a range of products sold in the catering markets of a number of countries.

Lerøy Smøgen Seafood supplements the acquisitions made in 2001, when today's Lerøy Sverige was established.

Lerøy Quality Group AS

The 2002 income of Lerøy Quality Group AS amounted to NOK 0.9 million, giving a pre-tax profit of NOK 0.2 million. Most of the company's operating expenses are due to the writing down of shares in listed companies. Lerøy Quality Group is a continuation of the interest organisation Lerøy Quality Group (LQG) established in

1993. The company is owned by Hallvard Lerøy A/S and several leading Atlantic salmon farmers. Lerøy Quality Group AS is a long-term financial investor in listed shares, and the company's results reflect developments on the world's financial markets. Since its establishment in 1997 and up to the present, the company has provided its shareholders with good results despite its exposure to the stock market.

Breivoll Marine AS

In 2002, Breivoll Marine AS recorded a turnover of NOK 0.5 million and pre-tax results of NOK 0.3 million. Breivoll Marine AS is a property company which owns a fish processing plant on the island of Rolløya near Harstad. All production (slaughter of salmon and trout) is in the hands of Breivoll Marine Produkter AS in which Lerøy Seafood Group ASA is a minority shareholder.

Associates

Lerøy Seafood Group ASA has substantial ownership shares in several companies. Total investments in associates at 31 December 2002 amounted to NOK 279.2 million. These investments did not provide a satisfactory yield in 2002. The total share in profits after GW amortization gave a loss of NOK 12.8 million. The most significant reason for this was that the results of the two central companies, Hydrotech-Gruppen AS and Norskott Havbruk AS, were badly affected by the very weak prices of Atlantic salmon and trout throughout the year. However, in the long term the company's investments in financial assets are expected to provide a satisfactory yield. The company's cost price for these fixed assets indicate that a satisfactory yield will be achieved when the company can obtain what in an historic perspective may be considered "standard prices" for Atlantic salmon.

The most significant share of the capital invested in associates is allocated to the farming of salmon and trout in Norway (Hydrotech-Gruppen AS) and the UK (Scottish Sea Farms Ltd through the company Norskott Havbruk AS). The Group is therefore exposed to the risks naturally inherent in this type of operation. Apart from commercial risks, there will also be biological risks and political (regulatory) risks linked to this type of activity. The political risks include everything from access to markets (particularly for production in Norway), changes in operating permits, emission permits linked to concessions rules, etc. There is still uncertainty about how strong the growth in prices for salmon and trout will be in the current year. The Group does not expect there to be negative developments in other framework conditions. Competition from Chilean farming operations has been keen in recent years and will probably continue.

Pelagic operations, under certain conditions, are interesting product areas. Ownership interests in Egersund Fisk AS allow the Group to be represented also within this product area, though only to a limited extent. The greatest challenges linked to the reception and distribution of pelagic fish for consumption are considerable overcapacity on the industrial sector/reception side and major challenges linked to credit risks in the main markets for herring, ie Russia, the Ukraine and other Eastern European countries.

The Group applies several criteria to the selection of possible alliance partners/ investment objects, some of which will be commented on here. The Group always considers what qualifications the alliance partner has that will ensure satisfactory operations. These are considered in terms of management expertise, but equally important is the expertise within the organisation in general. It is important

that the object's balance sheet with adjustments is acceptable in terms of the Group's risk profile. Similarly, any alliance partners must show an awareness of the significance of continuous, quality-assured, market-oriented production.

Norskott Havbruk AS

Fifty percent of Norskott Havbruk AS is held by Lerøy Seafood Group ASA, and the remaining fifty percent is held by the fish farming company SalMar AS. Norskott Havbruk AS was set up in 2001 for the sole purpose of acquiring the company today bearing the name Scottish Sea Farms Ltd. Norskott Havbruk AS today owns 100% of Scottish Sea Farms Ltd, the second largest fish farming company in the UK. Scottish Sea Farms Ltd has operations in Scotland and in the Shetland islands. The company has a production capacity for Atlantic salmon of more than 25,000 tons gutted weight (GWT).

In 2002, the company slaughtered 19,000 GWT. In addition, the company's smolt production covers much of its own needs. The remainder of the company's needs is covered by agreements with independent smolt producers. The company also has two modern land-based plants for processing salmon in Scotland and in Shetland. Scottish Sea Farms Ltd, together with the company's highly skilled management and employees, is to be developed into a leading and cost-effective producer of Atlantic salmon within the EU. The company already holds a strong position in several high-quality market segments, for instance under the respected brand name Label Rouge.

Hydrotech-Gruppen AS

Hydrotech-Gruppen AS is a medium-sized fish farming company located in Kristiansund. Lerøy Seafood Group ASA first became a shareholder (23 %) in the company through a private placement in

1999. Since then, Lerøy Seafood Group ASA has purchased shares to bring it up to its present-day 39 % ownership interest. Hydrotech-Gruppen AS runs 18 licences for farming salmon and trout in the sea. Moreover, the company has licences for producing smolt and supplying smolt to other fish farms in Norway. The company's plant for processing salmon and trout in Kristiansund is a modern plant capable of handling the company's total volume. In addition, the company has its own well boat company with two well boats. Hydrotech-Gruppen AS is one of Norway's largest producers of trout. Both as shareholder and as a partner through the joint venture agreement between Hallvard Lerøy A/S and Hydrotech-Gruppen AS, Lerøy Seafood Group together with the company's founder and management will do their best to ensure that Hydrotech-Gruppen AS continues its favourable development.

Egersund Fisk AS

The shares in Egersund Fisk AS were acquired in January 2001. This investment underlines the Group's desire to be involved also in the field of pelagic fish. Egersund Fisk AS is located in Egersund, Norway's foremost fisheries port. The main companies in Egersund Fisk AS are Egersund Seafood AS and Egersund Sildoljefabrikk AS. Egersund Seafood AS is a consumer plant for pelagic fish. The plant is well run and receives more than 30,000 tonnes of herring and mackerel per year.

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

Sigerfjord Aqua AS

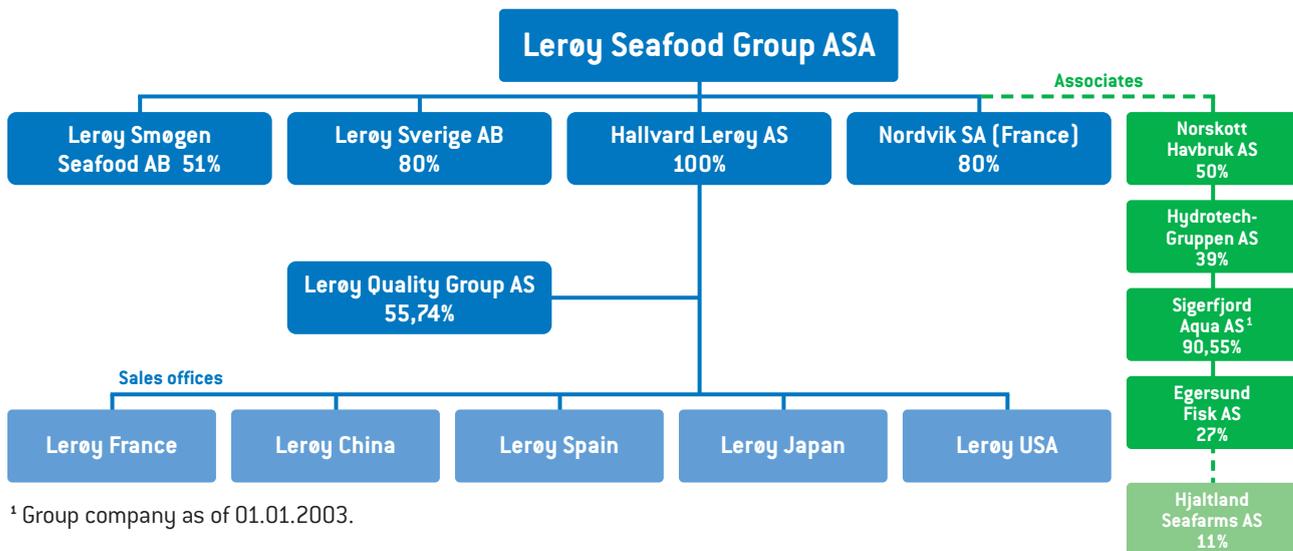
The company is Norway's largest Arctic char farm. Production this year will exceed 250 tonnes, while total production

of Arctic char in Norway will be about 400 tonnes. The company is still in the process of building up its resources, but substantial large-scale benefits are expected from the production of portion-sized Arctic char. The company's own production has risen sharply in

recent years and production efficiency has improved substantially. Close cooperation with Hallvard Lerøy A/S on the marketing side provides good opportunities for steady and cost-effective distribution of the company's still modest volumes. Arctic char is an

important article in the Swedish market and will therefore provide the Group's Swedish companies with additional sales arguments. The company became part of the Group as of 1 January 2003.

n Corporate structure



¹ Group company as of 01.01.2003.

Priority tasks

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

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 the network's large-scale benefits and reduced risks. We depend on constantly developing and improving our core operations on the basis of long-term and committed alliances with both suppliers and customers to ensure profitable solutions that are cost effective and adapted to the various markets.

Market orientation

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

Quality

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

Risk management

- Continuing to develop systems for disclosing risks in order to avoid an imbalance between commercial risks and the demand for profitability. The Group's risk profile and its strategies for economic growth are to be coordinated with the Group's available resources.

Know-how

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

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

Group management



Øyvind Fossøy
Managing Director
Hallvard Lerøy AS



Ole-Eirik Lerøy
Group Managing Director
Lerøy Seafood Group



Helge Singelstad
Group Financial Director
Lerøy Seafood Group

Income statement

All figures in NOK 1.000

| Lerøy Seafood Group ASA | | | Lerøy Seafood Group Consolidated | | | | |
|--|--------|---------------|---|-------|------------------|-----------|-----------|
| 2000 | 2001 | 2002 | | Notes | 2002 | 2001 | 2000 |
| OPERATING REVENUES AND OPERATING EXPENSES | | | | | | | |
| 1 794 | 2 391 | 2 422 | Operating revenues | 12 | 2 555 606 | 2 530 457 | 2 721 621 |
| | | | Cost of materials | | 2 326 928 | 2 332 845 | 2 571 504 |
| | | | Salaries and other personnel expenses | 10,13 | 91 979 | 67 563 | 50 676 |
| 474 | 1 782 | 699 | Other operating expenses | | 70 447 | 58 258 | 52 342 |
| 1 278 | 1 473 | 1 175 | Ordinary depreciation and amortization | 2,3 | 11 207 | 7 006 | 6 192 |
| 1 752 | 3 255 | 1 874 | Total operating expenses | | 2 500 561 | 2 465 672 | 2 680 714 |
| 42 | -864 | 548 | Operating profit | | 55 045 | 64 785 | 40 907 |
| FINANCIAL INCOME AND FINANCIAL EXPENSES | | | | | | | |
| 11 500 | 25 000 | 14 500 | Income from investments in subsidiaries | 8 | | | |
| | | | Income from associates | 4 | -12 753 | -1 643 | 13 098 |
| 5 019 | -109 | 2 737 | Net financial items | 14 | -2 108 | -6 512 | -2 255 |
| 16 561 | 24 027 | 17 785 | Profit before tax | 4 | 40 184 | 56 630 | 51 750 |
| -4 281 | -5 842 | -20 | Taxation | 11 | -10 663 | -15 753 | -11 341 |
| 12 280 | 18 185 | 17 765 | PROFIT FOR THE YEAR | | 29 521 | 40 877 | 40 409 |
| 12 280 | 18 185 | 17 765 | Majority interests | | 25 650 | 39 281 | 40 039 |
| | | | Minority interests | | 3 871 | 1 596 | 370 |
| | | | Allocation: | | | | |
| 616 | 6 521 | 101 | Allocated to other equity | 1 | | | |
| 11 664 | 11 664 | 17 664 | Allocated to dividends payable | | | | |
| Earnings per share | | | | | 1,13 | 2,10 | 2,30 |
| Diluted earnings per share | | | | | 1,13 | 2,08 | 2,26 |

Balance sheet

All figures in NOK 1.000

| Lerøy Seafood Group ASA | | | Lerøy Seafood Group Consolidated | | |
|-------------------------|----------------|-----------------------------|----------------------------------|------------------|---------|
| 2001 | 2002 | | Notes | 2002 | 2001 |
| | | FIXED ASSETS | | | |
| 508 | 607 | Deferred tax assets | 11 | 3 393 | 2 640 |
| | | Goodwill | 2 | 20 307 | 13 412 |
| 508 | 607 | Total intangible assets | | 23 700 | 16 052 |
| | | Operating equipment | 3 | 27 196 | 17 425 |
| 20 039 | 19 709 | Buildings and real estate | 3 | 39 518 | 26 191 |
| 20 039 | 19 709 | Total tangible fixed assets | | 66 714 | 43 616 |
| 11 724 | 12 945 | Investments in shares | 4 | 14 710 | 13 169 |
| 81 074 | 104 449 | Shares in subsidiaries | 4 | | |
| 275 858 | 273 653 | Shares in associates | 4 | 279 209 | 293 507 |
| | | Pension assets | 10 | 1 032 | 970 |
| 368 656 | 391 047 | Total financial assets | | 294 951 | 307 646 |
| 389 203 | 411 363 | TOTAL FIXED ASSETS | | 385 365 | 367 314 |
| | | CURRENT ASSETS | | | |
| | | Inventories | 7 | 69 068 | 44 805 |
| | 215 | Accounts receivable | 8 | 329 978 | 255 234 |
| 39 000 | 39 000 | Accounts receivable, Group | 8 | | |
| 1 575 | 2 051 | Other receivables | 8 | 50 012 | 85 261 |
| 40 575 | 41 266 | Total receivables | | 379 990 | 340 495 |
| | | Shares and securities | | 4 348 | 2 253 |
| 3 492 | 323 395 | Cash and equivalents | | 359 484 | 24 479 |
| 44 067 | 364 661 | TOTAL CURRENT ASSETS | | 812 889 | 412 031 |
| 433 270 | 776 024 | TOTAL ASSETS | | 1 198 254 | 779 345 |

Balance sheet

All figures in NOK 1.000

| Lerøy Seafood Group ASA | | | Lerøy Seafood Group Consolidated | | |
|-------------------------|----------------|--|----------------------------------|------------------|---------|
| 2001 | 2002 | | Notes | 2002 | 2001 |
| EQUITY | | | | | |
| 19 441 | 29 441 | Share capital | 1 | 29 441 | 19 441 |
| -53 | -148 | Own shares | 1 | -148 | -53 |
| 183 926 | 476 049 | Share premium reserve | 1 | 476 049 | 183 926 |
| 203 314 | 505 342 | Total equity contributions | | 505 342 | 203 314 |
| 21 155 | 18 495 | Other equity | 1 | | |
| | | Other consolidated capital | 1 | 113 130 | 109 201 |
| 21 155 | 18 495 | Total earned equity | | 113 130 | 109 201 |
| | | Minority interests | | 22 604 | 9 442 |
| 224 469 | 523 837 | TOTAL EQUITY | | 641 076 | 321 957 |
| LIABILITIES | | | | | |
| | | Pension liabilities | 10 | 310 | 793 |
| | | Total accrued liabilities | | 310 | 793 |
| | | Deferred tax | 11 | 4 399 | |
| 165 000 | 165 000 | Long-term debt | 6 | 182 432 | 178 132 |
| 165 000 | 165 000 | Total other long-term liabilities | | 186 831 | 178 132 |
| 165 000 | 165 000 | Total long-term liabilities | | 187 141 | 178 925 |
| | | Accounts payable | | 220 131 | 196 968 |
| | | Short-term loans | 6 | 80 549 | 12 058 |
| 24 500 | 64 707 | Accounts payable, Group companies | 8 | | |
| | | Public duties payable | | 6 343 | 7 534 |
| 6 140 | 136 | Taxes payable | 11 | 7 765 | 19 038 |
| 11 664 | 17 664 | Dividends payable | | 17 864 | 11 664 |
| 1 497 | 4 680 | Other short-term liabilities | | 37 386 | 31 202 |
| 43 801 | 87 187 | Total short-term liabilities | | 370 038 | 278 464 |
| 433 270 | 776 024 | TOTAL EQUITY AND LIABILITIES | | 1 198 254 | 779 345 |

Bergen, 28 March 2003

Board of Directors - Lerøy Seafood Group ASA


Svein Milford
Chairman


Hallvard Lerøy jr.


Leif O. Strand


Fons Brüsselmanns


Hans Petter Vestre
(employee representantative)


Ole-Eirik Lerøy
Group Managing Director
Lerøy Seafood Group

Cash flow statement

All figures in NOK 1.000

| Lerøy Seafood Group ASA | | | Lerøy Seafood Group Consolidated | |
|-------------------------|----------------|--|----------------------------------|----------|
| 2001 | 2002 | | 2002 | 2001 |
| | | CASH FLOWS FROM OPERATING ACTIVITIES | | |
| 24 027 | 17 785 | Profit before tax | 40 179 | 56 630 |
| -4 541 | -6 123 | Tax paid during the period | -20 467 | -11 857 |
| -2 508 | | Profit/loss from sale of fixed assets | -143 | -2 645 |
| | | Profit/loss from sale of shares | -218 | |
| 1 473 | 1 175 | Ordinary depreciation | 10 986 | 7 006 |
| | | Written-down investment in shares | 856 | |
| | -215 | Changes in inventories | -3 086 | 3 976 |
| | | Changes in accounts receivable | -66 120 | 94 178 |
| | | Changes in accounts payable | 14 593 | -68 085 |
| 2 915 | 2 752 | Changes in other accrued items | 30 060 | 12 933 |
| | | Changes in capitalized pension fund | -545 | -424 |
| -25 000 | -14 500 | Income from investments in subsidiaries | | |
| | | Changes in results of associates (equity method) | 12 753 | 1 643 |
| -3 634 | 874 | Net cash flows from operating activities | 18 848 | 93 355 |
| | | CASH FLOWS FROM INVESTMENT ACTIVITIES | | |
| | | Payments received from sale of fixed assets | 732 | 493 |
| -3 361 | -845 | Payments made for acquisition of fixed assets | -8 965 | -15 012 |
| 11 219 | | Payments received on long-term loans outstanding | | |
| 12 510 | | Payments received from sale of shares in other businesses | 955 | 12 510 |
| -227 919 | -22 391 | Payments made for acquisition of shares in other businesses | -4 621 | -208 642 |
| | | Payments made for acquisition of group companies | -18 372 | |
| 12 304 | | Payments received on short-term group loans outstanding | | |
| -195 247 | -23 236 | Net cash flows from investment activities | -30 271 | -210 651 |
| | | CASH FLOWS FROM FINANCING ACTIVITIES | | |
| | | Net payments received from overdraft facilities | 62 486 | |
| | | Net payments made on overdraft facilities | | -41 926 |
| 189 500 | | Payments received from acquisition of new long-term liabilities | 92 | 182 140 |
| | 40 207 | Payments received from acquisition of new short-term liabilities | | |
| | | Payments made for repayment of long-term liabilities | -6 507 | -13 219 |
| | 302 123 | Paid-in equity | 302 123 | |
| -4 146 | -2 901 | Payments made from acquisition/sale of own shares | -2 901 | -4 146 |
| -11 664 | -11 664 | Dividend payments | -11 664 | -11 664 |
| 25 000 | 14 500 | Payments of group contributions received | | |
| 198 690 | 342 265 | Net cash flows from financing activities | 343 629 | 111 185 |
| -191 | 319 903 | Net cash flows for period | 332 206 | -6 111 |
| 3 683 | 3 492 | Cash position at beginning of period 1) | 27 278 | 30 590 |
| 3 492 | 323 395 | Cash position at end of period | 359 484 | 24 479 |
| | | This consists of: | | |
| 3 492 | 323 395 | Bank deposits, etc | 359 484 | 24 479 |
| | | Of which committed funds | 3 321 | 2 509 |
| | | Unused overdraft facilities (see also Note 6) | 22 857 | 77 942 |

1) Corrected for cash reserves received through acquisitions during the financial year

Notes - Annual Accounts 2002

The annual accounts have been drawn up in accordance with the Accounting Act of 1998 and generally accepted accounting principles.

All figures in the notes are stated in NOK 1,000.

Principles of consolidation

The consolidated accounts comprise the parent company Lerøy Seafood Group ASA and the subsidiaries Hallvard Lerøy AS, TiMar Seafood AS, Lerøy & Strudshavn AS, Lerøy Quality Group AS, Breivoll Marine AS and the overseas subsidiaries Nordvik SA, Lerøy Sverige AB and Lerøy Smøgen Seafood AB. Sigerfjord Aqua AS was consolidated as a subsidiary as of 31.12.02. The consolidated accounts are drawn up according to uniform principles in that the subsidiaries apply the same accounting principles as the parent company. Inter-company transactions, accounts receivable and payable are eliminated. Profit and loss transactions of overseas subsidiaries are converted at the average rate of exchange in the consolidated period. The balance sheets of overseas subsidiaries are converted at the rate of exchange on 31 December. Conversion differences are booked against the Group's equity capital. Upon acquisition of subsidiaries, the acquisition price of shares in the parent company is eliminated against the equity in the subsidiaries at the time of acquisition. The difference between acquisition price and net book value of assets in the subsidiaries at the time of acquisition is assigned to the assets to which the premium is linked within the market value of these assets. That part of the acquisition price that cannot be ascribed to specific assets represents goodwill. Goodwill is amortized linearly over assumed economic life.

Minority interests

The minority share of the profit for the year is shown as a separate item in the consolidated accounts after the year's

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

Associates

Associates are companies in which the Group holds an interest of between 20 and 50%, and where the investment is long-term and of a strategic nature. In the consolidated accounts, associates are valued according to the equity method. The consolidated account share of the results is based on the results of the affiliated companies after tax, less internal profits and any amortization of premium due to fact that the acquisition price of shares was higher than the acquired proportion of the booked equity. In the Income Statement, this profit is shown under financial items, while the assets are shown in the Balance Sheet under financial assets.

Operating revenues

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

Classification and evaluation of Balance Sheet items

Current assets and short-term liabilities comprise items due for payment within one year of the end of the fiscal year, as well as items related to the trading cycle. Other items are classified as fixed assets/long-term liabilities.

Current assets are valued at the lower of acquisition cost and market value. Short-term liabilities are entered in the Balance Sheet at their nominal value at the time of establishment.

Fixed assets are valued at acquisition cost, but written down to market value if the decline in value is not considered to be temporary. Long-term liabilities are booked in the Balance Sheet at their nominal value

at the time of establishment.

Accounts receivable

Accounts receivable and other receivables are booked in the Balance Sheet at face value less allocations for anticipated loss. Loss allocations are made on the basis of individual assessments of the various items. In addition, an unspecified allocation is made to cover anticipated loss.

Inventories

Inventories are valued at the lower of acquisition cost and assumed sales value less sales expenses.

Foreign currency

Accounts receivable and payable in foreign currencies are valued at the rate of exchange at the end of the financial year. The company seeks to protect itself against fluctuations in exchange rates by means of various instruments, mainly forward contracts, which are also valued at the rate of exchange at the end of the financial year and booked against accounts receivable in the Balance Sheet.

Short-term investments

Short-term investments (shares assessed as current assets) are valued at the lower of average acquisition cost and market value at the end of the financial year. Dividends and other distributions received from the companies are booked as other financial items.

Long-term investments

Long-term investments (shares assessed as fixed assets) are booked in the Balance Sheet at acquisition cost. The investments are written down to real value if the decrease in value is not considered to be temporary. Dividends and other distributions received from the companies are booked as other financial items.

Fixed assets

Fixed assets are booked in the accounts at acquisition cost less accumulated

depreciation. Depreciation is linear over assumed economic life. Similar principles are applied to intangible assets.

Pensions

The figures used for booking pensions are based on a linear earnings profile and anticipated final salary. Plan changes are accrued over the anticipated remaining earnings period. The same applies to deviations from the estimate to the degree that these exceed 10% of the higher of either pension commitments or pension funds (corridor). The employment tax contribution is included in these figures. Figures are based on actuarial calculations. The subsidiaries Lerøy Sverige AB and Lerøy

Smøgen Seafood AB have a contribution-based pension scheme.

Taxation

Taxation in the Income Statement includes both the taxation during the period and changes in deferred tax. Deferred tax is calculated at a rate of 28% on the basis of the temporary differences that exist between accounting and taxable values, as well as the assessed deficit to be carried forward at the end of the financial year. Temporary tax-increasing and tax-decreasing differences which reverse or may reverse the figures in the same period have been assessed and booked at net value. The foreign subsidiaries do not

assess deferred tax assets and these figures are thus presented as gross deferred tax.

Cash flow statement

The consolidated cash flow statement shows the total consolidated cash flows 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.

Note 1 Equity

[All figures in NOK 1.000]

Lerøy Seafood Group ASA

The year's changes in equity

| | Share capital | Own shares | Share Premium reserve | Other equity | Total |
|-------------------------------------|---------------|-------------|-----------------------|---------------|----------------|
| Equity at 01.01. | 19 441 | -53 | 183 926 | 21 155 | 224 469 |
| Own shares | | -95 | | -2 761 | -2 856 |
| Share issue | 10 000 | | 292 123 | | 302 123 |
| Year's profit transferred to equity | | | | 101 | 101 |
| Equity at 31.12. | 29 441 | -148 | 476 049 | 18 495 | 523 837 |

| | Lerøy Seafood Group ASA | | Lerøy Seafood Group Consolidated | |
|--|-------------------------|----------------|----------------------------------|----------------|
| | 2002 | 2001 | 2002 | 2001 |
| Equity at 01.01. | 224 469 | 222 094 | 312 515 | 288 476 |
| Year's profit transferred to equity | 101 | 6 521 | 7 986 | 28 426 |
| Share issue | 320 000 | | 320 000 | |
| Costs of share issue | -17 877 | | -17 877 | |
| Gain/loss from sale of own shares | -2 856 | -4 146 | -2 856 | -4 146 |
| Foreign exchange differences | | | -1 296 | -241 |
| Equity before minority interests at 31.12 | 523 837 | 224 469 | 618 472 | 312 515 |
| Minority interests | | | 22 604 | 9 442 |
| Equity after minority interests at 31.12. | | | 641 076 | 321 957 |

Own shares

In the year 2002, Lerøy Seafood Group ASA acquired 151,600 shares in the market for NOK 3.7 million, giving an average price per share of NOK 24.30. As at 31.12.02, holdings of own shares amounted to 147,723, giving an average price per share of NOK 24.43. The shares have been used in part to honour option commitments, cp. also note 13.

The number of own shares is calculated as follows:

| | |
|-------------------------------------|----------------|
| In hand 01.01. | 53 223 |
| Acquired in 2002 | 151 600 |
| Sold in 2002 | -5 000 |
| Used for honouring option programme | -52 100 |
| In hand 31.12. | 147 723 |

Note 2 Intangible assets

(All figures in NOK 1,000)

| Lerøy Seafood Group Consolidated | Goodwill |
|------------------------------------|---------------|
| Acquisition costs at 01.01 | 16 273 |
| Intangible assets acquired | 8 873 |
| Acquisition costs at 31.12. | 25 146 |
| Accumulated amortization at 31.12. | -4 839 |
| Book value at 31.12. | 20 307 |
| Year's amortization | 1 978 |

Goodwill is linked to the last stage of the acquisitions of the subsidiary Hallverd Lerøy AS in 1997, TiMar Seafood AS in the year 2000 and Lerøy Sverige AB in the year 2001. The increase in goodwill is linked to the acquisition of Lerøy Smøgen Seafood AB and Sigerfjord Aqua AS in 2002. Goodwill is amortized over anticipated life as rendered probable through acquisition analyses, but limited upwards to no more than ten years.

Note 3 Fixed assets

(All figures in NOK 1,000)

Lerøy Seafood Group ASA

| Fixed assets | Real estate | Buildings | Total fixed assets |
|------------------------------------|--------------|---------------|--------------------|
| Acquisition value at 01.01. | 2 090 | 33 399 | 35 489 |
| Fixed assets acquired | | 846 | 846 |
| Acquisition costs at 31.12.01 | 2 090 | 34 245 | 36 335 |
| Accumulated depreciation at 31.12. | | 16 626 | 16 626 |
| Book value at 31.12. | 2 090 | 17 619 | 19 709 |
| Year's depreciation | | 1 175 | 1 175 |

Lerøy Seafood Group Consolidated

| Fixed assets | Real estate | Buildings | Machinery, prod. equipment | Fittings/ furnishings computers | Transport equipment | Total fixed assets |
|---|--------------|---------------|----------------------------|---------------------------------|---------------------|--------------------|
| Acquisition value at 01.01. | 2 090 | 41 559 | 17 045 | 39 371 | 3 341 | 103 406 |
| Value in excess of book value - acquisitions | 3 427 | 6 681 | | | | 10 108 |
| Acquired subsidiaries | 1 651 | 15 906 | 16 269 | 8 948 | | 42 774 |
| Operating equipment acquired | | 846 | 508 | 6 588 | 1 023 | 8 965 |
| Operating equipment sold | | | | 635 | 1 306 | 1 941 |
| Acquisition costs at 31.12. | 7 168 | 64 992 | 33 822 | 54 272 | 3 058 | 163 312 |
| Accumulated depreciation at 31.12. | | 30 548 | 22 238 | 38 910 | 1 654 | 93 350 |
| Accumulated amortization of value in excess of book value - acquisitions at 31.12 | | 2 004 | | | | 2 004 |
| Accumulated write-downs at 31.12. | | 90 | 30 | 1 124 | | 1 244 |
| Book value at 31.12. | 7 168 | 32 350 | 11 554 | 14 238 | 1 404 | 66 714 |
| Year's depreciation | | 2 108 | 2 243 | 4 412 | 466 | 9 229 |
| Year's amortization, intangible assets (cp. note 2) | | | | | | 1 978 |
| Total year's depreciation | | | | | | 11 207 |

Both the parent company and the Group depreciate all fixed assets according to the linear method.

The economic life of the assets is calculated as follows:

- Buildings and other real estate 20 - 25 år
- Machinery and fittings 2,5 -15 år
- Land Not depreciated

Note 4 Subsidiaries, associates, etc

(All figures in NOK 1.000)

| Lerøy Seafood Group Consolidated | | | | | Consolidated | Consolidated |
|--|-------------------|---------------|----------------------------|----------------------------------|------------------|------------------------|
| Subsidiary | Place of business | No. of shares | Ownership/ voting share | Acquisition price/ book value | value subsidiary | profit before tax 2002 |
| Hallvard Lerøy AS | Bergen | 230 000 | 100 % | 36 657 | 115 940 | 38 304 |
| TiMar Seafood AS | Trondheim | 200 | 100 % | 21 214 | 22 302 | -1 077 |
| Lerøy Sverige AB | Göteborg, Sweden | | 80 % | 20 248 | 30 498 | 5 736 |
| Lerøy Smøgen Seafood AB | Smøgen, Sweden | | 51 % | 16 971 | 30 388 | 5 615 |
| Sigerfjord Aqua AS | Sigerfjord | 82 400 | 90,55 % | 6 405 | 6 463 | |
| Nordvik SA | Boulogne, France | 2 000 | 80 % | 2 523 | 4 823 | 620 |
| Lerøy & Strudshavn AS | Bergen | 96 | 100 % | 233 | -518 | -15 |
| Brevoll Marine AS | Hamnvik | 260 | 52 % | 200 | 1 750 | 291 |
| Total Lerøy Seafood Group ASA | | | | 104 449 | 211 646 | 49 474 |
| Lerøy Quality Group AS | Bergen | 557 | 55 % | 557 | 3 583 | 178 |
| Total Lerøy Seafood Group Consolidated | | | | 105 006 | 215 229 | 49 652 |
| Profit before tax Lerøy Seafood Group ASA (before group contributions) | | | | | | 3 285 |
| Profit of the year from associates (see below) | | | | | | -12 753 |
| Consolidated profit before tax | | | | | | 40 184 |
| Residual value of intangible assets at 31.12. (ref. Note 2) | | | | | | 20 307 |

Associates are valued according to the equity method in the consolidated accounts.

| Analysis of changes in book value | Hydrotech Gruppen AS Kristiansund | Egersund Fisk AS Egersund | Sigerfjord Aqua AS Sigerfjord | Norskott Havbruk AS Bergen | TOTAL VALUE |
|--|--------------------------------------|------------------------------|----------------------------------|-------------------------------|----------------|
| Ownership/voting share | 39 % | 27 % | 46 % | 50 % | |
| Balance sheet equity at time of acquisition | 39 228 | 20 000 | 1 280 | 163 273 | 223 781 |
| Intangible assets 1) | 51 153 | | 924 | | 52 077 |
| Transferred to subsidiaries | | | -2 205 | | -2 205 |
| Acquisition value | 90 381 | 20 000 | - | 163 273 | 273 653 |
| Calculation of share in year's profit | | | | | |
| Share in year's profit | 827 | 888 | -507 | -10 466 | |
| Amortization of intangible assets | 3 495 | | | | |
| Share in year's profit | -2 668 | 888 | -507 | -10 466 | -12 753 |
| Calculation of book value at 31.12. | | | | | |
| Opening balance at 01.01. | 106 654 | 21 548 | 2 052 | 163 253 | |
| Share in year's profit | -2 668 | 888 | -507 | -10 466 | |
| Transferred to subsidiaries | | | -1 545 | | |
| Closing balance at 31.12. | 103 986 | 22 436 | -0 | 152 787 | 279 209 |
| 1) Residual value of intangible assets at 31.12. | 43 050 | | 924 | | 43 974 |

Intangible assets consist of licenses and goodwill, where goodwill is amortized according to the linear method at a rate of 10% p.a.

| Other shares | Place of business | No. of shares | Ownership/ voting share | Acquisition price | Book value |
|--|-------------------|---------------|----------------------------|-------------------|---------------|
| Hjaltland Seafarms AS | Austevoll | | 11,00 % | 11 000 | 11 000 |
| Brevoll Marine Produkter AS | Hamnvik | 245 | 37,14 % | 245 | 245 |
| Misc. minor shareholdings | | | | 1 700 | 1 700 |
| Total no. of shares in Lerøy Seafood Group | | | | 12 945 | 12 945 |
| Bulandet Eiendom AS | Bulandet | 625 | 12,67 % | 625 | 625 |
| Misc. minor shareholdings | | | | 2 030 | 1 140 |
| Total no. of shares in Lerøy Seafood Group Consolidated | | | | 15 600 | 14 710 |

Note 5 Forward exchange contracts

(All figures in NOK 1,000)

Lerøy Seafood Group Consolidated

The table shows forward exchange contracts at 31.12. All contracts concern the sale of currency against Norwegian kroner

| | Value of forward contract in currency | Forward exchange rate | Forward amount in NOK |
|--------------|--|-----------------------|-----------------------|
| USD | 8 900 | 7,360 | 65 504 |
| EURO | 13 300 | 7,359 | 97 875 |
| JPY | 650 000 | 0,060 | 39 000 |
| Total | | | 202 379 |

Forward contracts, together with drawing rights/deposits in multi-currency accounts, have been arranged in order to, as far as possible, hedge risk on outstanding customer receivables and sales contracts.

Note 6 Liabilities, mortgages and guarantees

(All figures in NOK 1,000)

| | Lerøy Seafood Group ASA | | Lerøy Seafood Group Consolidated | |
|---|-------------------------|----------------|----------------------------------|----------------|
| | 2002 | 2001 | 2002 | 2001 |
| Long-term, interest-bearing loans | | | | |
| Loans from credit institutions 1) | 165 000 | 165 000 | 181 300 | 178 132 |
| Loans linked to capitalized leases | | | 1 132 | |
| Total long-term interest-bearing loans 31.12. | 165 000 | 165 000 | 182 432 | 178 132 |
| Short-term interest-bearing loans | | | | |
| Loans from credit institutions (multi-currency overdraft facilities) | - | - | 80 549 | 12 058 |
| Total short-term interests bearing loans 31.12. | - | - | 80 549 | 12 058 |
| Total interest-bearing loans 31.12. | 165 000 | 165 000 | 262 981 | 190 190 |
| Bank deposits | 323 395 | 3 492 | 359 484 | 24 479 |
| Net interest-bearing loans 31.12. | -158 395 | 161 508 | -96 503 | 165 711 |
| Loans secured by mortgages | | | | |
| Long-term loans from credit institutions 1) | 165 000 | 165 000 | 182 432 | 178 132 |
| Short-term loans from credit institutions (multi-currency overdraft facilities) 2) | | | 80 549 | 12 058 |
| Total loans secured by mortgages 31.12. | 165 000 | 165 000 | 262 981 | 190 190 |
| Mortgaged assets: | | | | |
| Accounts receivable | | | 291 158 | 205 795 |
| Inventories | | | 56 529 | 32 339 |
| Shares in associates | 163 273 | 163 273 | 152 787 | 163 253 |
| Buildings/operating equipment | | | 25 833 | 20 039 |
| Total | 163 273 | 163 273 | 526 307 | 421 426 |
| Long-term loans due for repayment after more than five years | | | | |
| Loans from credit institutions 1) | 72 188 | 92 830 | 77 659 | 92 830 |
| Total | 72 188 | 92 830 | 77 659 | 92 830 |
| Guarantees made on behalf of the Group 3) | 68 700 | 68 400 | 70 200 | 79 900 |

(continued on next page)

1) Repayment plan for loans in Lerøy Seafood Group ASA: First repayment due August 2003, and the loan is then to be repaid over 8 years in equal half-yearly instalments. Interest conditions for the loan are currently so-called "pro-term" conditions. The financial "covenants" for this long-term funding are a requirement to soundness which mean that the Group's equity ratio shall be more than 25 % and the company's interest-bearing liabilities shall on average not exceed 5 in relation to EBITDA.

2) Financial "covenants" linked to short-term drawing rights provide facilities for up to 65 % of the so-called borrowing base (accounts receivable, inventories, etc.). The borrowing base for the subsidiary Hallvard Lerøy A/S linked to this type of credits amounted to about NOK 300 million at the turn of the year. The established limit for the Group at the turn of the year (NOK 102 million) for this type of credit is significantly lower than that reflected by the borrowing base. The established limit currently reflects the Group's reduced need for debt capital.

3) In connection with the funding of Scottish Sea Farms Ltd, subsidiary of the associate Norskott Havbruk AS, Lerøy Seafood Group ASA has submitted a guarantee to the lenders in the amount of GBP 5,0 mill. In addition, Lerøy Seafood Group ASA has submitted a guarantee for the funding of Hjaltland Seafarms Ltd for a total of NOK 3,7 mill. In addition, the Group has submitted guarantees for in all NOK 0.5 million to various fish marketing boards in Norway. The guarantees are submitted on behalf of the subsidiary Hallvard Lerøy AS. The subsidiary Lerøy Sverige AB has submitted guarantees for a total of NOK 1 million.

Note 7 Inventories

(All figures in NOK 1,000)

| Lerøy Seafood Group Consolidated | 2002 | 2001 |
|---|---------------|---------------|
| Hallvard Lerøy AS | 39 644 | 32 339 |
| TiMar Seafood AS | | 789 |
| Lerøy Sverige AB | 8 443 | 10 170 |
| Lerøy Smøgen Seafood AB | 6 333 | |
| Nordvik SA | 3 764 | 1 507 |
| Sigerfjord Aqua AS | 10 884 | |
| Total value consolidated inventories | 69 068 | 44 805 |

The Group's inventories consist primarily of goods in transit for export. Inventories at 31.12. have been written down by NOK 2.9 million for obsolescence.

Note 8 Intercompany accounts between Group companies and other receivables

(All figures in NOK 1,000)

Lerøy Seafood Group ASA

| Accounts receivable | 2002 | 2001 |
|---------------------|---------------|---------------|
| Hallvard Lerøy AS | 39 000 | 39 000 |
| Total | 39 000 | 39 000 |

| Liabilities | 2002 | 2001 |
|-------------------|---------------|---------------|
| Hallvard Lerøy AS | 64 707 | 24 500 |
| Total | 64 707 | 24 500 |

| Group contributions | 2002 | 2001 |
|---------------------|---------------|---------------|
| Hallvard Lerøy AS | 14 500 | 25 000 |
| Total | 14 500 | 25 000 |

| | Lerøy Seafood Group ASA | | Lerøy Seafood Group Konsern | |
|---|-------------------------|------------|-----------------------------|--------------|
| | 2002 | 2001 | 2002 | 2001 |
| Accounts receivable due for payment in less than one year | | | | |
| Other short-term receivables | 1 296 | 955 | 2 474 | 2 343 |
| Total | 1 296 | 955 | 2 474 | 2 343 |

Other receivables in the Balance Sheet consist mainly of VAT receivables in Norway. Accounts receivable are for the most part secured by credit insurance or other forms of guarantees.

Note 9 Share capital and shareholder information

(All figures in NOK 1,000)

Lerøy Seafood Group ASA

The share capital consists of:

| | No. | Face value | Book value |
|--------------|-------------------|------------|-------------------|
| Shares | 29 440 767 | 1 | 29 440 767 |
| Total | 29 440 767 | | 29 440 767 |

At 31.12., Lerøy Seafood Group ASA had 1,397 shareholders. All shares carry the same rights in the company.

The largest shareholders at 31.12.:

| | No. of shares | Ownership share |
|----------------------------------|-------------------|-----------------|
| Ferd Private Equity | 5 781 307 | 19,64 % |
| Ole-Eirik Lerøy ** | 4 685 000 | 15,91 % |
| Hallvard Lerøy Jr. | 1 490 900 | 5,06 % |
| SND Invest AS | 1 296 118 | 4,40 % |
| Knut Hallvard Lerøy | 1 253 210 | 4,26 % |
| Skagen Vekst | 1 133 900 | 3,85 % |
| Bremnes Fryseri AS | 1 124 669 | 3,82 % |
| Tine Pensjonskasse | 889 300 | 3,02 % |
| DNB Markets, aksjehandel/analyse | 756 618 | 2,57 % |
| Aksjefondet Gambak | 600 000 | 2,04 % |
| George Harald Lerøy | 475 000 | 1,61 % |
| KOS Bergen AS | 406 640 | 1,38 % |
| Inma AS ** | 400 000 | 1,36 % |
| SalMar AS | 386 826 | 1,31 % |
| Alsaker Fjordbruk A/S | 341 640 | 1,16 % |
| Sunnhordland Fjordbruk AS | 341 600 | 1,16 % |
| LIME AS ** | 310 573 | 1,05 % |
| Mowinckel Management AS | 243 800 | 0,83 % |
| Vesta Liv AS | 243 800 | 0,83 % |
| Statoils Pensjonskasse | 242 000 | 0,82 % |
| Others | 7 037 866 | 23,91 % |
| | 29 440 767 | 100,00 % |

Through direct and indirect ownership, the Group Managing Director and Chief Executive Officer Ole-Eirik Lerøy controls a total of 5,395,573 shares.**

The Chairman of the Board Svein Milford controls 5,900 shares.

Through direct and indirect ownership, Board Member Hallvard Lerøy jr controls 1,906,470 shares.

Board Members Alfons Brusselmans and Hans Petter Vestre own 5,400 and 8,120 shares, respectively.

Note 10 Pensions

(All figures in NOK 1,000)

The subsidiary Hallvard Lerøy AS has a group retirement pension scheme for 98 of its employees as well as an uninsured scheme for two of its former employees. This latter scheme is charged directly to operations. The group scheme entitles beneficiaries to defined future benefits. These depend mainly on the number of contributing years, salary level upon retirement and the benefits payable by the national insurance scheme. The commitments are secured through an insurance company.

The subsidiaries Lerøy Sverige AB and Lerøy Smøgen Seafood AB have contribution-based pension schemes for its employees.

| | 2002 | 2001 | 2000 |
|--|------------|------------|------------|
| Current value of year's pension earnings | 388 | 500 | 419 |
| Interest expense on pension commitments | 247 | 258 | 253 |
| Yield on pension funds | -362 | -372 | -327 |
| Deviation from estimate booked to income | 75 | -23 | -30 |
| Employment tax contribution | -24 | 5 | -10 |
| Net pension expense | 324 | 368 | 306 |

| | 2002 | 2001 | 2000 |
|--|-------------|-------------|------------|
| Present value of future pension commitments | 4 708 | 4 917 | 4 740 |
| Pension assets | -5 750 | -5 910 | -5 232 |
| Effect of deviation from estimate not booked to income | 282 | 718 | 657 |
| Employment tax contribution | 38 | 98 | 82 |
| Net pension liabilities (assets) | -722 | -177 | 247 |

As the group retirement pension scheme is overfunded, the Balance Sheet presents gross pensions.

| | 2 002 | 2 001 | 2 000 |
|---------------------|-------------|-------------|------------|
| Pension assets | -1 032 | -970 | -706 |
| Pension liabilities | 310 | 793 | 953 |
| | -722 | -177 | 247 |

Actuarial assumptions are based on those generally employed in insurance with regard to demographic factors and mortality rates.

Financial assumptions:

| | | | |
|--|-----|-----|-----|
| Anticipated yield on pension schemes | 7 % | 7 % | 7 % |
| Discount rate | 6 % | 6 % | 6 % |
| Anticipated annual rate of increase in wages/pensions/national insurance base-rate adjustments | 2 % | 2 % | 2 % |
| Turnover | 0 % | 0 % | 0 % |

Note 11 Taxation

(All figures in NOK 1,000)

| The year's taxation is calculated as follows: | Lerøy Seafood Group ASA | | | Lerøy Seafood Group Consolidated | | |
|---|-------------------------|--------------|--------------|----------------------------------|---------------|---------------|
| | 2002 | 2001 | 2000 | 2002 | 2001 | 2000 |
| Tax payable | 151 | 6 201 | 4 586 | 7 785 | 19 111 | 11 920 |
| Credits on dividends | -15 | -61 | -44 | -20 | -73 | -63 |
| Deferred tax assets from acquisitions | | | | 300 | 347 | 394 |
| Insufficient/surplus allocation to taxation | -18 | | | -20 | 7 | 66 |
| Tax, overseas companies | | | | -1 029 | -1 018 | -85 |
| Change in deferred tax | -98 | -299 | -261 | 3 647 | -2 621 | -891 |
| Total taxation | 20 | 5 842 | 4 281 | 10 663 | 15 753 | 11 341 |

| Calculation of the base for the year's taxation: | Lerøy Seafood Group ASA | | |
|--|-------------------------|---------------|---------------|
| | 2002 | 2001 | 2000 |
| Pre-tax profits | 17 785 | 24 027 | 16 561 |
| Interest on tax | 32 | -8 | -32 |
| Costs of share issue, booked to equity | -16 553 | | -2 712 |
| Tax loss/profit on sale of shares | -1 077 | -2 941 | 1 625 |
| Change in temporary differences | 352 | 1 070 | 935 |
| Base for this year's taxation | 539 | 22 148 | 16 377 |

| Temporary differences | Lerøy Seafood Group ASA | | | Lerøy Seafood Group Consolidated | | |
|-------------------------------|-------------------------|---------------|-------------|----------------------------------|---------------|------------|
| | 2002 | 2001 | 2000 | 2002 | 2001 | 2000 |
| Accounts receivable | | | | -3 880 | -4 796 | 615 |
| Inventories | | | | 7 189 | -3 426 | -1 531 |
| Buildings/operating equipment | -2 167 | -1 815 | -745 | -1 152 | 109 | 2 198 |
| Other differences | | | | 2 478 | -51 | -360 |
| Shares | | | | -1 766 | -1 444 | -750 |
| Pensions | | | | 722 | 177 | -247 |
| Total | -2 167 | -1 815 | -745 | 3 591 | -9 431 | -75 |

| | | | | | | |
|--------------------------------------|------|------|------|--------------|---------------|------------|
| 28% deferred tax (- tax advantage) | -607 | -508 | -209 | 1 006 | -2 641 | -20 |
| Deferred balance-sheet tax advantage | | | | -3 393 | -2 641 | -20 |
| Deferred balance-sheet tax | | | | 4 399 | | |
| Total | | | | 1 006 | -2 641 | -20 |

Explanation of why the year's taxation does not amount to 28% of the profit before tax:

| | Lerøy Seafood Group ASA | | | Lerøy Seafood Group Consolidated | | |
|--|-------------------------|----------------|----------------|----------------------------------|----------------|----------------|
| | 2002 | 2001 | 2000 | 2002 | 2001 | 2000 |
| 28 % of pre-tax results | 4 980 | 6 728 | 4 637 | 11 250 | 15 856 | 14 490 |
| Permanent differences (28 %) | 9 | -2 | -768 | 249 | 307 | -524 |
| Costs of share issue, booked to equity (28%) | -4 635 | | | -4 635 | | |
| Share in results of associates (28%) | | | | 3 571 | 460 | -3 667 |
| Deferred tax advantage at takeover | | | | 300 | 347 | 394 |
| Credits on dividends received | -15 | -61 | -44 | -20 | -73 | -63 |
| Loss/gain on sale of shares (28 %) | -302 | -823 | 455 | -302 | -823 | 455 |
| Insufficient/surplus allocation to tax | -18 | | | -20 | | 66 |
| Deviation, overseas tax | | | | 269 | -321 | 190 |
| Estimated taxation | 20 | 5 842 | 4 281 | 10 663 | 15 753 | 11 341 |
| Effective rate of taxation | 0 % | 24,31 % | 25,85 % | 26,54 % | 27,80 % | 21,91 % |

Note 12 Operating revenues

(All figures in NOK 1,000)

Lerøy Seafood Group Consolidated

| Products | 2002 | Share in % | 2001 | Share in % | 2000 | Share in % |
|------------------|------------------|------------|------------------|------------|------------------|------------|
| Whole salmon | 985 140 | 38,6 | 1 261 161 | 49,8 | 1 579 852 | 58,0 |
| Processed salmon | 525 137 | 20,5 | 482 000 | 19,0 | 541 399 | 19,9 |
| Whitefish | 377 388 | 14,8 | 335 744 | 13,3 | 301 780 | 11,1 |
| Pelagic fish | 279 270 | 10,9 | 252 317 | 10,0 | 215 427 | 7,9 |
| Other species | 300 729 | 11,8 | 154 657 | 6,1 | 75 192 | 2,8 |
| Others | 87 941 | 3,4 | 44 578 | 1,8 | 7 972 | 0,3 |
| Total | 2 555 606 | 100 | 2 530 457 | 100 | 2 721 621 | 100 |

| Geographic distribution | 2002 | Share in % | 2001 | Share in % | 2000 | Share in % |
|---------------------------------|------------------|------------|------------------|------------|------------------|------------|
| Europe | 1 409 150 | 55,1 | 1 325 471 | 52,4 | 1 406 400 | 51,7 |
| Japan, China and remaining Asia | 475 479 | 18,6 | 576 546 | 22,8 | 695 792 | 25,6 |
| Eastern Europe | 249 915 | 9,8 | 210 620 | 8,3 | 138 685 | 5,1 |
| Norway | 216 970 | 8,5 | 240 454 | 9,5 | 266 948 | 9,8 |
| USA / Canada | 183 633 | 7,2 | 139 538 | 5,5 | 183 776 | 6,8 |
| Others | 20 459 | 0,8 | 37 828 | 1,5 | 30 020 | 1,1 |
| Total | 2 555 606 | 100 | 2 530 457 | 100 | 2 721 621 | 100 |

Note 13 Payroll expenses, no. of employees, remunerations, loans to staff, etc

(All figures in NOK 1,000)

Lerøy Seafood Group Consolidated

| Payroll expenses | 2002 | 2001 | 2000 |
|--------------------|---------------|---------------|---------------|
| Wages and salaries | 78 522 | 58 305 | 44 182 |
| Employment tax | 10 448 | 8 316 | 6 018 |
| Pension expenses | 2 589 | 589 | 234 |
| Other expenses | 420 | 353 | 242 |
| Total | 91 979 | 67 563 | 50 676 |

At the end of the financial year, the company had 314 employees compared to 253 in the year 2001.

| Remuneration to executives | Group Managing Director | Chairman of the Board | Board of Directors |
|----------------------------|-------------------------|-----------------------|--------------------|
| Salaries | 1 200 | 100 | 210 |
| Back pay | 546 | | |
| Other payments | 135 | | |

Authorisations granted to the Board of Directors

Authorisations are granted to the Board of Directors in accordance with the Act relating to Public Limited Companies (Norway), cp. in particular Chapters 9 and 10 of the Act.

The first time the Board was authorised to acquire the company's own shares was at the Shareholders' Meeting on 12 May 2000. This authority was subsequently renewed at the Shareholders' Meeting on 23 April 2002 and is to remain valid for 18 months from the date on which the resolution was adopted. The authority has been exercised. At 31 December 2002, the company owned 147,723 shares.

The Board is authorised to increase the share capital by up to NOK 1,200,000 by issuing up to 1,200,000 shares, each with a face value of NOK 1.00 through one or more private placements with employees of Lerøy Seafood Group ASA and its subsidiaries. The Board's authority must be seen in conjunction with the company's established option programme, see below. This type of authority was first established by the Extraordinary Shareholders' Meeting of 10 December 1997 and subsequently renewed by the Shareholders' Meeting on 23 April 2002. The authority is valid for two years from the date on which the resolution was adopted. It has not been exercised.

The Board is authorised to increase the share capital by up to NOK 5,000,000 by issuing up to 5,000,000 shares in Lerøy Seafood Group ASA, each with a face value of NOK 1.00, through one or more private placements with the company's shareholders and/or external investors. This type of authority was first established by the Shareholders' Meeting of 4 May 1999 and subsequently renewed by the Shareholders' Meeting on 23 April 2002. The authority is valid for two years from date on which the resolution was adopted. It has not been exercised.

Options

Since the spring of 1999, the Board has issued a total of 792,000 options entitling the holder to subscribe to one new share per option, cp. the Board's authority described above.

Of these, 452,000 options were issued in July 1999. The options could be exercised in stages, the first time for 30% of the options after the Shareholders' Meeting in 2000 and then for 40 % and 30 % after the Shareholders' Meetings in 2001 and 2002, respectively. The exercise price is NOK 12.00 per option. In 2002, 52,100 options were exercised so that at 31.12.02 a total of 213,100 options had been exercised and the number of this type of option remaining outstanding is 238,900. Exercised options have been honoured with shares purchased by the company in the market, cp. the Board's authority to acquire the company's own shares. The difference between market price and option price at the time the options were exercised in 2002 amounts in all to NOK 1 million. This amount has been booked directly to the company's equity.

Moreover, the Board allocated 320,000 options in the spring of 2001 and in the spring of 2002. These options may be exercised in stages with one third at each stage, the first time after the Shareholders' Meeting in 2002. The exercise price is NOK 27.50 per share. At 31.12.02, none of these options had been exercised.

Moreover, the Board allocated 20,000 options with an exercise price of NOK 32.00 per share. The right to exercise these options follows the same model as that in the programme described above.

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

The company has made appropriate accruals to cover future employment tax liabilities on account of the option programme.

Loans to staff

At 31.12, loans to staff amount in all to NOK 0.6 million. These loans are to be repaid over at most five years.

The rate of interest is the ruling normative interest as laid down by the authorities at any time. No loan/guarantee has been granted to the Group Managing Director or other members of the Group's management, the Chairman of the Board or other closely related parties. No individual loans/guarantees for more than 5% of the company's equity have been granted

Auditor

In 2002, the invoiced fees of the Group's auditor, PricewaterhouseCoopers DA, the law firm PwC DA and other accountants have been as follows :

| | Lerøy Seafood Group ASA | Lerøy Seafood Group Consolidated |
|---|--------------------------------|---|
| Group auditor | 447 | 821 |
| Other auditors | | 222 |
| Tax advisory services, group auditor | 34 | 191 |
| Other certification services, group auditor | | 5 |
| Other services, group auditor | 683 | 1 021 |
| Other services, other auditors | | 80 |
| Total | 1 164 | 2 340 |

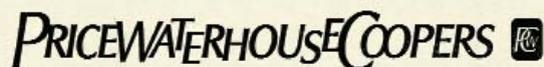
Note 14 Items combined in the accounts

(All figures in NOK 1,000)

| Financial revenues | Lerøy Seafood Group ASA | | | Lerøy Seafood Group Consolidated | | |
|--|-------------------------|--------------|--------------|----------------------------------|--------------|--------------|
| | 2002 | 2001 | 2000 | 2002 | 2001 | 2000 |
| Interest revenues from Group companies | 1 200 | 1 638 | 4 150 | | | |
| Other interest revenues | 14 592 | 423 | 1 072 | 17 797 | 2 017 | 1 775 |
| Profit on sale of shares | | 2 508 | | | 2 508 | |
| Dividends | 52 | 217 | 156 | | | 223 |
| Total financial revenues | 15 844 | 4 787 | 5 378 | 17 797 | 4 525 | 1 998 |

| Financial expenses | Lerøy Seafood Group ASA | | | Lerøy Seafood Group Consolidated | | |
|--|-------------------------|--------------|--------------|----------------------------------|---------------|---------------|
| | 2002 | 2001 | 2000 | 2002 | 2001 | 2000 |
| Interest expenses from Group companies | | | | | | |
| Other interests expenses | 12 969 | 4 842 | 340 | 18 851 | 9 832 | 3 148 |
| Other financial expenses | 138 | 54 | 19 | 1 055 | 1 206 | 1 104 |
| Total financial expenses | 13 107 | 4 896 | 359 | 19 906 | 11 038 | 4 252 |
| Net financial items | 2 737 | -109 | 5 019 | -2 108 | -6 512 | -2 255 |

Auditor's report



PricewaterhouseCoopers DA
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To the Annual Shareholders' Meeting of Lerøy Seafood Group ASA

Auditor's report for 2002

We have audited the annual financial statements of Lerøy Seafood Group ASA as of 31 December 2002, showing a profit of NOK 17.765.164 for the parent company and a profit of NOK 29.521.000 for the group. We have also audited the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The financial statements comprise the balance sheet, the statements of income and cash flows, the accompanying notes and the group accounts. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

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

In our opinion,

- the financial statements have been prepared in accordance with the law and regulations and present the financial position of the Company and of the Group as of December 31, 2002, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information as required by law and accounting standards, principles and practices generally accepted in Norway
- the information given in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit are consistent with the financial statements and comply with the law and regulations.

Bergen, March 28, 2003

PricewaterhouseCoopers DA

Geir Inge Lunde

State Authorised Public Accountant (Norway)

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

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